

Form 10-Q
Securities and Exchange Commission
Washington, D.C. 20549

Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
For The Quarterly Period Ended September 30, 2000

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number	Exact name of registrant as specified in its charter and principal office address and telephone number	State of Incorporation	I.R.S. Employer ID. Number
1-14514	Consolidated Edison, Inc. 4 Irving Place, New York, New York 10003 (212) 460-4600	New York	13-3965100
1-1217	Consolidated Edison Company of New York, Inc. 4 Irving Place, New York, New York 10003 (212) 460-4600	New York	13-5009340
1-4315	Orange and Rockland Utilities, Inc. One Blue Hill Plaza, Pearl River, New York 10965 (914) 352-6000	New York	13-1727729

Indicate by check mark whether each 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, and (2) has been subject to such filing requirements for the past 90 days. Yes No

As of the close of business on October 31, 2000, Consolidated Edison, Inc. ("Con Edison") had outstanding 211,990,844 Common Shares (\$.10 par value). Con Edison owns all of the outstanding common equity of Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R").

O&R meets the conditions specified in general instruction H (1) (a) and (b) of form 10-Q and is therefore filing this form with the reduced disclosure format.

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* O&R is omitting this information pursuant to General Instruction H of Form 10-Q.

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Filing Format

This Quarterly Report on Form 10-Q is a combined report being filed separately by three different registrants: Consolidated Edison, Inc. ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R"). Neither Con Edison of New York nor O&R makes any representation as to the information contained in this report relating to Con Edison or the subsidiaries of Con Edison other than itself.

O&R, a wholly-owned subsidiary of Con Edison, meets the conditions specified in General Instruction H of Form 10-Q and is permitted to use the reduced disclosure format for wholly-owned subsidiaries of companies, such as Con Edison, that are reporting companies under the Securities Exchange Act of 1934. Accordingly, O&R has omitted from this report the information called for by Part 1, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations and has included in this report its Management's Narrative Analysis of the Results of Operations. In accordance with general instruction H, O&R has also omitted from this report the information, if any, called for by Part 1, Item 3, Quantitative and Qualitative Disclosure About Market Risk; Part II, Item 2, Changes in Securities and Use of Proceeds; Part II, Item 3, Defaults Upon Senior Securities; and Part II, Item 4, Submission of Matters to a Vote of Security Holders.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements, which are statements of future expectation and not facts. Words such as "estimates," "expects," "anticipates," "intends," "plans" and similar expressions identify forward-looking statements. Actual results or developments might differ materially from those included in the forward-looking statements because of factors such as competition and industry restructuring, Con Edison's pending acquisition of Northeast Utilities, the ongoing Indian Point 2 outage, technological developments, changes in economic conditions, changes in historical weather patterns, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, and other presently unknown or unforeseen factors.

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Consolidated Edison, Inc.

CONSOLIDATED BALANCE SHEET

As at

As at September 30, 2000 and December 31, 1999
(Unaudited)

September 30, 2000

December 31, 1999

(Thousands of Dollars)

ASSETS

UTILITY PLANT, AT ORIGINAL COST

Electric	\$	11,621,217	\$	11,323,826
Gas		2,263,998		2,197,735
Steam		732,371		722,265
General		1,369,405		1,328,544
Unregulated generating assets		351,702		48,583

TOTAL		16,338,693		15,620,953
Less: Accumulated depreciation		5,028,658		4,733,613

NET		11,310,035		10,887,340
Construction work in progress		497,748		381,804
Nuclear fuel assemblies and components, less accumulated amortization		106,757		84,701

NET UTILITY PLANT		11,914,540		11,353,845
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CURRENT ASSETS

Cash and temporary cash investments		72,810		485,050
Accounts receivable - customer, less allowance for uncollectible accounts of \$29,675 and \$34,821		800,019		647,545
Other receivables		108,137		98,454
Fuel, at average cost		23,040		24,271
Gas in storage, at average cost		75,586		55,387

Materials and supplies, at average cost	160,347	142,905
Prepayments	495,676	197,671
Other current assets	81,901	61,395
TOTAL CURRENT ASSETS	1,817,516	1,712,678
INVESTMENTS		
Nuclear decommissioning trust funds	335,444	305,717
Other	214,871	182,201
TOTAL INVESTMENTS	550,315	487,918
DEFERRED CHARGES AND REGULATORY ASSETS		
Goodwill	419,328	427,496
Regulatory assets		
Future federal income tax	750,353	785,014
Recoverable energy costs	218,566	95,162
Power contract termination costs	73,063	71,861
Accrued unbilled revenues	74,105	67,775
Divestiture - capacity replacement reconciliation	73,850	24,373
Deferred revenue taxes	67,685	60,712
Property tax reconciliation	49,229	29,751
Deferred pension and other postretirement benefits	43,956	57,630
Deferred environmental remediation costs	74,990	13,330
Other	193,448	172,504
TOTAL REGULATORY ASSETS	1,619,245	1,378,112
Other deferred charges	187,006	171,427
TOTAL DEFERRED CHARGES AND REGULATORY ASSETS	2,225,579	1,977,035
TOTAL	\$ 16,507,950	\$ 15,531,476

The accompanying notes are an integral part of these financial statements.

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Consolidated Edison, Inc.
CONSOLIDATED BALANCE SHEET

As at

As at September 30, 2000 and December 31, 1999
(Unaudited)

September 30, 2000

December 31, 1999

(Thousands of Dollars)

CAPITALIZATION AND LIABILITIES

CAPITALIZATION

Common stock, authorized 500,000,000 shares; outstanding 211,986,844 shares and 213,810,634 shares	\$ 1,482,346	\$ 1,482,341
Retained earnings	5,111,002	4,921,089
Treasury stock, at cost; 23,210,700 shares and 21,358,500 shares	(1,014,740)	(955,311)
Capital stock expense	(35,884)	(36,112)

TOTAL COMMON SHAREHOLDERS' EQUITY	5,542,724	5,412,007
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Preferred stock subject to mandatory redemption	37,050	37,050
Other preferred stock	212,563	212,563
Long-term debt	5,222,309	4,524,604

TOTAL CAPITALIZATION	11,014,646	10,186,224
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NONCURRENT LIABILITIES

Obligations under capital leases	32,283	34,544
Accumulated provision for injuries and damages	131,528	119,010
Pension and benefits reserve	187,130	143,757
Other noncurrent liabilities	51,124	42,865

TOTAL NONCURRENT LIABILITIES	402,065	340,176
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CURRENT LIABILITIES

Long-term debt due within one year	158,910	395,000
Notes payable	243,004	495,371
Accounts payable	832,264	615,983
Customer deposits	203,158	204,421
Accrued taxes	122,009	18,389
Accrued interest	81,680	60,061
Accrued wages	81,217	79,408
Other current liabilities	297,247	232,706

TOTAL CURRENT LIABILITIES

2,019,489 **2,101,339**

DEFERRED CREDITS AND REGULATORY LIABILITIES

Accumulated deferred federal income tax	2,410,001	2,267,548
Regulatory liabilities		
Gain on divestiture	310,623	306,867
Accumulated deferred investment tax credits	133,706	139,838
NYPA revenue increase	32,676	25,630
Interruptible sales credit	21,028	23,715
Other	163,714	139,972

TOTAL REGULATORY LIABILITIES

661,747 **636,022**

Other deferred credits

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TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES

3,071,750 **2,903,737**

TOTAL

\$ 16,507,950 \$ 15,531,476

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON, INC.
CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2000 AND 1999
(UNAUDITED)

	2000	1999
	(Thousands of Dollars)	
Operating revenues		
Electric	\$ 2,328,220	\$ 2,005,523
Gas	177,891	154,548
Steam	82,837	66,808
Non-utility	231,831	119,362
Total operating revenues	2,820,779	2,346,241
Operating expenses		
Purchased power	1,208,450	647,360
Fuel	105,544	110,402
Gas purchased for resale	131,921	81,172
Other operations	263,463	325,389
Maintenance	114,971	115,753
Depreciation and amortization	150,786	134,470
Taxes, other than federal income tax	330,041	317,826
Federal income tax	130,730	190,585
Total operating expenses	2,435,906	1,922,957
Operating income	384,873	423,284
Other income (deductions)		
Investment income	1,520	7,478
Allowance for equity funds used during construction	542	859
Other income less miscellaneous deductions	6,560	1,325
Federal income tax	(2,075)	(4,329)
Total other income (deductions)	6,547	5,333
Income before interest charges	391,420	428,617
Interest on long-term debt	95,399	84,498
Other interest	13,899	5,171
Allowance for borrowed funds used during construction	(1,148)	(457)

Net interest charges	108,150	89,212
Net income	283,270	339,405
Preferred stock dividend requirements	3,399	3,399
Net income for common stock	\$ 279,871	\$ 336,006
Common shares outstanding—average (000)	211,974	220,293
Basic earnings per share	\$ 1.32	\$ 1.50
Diluted earnings per share	\$ 1.32	\$ 1.50
Dividends declared per share of common stock	\$ 0.545	\$ 0.535

The accompanying notes are an integral part of these financial statements.

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Consolidated Edison, Inc.

CONSOLIDATED INCOME STATEMENT

For the nine months ended September 30, 2000 and 1999
(Unaudited)

	2000	1999
	(Thousands of Dollars)	
OPERATING REVENUES		
Electric	\$ 5,371,732	\$ 4,361,566
Gas	894,380	725,590
Steam	327,695	260,419
Non-utility	587,458	254,332
TOTAL OPERATING REVENUES	7,181,265	5,601,907
OPERATING EXPENSES		
Purchased power	2,724,301	1,216,637
Fuel	239,189	349,369
Gas purchased for resale	562,758	339,716
Other operations	865,426	899,613
Maintenance	349,943	320,634
Depreciation and amortization	439,125	400,793
Taxes, other than federal income tax	896,471	903,185
Federal income tax	265,141	340,524
TOTAL OPERATING EXPENSES	6,342,354	4,770,471
OPERATING INCOME	838,911	831,436
OTHER INCOME (DEDUCTIONS)		
Investment income	8,461	9,500
Allowance for equity funds used during construction	451	2,768
Other income less miscellaneous deductions	2,310	(117)
Federal income tax	(2,315)	(5,207)
TOTAL OTHER INCOME (DEDUCTIONS)	8,907	6,944
INCOME BEFORE INTEREST CHARGES	847,818	838,380
Interest on long-term debt	266,370	236,161
Other interest	38,436	14,322
Allowance for borrowed funds used during construction	(3,935)	(1,349)
NET INTEREST CHARGES	300,871	249,134
NET INCOME	546,947	589,246
PREFERRED STOCK DIVIDEND REQUIREMENTS	10,194	10,194
NET INCOME FOR COMMON STOCK	\$ 536,753	\$ 579,052
COMMON SHARES OUTSTANDING - AVERAGE (000)	212,240	225,754

BASIC EARNINGS PER SHARE	\$	2.53	\$	2.56
DILUTED EARNINGS PER SHARE	\$	2.53	\$	2.56
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$	1.635	\$	1.605

The accompanying notes are an integral part of these financial statements.

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Consolidated Edison, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

*For the nine months ended September 30, 2000 and 1999
(Unaudited)*

2000 **1999**

(Thousands of Dollars)

OPERATING ACTIVITIES				
Net income for common stock	\$	536,753	\$	579,052
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME				
Depreciation and amortization		439,125		400,793
Federal income tax deferred (excluding taxes resulting from divestiture of plant)		164,031		74,655
Common equity component of allowance for funds used during construction		(451)		(2,768)
Other non-cash charges		28,437		27,573
CHANGES IN ASSETS AND LIABILITIES				
Accounts receivable - customer, less allowance for uncollectibles		(152,474)		(137,138)
Materials and supplies, including fuel and gas in storage		(36,410)		44,790
Prepayments, other receivables and other current assets		(328,194)		(212,638)
Enlightened Energy program costs		17,261		26,651
Deferred recoverable energy costs		(123,404)		(49,691)
Cost of removal less salvage		(83,386)		(48,931)
Power contract termination costs		(1,050)		(1,050)
Accounts payable		216,281		175,426
Accrued income taxes		27,766		93,173
Other-net		43,002		48,444
NET CASH FLOWS FROM OPERATING ACTIVITIES		747,287		1,018,341
INVESTING ACTIVITIES INCLUDING CONSTRUCTION				
Construction expenditures		(633,180)		(435,527)
Nuclear fuel expenditures		(26,473)		(4,394)
Contributions to nuclear decommissioning trust		(15,975)		(15,975)
Common equity component of allowance for funds used during construction		451		2,768
Payment for purchase of Orange and Rockland, net of cash and cash equivalents		—		(509,083)
Divestiture of utility plant (net of federal income tax)		—		1,138,750
Non-regulated subsidiary investments		(19,072)		(54,180)
Non-regulated subsidiary utility plant		(256,392)		(48,152)
NET CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES INCLUDING CONSTRUCTION		(950,641)		74,207
FINANCING ACTIVITIES INCLUDING DIVIDENDS				
Repurchase of common stock		(68,531)		(672,702)
Repayments of short-term debt		(252,367)		—
Additions to long-term debt		858,660		567,700
Retirement of long-term debt		(395,000)		(225,000)
Advance refunding of long-term debt		—		(300,000)
Issuance and refunding costs		(4,894)		(13,971)
Common stock dividends		(346,754)		(361,930)
NET CASH FLOWS USED IN FINANCING ACTIVITIES INCLUDING DIVIDENDS		(208,886)		(1,005,903)
NET INCREASE (DECREASE) IN CASH AND TEMPORARY CASH INVESTMENTS		(412,240)		86,645
CASH AND TEMPORARY CASH INVESTMENTS AT JANUARY 1		485,050		102,295
CASH AND TEMPORARY CASH INVESTMENTS AT SEPTEMBER 30	\$	72,810	\$	188,940
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the period for:				
Interest	\$	241,157	\$	247,017
Income taxes		74,245		624,275

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS - CON EDISON

Note A - General

These footnotes accompany and form an integral part of the interim consolidated financial statements of Consolidated Edison, Inc. (Con Edison) and its subsidiaries, including the regulated utility Consolidated Edison Company of New York, Inc. (Con Edison of New York), the regulated utility Orange and Rockland

Utilities, Inc. (O&R), which Con Edison acquired in July 1999, and several non-utility subsidiaries. These financial statements are unaudited but, in the opinion of Con Edison's management, reflect all adjustments (which include only normally recurring adjustments) necessary for a fair statement of the results for the interim periods presented. These financial statements should be read together with the audited Con Edison financial statements (including the notes thereto) included in the combined Con Edison, Con Edison of New York and O&R Annual Report on Form 10-K for the year ended December 31, 1999 (the "Form 10-K").

Note B - Environmental Matters

Hazardous substances, such as asbestos, polychlorinated biphenyls (PCBs) and coal tar, have been used or generated in the course of operations of Con Edison's utility subsidiaries and may be present in their facilities and equipment.

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) and similar state statutes impose joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages. Liabilities under these laws can be material and in some instances may be imposed without regard to fault, or may be imposed for past acts, even though such past acts may have been lawful at the time they occurred.

At September 30, 2000, Con Edison had accrued \$120.0 million as its best estimate of the utility subsidiaries' liability for sites as to which they have received process or notice alleging that hazardous substances generated by them (and, in most instances, other potentially responsible parties) were deposited. There will be additional liability at these sites and other sites, the amount of which is not presently determinable but may be material to Con Edison's financial position, results of operations or liquidity.

Con Edison's utility subsidiaries are permitted under current rate agreements to defer for subsequent recovery through rates certain site investigation and remediation costs with respect to hazardous waste. At September 30, 2000, \$74.9 million of such costs had been deferred as a regulatory asset.

Suits have been brought in New York State and federal courts against Con Edison's utility subsidiaries and many other defendants, wherein a large number of plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises

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of the utility subsidiaries. Many of these suits have been disposed of without any payment by the utility subsidiaries, or for immaterial amounts. The amounts specified in all the remaining suits total billions of dollars but Con Edison believes that these amounts are greatly exaggerated, as were the claims already disposed of. Based on the information and relevant circumstances known to Con Edison at this time, it does not believe that these suits will have a material adverse effect on its financial position, results of operations or liquidity.

Note C - Nuclear Generation

Con Edison of New York owns the Indian Point 2 nuclear generating unit, which has a capacity of approximately 1,000 MW, and the retired Indian Point 1 nuclear generating unit. See Note G to the Con Edison financial statements included in the Form 10-K.

On February 15, 2000, Con Edison of New York shut down Indian Point 2 following a leak in one of its four steam generators. Con Edison of New York expects to complete replacement of the steam generators by the end of 2000, and estimates that replacement will require capital expenditures of up to \$150 million (exclusive of the costs of the replacement steam generators, which it has owned since 1988).

The staff of the Nuclear Regulatory Commission (NRC) has advised Con Edison of New York that it will monitor Indian Point 2 with heightened oversight.

The New York State Public Service Commission (PSC) is investigating the Indian Point 2 outage and its causes and the prudence of Con Edison of New York's actions regarding the operation and maintenance of Indian Point 2. The PSC has indicated that the examination should include, among other things, Con Edison of New York's inspection practices, the circumstances surrounding Indian Point 2's October 1997 to September 1998 outage, the basis for postponement of the steam generator replacement and whether, and to what extent, increased replacement power costs and repair and replacement costs should be borne by Con Edison's shareholders. Con Edison of New York is in settlement discussions with the staff of the PSC and other interested parties with respect to this proceeding.

In August 2000, following the passage of the Indian Point 2 Law (discussed below) and pursuant to a PSC order, Con Edison of New York revised its electric tariff to prevent prospective recovery of Indian Point 2 replacement power costs.

The "Indian Point 2 Law" was signed into law by New York Governor Pataki in August 2000. The law directed the PSC to prohibit Con Edison of New York from recovering Indian Point 2 replacement power costs from customers. In October 2000, United States District Court for the Northern District of New York, in an action entitled *Consolidated Edison Company of New York, Inc. v. Pataki, et al.*, determined that the Indian Point 2 Law was unconstitutional and granted the company's motion for a permanent injunction to prevent its implementation. Appeals of the court's decision have been filed in the United States Court of Appeals for the Second Circuit.

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Con Edison of New York has billed to customers the Indian Point 2 replacement power costs incurred prior to August 2000, but not the replacement power costs it has incurred since then (which amounted to approximately \$32 million in August 2000, \$26 million in September 2000 and \$31.5 million in October 2000).

Westchester County, New York is suing the PSC and Con Edison of New York seeking to prevent the company from recovering costs relating to the ongoing outage. The suit, which is entitled *The County of Westchester et al., v. Maureen O. Helmer, et al.*, was brought in May 2000 in the Supreme Court of the State of New York, County of Albany.

In November 2000, Con Edison of New York entered into an agreement with Entergy Corporation for the sale of Indian Point 2, the retired Indian Point 1 and certain related assets for \$602 million. The sale is subject to NRC, PSC and Federal Energy Regulatory Commission approvals and other conditions.

Con Edison believes that the operation, maintenance and inspection practices related to Indian Point 2 have been prudent. However, the company is unable to predict whether or not any Indian Point 2-related proceedings, lawsuits, legislation or other actions, will have a material adverse effect on its financial position, results of operations or liquidity.

Note D - O&R

In July 1999, Con Edison completed its acquisition of O&R for \$791.5 million in cash. See Note K to the Con Edison financial statements included in the Form 10-K. The unaudited pro forma consolidated Con Edison financial information shown below has been prepared based upon the historical consolidated income statements of Con Edison and O&R for the nine-month period ended September 30, 1999, giving effect to the acquisition as if it had occurred at January 1, 1999. The historical information has been adjusted to reflect amortization for the nine-month period of the goodwill recorded by Con Edison in connection the acquisition and the after-tax cost Con Edison would have incurred during the period for financing the acquisition by issuing debt on January 1, 1999 at an assumed 8 percent per annum interest rate. The proforma information is not necessarily indicative of the results that Con Edison would have had if the acquisition had been completed prior to July 1999, or the results that Con Edison will have in the future.

	<i>Nine Months Ended September 30, 1999</i>	
<i>(Dollars in Thousands, except per share amounts)</i>		
Revenues	\$	5,927,399
Operating income		816,855
Net income		544,591
Non-recurring charges		21,530
Adjusted net income		566,121
Earnings per share	\$	2.51
Average shares outstanding (000)		225,754

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Note E - Financial Information by Business Segment (Thousands of Dollars)

*For the three months ended September 30, 2000 and 1999
(Unaudited)*

	Electric		Gas	
	2000	1999	2000	1999
Operating revenues	\$ 2,328,220	\$ 2,005,523	\$ 177,891	\$ 154,548
Intersegment revenues	4,623	56,607	719	878
Depreciation and amortization	119,943	108,361	17,482	17,826
Operating income	390,411	433,987	525	(1,963)
	Steam		Other	
	2000	1999	2000	1999
Operating revenues	\$ 82,837	\$ 66,808	\$ 231,831	\$ 119,362
Intersegment revenues	467	423	157	—
Depreciation and amortization	4,631	4,513	8,730	3,770
Operating income	(11,468)	(7,539)	5,405	(1,201)
	Total			
	2000	1999		
Operating revenues	\$ 2,820,779	\$ 2,346,241		
Intersegment revenues	5,966	57,908		
Depreciation and amortization	150,786	134,470		
Operating income	384,873	423,284		

*For the nine months ended September 30, 2000 and 1999
(Unaudited)*

	Electric		Gas	
	2000	1999	2000	1999
Operating revenues	\$ 5,371,732	\$ 4,361,566	\$ 894,380	\$ 725,590
Intersegment revenues	36,359	116,233	5,155	1,988
Depreciation and amortization	355,664	333,046	51,624	49,528
Operating income	695,039	711,343	130,209	111,104
	Steam		Other	
	2000	1999	2000	1999
Operating revenues	\$ 327,695	\$ 260,419	\$ 587,458	\$ 254,332
Intersegment revenues	1,401	1,250	848	309
Depreciation and amortization	13,841	13,438	17,996	4,781
Operating income	14,906	19,777	(1,243)	(10,788)
	Total			
	2000	1999		
Operating revenues	\$ 7,181,265	\$ 5,601,907		

Note F - New Financial Accounting Standard

In June 2000, Statement of Financial Accounting Standards (SFAS) No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133," was issued. SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," is effective for fiscal years beginning after June 15, 2000. The company will adopt SFAS No. 133, as amended by SFAS No. 138, on January 1, 2001. The application of SFAS No. 133, as amended by SFAS No. 138, is not expected to have a material effect on the financial position or results of operations of the company or materially change its current disclosure practices.

Consolidated Edison Company of New York, Inc.

CONSOLIDATED BALANCE SHEET

As at

*As at September 30, 2000 and December 31, 1999
 (Unaudited)*

September 30, 2000

December 31, 1999

(Thousands of Dollars)

ASSETS

UTILITY PLANT, AT ORIGINAL COST

Electric	\$	10,952,705	\$	10,670,257
Gas		1,989,968		1,934,090
Steam		732,371		722,265
General		1,261,821		1,220,948

TOTAL		14,936,865		14,547,560
Less: Accumulated depreciation		4,613,790		4,384,783

NET		10,323,075		10,162,777
Construction work in progress		472,224		359,431
Nuclear fuel assemblies and components, less accumulated amortization		106,757		84,701

NET UTILITY PLANT		10,902,056		10,606,909
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CURRENT ASSETS

Cash and temporary cash investments		46,309		349,033
Accounts receivable - customer, less allowance for uncollectible accounts of \$21,883 and \$22,600		649,694		541,978
Other receivables		84,294		71,746
Fuel, at average cost		22,435		23,641
Gas in storage, at average cost		59,065		40,280
Materials and supplies, at average cost		153,404		138,300
Prepayments		466,207		178,693
Other current assets		43,050		32,513

TOTAL CURRENT ASSETS		1,524,458		1,376,184
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INVESTMENTS

Nuclear decommissioning trust funds		335,444		305,717
Other		24,513		18,491

TOTAL INVESTMENTS		359,957		324,208
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DEFERRED CHARGES AND REGULATORY ASSETS

Regulatory assets				
Future federal income tax		717,620		751,899
Recoverable energy costs		181,984		78,650
Divestiture - capacity replacement reconciliation		73,850		24,373
Power contract termination costs		73,063		71,861
MTA business tax surcharge		58,736		60,712
Property tax reconciliation		49,229		29,751
Accrued unbilled gas revenue		43,594		43,594
Deferred environmental remediation costs		41,247		10,000

Other		171,087	148,371
TOTAL REGULATORY ASSETS		1,410,410	1,219,211
Other deferred charges		163,182	155,640
TOTAL DEFERRED CHARGES AND REGULATORY ASSETS		1,573,592	1,374,851
TOTAL	\$	14,360,063	\$ 13,682,152

The accompanying notes are an integral part of these financial statements.

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED BALANCE SHEET

As at

*As at September 30, 2000 and December 31, 1999
(Unaudited)*

September 30, 2000

December 31, 1999

(Thousands of Dollars)

CAPITALIZATION AND LIABILITIES

CAPITALIZATION

Common stock	\$	1,482,341	\$	1,482,341
Repurchased Consolidated Edison, Inc. common stock		(962,092)		(940,477)
Retained earnings		4,056,978		3,887,993
Capital stock expense		(35,884)		(36,086)

TOTAL COMMON SHAREHOLDER'S EQUITY **4,541,343** **4,393,771**

Preferred stock
Subject to mandatory redemption 6¹/₈% Series J 37,050 37,050

TOTAL SUBJECT TO MANDATORY REDEMPTION **37,050** **37,050**

Other preferred stock
\$5 Cumulative Preferred 175,000 175,000
4.65% Series C 15,330 15,330
4.65% Series D 22,233 22,233

TOTAL OTHER PREFERRED STOCK **212,563** **212,563**

TOTAL PREFERRED STOCK **249,613** **249,613**

Long-term debt 4,716,901 4,243,080

TOTAL CAPITALIZATION **9,507,857** **8,886,464**

NONCURRENT LIABILITIES

Obligations under capital leases 32,184 34,406
Accumulated provision for injuries and damages 122,070 110,131
Pension and benefits reserve 115,932 76,807
Other noncurrent liabilities 17,210 17,210

TOTAL NONCURRENT LIABILITIES **287,396** **238,554**

CURRENT LIABILITIES

Long-term debt due within one year 150,000 275,000
Accounts payable 697,042 505,357
Notes payable 164,969 495,371
Customer deposits 196,763 208,865
Accrued taxes 104,694 23,272
Accrued interest 74,642 51,581
Accrued wages 81,217 79,408
Other current liabilities 225,897 202,657

TOTAL CURRENT LIABILITIES **1,695,224** **1,841,511**

DEFERRED CREDITS AND REGULATORY LIABILITIES

Accumulated deferred federal income tax 2,253,152 2,121,054
Regulatory liabilities
Gain on divestiture 310,623 306,867
Accumulated deferred investment tax credits 126,695 132,487
NYPA rate increase 32,676 25,630
Interruptible sales credit 21,028 23,715
Other 125,412 105,870

Total regulatory liabilities 616,434 594,569

TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES **2,869,586** **2,715,623**

TOTAL **\$ 14,360,063** **\$ 13,682,152**

Consolidated Edison Company of New York, Inc.

CONSOLIDATED INCOME STATEMENT

For The Three Months Ended September 30, 2000 and 1999

(Unaudited)

2000

1999

(Thousands of Dollars)

OPERATING REVENUES				
Electric	\$	2,156,383	\$	1,900,467
Gas		159,439		141,697
Steam		82,837		66,808
TOTAL OPERATING REVENUES		2,398,659		2,108,972
OPERATING EXPENSES				
Purchased power		984,022		574,913
Fuel		95,977		110,486
Gas purchased for resale		72,866		52,484
Other operations		212,756		264,557
Maintenance		107,544		107,867
Depreciation and amortization		134,651		123,962
Taxes, other than federal income tax		307,983		295,446
Federal income tax		123,067		179,775
TOTAL OPERATING EXPENSES		2,038,866		1,709,490
OPERATING INCOME				
Other income (deductions)		359,793		399,482
Investment income		547		4,484
Allowance for equity funds used during construction		439		851
Other income less miscellaneous deductions		7,627		2,728
Federal income tax		(2,501)		(3,758)
TOTAL OTHER INCOME (DEDUCTIONS)		6,112		4,305
INCOME BEFORE INTEREST CHARGES				
Interest on long-term debt		365,905		403,787
Other interest		85,633		77,468
Allowance for borrowed funds used during construction		11,540		3,768
		(994)		(397)
NET INTEREST CHARGES		96,179		80,839
NET INCOME				
PREFERRED STOCK DIVIDEND REQUIREMENTS		269,726		322,948
NET INCOME FOR COMMON STOCK	\$	266,327	\$	319,549
CON EDISON OF NEW YORK SALES				
Electric (thousands of kilowatthours)				
Con Edison of New York customers		9,263,651		9,785,280
Delivery service for Retail Choice		2,597,461		2,743,698
Delivery service to NYPA and others		2,682,320		2,753,558
Total sales in service territory		14,543,432		15,282,536
Off-system and ESCO sales		1,217,721		3,322,358
Gas (dekatherms)				
Firm sales and transportation		10,914,927		10,024,570
Off-peak firm/interruptible		3,049,018		2,894,472
Total sales to Con Edison of New York customers		13,963,945		12,919,042
Transportation of customer-owned gas				
NYPA		6,626,479		5,474,790
Other		33,674,972		4,779,375
Off-system sales		5,087,047		9,685,972
Total sales and transportation		59,352,443		32,859,179
Steam (thousands of pounds)		5,500,759		6,324,110

The accompanying notes are an integral part of these financial statements.

Consolidated Edison Company of New York, Inc.

CONSOLIDATED INCOME STATEMENT

For the Nine Months Ended September 30, 2000 and 1999

(Unaudited)

2000

1999

(Thousands of Dollars)

OPERATING REVENUES			
Electric	\$	5,009,046	\$ 4,310,741
Gas		770,461	712,739
Steam		327,695	260,419
TOTAL OPERATING REVENUES		6,107,202	5,283,899
OPERATING EXPENSES			
Purchased power		2,241,446	1,131,911
Fuel		223,906	349,453
Gas purchased for resale		323,046	265,737
Other operations		709,050	807,958
Maintenance		329,786	312,748
Depreciation and amortization		399,149	389,274
Taxes, other than federal income tax		835,402	875,635
Federal income tax		251,184	333,962
TOTAL OPERATING EXPENSES		5,312,969	4,466,678
OPERATING INCOME		794,233	817,221
OTHER INCOME (DEDUCTIONS)			
Investment income		2,097	4,676
Allowance for equity funds used during construction		214	2,760
Other income less miscellaneous deductions		5,330	1,484
Federal income tax		(1,685)	(4,703)
TOTAL OTHER INCOME (DEDUCTIONS)		5,956	4,217
INCOME BEFORE INTEREST CHARGES		800,189	821,438
Interest on long-term debt		243,532	229,131
Other interest		34,303	12,664
Allowance for borrowed funds used during construction		(3,579)	(1,289)
NET INTEREST CHARGES		274,256	240,506
NET INCOME		525,933	580,932
PREFERRED STOCK DIVIDEND REQUIREMENTS		10,194	10,194
NET INCOME FOR COMMON STOCK	\$	515,739	\$ 570,738
CON EDISON OF NEW YORK SALES			
Electric (thousands of kilowatthours)			
Con Edison of New York customers		24,282,320	25,359,206
Delivery service for Retail Choice		6,973,290	5,609,770
Delivery service to NYPA and others		7,494,113	7,483,393
Total sales in service territory		38,749,723	38,452,369
Off-system and ESCO sales		3,661,958	7,150,548
Gas (dekatherms)			
Firm sales and transportation		71,562,503	68,229,912
Off-peak firm/interruptible		11,404,662	10,857,220
Total sales to Con Edison of New York customers		82,967,165	79,087,132
Transportation of customer-owned gas			
NYPA		15,607,822	7,741,815
Other		78,807,982	16,247,948
Off-system sales		20,896,680	26,147,665
Total sales and transportation		198,279,649	129,224,560
Steam (thousands of pounds)		20,392,813	21,099,048

The accompanying notes are an integral part of these financial statements.

Consolidated Edison Company of New York, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Nine Months Ended September 30, 2000 and 1999
(Unaudited)

2000

1999

(Thousands of Dollars)

OPERATING ACTIVITIES			
Net income	\$	525,933	\$ 580,932
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME			
Depreciation and amortization		399,149	389,274
Federal income tax deferred (excluding taxes resulting from divestiture of plant)		153,943	57,203
Common equity component of allowance for funds used during construction		(214)	(2,760)
Other non-cash charges		4,256	27,984
CHANGES IN ASSETS AND LIABILITIES			
Accounts receivable - customer, less allowance for uncollectibles		(107,716)	(120,211)
Materials and supplies, including fuel and gas in storage		(32,683)	51,568
Prepayments, other receivables and other current assets		(310,599)	(208,541)
Enlightened Energy program costs		17,261	26,651
Deferred recoverable energy costs		(103,334)	(42,442)
Cost of removal less salvage		(83,386)	(48,931)
Power contract termination costs		(1,050)	(1,050)
Accounts payable		191,685	140,759
Accrued income taxes		15,487	165,010
Other-net		44,556	175,903

NET CASH FLOWS FROM OPERATING ACTIVITIES	713,288	1,191,349
INVESTING ACTIVITIES INCLUDING CONSTRUCTION		
Construction expenditures	(602,080)	(435,527)
Nuclear fuel expenditures	(26,473)	(4,394)
Contributions to nuclear decommissioning trust	(15,975)	(15,975)
Common equity component of allowance for funds used during construction	214	2,760
Divestiture of utility plant (net of federal income tax)	—	1,138,750
NET CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES INCLUDING CONSTRUCTION	(644,314)	685,614
FINANCING ACTIVITIES INCLUDING DIVIDENDS		
Repurchase of common stock	(29,454)	(672,702)
Repayments of short-term debt	(330,402)	—
Issuance of long-term debt	625,000	567,700
Retirement of long-term debt	(275,000)	(225,000)
Advance refunding of long-term debt	—	(300,000)
Issuance and refunding costs	(4,894)	(13,971)
Common stock dividends	(346,754)	(1,211,930)
Preferred stock dividends	(10,194)	(10,194)
NET CASH FLOWS USED IN FINANCING ACTIVITIES INCLUDING DIVIDENDS	(371,698)	(1,866,097)
NET INCREASE (DECREASE) IN CASH AND TEMPORARY CASH INVESTMENTS	(302,724)	10,866
CASH AND TEMPORARY CASH INVESTMENTS AT JANUARY 1	349,033	30,026
CASH AND TEMPORARY CASH INVESTMENTS AT SEPTEMBER 30	\$ 46,309	\$ 40,892
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 226,346	\$ 247,017
Income taxes	67,515	638,450

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS - CON EDISON OF NEW YORK

Note A - General

These footnotes accompany and form an integral part of the interim consolidated financial statements of Consolidated Edison Company of New York, Inc. (Con Edison of New York) and its subsidiaries. Consolidated Edison, Inc. (Con Edison) owns all of the outstanding common stock of Con Edison of New York. These financial statements are unaudited but, in the opinion of Con Edison of New York's management, reflect all adjustments (which include only normally recurring adjustments) necessary for a fair statement of the results for the interim periods presented. These financial statements should be read together with the audited Con Edison of New York financial statements (including the notes thereto) included in the combined Con Edison, Con Edison of New York and Orange and Rockland Utilities, Inc. Annual Report on Form 10-K for the year ended December 31, 1999 (the "Form 10-K").

Note B - Environmental Matters

Hazardous substances, such as asbestos, polychlorinated biphenyls (PCBs) and coal tar, have been used or generated in the course of operations of Con Edison of New York and may be present in its facilities and equipment.

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) and similar state statutes impose joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages. Liabilities under these laws can be material and in some instances may be imposed without regard to fault, or may be imposed for past acts, even though such past acts may have been lawful at the time they occurred.

At September 30, 2000, Con Edison of New York had accrued \$87.4 million as its best estimate of its liability for sites as to which it has received process or notice alleging that hazardous substances generated by the company (and, in most instances, other potentially responsible parties) were deposited. There will be additional liability at these sites and other sites, the amount of which is not presently determinable but may be material to the company's financial position, results of operations or liquidity.

Under Con Edison of New York's current electric, gas and steam rate agreements, site investigation and remediation costs in excess of \$5 million annually incurred with respect to hazardous waste for which it is responsible are to be deferred and subsequently reflected in rates. At September 30, 2000, \$41.2 million of such costs had been deferred as a regulatory asset.

Suits have been brought in New York State and federal courts against Con Edison of New York and many other defendants, wherein a large number of plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises of the company. Many of these suits have been disposed of without any payment by Con Edison of

New York, or for immaterial amounts. The amounts specified in all the remaining suits total billions of dollars but the company believes that these amounts are greatly exaggerated, as were the claims already disposed of. Based on the information and relevant circumstances known to the company at this time, it does not believe that these suits will have a material adverse effect on its financial position, results of operations or liquidity.

Note C - Nuclear Generation

Con Edison of New York owns the Indian Point 2 nuclear generating unit, which has a capacity of approximately 1,000 MW, and the retired Indian Point 1 nuclear generating unit. See Note G to the Con Edison of New York financial statements included in the Form 10-K.

On February 15, 2000, Con Edison of New York shut down Indian Point 2 following a leak in one of its four steam generators. The company expects to complete replacement of the steam generators by the end of 2000, and estimates that replacement will require capital expenditures of up to \$150 million (exclusive of the costs of the replacement steam generators, which it has owned since 1988).

The staff of the Nuclear Regulatory Commission (NRC) has advised the company that it will monitor Indian Point 2 with heightened oversight.

The New York State Public Service Commission (PSC) is investigating the Indian Point 2 outage and its causes and the prudence of the company's actions regarding the operation and maintenance of Indian Point 2. The PSC has indicated that the examination should include, among other things, Con Edison of New York's inspection practices, the circumstances surrounding Indian Point 2's October 1997 to September 1998 outage, the basis for postponement of the steam generator replacement and whether, and to what extent, increased replacement power costs and repair and replacement costs should be borne by Con Edison's shareholders. The company is in settlement discussions with the staff of the PSC and other interested parties with respect to this proceeding.

In August 2000, following the passage of the Indian Point 2 Law (discussed below) and pursuant to a PSC order, the company revised its electric tariff to prevent prospective recovery of Indian Point 2 replacement power costs.

The "Indian Point 2 Law" was signed into law by New York Governor Pataki in August 2000. The law directed the PSC to prohibit Con Edison of New York from recovering Indian Point 2 replacement power costs from customers. In October 2000, United States District Court for the Northern District of New York, in an action entitled *Consolidated Edison Company of New York, Inc. v. Pataki, et al.*, determined that the Indian Point 2 Law was unconstitutional and granted the company's motion for a permanent injunction to prevent its implementation. Appeals of the court's decision have been filed in the United States Court of Appeals for the Second Circuit.

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Con Edison of New York has billed to customers the Indian Point 2 replacement power costs incurred prior to August 2000, but not the replacement power costs it has incurred since then (which amounted to approximately \$32 million in August 2000, \$26 million in September 2000 and \$31.5 million in October 2000).

Westchester County, New York is suing the PSC and Con Edison of New York seeking to prevent the company from recovering costs relating to the ongoing outage. The suit, which is entitled *The County of Westchester et al., v. Maureen O. Helmer, et al.*, was brought in May 2000 in the Supreme Court of the State of New York, County of Albany.

In November 2000, Con Edison of New York entered into an agreement with Entergy Corporation for the sale of Indian Point 2, the retired Indian Point 1 and certain related assets for \$602 million. The sale is subject to NRC, PSC and Federal Energy Regulatory Commission approvals and other conditions.

Con Edison of New York believes that the operation, maintenance and inspection practices related to Indian Point 2 have been prudent. However, the company is unable to predict whether or not any Indian Point 2-related proceedings, lawsuits, legislation or other actions, will have a material adverse effect on its financial position, results of operations or liquidity.

Note D - Financial Information By Business Segment (Thousands of Dollars)

For the three months ended September 30, 2000 and 1999
(Unaudited)

	Electric		Gas	
	2000	1999	2000	1999
Operating revenues	\$ 2,156,383	\$ 1,900,467	\$ 159,439	\$ 141,697
Intersegment revenues	2,663	4,160	719	878
Depreciation and amortization	114,835	103,379	15,185	16,070
Operating income	368,097	403,102	3,164	3,919
	Steam		Total	
	2000	1999	2000	1999
Operating revenues	\$ 82,837	\$ 66,808	\$ 2,398,659	\$ 2,108,972
Intersegment revenues	467	423	3,849	5,461
Depreciation and amortization	4,631	4,513	134,651	123,962
Operating income	(11,468)	(7,539)	359,793	399,482

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For the nine months ended September 30, 2000 and 1999
(Unaudited)

	Electric		Gas	
	2000	1999	2000	1999
Operating revenues	\$ 5,009,046	\$ 4,310,741	\$ 770,461	\$ 712,739
Intersegment revenues	7,990	9,555	2,155	2,108
Depreciation and amortization	340,448	328,064	44,860	47,772
Operating income	654,857	680,458	124,470	116,986
	Steam		Total	

	2000		1999		2000		1999
Operating revenues	\$ 327,695	\$	260,419	\$	6,107,202	\$	5,283,899
Intersegment revenues	1,401		1,250		11,546		12,913
Depreciation and amortization	13,841		13,438		399,149		389,274
Operating income	14,906		19,777		794,233		817,221

Note E - New Financial Accounting Standard

In June 2000, Statement of Financial Accounting Standards (SFAS) No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133," was issued. SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," is effective for fiscal years beginning after June 15, 2000. The company will adopt SFAS No. 133, as amended by SFAS No. 138, on January 1, 2001. The application of SFAS No. 133, as amended by SFAS No. 138, is not expected to have a material effect on the financial position or results of operations of the company or materially change its current disclosure practices.

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Orange and Rockland Utilities, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEET

As at

*As at September 30, 2000 and December 31, 1999
(Unaudited)*

September 30, 2000 December 31, 1999

(Thousands of Dollars)

ASSETS		
UTILITY PLANT, AT ORIGINAL COST		
Electric	\$ 668,512	\$ 653,503
Gas	274,030	263,645
General	107,584	107,661
TOTAL	1,050,126	1,024,809
Less: Accumulated depreciation	367,372	348,060
NET	682,754	676,749
Construction work in progress	25,524	22,373
NET UTILITY PLANT	708,278	699,122
CURRENT ASSETS:		
Cash and cash equivalents	8,181	78,927
Customer accounts receivable, less allowance for uncollectible accounts of \$3,474 and \$5,395	62,584	58,586
Other accounts receivable, less allowance for uncollectible accounts of \$1,345 and \$1,401	13,298	12,707
Account receivable from affiliated company	5,888	626
Accrued utility revenue	30,511	24,181
Gas in storage, at average cost	14,425	14,856
Materials and supplies, at average cost	4,487	4,333
Prepayments	26,593	20,761
Other current assets	19,066	22,316
TOTAL CURRENT ASSETS	185,033	237,293
INVESTMENTS		
Non-Utility Property-net of accumulated depreciation and amortization	3,252	3,415
Other	6	6
TOTAL INVESTMENTS	3,258	3,421
DEFERRED CHARGES AND REGULATORY ASSETS		
Regulatory Assets		
Deferred pension and other postretirement benefits	42,650	45,328
Recoverable energy costs	38,223	18,400
Deferred environmental remediation costs	33,743	3,330
Future federal income tax	32,733	33,115

Other regulatory assets	22,390	31,400
Deferred revenue taxes	8,949	10,130
TOTAL REGULATORY ASSETS	178,688	141,703
Other deferred charges	12,427	7,237
TOTAL DEFERRED CHARGES AND REGULATORY ASSETS	191,115	148,940
TOTAL	\$ 1,087,684	\$ 1,088,776

The accompanying notes are an integral part of these financial statements.

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Orange and Rockland Utilities, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEET

As at

As at September 30, 2000 and December 31, 1999
(Unaudited)

September 30, 2000

December 31, 1999

(Thousands of Dollars)

CAPITALIZATION AND LIABILITIES

CAPITALIZATION:

Common stock	\$ 5	\$ 5
Additional paid in capital	194,499	194,499
Capital stock expense	—	(25)
Retained earnings	142,156	137,535

TOTAL COMMON SHAREHOLDER'S EQUITY

Long-term debt	336,660	332,014
	335,628	281,524

TOTAL CAPITALIZATION

672,288 613,538

NON-CURRENT LIABILITIES:

Pension and benefit reserve	71,198	66,950
Other noncurrent liabilities	34,068	34,538

TOTAL NON-CURRENT LIABILITIES

105,266 101,488

CURRENT LIABILITIES:

Long-term debt due within one year	—	120,000
Notes payable	5,900	—
Accounts payable	57,805	49,626
Accounts payable to affiliated companies	—	5,105
Accrued federal income and other taxes	10,600	—
Customer deposits	6,395	7,217
Accrued interest	7,078	8,521
Dividend payable to parent	9,250	—
Accrued environmental costs	32,557	2,300
Other current liabilities	22,944	20,019

TOTAL CURRENT LIABILITIES

152,529 212,788

DEFERRED CREDITS AND REGULATORY LIABILITIES

Deferred federal income taxes	112,289	119,509
Deferred investment tax credits	7,010	7,351
Regulatory liabilities and other deferred credits	38,302	34,102

TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES

157,601 160,962

TOTAL

\$ 1,087,684 \$ 1,088,776

The accompanying notes are an integral part of these financial statements.

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Orange And Rockland Utilities, Inc.

CONSOLIDATED INCOME STATEMENT

*For the three months ended September 30, 2000 and 1999
(Unaudited)*

	2000		1999
	<hr/>		
	<i>(Thousands of Dollars)</i>		
OPERATING REVENUES			
Electric	\$ 173,794	\$	157,503
Gas	18,452		12,731
Non-utility	4,390		44
	<hr/>		
TOTAL OPERATING REVENUES	196,636		170,278
	<hr/>		
OPERATING EXPENSES			
Purchased power	97,827		63,235
Gas purchased for resale	11,148		5,759
Other operations	27,785		34,999
Maintenance	7,426		7,833
Depreciation and amortization	7,406		6,739
Taxes, other than federal income tax	16,943		17,582
Federal income tax	6,234		9,052
	<hr/>		
TOTAL OPERATING EXPENSES	174,769		145,199
	<hr/>		
OPERATING INCOME	21,867		25,079
OTHER INCOME (DEDUCTIONS)			
Investment income	817		1,857
Allowance for equity funds used during construction	102		8
Other income and deductions	326		(235)
Federal income tax	(442)		(484)
	<hr/>		
TOTAL OTHER INCOME (DEDUCTIONS)	803		1,146
	<hr/>		
INCOME BEFORE INTEREST CHARGES	22,670		26,225
INTEREST CHARGES			
Interest on long-term debt	5,616		7,030
Other interest	887		348
Allowance for borrowed funds used during construction	(154)		(60)
	<hr/>		
TOTAL INTEREST CHARGES	6,349		7,318
	<hr/>		
NET INCOME	\$ 16,321	\$	18,907
	<hr/>		
ORANGE AND ROCKLAND SALES & DELIVERIES			
Electric - Thousands of kilowatthours (Mwhr's)			
O&R Customers	1,442,651		1,473,895
Off-system sales	—		928
	<hr/>		
Total Electric Sales & Deliveries	1,442,651		1,474,823
Gas - Dekatherms (Dth)	3,517,813		3,098,289

The accompanying notes are an integral part of these financial statements.

Orange and Rockland Utilities, Inc.

CONSOLIDATED INCOME STATEMENT

*For nine months ended September 30, 2000 and 1999
(Unaudited)*

	2000		1999
	<hr/>		
	<i>(Thousands of Dollars)</i>		
OPERATING REVENUES			
Electric	\$ 391,046	\$	359,214
Gas	126,919		113,284
Non-utility	4,506		661

TOTAL OPERATING REVENUES	522,471	473,159
OPERATING EXPENSES		
Purchased power	206,998	86,383
Fuel	39	43,504
Gas purchased for resale	78,074	62,803
Other operations	85,524	138,731
Maintenance	20,158	26,443
Depreciation and amortization	21,982	25,960
Taxes, other than federal income tax	47,935	63,838
Federal income tax	14,035	3,631
TOTAL OPERATING EXPENSES	474,745	451,293
OPERATING INCOME	47,726	21,866
OTHER INCOME (DEDUCTIONS)		
Investment income	5,202	2,089
Allowance for equity funds used during construction	237	23
Other income and deductions	83	52,930
Federal income tax	(1,813)	(40,965)
TOTAL OTHER INCOME (DEDUCTIONS)	3,709	14,077
INCOME BEFORE INTEREST CHARGES	51,435	35,943
INTEREST CHARGES		
Interest on long-term debt	17,286	20,431
Other interest	2,140	4,292
Allowance for borrowed funds used during construction	(356)	(177)
TOTAL INTEREST CHARGES	19,070	24,546
NET INCOME	32,365	11,397
PREFERRED AND PREFERENCE STOCK REQUIREMENTS	—	886
NET INCOME FOR COMMON STOCK	\$ 32,365	\$ 10,511
ORANGE AND ROCKLAND SALES & DELIVERIES		
Electric - Thousands of kilowatthours (Mwhr's)		
O&R Customers	3,846,181	3,727,678
Off-system sales	2,400	109,158
Total Electric Sales & Deliveries	3,848,581	3,836,836
Gas - Dekatherms (Dth)	20,748,167	19,879,334

The accompanying notes are an integral part of these financial statements.

Orange and Rockland Utilities, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended September 30, 2000 and 1999
(Unaudited)

	2000	1999
	(Thousands of Dollars)	
OPERATING ACTIVITIES		
NET INCOME	\$ 32,365	\$ 11,397
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	21,982	25,960
Amortization of investment tax credit	(341)	(6,194)
Federal income tax deferred	(6,839)	(45,777)
Common equity component of allowance for funds used during construction	(237)	(23)
Other non-cash charges (debits)	1,676	2,543
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - net, and accrued utility revenue	(10,328)	(3,169)
Materials and supplies, including fuel and gas in storage	277	15,681
Prepayments, other receivables and other current assets	(8,442)	7,855
Deferred recoverable energy costs	(11,854)	1,730
Accounts payable	3,075	6,989
Refunds to customers	(1,049)	25,597
Deferred environmental remediation costs	(30,413)	(414)

Accrued environmental costs	29,981	(1,200)
Other - net	17,894	33,633
NET CASH FLOWS FROM OPERATING ACTIVITIES	37,747	74,608
INVESTING ACTIVITIES INCLUDING CONSTRUCTION		
Construction expenditures	(31,100)	(30,480)
Net proceeds from the sale of the electric generating assets	—	243,888
Common equity component of allowance for funds used during construction	237	23
NET CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES INCLUDING CONSTRUCTION	(30,863)	213,431
FINANCING ACTIVITIES		
Issuance of long-term debt	55,000	45,000
Retirement of long-term debt	(120,030)	(2,354)
Retirement of preference and preferred stock	—	(43,516)
Short-term debt arrangements	5,900	(148,386)
Dividend to parent	(18,500)	(45,000)
Common stock dividends	—	(17,447)
Preferred stock dividends	—	(886)
NET CASH FLOWS USED IN FINANCING ACTIVITIES INCLUDING DIVIDENDS	(77,630)	(212,589)
NET (DECREASE) INCREASE IN CASH AND TEMPORARY CASH INVESTMENTS	(70,746)	75,450
CASH AND TEMPORARY CASH INVESTMENTS AT JANUARY 1	78,927	6,143
CASH AND TEMPORARY CASH INVESTMENTS AT SEPTEMBER 30	\$ 8,181	\$ 81,593
Cash paid during the period for:		
Interest	\$ 20,878	\$ 24,137
Income Taxes	27,819	93,000

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS - O&R

Note A - General

These footnotes accompany and form an integral part of the interim consolidated financial statements of Orange and Rockland Utilities, Inc. (O&R), a wholly-owned subsidiary of Consolidated Edison, Inc. (Con Edison). These financial statements are unaudited but, in the opinion of O&R's management, reflect all adjustments (which include only normally recurring adjustments) necessary for a fair statement of the results for the interim periods presented. These financial statements should be read together with the audited O&R financial statements (including the notes thereto) included in the combined Con Edison, Consolidated Edison Company of New York, Inc. and O&R Annual Report on Form 10-K for the year ended December 31, 1999 (the Form 10-K).

Note B - Environmental And Other Litigation

Environmental Matters

Hazardous substances, such as asbestos, polychlorinated biphenyls (PCBs) and coal tar, have been used or generated in the course of operations of O&R and may be present in its facilities and equipment.

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) and similar state statutes impose joint and several liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages. Liabilities under these laws can be material and in some instances may be imposed without regard to fault, or may imposed for past acts, even though such past acts may have been lawful at the time they occurred.

At September 30, 2000, O&R had accrued \$32.6 million as its best estimate of its liability for sites as to which it has received process or notice alleging that hazardous substances generated by the company (and, in most instances, other potentially responsible parties) were deposited. There will be additional liability at these sites and other sites, including the costs of investigating and remediating sites where the company or its predecessors manufactured gas. The total amount of liability is not presently determinable but may be material to the company's financial position, results of operations or liquidity.

Under O&R's current gas rate agreement, O&R may defer for subsequent recovery through rates the costs of investigating and remediating manufactured gas sites. At September 30, 2000, \$33.7 million of such costs had been deferred as a regulatory asset.

Suits have been brought in New York State and federal courts against O&R and many other defendants, wherein a large number of plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises of the company. Many of these suits have been disposed of without any payment by O&R, or for immaterial amounts. The

amounts specified in all the remaining suits total billions of dollars but the company believes that these amounts are greatly exaggerated, as were the claims already disposed of. Based on the information and relevant circumstances known to the company at this time, it does not believe that these suits will have a material adverse

effect on its financial position, results of operations or liquidity.

In May 2000, the New York State Department of Environmental Conservation (DEC) issued notices of violation to O&R and four other companies that have operated coal-fired electric generating facilities in New York State. The notices allege violations of the federal Clean Air Act and the New York State Environmental Conservation Law resulting from the alleged failure of the companies to obtain DEC permits for physical modifications to their generating facilities and to install air pollution control equipment that would have reduced harmful emissions. The notice of violation received by O&R relates to the Lovett Generating Station that it sold in June 1999. O&R is unable to predict whether or not the alleged violations will have a material adverse effect on its financial position, results of operation or liquidity.

Other Litigation

In 1996, O&R was sued for its alleged breach of an agreement to purchase electric capacity and associated energy from a 4 MW cogeneration facility and for an alleged breach of an implied covenant of good faith. In August 2000, the court denied the plaintiff's motion for summary judgment. O&R cannot predict the ultimate outcome of this proceeding.

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Note C - Financial Information By Business Segment (Thousands of Dollars)

For The Three Months Ended September 30, 2000 and 1999
(Unaudited)

	Electric		Gas	
	2000	1999	2000	1999
Sales Revenues	173,794	157,503	18,452	12,731
Intersegment Revenues	3	—	—	—
Depreciation and amortization	5,108	4,982	2,297	1,756
Operating Income	22,314	30,885	(2,639)	(5,882)
	Other		Total	
	2000	1999	2000	1999
Sales Revenues	4,390	44	196,636	170,278
Intersegment Revenues	—	—	3	0
Depreciation and amortization	1	1	7,406	6,739
Operating Income	2,192	76	21,867	25,079

For The Nine Months Ended September 30, 2000 and 1999
(Unaudited)

	Electric		Gas	
	2000	1999	2000	1999
Sales Revenues	391,046	359,214	126,919	113,284
Intersegment Revenues	9	7	—	37
Depreciation and amortization	15,216	20,889	6,764	5,068
Operating Income	40,182	19,733	5,739	3,676
	Other		Total	
	2000	1999	2000	1999
Sales Revenues	4,506	661	522,471	473,159
Intersegment Revenues	—	—	9	44
Depreciation and amortization	2	3	21,982	25,960
Operating Income	1,805	(1,543)	47,726	21,866

Note D - Related Party Transactions

Each month O&R is invoiced by Con Edison and its affiliates for the cost of any services rendered to O&R by Con Edison and its affiliates. These services, provided primarily by Con Edison of New York, include substantially all administrative support operations such as corporate directorship and associated ministerial duties, accounting, treasury, investor relations, information resources, legal, human resources, fuel supply and energy management services. The cost of these services totaled \$8.0 million during the first nine months of 2000. In addition, O&R purchased \$47.2 million of gas from Con Edison of New York during this period.

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O&R provides certain recurring services to Con Edison of New York on a monthly basis, including cash receipts processing, rubber goods testing, and certain administrative services. The cost of these services totaled \$5.9 million during the first nine months of 2000. In addition, O&R sold \$4.9 million of gas to Con Edison of New York during this period.

Note E - Restatement Of Retained Earnings

In July 1999, O&R's retained earnings as of the effective date of its acquisition by Con Edison was reclassified to additional paid in capital. See "Acquisition By Con Edison" immediately preceding Note A to the O&R financial statements included in the Form 10-K. O&R has reversed this reclassification. The amounts shown as additional paid in capital and retained earnings on O&R's December 31, 1999 balance sheet have been changed to reflect this restatement. This restatement did not change the total common shareholder's equity for any of the periods presented.

Note F - New Financial Accounting Standard

In June 2000, Statement of Financial Accounting Standards (SFAS) No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133," was issued. SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," is effective for fiscal years beginning after June 15, 2000. The company will adopt SFAS No. 133, as amended by SFAS No. 138, on January 1, 2001. The application of SFAS No. 133, as amended by SFAS No. 138, is not expected to have a material effect on the financial position or results of operations of the company or materially change its current disclosure practices.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CON EDISON

Consolidated Edison, Inc. (Con Edison) is a holding company which operates only through its subsidiaries and has no material assets other than the stock of its subsidiaries. Con Edison's principal subsidiaries are regulated utilities: Consolidated Edison Company of New York, Inc. (Con Edison of New York) and Orange and Rockland Utilities, Inc. (O&R). Con Edison also has several unregulated subsidiaries. In October 1999 Con Edison agreed to acquire Northeast Utilities.

The following discussion and analysis, which relates to the interim consolidated financial statements of Con Edison and its subsidiaries (including Con Edison of New York and, from its date of acquisition in July 1999, O&R) included in Part I, Item 1 of this report, should be read in conjunction with Con Edison's Management's Discussion and Analysis of Financial Condition and Results of Operations (Con Edison's 10-K MD&A) in Item 7 of the combined Con Edison, Con Edison of New York and O&R Annual Report on Form 10-K for the year ended December 31, 1999 (File Nos. 1-14514, 1-1217 and 1-4315, the Form 10-K) and Con Edison's Management's Discussion and Analysis of Financial Condition and Results of Operations (Con Edison's earlier 2000 10-Q MD&As) in Part I, Item 2 of the combined Con Edison, Con Edison of New York and O&R Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2000 and June 30, 2000 (the earlier 2000 Form 10-Qs). Reference is also made to the notes to the Con Edison financial statements in Part I, Item 1 of this report, which notes are incorporated herein by reference.

Liquidity and Capital Resources

Cash and temporary cash investments and outstanding commercial paper (shown as notes payable on the balance sheet) at September 30, 2000 and December 31, 1999 were (amounts shown in millions):

	<i>September 30, 2000</i>	<i>December 31, 1999</i>
Cash and temporary cash investments	\$ 72.8	\$ 485.1
Commercial paper	\$ 243.0	\$ 495.4

Cash and temporary cash investments, net of commercial paper, decreased at September 30, 2000, compared to December 31, 1999, reflecting reduced cash flows from operations, increased construction expenditures by Con Edison of New York, investment in nonregulated electric generating facilities, repayments and issuances of long-term debt and repurchases of common stock.

Net cash flows from operating activities during the first nine months of 2000 decreased \$271.1 million, compared to the first nine months of 1999, reflecting principally lower net income, pension credits (see discussion of prepayments, below) and increased purchased power costs (see discussion of accounts receivable and recoverable energy costs, below).

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Construction expenditures during the first nine months of 2000 increased \$197.7 million compared to the first nine months of 1999, principally as a result of expenditures related to meeting load growth on Con Edison of New York's electric distribution system and replacement of the steam generators at its Indian Point 2 nuclear generating unit. See "Nuclear Generation," below.

In June 2000 an unregulated subsidiary of Con Edison purchased an 80 percent interest in a partnership that owns a 236-MW electric generating unit in Lakewood, New Jersey (the Lakewood Project) for \$96.3 million. The Lakewood Project had \$178.7 million of long-term debt outstanding at September 30, 2000, which has been included in Con Edison's interim consolidated financial statements.

During the first nine months of 2000, Con Edison of New York repaid at maturity \$275 million of debentures, with a weighted average annual interest rate of approximately 7.48 percent, and issued \$625 million of ten-year debentures, with a weighted average annual interest rate of approximately 7.83 percent. During this period O&R repaid at maturity \$120 million of debentures, with a weighted average annual interest rate of 8.27 percent, and issued \$55 million of ten-year 7.5 percent debentures. See "Liquidity and Capital Resources - Capital Resources" in Con Edison's 10-K MD&A.

During the first quarter of 2000, Con Edison purchased approximately 1.9 million shares of its common stock at an aggregate cost of \$60.6 million. No shares were repurchased in the second or third quarters of 2000. See "Liquidity and Capital Resources - Stock Repurchases" in Con Edison's 10-K MD&A.

Con Edison's accounts receivable - customer, less allowance for uncollectible accounts increased \$152.5 million at September 30, 2000, compared with year-end 1999, due primarily to increased customer billings by Con Edison of New York and O&R, reflecting higher wholesale power costs. Con Edison of New York's equivalent number of days of revenue outstanding (ENDRO) of customer accounts receivable was 26.4 days at September 30, 2000, compared with 28.8 days at December 31, 1999. For O&R, the ENDRO was 33.7 days at September 30, 2000 and 36.5 days at December 31, 1999.

Prepayments at September 30, 2000 include cumulative credits to pension expense for Con Edison of New York of \$293.0 million, compared with \$116.0 million at December 31, 1999. See Note D to the Con Edison financial statements included in Item 8 of the Form 10-K. Prepayments at September 30, 2000 also include prepaid property tax for Con Edison of New York of \$129.6 million, compared with \$10.7 million at December 31, 1999. Property taxes are generally prepaid on January 1 and July 1 of each year.

Recoverable energy costs increased \$123.4 million at September 30, 2000, compared with year-end 1999, reflecting increased purchased power costs, discussed below in "Results of Operations," offset in part by the ongoing recovery of previously deferred amounts. Purchased power costs of Con Edison of New York and O&R are recovered, on average, 40 days after such costs are incurred. See "Recoverable

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Fuel Costs" in Note A to the Con Edison financial statements included in Item 8 of the Form 10-K. Also see "Regulatory Matters - Electric," below, and Note C to the Con Edison financial statements included in Part I, Item 1 of this report (which Note C is incorporated herein by reference).

Deferred charges for divestiture - capacity replacement reconciliation increased \$49.5 million at September 30, 2000, compared with year-end 1999, reflecting the deferral of incremental electric capacity costs under contracts with the buyers of the generating assets sold by Con Edison of New York incurred prior to the initiation in May 2000 of a capacity market under the New York Independent System Operator. See Note I to the Con Edison financial statements included in Item 8 of the Form 10-K and "Regulatory Matters - Electric," below.

Deferred environmental remediation costs increased \$61.7 million at September 30, 2000, compared with year-end 1999, reflecting site investigation and remediation costs of Con Edison's utility subsidiaries deferred under current rate agreements. See Note B to the Con Edison financial statements included in Part I, Item 1 of this report (which Note B is incorporated herein by reference).

Other regulatory assets increased \$20.9 million at September 30, 2000, compared with year-end 1999, reflecting primarily the deferral of \$14.4 million of Indian Point 2 refueling and maintenance outage expenses discussed below in "Results of Operations."

Unfunded other post-employment benefit (OPEB) obligations (shown as pension and benefit reserve on the balance sheet) were \$187.1 million at September 30, 2000, compared to \$143.8 million at December 31, 1999. Con Edison of New York's policy is to fund its estimated OPEB costs to the extent deductible under current tax limitations. O&R's policy is to fund its obligations to the extent of its cost recovery in rates. O&R's obligations also include a reserve for its supplemental executive retirement program. See Note E to the Con Edison financial statements included in Item 8 of the Form 10-K.

The accumulated provision for injuries and damages was \$131.5 million at September 30, 2000, compared to \$119.0 million at December 31, 1999. The increase resulted primarily from increased workers' compensation claims.

Accounts payable increased \$216.3 million compared with year-end 1999, due primarily to the higher costs of power purchases.

Accrued taxes increased \$103.6 million compared to year-end 1999, due principally to timing differences.

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Other regulatory liabilities increased \$23.7 million compared with year-end 1999, reflecting primarily the deferral under Con Edison of New York's current gas rate agreement of \$14.5 million of earnings above a 13 percent threshold that are to be shared with customers (see "Regulatory Matters - Gas" in Con Edison's 10-K MD&A) and \$8.0 million of interest on the gain on divestiture (see "Regulatory Matters - Electric," below), offset by the recognition of \$22.3 million of previously deferred revenues relating to a scheduled Indian Point 2 refueling and maintenance outage.

Capital Resources

Con Edison's ratio of earnings to fixed charges (for the 12 months ended on the date indicated) and common equity ratio (as of the date indicated) were:

	<i>September 30, 2000</i>	<i>December 31, 1999</i>
Earnings to fixed charges (SEC basis)	3.35	4.04
Common equity ratio*	50.3	53.1

* Common shareholders' equity as a percentage of total capitalization

Con Edison's ratio of earnings to fixed charges decreased for the 12-month period ending September 30, 2000 compared to the 12-month period ending December 31, 1999 as a result of decreased net income available for common stock before Federal income tax and increased interest expense.

Northeast Utilities

In October 1999 Con Edison agreed to acquire Northeast Utilities for an estimated aggregate purchase price of not more than \$3.8 billion, payable 50 percent in cash and 50 percent in common stock (subject to election and proration procedures). The merger is subject to certain conditions, including the approval of shareholders and federal and state regulatory agencies.

In April 2000 Con Edison and Northeast Utilities shareholders approved the merger.

In June 2000 the Federal Energy Regulatory Commission approved the merger.

In June 2000 Con Edison and Northeast Utilities entered into a settlement agreement with the staff of the New Hampshire Public Utilities Commission (NHPUC) under which the NHPUC is asked to approve the merger, subject to the conditions set forth in the agreement.

In October 2000 Con Edison, Con Edison of New York, O&R and Northeast Utilities entered into an agreement with the staff of the New York State Public Service Commission (PSC) and certain other parties, which, among other things, provides for the PSC's approval of the merger. For additional information about the agreement, which is subject to PSC approval, see "Regulatory Matters—Electric," below.

In October 2000 the Connecticut Department of Public Utility Control (DPUC) issued a decision conditionally approving the merger. In November 2000 Con Edison and Northeast Utilities petitioned

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the DPUC to reconsider its decision. The petition indicates that the companies accept many of the conditions set forth in the decision, but that "substantial uncertainty remains as to whether the merger will proceed based on the conditions currently imposed by the Decision."

The merger also requires approval by the Securities and Exchange Commission. In addition, applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act and the related rules and regulations must be satisfied. Con Edison is in the process of responding to related requests for additional information from the Department of Justice.

In September 2000 the required Connecticut regulatory recommendation with respect to the sale by subsidiaries of Northeast Utilities of interests in certain nuclear facilities was received and, as a result, the consideration that Con Edison would be required to pay to shareholders of Northeast Utilities under the merger agreement was increased by \$1.00 per share to \$26.00 per share plus \$.0034 per share for every day after August 5, 2000 through the day prior to the closing of the merger.

Con Edison does not expect that the merger will be completed prior to the end of 2000.

For additional information about the merger, see "Liquidity and Capital Resources - Northeast Utilities Merger" in Con Edison's 10-K MD&A. See also "Financial Market Risks," below.

Regulatory Matters

Electric

In October 2000 Con Edison, Con Edison of New York, O&R and Northeast Utilities entered into an agreement with the staff of the PSC and certain other parties (the Agreement). The Agreement, which is subject to PSC approval, revises and extends the electric rate plan provisions of the 1997 restructuring agreement pursuant to which Con Edison of New York has been implementing retail choice for all its electric customers and has divested most of its electric generating assets (the 1997 Restructuring Agreement) and addresses certain divestiture-related issues. The Agreement also provides for the approval by the PSC of Con Edison's acquisition of Northeast Utilities. See "Northeast Utilities," above.

The electric rate plan provisions of the Agreement, which cover the five-year period ending March 2005, revise and extend the rate plan provisions of the 1997 Restructuring Agreement. The Agreement provides for Con Edison of New York to reduce the distribution component of its electric rates by \$170 million on an annual basis, effective October 2000, and, in accordance with the 1997 Restructuring Agreement, to reduce the generation-related component of its electric rates by \$208.7 million on an annual basis, effective April 2001. Following completion of Con Edison's acquisition of Northeast Utilities, Con Edison of New York's electric rates would be further reduced by \$18.5 million on an annual basis to reflect approximately half of the net synergy savings applicable to its electric operations that are expected to result from the merger.

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In general, under the Agreement, Con Edison of New York's base electric transmission and distribution rates will not otherwise be changed during the five-year period ending March 2005 except (i) with respect to certain changes in costs above anticipated annual levels resulting from legal or regulatory requirements, inflation in excess of a 4 percent annual rate, property tax changes and environmental cost increases or (ii) if the PSC determines that circumstances have occurred that either threaten the company's economic viability or ability to provide, or render the company's rate of return unreasonable for the provision of, safe and adequate service.

The Agreement continues the rate provisions pursuant to which Con Edison of New York recovers purchased power and fuel costs from its customers. The Agreement does not address the New York State Attorney General's petitions that are discussed below. The Agreement includes the recommendation that the PSC establish a proceeding to consider rate measures that reduce the volatility of fuel and energy costs experienced during the months of peak usage, provided that such measures may neither be materially inconsistent with the Agreement nor adversely impact Con Edison of New York's financial integrity. For information about recovery of replacement power and other costs relating to Con Edison of New York's Indian Point 2 nuclear generating unit, see Note C to the Con Edison financial statements included in Part I, Item 1 of this report.

Under the Agreement, 50 percent of any earnings in each of the rate years ending March 2002 through 2005 in excess of a specified rate of return on electric common equity (12.9 percent for the rate year ending March 2002; 11.75 percent for the other rate years, the Earnings Sharing Level) will be retained for shareholders and 50 percent will be applied for customer benefit through rate reductions or as otherwise determined by the PSC. The rate of return calculation will exclude certain items, including incentives and penalties discussed in the Agreement and the synergy savings from Con Edison's acquisition of Northeast Utilities that have been allocated to the company's shareholders. For the rate year ending March 2004, the calculation will reflect the amount, if any, by which the calculated rate of return fell below the Earnings Sharing Level for the rate year ending March 2003; for the rate year ending March 2005, the calculation will reflect any shortfall in the prior two rate years. There is no sharing of earnings for the rate year ending March 2001.

Under the Agreement's performance incentive mechanisms, the Earnings Sharing Level for the rate years ending March 2003 through 2005 may be increased to 12 percent if certain customer service and reliability objectives are achieved. The Agreement includes other incentive mechanisms, pursuant to which Con Edison of New York could be required to pay up to \$40 million annually in penalties if certain threshold service and reliability objectives are not achieved.

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The Agreement continues the stranded cost recovery provisions of the 1997 Restructuring Agreement, stating that Con Edison of New York "will be given a reasonable opportunity to recover stranded and strandable costs remaining at March 31, 2005, including a reasonable return on investments, under the parameters and during the time periods set forth therein."

The Agreement provides for the following disposition of the approximately \$303.9 million estimated net gain on the sale by Con Edison of New York of most of its electric generating assets: \$192.3 million will be credited against electric distribution plant balances; \$103.8 million may be retained by the company to offset a like amount of existing regulatory assets (including deferred power contract termination costs, property tax increases and retail choice customer incentives), and the balance will be set aside as a partial funding source for low-income ratepayer programs.

The Agreement also addresses Con Edison of New York's recovery of an approximately \$74 million regulatory asset representing incremental electric capacity costs incurred prior to May 2000 to purchase capacity from the buyers of the generating assets it sold. The Agreement provides for the company to recover these deferred costs from the shareholders' portion of any earnings above the Earnings Sharing Levels and by March 2005 to charge to expense any remaining asset balance. For additional information about these incremental capacity costs, see "Regulatory Matters" in Con Edison's earlier 2000 10-Q MD&As and Note I to the Con Edison financial statements in Item 8 of the Form 10-K.

The Agreement provides for the approval of Con Edison's acquisition of Northeast Utilities, indicates that the PSC should authorize the merger as being in the public interest and allocates to New York customers approximately half of the net synergy savings applicable to New York utility operations that are expected to result from the merger over the ten-year period ending March 2011. To reflect this allocation, following the completion of the merger, Con Edison of New York will reduce its electric rates by \$18.5 million (discussed above) and annually accrue credits of about \$3.4 million and \$0.9 million, respectively, for its gas and steam customers, and O&R will annually accrue credits of about \$1.15 million and \$0.4 million, respectively, for its electric and gas customers. The Agreement also amends the existing guidelines governing transactions among affiliates of Con Edison of New York to reflect, to the extent necessary, the requirements of the Public Utility Holding Company Act that will apply following the merger.

For additional information about the 1997 Restructuring Agreement, see "Regulatory Matters - Electric" in Con Edison's 10-K MD&A and "Regulatory Matters" in Con Edison's earlier 2000 10-Q MD&As.

In August and September 2000, the New York State Attorney General (NYSAG) filed petitions with the PSC regarding the rate adjustment mechanisms that permit Con Edison of New York and O&R to recover purchased power and other costs from their customers. The petitions seek the institution of a

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PSC inquiry into the cause of increases in electric bills, to make electric rates temporary until the conclusion of the PSC's inquiry, and to roll those rates back to levels such that customers would pay no more for the same amount of electric service than they would have in 1999. In October 2000, AARP and the Public Utility Law Project of New York, Inc. filed a similar petition with the PSC. Con Edison believes that these petitions are without merit, but is unable to predict whether or not any related proceedings or other actions will have a material adverse effect on its financial position, results of operations or liquidity.

Gas

In November 2000 Con Edison of New York, the PSC staff and certain other parties agreed to revise and extend the 1996 gas rate settlement agreement through September 2001. For information about the 1996 agreement, see "Regulatory Matters - Gas" in Con Edison's 10-K MD&A.

Under the new agreement, which is subject to PSC approval, the level above which the company will share with customers 50 percent of earnings is increased from 13 percent to a 14 percent rate of return on gas common equity. In addition, customer bills are to be reduced by \$20 million during the January through March 2001 period; approximately \$22.6 million that normally would be credited to customers over various annual periods is to be credited during the four-month period ending March 2001; and \$19 million of charges to customers resulting from the reconciliation of actual gas costs to amounts included in rates which were scheduled to be billed to customers beginning January 2001 instead are to be billed to customers beginning April 2001. These provisions are intended to reduce gas costs during the winter months.

Under the new agreement, the company will also reduce firm transportation customer bills by a retail choice credit and will implement other programs designed to increase customer and marketer participation in the company's gas Retail Choice program, the net costs of which are to be recovered by reducing credits otherwise due customers or deferred for future recovery from customers.

Steam

In November 2000 the PSC approved a settlement agreement between Con Edison of New York, the PSC staff and certain other parties with respect to the steam rate plan filed by the company in November 1999.

The settlement agreement provides for a \$16.6 million steam rate increase to take effect October 2000 and, with limited exceptions, no further changes in steam rates prior to October 2004. The company is required to share with customers 50 percent of any earnings for any rate year covered by the agreement in excess of a specified rate of return on steam common equity (11.0 percent for the first rate year, the 12-month period ending September 2001; 10.5 percent thereafter if the repowering of the company's

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East River steam-electric generating plant is not completed). A rate moderation mechanism will permit the company to defer a portion of the revenues collected in the first two rate years attributable to the rate increase and recognize such deferrals in income during the last two rate years.

Under the agreement, upon completion of the East River repowering project, the net benefits of the project (including any net gain from the sale of certain mid-town Manhattan real estate) allocable to steam operations will be used to offset any deficiency in the accumulated reserve for depreciation of steam plant or otherwise inure to the benefit of steam customers.

The settlement agreement continues the rate provisions pursuant to which the company recovers from its customers purchased steam and fuel costs and requires the company to develop a strategy for hedging price variations for a portion of the steam produced each year.

For additional information, see "Regulatory Matters - Steam" in Con Edison's 10-K MD&A.

Nuclear Generation

Con Edison of New York's Indian Point 2 nuclear generating unit was shut down on February 15, 2000 following a leak in one of its four steam generators. See "Nuclear Generation" in Con Edison's 10-K MD&A and Con Edison's earlier 2000 Form 10-Q MD&As, the combined Con Edison and Con Edison of New York Current Reports on Form 8-K, dated March 30, 2000 and October 10, 2000 and Note C to the Con Edison financial statements included in Part I, Item 1 of this report (which Note C is incorporated herein by reference).

Financial Market Risks

Reference is made to "Financial Market Risks" in Con Edison's 10-K MD&A. At September 30, 2000 the cash-settled options expiring December 2000 that Con Edison purchased for \$8.9 million in June 2000 to hedge its interest rate risk with respect to \$800 million of the cash portion of the Northeast Utilities merger consideration had a fair market value of approximately \$309,000. See "Northeast Utilities," above. At September 30, 2000 neither the fair value of derivatives outstanding nor potential derivative losses from reasonably possible near-term changes in market prices were material to the financial position, results of operations or liquidity of the company.

Environmental Matters

For information concerning potential liabilities of the company arising from laws and regulations protecting the environment, including the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund), see the notes to Con Edison's financial statements included in Part I, Item 1 of this report and also see Part II, Item 3 of this report.

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Results of Operations

Third Quarter of 2000 Compared with Third Quarter of 1999

Con Edison's net income for common stock for the third quarter of 2000 was \$279.9 million or \$1.32 a share (based upon an average of 212.0 million common shares outstanding), compared with \$336.0 million or \$1.50 a share (based upon an average of 220.3 million common shares outstanding) for the third quarter of 1999.

Earnings for the quarters ended September 30, 2000 and 1999 were as follows:

(Millions of dollars)

	2000	1999
Con Edison of New York	\$ 266.3	\$ 319.5
O&R	16.3	18.9
Nonregulated subsidiaries	2.7	(1.1)
Other*	(5.4)	(1.3)
Con Edison	\$ 279.9	\$ 336.0

* Includes holding company expenses (including amortization of \$2.7 million and \$1.3 million for 2000 and 1999, respectively, of goodwill from the acquisition of O&R) and intercompany eliminations.

Con Edison's earnings for the third quarter of 2000, compared to the third quarter of 1999, decreased \$56.1 million, reflecting \$28 million of Indian Point 2 replacement power costs that have not been recovered by Con Edison of New York from its customers (see "Nuclear Generation," above), \$31.1 million of electric rate reductions and the effects of cooler than normal summer weather as compared to the warmer than normal weather experienced in the 1999 period, offset in part by \$57.7 million of increased pension credits (see Note D to the Con Edison financial statements included in Item 8 of the Form 10-K) and a \$59.8 million reduction in Federal income taxes.

A comparison of the results of operations of Con Edison for the third quarter of 2000 compared to the third quarter of 1999 follows.

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Three Months Ended Sept. 30, 2000 Compared With Three Months Ended Sept. 30, 1999

(Millions of dollars)

	<i>Increases (Decreases) Amount</i>	<i>Increases (Decreases) Percent</i>
Operating revenues	\$ 474.5	20.2
Purchased power - electric and steam	561.1	86.7
Fuel - electric and steam	(4.9)	(4.4)
Gas purchased for resale	50.7	62.5
Operating revenues less purchased power, fuel and gas purchased for resale (net revenues)	(132.4)	(8.8)
Other operations and maintenance	(62.7)	(14.2)
Depreciation and amortization	16.3	12.1
Taxes, other than federal income tax	12.2	3.8
Federal income tax	(59.8)	(31.4)
Operating income	(38.4)	(9.1)
Other income less deductions and related federal income tax	1.2	22.8
Net interest charges	18.9	21.2

Preferred stock dividend requirements
Net income for common stock

\$ — —
(56.1) (16.7)%

A discussion of Con Edison's operating revenues and operating income by business segment follows. Con Edison's principal business segments are its electric, gas and steam utility businesses. For additional information about Con Edison's business segments, see the notes to the Con Edison financial statements included in Part I, Item 1 of this report.

Electric

Con Edison's electric operating revenues in the third quarter of 2000 increased \$322.7 million, compared to the third quarter of 1999, reflecting Con Edison of New York's and O&R's increased purchased power costs, offset by electric rate reductions of approximately \$31.1 million and the effects of cooler than normal summer weather as compared to the warmer than normal weather experienced in the 1999 period. Under PSC-approved rate provisions, Con Edison of New York and O&R recover their purchased power costs from customers. See, however, Note C to the Con Edison financial statements included in Part I, Item 1 of this report (which Note C is incorporated herein by reference).

Electricity sales volumes for Con Edison of New York and O&R for the three-month periods ended September 30, 2000 and 1999 are shown at the bottom of their consolidated income statements for those periods included in Part I, Item 1 of this report. Electricity sales volume decreased 4.6 percent in the third quarter of 2000, compared to the third quarter of 1999. The decrease in sales volume is attributable to the cooler than normal summer weather, offset in part by the continued strength of the economy in the New York City metropolitan area. After adjusting for variations, principally weather and billing days, in

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each period, electricity sales volume increased 3.6 percent in the 2000 period. Weather-adjusted sales represent an estimate of the sales that would have been made if historical average weather conditions had prevailed.

Purchased power costs increased \$557.9 million in the third quarter of 2000, compared to the third quarter of 1999, as a result of divestiture of electric generating capacity in 1999 (and the resultant requirement to purchase capacity and energy to serve customers), replacement power costs for the Indian Point 2 nuclear generating station and increases in the price of purchased power. Fuel costs decreased \$21.9 million as a result of generation divestiture.

Con Edison's electric operating income decreased \$43.6 million in the third quarter of 2000, compared to the third quarter of 1999. The principal components of this variation were: a reduction in net revenues (operating revenues less fuel and purchased power) of \$138.3 million (reflecting the effects of the cooler than normal summer weather, \$31.1 million of electric rate reductions and \$28 million of Indian Point 2 replacement power costs that have not been recovered from customers), offset by decreases in other operations and maintenance expenses (discussed in the following paragraph) and reduced Federal income tax (\$51.4 million).

The decrease in the 2000 period in other operations and maintenance expenses reflects certain expenses relating to Indian Point 2, increased pension credits (\$45.8 million) and a \$17.8 million decrease in expenses relating to Con Edison of New York's other electric generating assets (most of which were sold in 1999). Indian Point 2 refueling and maintenance expenses of \$10.5 million, offset by \$7.2 million of revenues, were recognized in income in the third quarter of 2000. Approximately \$14.4 million of Indian Point 2 refueling and maintenance expenses have been deferred and will be matched against revenues of an equal amount which will be realized during the remaining months of the rate year ending March 2001. See "Outage Accounting" in Note G to the Con Edison financial statements included in the Form 10-K and Note C to the Con Edison financial statements included in Part I, Item 1 of this report (which Note C is incorporated herein by reference).

Gas

Gas sales volumes for Con Edison of New York and O&R for the three-month periods ended September 30, 2000 and 1999 are shown at the bottom of their consolidated income statements for those periods included in Part I, Item 1 of this report. Con Edison's gas operating revenues and operating income increased \$23.3 million and \$2.5 million, respectively, in the third quarter of 2000, compared to the third quarter of 1999, reflecting increased gas sales and transportation volumes.

Gas sales and transportation volume for firm customers increased 10.0 percent in the third quarter of 2000, compared to the third quarter of 1999. Weather had a minimal impact on gas sales for this period.

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Steam

Con Edison's steam operating revenues increased \$16.0 million and operating income decreased \$3.9 million in the third quarter of 2000, compared to the third quarter of 1999. The higher revenues reflect Con Edison of New York's increased fuel and purchased power costs (which it bills to customers under PSC-approved rate provisions).

Steam sales volume decreased 13.0 percent in the 2000 period. After adjusting for variations, principally weather and billing days, in each period, steam sales volume decreased 0.5 percent in the 2000 period.

Other Income

Investment income decreased \$6.0 million in the 2000 period, compared to the 1999 period, because during a portion of the 1999 period net proceeds from generation divestiture were invested in temporary cash investments.

Net Interest Charges

Net interest charges increased \$18.9 million in the 2000 period, reflecting \$10.9 million of increased interest on long-term borrowings, \$2.3 million of increased interest related to short-term borrowings and \$4.0 million of interest accrued on the gain on generation divestiture that has been deferred for disposition by the PSC. See "Regulatory Matters - Electric," above.

Nine Months Ended September 30, 2000 Compared with the Nine Months Ended September 30, 1999

Con Edison's net income for common stock for the nine months ended September 30, 2000 was \$536.8 million or \$2.53 a share (based upon an average of 212.2 million common shares outstanding), compared with \$579.1 million or \$2.56 a share (based upon an average of 225.8 million common shares outstanding) for the nine months ended September 30, 1999. O&R financial results are not included in earnings for periods prior to its July 1999 acquisition by Con Edison.

Earnings for the nine months ended September 30, 2000 and 1999 were as follows:

(Millions of dollars)

	2000	1999
Con Edison of New York	\$ 515.7	\$ 570.7
O&R	32.4	18.9
Nonregulated subsidiaries	0.9	(9.0)
Other*	(12.2)	(1.5)
Con Edison	\$ 536.8	\$ 579.1

* Includes holding company expenses (including amortization of \$8.2 million and \$1.3 million for 2000 and 1999, respectively, of goodwill from the acquisition of O&R) and intercompany eliminations.

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Con Edison's earnings for the first nine months of 2000, compared to the first nine months of 1999, decreased \$42.3 million, reflecting the effects of cooler than normal summer weather for the 2000 period as compared to the warmer than normal weather experienced in the 1999 period, electric rate reductions of \$76.8 million, \$58 million of replacement power costs for Con Edison of New York's Indian Point 2 nuclear generating station that have not been recovered from customers, \$43.6 million of increased transmission and distribution expenses and \$51.7 million of increased interest charges, offset by increased revenues resulting from the favorable economy, \$114.7 million of increased pension credits, reduced federal income tax expense of \$75.4 million, and \$13.5 million of O&R earnings.

Con Edison estimates that the earnings per share impact in the 2000 period of the June and August 1999 divestiture of most of Con Edison of New York's electric generating capacity was substantially offset by reductions in property taxes, depreciation and other operating and maintenance costs, its acquisition of O&R and the common stock repurchase program.

A comparison of the results of operations of Con Edison for the nine months ended September 30, 2000 compared to the nine months ended September 30, 1999 follows.

Nine Months Ended Sept. 30, 2000 Compared With Nine Months Ended Sept. 30, 1999

(Millions of dollars)	Increases (Decreases)	Increases (Decreases)
	Amount	Percent
Operating revenues	\$ 1,579.3	28.2%
Purchased power - electric and steam	1,507.7	(A)
Fuel - electric and steam	(110.2)	(31.5)
Gas purchased for resale	223.0	65.7
Operating revenues less purchased power, fuel and gas purchased for resale (net revenues)	(41.2)	(1.1)
Other operations and maintenance	(4.9)	(0.4)
Depreciation and amortization	38.3	9.6
Taxes, other than federal income tax	(6.7)	(0.7)
Federal income tax	(75.4)	(22.1)
Operating income	7.5	0.9
Other income less deductions and related federal income tax	1.9	28.3
Net interest charges	51.7	20.8
Preferred stock dividend requirements	—	—
Net income for common stock	\$ (42.3)	(7.3)%

(A) Amounts in excess of 100 percent

A discussion of Con Edison's operating revenues and operating income by business segment follows. Con Edison's principal business segments are its electric, gas and steam utility businesses. For additional information about Con Edison's business segments, see the notes to the Con Edison financial statements included in Part I, Item 1 of this report.

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Electric

Con Edison's electric operating revenues for the nine months ended September 30, 2000 increased \$1.0 billion compared to the comparable period of 1999, reflecting Con Edison of New York's increased sales volumes and increased purchased power costs (which it bills to customers under PSC-approved rate provisions), offset by electric rate reductions of approximately \$76.8 million. See Note C to the Con Edison financial statements included in Part I, Item 1 of this report (which Note C is incorporated herein by reference). The increase also reflects \$391.0 million of O&R electric operating revenues for the nine months ended September 30, 2000, compared to \$157.5 million of O&R electric operating revenues recognized in the 1999 period following Con Edison's July 1999 acquisition of O&R.

Electricity sales volumes for Con Edison of New York and O&R for the nine-month periods ended September 30, 2000 and 1999 are shown at the bottom of their consolidated income statements for those periods included in Part I, Item 1 of this report. Electricity sales volume in Con Edison of New York's service territory increased 0.8 percent for the nine months ended September 30, 2000, compared to the nine months ended September 30, 1999. The increase in sales volume reflects the continued strength of the New York City economy, offset in part by the effects of the cooler than normal summer weather. After adjusting for variations,

principally weather and billing days, in each period, electricity sales volume in Con Edison of New York's service territory increased 3.2 percent in the 2000 period. Weather-adjusted sales represent an estimate of the sales that would have been made if historical average weather conditions had prevailed.

Con Edison's purchased power costs increased \$1.5 billion in the nine months ended September 30, 2000, compared to the nine months ended September 30, 1999, reflecting a \$1.1 billion increase in Con Edison of New York's purchased power costs as a result of its divestiture of most of its generating capacity in 1999, the ongoing Indian Point 2 outage and increases in the price of purchased power and a \$254.6 million increase in Con Edison's unregulated subsidiaries' purchased power costs as a result of increased sales and trading volume and increases in the price of purchased power. The increase also reflects \$207.0 million of O&R purchased power costs for the nine months ended September 30, 2000, compared to \$63.2 million of O&R purchased power costs recognized in the 1999 period following Con Edison's July 1999 acquisition of O&R. Fuel costs decreased \$177.1 million as a result of generation divestiture.

Con Edison's electric operating income decreased \$16.3 million for the nine months ended September 30, 2000 from the comparable 1999 period, reflecting a decrease in Con Edison of New York's electric operating income of \$25.6 million, comprised primarily of a reduction in net revenues (operating revenues less fuel and purchased power) of \$225.5 million (reflecting the effects of the cooler than normal summer weather, \$76.8 million of electric rate reductions and \$58 million of Indian Point 2 replacement power costs that have not been recovered from customers) and \$43.6 million of increased transmission

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and distribution expenses, offset by decreases in other operations and maintenance expenses (discussed in the following paragraph), property taxes (\$33.6 million) and Federal income tax (\$70.8 million) and the deferral of electric capacity costs (\$49.5 million). The decrease also reflects \$40.2 million of O&R electric operating income for the nine months ended September 30, 2000, compared to \$30.9 million of O&R electric operating income recognized in the 1999 period following Con Edison's July 1999 acquisition of O&R.

The decrease in the 2000 period in other operations and maintenance expenses reflects certain expenses relating to Indian Point 2, increased pension credits (\$91.3 million), and an \$89.2 million decrease in expenses relating to Con Edison of New York's other electric generating assets (most of which were sold in 1999). Indian Point 2 refueling and maintenance expenses of \$47.1 million, offset by \$43.9 million of revenues, were recognized in income in the 2000 period. Approximately \$14.4 million of Indian Point 2 refueling and maintenance expenses have been deferred and will be matched against revenues of an equal amount which will be realized during the remaining months of the rate year ending March 2001. In addition, operation and maintenance expenses in the 2000 period reflect \$15.2 million of other expenses related to the ongoing Indian Point 2 outage. See "Outage Accounting" in Note G to the Con Edison financial statements included in the Form 10-K and Note C to the Con Edison financial statements included in Part I, Item 1 of this report (which Note C is incorporated herein by reference). The decrease in the 2000 period also reflects \$105.7 million of O&R operations and maintenance expenses for the nine months ended September 30, 2000, compared to \$42.8 million of O&R operations and maintenance expenses recognized in the 1999 period following Con Edison's July 1999 acquisition of O&R.

Gas

Con Edison's gas operating revenues and operating income increased \$168.8 million and \$19.1 million, respectively, for the nine months ended September 30, 2000, compared to the nine months ended September 30, 1999. These changes reflect increases in O&R's gas operating revenues of approximately \$114.2 million and gas operating income of approximately \$11.6 million (reflecting O&R's 1999 financial results only since its July 1999 acquisition by Con Edison), Con Edison of New York's increased gas sales and transportation volumes, and higher pension credits.

Gas sales volumes for Con Edison of New York and O&R for the nine-month periods ended September 30, 2000 and 1999 are shown at the bottom of their consolidated income statements for those periods included in Part I, Item 1 of this report. Gas sales and transportation volume for Con Edison of New York's firm customers increased 4.9 percent in the nine months ended September 30, 2000, compared to the nine months ended September 30, 1999. After adjusting for variations, principally weather and billing days, in each period, firm gas sales and transportation volume increased 2.3 percent in the 2000 period.

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A weather-normalization provision that applies to the gas businesses of Con Edison's utility subsidiaries operating in New York moderates, but does not eliminate, the effect of weather-related changes on gas operating income.

Steam

Con Edison of New York's steam operating revenues increased \$67.3 million and operating income decreased \$4.9 million for the nine months ended September 30, 2000, compared to the nine months ended September 30, 1999. The higher revenues reflect increased fuel and purchased power costs (which it bills to customers under PSC-approved rate provisions).

Steam sales volume decreased 3.3 percent in the 2000 period. After adjusting for variations, principally weather and billing days, in each period, steam sales volume decreased 0.6 percent in the 2000 period.

Net Interest Charges

Net interest charges increased \$51.7 million in the 2000 period, reflecting \$4.3 million of increased interest expense related to short-term borrowings of Con Edison (the holding company) and increases in Con Edison of New York's interest expense of \$14.4 million related to long-term borrowings and \$10.5 million related to short-term borrowings, and \$8.0 million of interest accrued on the gain on generation divestiture that has been deferred for disposition by the PSC. See "Regulatory Matters - Electric," above. The increase also reflects \$19.1 million of O&R interest expense for the nine months ended September 30, 2000, compared to \$7.3 million of O&R interest expense recognized in the 1999 period following Con Edison's July 1999 acquisition of O&R. In addition \$5.6 million of interest was incurred in the 2000 period on the long-term debt of the Lakewood Project (which Con Edison purchased on June 2000 - see "Liquidity and Capital Resources," above).

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Consolidated Edison Company of New York, Inc. (Con Edison of New York) is a regulated utility that provides electric service to over three million customers and gas service to over one million customers in New York City and Westchester County. It also provides steam service in parts of Manhattan. All of the common stock of Con Edison of New York is owned by Consolidated Edison, Inc. (Con Edison).

This discussion and analysis should be read in conjunction with Con Edison of New York's Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of the combined Con Edison, Con Edison of New York and Orange and Rockland Utilities, Inc. (O&R) Annual Report on Form 10-K for the year ended December 31, 1999 (File Nos. 1-14514, 1-1217 and 1-4315, the Form 10-K) and Con Edison of New York's Management's Discussion and Analysis of Financial Condition and Results of Operations (Con Edison of New York's earlier 2000 10-Q MD&As) in Part I, Item 2 of the combined Con Edison, Con Edison of New York and O&R Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2000 and June 30, 2000 (Con Edison of New York's earlier 2000 Form 10-Qs). Reference is also made to the notes to the financial statements in Part I, Item 1 of this report, which notes are incorporated herein by reference.

Liquidity and Capital Resources

Cash and temporary cash investments and outstanding commercial paper (shown as notes payable on the balance sheet) at September 30, 2000 and December 31, 1999 were (amounts shown in millions):

	<i>September 30, 2000</i>	<i>December 31, 1999</i>
Cash and temporary cash investments	\$ 46.3	\$ 349.0
Commercial paper	\$ 165.0	\$ 495.4

Cash and temporary cash investments, net of commercial paper, decreased at September 30, 2000, compared to December 31, 1999, reflecting reduced cash flows from operations, increased construction expenditures and long-term debt repayments and issuances.

Net cash flows from operating activities during the first nine months of 2000 decreased \$478.1 million, compared to the first nine months of 1999, reflecting principally lower net income, pension credits (see discussion of prepayments, below) and increased purchased power costs (see discussion of accounts receivable and recoverable energy costs, below).

Construction expenditures during the first nine months of 2000 increased \$166.6 million compared to the first nine months of 1999, principally as a result of expenditures related to meeting load growth on the company's electric distribution system and replacement of the steam generators at its Indian Point 2 nuclear generating unit. See "Nuclear Generation," below.

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During the first nine months of 2000, Con Edison of New York repaid at maturity \$275 million of debentures, with a weighted average annual interest rate of approximately 7.48 percent, and issued \$625 million of ten-year debentures, with a weighted average annual interest rate of approximately 7.83 percent. See "Liquidity and Capital Resources - Capital Resources" in Con Edison of New York's 10-K MD&A.

Con Edison of New York's accounts receivable - customer, less allowance for uncollectible accounts increased \$107.7 million at September 30, 2000 compared with year-end 1999, due primarily to increased customer billings, reflecting higher wholesale power costs. The company's equivalent number of days of revenue outstanding (ENDRO) of customer accounts receivable was 26.4 days at September 30, 2000, compared with 28.8 days at December 31, 1999.

Prepayments at September 30, 2000 include cumulative credits to pension expense of \$293.0 million, compared with \$116.0 million at December 31, 1999. See Note D to the Con Edison of New York financial statements included in Item 8 of the Form 10-K. Prepayments at September 30, 2000 also include prepaid property tax of \$129.6 million, compared with \$10.7 million at December 31, 1999. Property taxes are generally prepaid on January 1 and July 1 of each year.

Recoverable energy costs increased \$103.3 million at September 30, 2000 compared with year-end 1999, reflecting increased purchased power costs discussed below in "Results of Operations," offset in part by the ongoing recovery of previously deferred amounts. Purchased power costs are recovered, on average, 40 days after such costs are incurred. See "Recoverable Fuel Costs" in Note A to the Con Edison of New York financial statements included in Item 8 of the Form 10-K. Also see "Regulatory Matters - Electric," below, and Note C to the Con Edison of New York financial statements included in Part I, Item 1 of this report (which Note C is incorporated herein by reference).

Deferred charges for divestiture - capacity replacement reconciliation increased \$49.5 million at September 30, 2000, compared with year-end 1999, reflecting the deferral of incremental electric capacity costs under contracts with the buyers of the generating assets sold by Con Edison of New York incurred prior to the initiation in May 2000 of a capacity market under the New York Independent System Operator. See Note G to the Con Edison of New York financial statements included in Item 8 of the Form 10-K and "Regulatory Matters - Electric," below.

Deferred environmental remediation costs increased \$31.2 million at September 30, 2000, compared with year-end 1999, reflecting site investigation and remediation costs deferred under current rate agreements. See Note B to the Con Edison of New York financial statements included in Part I, Item 1 of this report (which Note B is incorporated herein by reference).

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Other regulatory assets increased \$22.7 million at September 30, 2000 compared with year-end 1999, reflecting the deferral of \$14.4 million of Indian Point 2 refueling and maintenance outage expenses discussed below in "Results of Operations."

Unfunded other post-employment benefit (OPEB) obligations (shown as pension and benefit reserve on the balance sheet) were \$115.9 million at September 30, 2000, compared to \$76.8 million at December 31, 1999. Con Edison of New York's policy is to fund its estimated OPEB costs to the extent deductible under current tax limitations. See Note E to the Con Edison of New York financial statements included in Item 8 of the Form 10-K.

The accumulated provision for injuries and damages was \$122.1 million at September 30, 2000, compared to \$110.1 million at December 31, 1999. The increase resulted primarily from increased workers' compensation claims.

Accounts payable increased \$191.7 million compared with year-end 1999, due primarily to the higher costs of power purchases.

Accrued taxes increased \$81.4 million compared to year-end 1999, due principally to timing differences.

Other regulatory liabilities increased \$19.5 million compared with year-end 1999, reflecting primarily the deferral under the company's current gas rate agreement of \$14.5 million of earnings above a 13 percent threshold that are to be shared with customers (see "Regulatory Matters - Gas" in Con Edison of New York's 10-K MD&A) and \$8.0 million of interest on the gain on divestiture (see "Regulatory Matters - Electric," below), offset by the recognition of \$22.3 million of previously deferred revenues relating to a scheduled Indian Point 2 refueling and maintenance outage.

Capital Resources

Con Edison of New York's ratio of earnings to fixed charges (for the 12 months ended on the date indicated) and common equity ratio (as of the date indicated) were:

	<i>September 30, 2000</i>	<i>December 31, 1999</i>
Earnings to fixed charges (SEC basis)	3.49	4.17
Common equity ratio*	47.8	49.4

* Common shareholder's equity as a percentage of total capitalization

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Con Edison of New York's ratio of earnings to fixed charges decreased for the 12-month period ending September 30, 2000 compared to the 12-month period ending December 31, 1999 as a result of decreased net income available for common stock before Federal income tax and increased interest expense.

Regulatory Matters

Electric

In October 2000 Con Edison, Con Edison of New York, O&R and Northeast Utilities entered into an agreement with the staff of the PSC and certain other parties (the Agreement). The Agreement, which is subject to PSC approval, revises and extends the electric rate plan provisions of the 1997 restructuring agreement pursuant to which Con Edison of New York has been implementing retail choice for all its electric customers and has divested most of its electric generating assets (the 1997 Restructuring Agreement) and addresses certain divestiture-related issues. The Agreement also provides for the approval by the PSC of Con Edison's acquisition of Northeast Utilities.

The electric rate plan provisions of the Agreement, which cover the five-year period ending March 2005, revise and extend the rate plan provisions of the 1997 Restructuring Agreement. The Agreement provides for Con Edison of New York to reduce the distribution component of its electric rates by \$170 million on an annual basis, effective October 2000, and, in accordance with the 1997 Restructuring Agreement, to reduce the generation-related component of its electric rates by \$208.7 million on an annual basis, effective April 2001. Following completion of Con Edison's acquisition of Northeast Utilities, Con Edison of New York's electric rates would be further reduced by \$18.5 million on an annual basis to reflect approximately half of the net synergy savings applicable to its electric operations that are expected to result from the merger.

In general, under the Agreement, Con Edison of New York's base electric transmission and distribution rates will not otherwise be changed during the five-year period ending March 2005 except (i) with respect to certain changes in costs above anticipated annual levels resulting from legal or regulatory requirements, inflation in excess of a 4 percent annual rate, property tax changes and environmental cost increases or (ii) if the PSC determines that circumstances have occurred that either threaten the company's economic viability or ability to provide, or render the company's rate of return unreasonable for the provision of, safe and adequate service.

The Agreement continues the rate provisions pursuant to which Con Edison of New York recovers from its customers purchased power and fuel costs. The Agreement does not address the New York State Attorney General's petitions that are discussed below. The Agreement includes the recommendation that the PSC establish a proceeding to consider rate measures that reduce the volatility of fuel and energy costs experienced during the months of peak usage, provided that such measures may neither be materially inconsistent with the Agreement nor adversely impact Con Edison of New York's financial

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integrity. For information about recovery of replacement power and other costs relating to Con Edison of New York's Indian Point 2 nuclear generating unit, see Note C to the Con Edison of New York financial statements included in Part I, Item 1 of this report.

Under the Agreement, 50 percent of any earnings in each of the rate years ending March 2002 through 2005 in excess of a specified rate of return on electric common equity (12.9 percent for the rate year ending March 2002; 11.75 percent for the other rate years, the Earnings Sharing Level) will be retained for shareholders and 50 percent will be applied for customer benefit through rate reductions or as otherwise determined by the PSC. The rate of return calculation will exclude certain items, including incentives and penalties discussed in the Agreement and the synergy savings from Con Edison's acquisition of Northeast Utilities that have been allocated to the company's shareholders. For the rate year ending March 2004, the calculation will reflect the amount, if any, by which the calculated rate of return fell below the Earnings Sharing Level for the rate year ending March 2003; for the rate year ending March 2005, the calculation will reflect any shortfall in the prior two rate years. There is no sharing of earnings for the rate year ending March 2001.

Under the Agreement's performance incentive mechanisms, the Earnings Sharing Level for the rate years ending March 2003 through 2005 may be increased to 12 percent if certain customer service and reliability objectives are achieved. The Agreement includes other incentive mechanisms, pursuant to which Con Edison of New York could be required to pay up to \$40 million annually in penalties if certain threshold service and reliability objectives are not achieved.

The Agreement continues the stranded cost recovery provisions of the 1997 Restructuring Agreement, stating that Con Edison of New York "will be given a reasonable opportunity to recover stranded and strandy costs remaining at March 31, 2005, including a reasonable return on investments, under the parameters and during the time periods set forth therein."

The Agreement provides for the following disposition of the approximately \$303.9 million estimated net gain on the sale by Con Edison of New York of most of its electric generating assets: \$192.3 million will be credited against electric distribution plant balances; \$103.8 million may be retained by the company to offset a like amount of existing regulatory assets (including deferred power contract termination costs, property tax increases and retail choice customer incentives), and the balance will be set aside as a partial funding source for low-income ratepayer programs.

The Agreement also addresses Con Edison of New York's recovery of an approximately \$74 million regulatory asset representing incremental electric capacity costs incurred prior to May 2000 to purchase capacity from the buyers of the generating assets it sold. The Agreement provides for the company to recover these deferred costs from the shareholders' portion of any earnings above the Earnings Sharing Levels and by March 2005 to charge to expense any remaining asset balance. For additional information

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about these incremental capacity costs, see "Regulatory Matters" in Con Edison of New York's earlier 2000 10-Q MD&As and Note I to the Con Edison of New York financial statements in Item 8 of the Form 10-K.

The Agreement provides for the approval of Con Edison's acquisition of Northeast Utilities, indicates that the PSC should authorize the merger as being in the public interest and allocates to New York customers approximately half of the net synergy savings applicable to New York utility operations that are expected to result from the merger over the ten-year period ending March 2011. To reflect this allocation, following the completion of the merger, Con Edison of New York will reduce its electric rates by \$18.5 million (discussed above) and annually accrue credits of about \$3.4 million and \$0.9 million, respectively, for its gas and steam customers. The Agreement also amends the existing guidelines governing transactions among affiliates of Con Edison of New York to reflect, to the extent necessary, the requirements of the Public Utility Holding Company Act that will apply following the merger.

For additional information about the 1997 Restructuring Agreement, see "Regulatory Matters - Electric" in Con Edison of New York's 10-K MD&A and "Regulatory Matters" in Con Edison of New York's earlier 2000 10-Q MD&As.

In August and September 2000, the New York State Attorney General (NYSAG) filed petitions with the PSC regarding the rate adjustment mechanisms that permit Con Edison of New York to recover purchased power and other costs from its customers. The petitions seek the institution of a PSC inquiry into the cause of increases in electric bills, to make electric rates temporary until the conclusion of the PSC's inquiry, and to roll those rates back to levels such that customers would pay no more for the same amount of electric service than they would have in 1999. In October 2000, AARP and the Public Utility Law Project of New York, Inc. filed a similar petition with the PSC. Con Edison of New York believes that these petitions are without merit, but is unable to predict whether or not any related proceedings or other actions will have a material adverse effect on its financial position, results of operations or liquidity.

Gas

In November 2000 Con Edison of New York, the PSC staff and certain other parties agreed to revise and extend the 1996 gas rate settlement agreement through September 2001. For information about the 1996 agreement, see "Regulatory Matters - Gas" in Con Edison of New York's 10-K MD&A.

Under the new agreement, which is subject to PSC approval, the level above which the company will share with customers 50 percent of earnings is increased from 13 percent to a 14 percent rate of return on gas common equity. In addition, customer bills are to be reduced by \$20 million during the January through March 2001 period; approximately \$22.6 million that normally would be credited to customers over various annual periods is to be credited during the four-month period ending March 2001; and \$19 million of charges to customers resulting from the reconciliation of actual gas costs to amounts included

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in rates which was scheduled to be billed to customers beginning January 2001 instead are to be billed to customers beginning April 2001. These provisions are intended to reduce gas costs during the winter months.

Under the new agreement, the company will also reduce firm transportation customer bills by a retail choice credit and will implement other programs designed to increase customer and marketer participation in the company's gas Retail Choice program, the net costs of which are to be recovered by reducing credits otherwise due customers or deferred for future recovery from customers.

Steam

In November 2000 the PSC approved a settlement agreement between Con Edison of New York, the PSC staff and certain other parties with respect to the steam rate plan filed by the company in November 1999.

The settlement agreement provides for a \$16.6 million steam rate increase to take effect October 2000 and, with limited exceptions, no further changes in steam rates prior to October 2004. The company is required to share with customers 50 percent of any earnings for any rate year covered by the agreement in excess of a specified rate of return on steam common equity (11.0 percent for the first rate year, the 12-month period ending September 2001; 10.5 percent thereafter if the repowering of the company's East River steam-electric generating plant is not completed). A rate moderation mechanism will permit the company to defer a portion of the revenues collected in the first two rate years attributable to the rate increase and recognize such deferrals in income during the last two rate years.

Under the agreement, upon completion of the East River repowering project, the net benefits of the project (including any net gain from the sale of certain mid-town Manhattan real estate) allocable to steam operations will be used to offset any deficiency in the accumulated reserve for depreciation of steam plant or otherwise inure to the benefit of steam customers.

The settlement agreement continues the rate provisions pursuant to which the company recovers from its customers purchased steam and fuel costs and requires the company to develop a strategy for hedging price variations for a portion of the steam produced each year.

For additional information, see "Regulatory Matters - Steam" in Con Edison of New York's 10-K MD&A.

Nuclear Generation

Con Edison of New York's Indian Point 2 nuclear generating unit was shut down on February 15, 2000 following a leak in one of its four steam generators. See "Nuclear Generation" in Con Edison of New York's 10-K MD&A and Con Edison of New York's earlier 2000 Form 10-Q MD&As, the combined

Con Edison and Con Edison of New York Current Reports on Form 8-K, dated March 30, 2000 and October 10, 2000 and Note C to the Con Edison of New York financial statements included in Part I, Item 1 of this report (which Note C is incorporated herein by reference).

Financial Market Risks

Reference is made to "Financial Market Risks" in Con Edison of New York's 10-K MD&A. At September 30, 2000 neither the fair value of derivatives outstanding nor potential derivative losses from reasonably possible near-term changes in market prices were material to the financial position, results of operations or liquidity of the company.

Environmental Matters

For information concerning potential liabilities of Con Edison of New York arising from laws and regulations protecting the environment, including the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund), see the notes to Con Edison of New York's financial statements included in Part I, Item 1 of this report and also see Part II, Item 3 of this report.

Results Of Operations

Third Quarter of 2000 Compared with Third Quarter of 1999

Con Edison of New York's net income for common stock for the third quarter of 2000 was \$266.3 million, compared with \$319.5 million for the third quarter of 1999. Con Edison of New York's net income reflects the effects of the cooler than normal summer weather as compared to the warmer than normal weather experienced in the 1999 period, \$29.1 million of electric rate reductions and \$28 million of Indian Point 2 replacement power costs that have not been recovered from customers (see "Nuclear Generation," above), offset in part by \$57.7 million of increased pension credits (see Note D to the Con Edison of New York financial statements included in Item 8 of the Form 10-K) and a \$56.7 million reduction in Federal income taxes.

A comparison of the results of operations of Con Edison of New York for the third quarter of 2000 compared to the third quarter of 1999 follows.

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Three Months Ended Sept. 30, 2000 Compared With Three Months Ended Sept. 30, 1999

<i>(Millions of dollars)</i>	<i>Increases (Decreases) Amount</i>	<i>Increases (Decreases) Percent</i>
Operating revenues	\$ 289.7	13.7%
Purchased power - electric and steam	409.1	71.2
Fuel - electric and steam	(14.5)	(13.1)
Gas purchased for resale	20.4	38.8
Operating revenues less purchased power, fuel and gas purchased for resale (net revenues)	(125.3)	(9.1)
Other operations and maintenance	(52.1)	(14.0)
Depreciation and amortization	10.7	8.6
Taxes, other than federal income tax	12.5	4.2
Federal income tax	(56.7)	(31.5)
Operating income	(39.7)	(9.9)
Other income less deductions and related federal income tax	1.8	42.0
Net interest charges	15.3	19.0
Net income for common stock	\$ (53.2)	(16.7)%

A discussion of Con Edison of New York's operating revenues and operating income by business segment follows. Con Edison of New York's principal business segments are its electric, gas and steam utility businesses. For additional information about Con Edison of New York's business segments, see the notes to the Con Edison of New York financial statements included in Part I, Item 1 of this report.

Electric

Con Edison of New York's electric operating revenues in the third quarter of 2000 increased \$255.9 million compared to the third quarter of 1999. The increase reflects increased purchased power costs (which it bills to customers under PSC-approved rate provisions), offset by the effects of the cooler than normal summer weather compared to warmer than normal summer weather for the 1999 period and electric rate reductions of approximately \$29.1 million. See Note C to the Con Edison of New York financial statements included in Part I, Item 1 of this report (which Note C is incorporated herein by reference).

Con Edison of New York's electric sales, excluding off-system sales, for the third quarter of 2000 compared with the third quarter of 1999 were:

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Millions of KWHRS.

<i>Description</i>	<i>Three Months Ended September 30,</i>	<i>Three Months Ended September 30,</i>	<i>Variation</i>	<i>Percent Variation</i>
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Residential/Religious	3,517	4,032	(515)	(12.8)%
Commercial/Industrial	5,679	5,612	67	1.2
Other	68	142	(74)	(52.1)
TOTAL FULL SERVICE CUSTOMERS	9,264	9,786	(522)	(5.3)
Retail Choice Customers	2,597	2,743	(146)	(5.3)
SUB-TOTAL	11,861	12,529	(668)	(5.3)
NYPA, Municipal Agency and Other Sales	2,682	2,754	(72)	(2.6)
TOTAL SERVICE AREA	14,543	15,283	(740)	(4.8)%

Electricity sales volume in Con Edison of New York's service territory decreased 4.8 percent in the third quarter of 2000, compared to the third quarter of 1999. The decrease in sales volume reflects the effects of the cooler than normal summer weather, offset in part by the continued strength of the New York City economy. After adjusting for variations, principally weather and billing days, in each period, electricity sales volume in Con Edison of New York's service territory increased 3.0 percent in the 2000 period. Weather-adjusted sales represent an estimate of the sales that would have been made if historical average weather conditions had prevailed.

Con Edison of New York's purchased power costs increased \$405.9 million in the third quarter of 2000, compared to the third quarter of 1999, as a result of its divestiture of most of its generating capacity in 1999, replacement power costs for the Indian Point 2 nuclear generating station and increases in the price of purchased power. Fuel costs decreased \$31.5 million as a result of generation divestiture.

Con Edison of New York's electric operating income decreased \$35.0 million in the third quarter of 2000, compared to the third quarter of 1999. The principal components of the decrease were a reduction in net revenues (operating revenues less fuel and purchased power) of \$120.0 million, reflecting the cooler than normal summer weather and \$28.0 million of replacement power costs for the Indian Point 2 nuclear generating station that have not been recovered from customers, offset by decreases in other operations and maintenance expenses (discussed in the following paragraph) and lower Federal income tax (\$47.3 million).

The decrease in the 2000 period in other operations and maintenance expenses reflects certain expenses relating to Indian Point 2, increased pension credits (\$45.8 million) and a \$17.8 million decrease in expenses relating to Con Edison of New York's other electric generating assets (most of which were sold in 1999). Indian Point 2 refueling and maintenance expenses of \$10.5 million, offset by \$7.2 million of revenues, were recognized in income in the third quarter of 2000. Approximately \$14.4 million of Indian Point 2 refueling and maintenance expenses have been deferred and will be matched against revenues of an equal amount which will be realized during the remaining months of the rate year ending March

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2001. See "Outage Accounting" in Note G to the Con Edison of New York financial statements included in the Form 10-K and Note C to the Con Edison of New York financial statements included in Part I, Item 1 of this report (which Note C is incorporated herein by reference).

Gas

Con Edison of New York's gas operating revenues increased \$17.7 million and operating income decreased \$0.8 million in the third quarter of 2000, compared to the third quarter of 1999. These changes reflect increased gas sales and transportation volumes.

Con Edison of New York's gas sales volumes for the third quarter of 2000 and the third quarter of 1999 are shown at the bottom of its consolidated income statement for those periods included in Part I, Item 1 of this report. Gas sales and transportation volume for Con Edison of New York's firm customers increased 8.9 percent in the third quarter of 2000, compared to the 1999 period. Weather had a minimal impact on gas sales for this period.

Steam

Con Edison of New York's steam operating revenues increased \$16.0 million and operating income decreased \$3.9 million in the third quarter of 2000 compared to the third quarter of 1999. The higher revenues reflect increased fuel and purchased power costs (which it bills to customers under PSC-approved rate provisions).

Con Edison of New York's steam sales volumes for the third quarter of 2000 and the third quarter of 1999 are shown at the bottom of its consolidated income statement for those periods included in Part I, Item 1 of this report. Steam sales volume decreased 13.0 percent in the 2000 period. After adjusting for variations, principally weather and billing days, in each period, steam sales volume decreased 0.5 percent in the 2000 period.

Net Interest Charges

Net interest charges increased \$15.3 million in the 2000 period, reflecting \$8.2 million of increased interest on long-term borrowings, \$2.6 million of increased interest related to short-term borrowings and \$4.0 million of interest accrued on the gain on generation divestiture that has been deferred for disposition by the PSC. See "Regulatory Matters - Electric," above.

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Nine Months Ended September 30, 2000 Compared with the Nine Months Ended September 30, 1999

Con Edison of New York's net income for common stock for the nine months ended September 30, 2000 was \$515.7 million, compared with \$570.7 million for the nine months ended September 30, 1999. Con Edison of New York's net income reflects the effects of cooler than normal summer weather for the 2000 period as compared to the warmer than normal weather experienced in the 1999 period, \$76.8 million of electric rate reductions, \$58 million of replacement power costs for the Indian Point nuclear generating station that were not recovered from customers, \$33.7 million of increased interest charges and increased transmission and distribution expenses of \$43.6 million, offset by increased revenues from a favorable economy, increased pension credits of \$114.7 million and reduced federal income taxes of \$82.8 million.

A comparison of the results of operations of Con Edison of New York for the nine months ended September 30, 2000 compared to the nine months ended September 30, 1999 follows.

Nine Months Ended Sept. 30, 2000 Compared With Nine Months Ended Sept. 30, 1999

<i>(Millions of dollars)</i>	<i>Increases (Decreases)</i>	
	<i>Amount</i>	<i>Percent</i>
Operating revenues	\$ 823.3	15.6%
Purchased power - electric and steam	1,109.5	98.0
Fuel - electric and steam	(125.5)	(35.9)
Gas purchased for resale	57.3	21.6
Operating revenues less purchased power, fuel and gas purchased for resale (net revenues)	(218.0)	(6.2)
Other operations and maintenance	(81.9)	(7.3)
Depreciation and amortization	9.9	2.5
Taxes, other than federal income tax	(40.2)	(4.6)
Federal income tax	(82.8)	(24.8)
Operating income	(23.0)	(2.8)
Other income less deductions and related federal income tax	1.7	41.2
Net interest charges	33.7	14.0
Net income for common stock	\$ (55.0)	(9.6)%

A discussion of Con Edison of New York's operating revenues and operating income by business segment follows. Con Edison of New York's principal business segments are its electric, gas and steam utility businesses. For additional information about Con Edison of New York's business segments, see the notes to the Con Edison of New York financial statements included in Part I, Item 1 of this report.

Electric

Con Edison of New York's electric operating revenues in the nine months ended September 30, 2000 increased \$698.3 million, compared to the nine months ended September 30, 1999. The increase reflects increased sales volumes and increased purchased power costs (which it bills to customers under

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PSC-approved rate provisions), offset by electric rate reductions of approximately \$76.8 million. See Note C to the Con Edison of New York financial statements included in Part I, Item 1 of this report (which Note C is incorporated herein by reference).

Con Edison of New York's electric sales, excluding off-system sales, for the nine months ended September 30, 2000 compared with the nine months ended September 30, 1999 were:

<i>Description</i>	<i>Millions of Kwhrs.</i>			
	<i>Nine Months Ended September 30, 2000</i>	<i>Nine Months Ended September 30, 1999</i>	<i>Variation</i>	<i>Percent Variation</i>
Residential/Religious	8,925	9,224	(299)	(3.2)%
Commercial/Industrial	15,049	15,731	(682)	(4.3)
Other	308	404	(96)	(23.8)
TOTAL FULL SERVICE CUSTOMERS	24,282	25,359	(1,077)	(4.2)
Retail Choice Customers	6,974	5,610	1,364	24.3
SUB-TOTAL	31,256	30,969	287	0.9
NYPA, Municipal Agency and Other Sales	7,494	7,483	11	0.1
TOTAL SERVICE AREA	38,750	38,452	298	0.8%

Electricity sales volume in Con Edison of New York's service territory increased 0.8 percent for the nine months ended September 30, 2000 compared to the nine months ended September 30, 1999. The increase in sales volume reflects the continued strength of the New York City economy, offset in part by the cooler than normal summer weather. After adjusting for variations, principally weather and billing days, in each period, electricity sales volume in Con Edison of New York's service territory increased 3.2 percent in the 2000 period. Weather-adjusted sales represent an estimate of the sales that would have been made if historical average weather conditions had prevailed.

Con Edison of New York's purchased power costs increased \$1.1 billion for the nine months ended September 30, 2000, compared to the nine months ended September 30, 1999, as a result of its divestiture of most of its generating capacity in 1999, replacement power costs for the Indian Point 2 nuclear generating station and increases in the price of purchased power. Fuel costs decreased \$177.1 million as a result of generation divestiture.

Con Edison of New York's electric operating income decreased \$25.6 million in the nine months ended September 30, 2000, compared with the nine months ended September 30, 1999, reflecting decreased net revenues (operating revenues less fuel and purchased power) of \$225.5 million (reflecting the effects of the cooler than normal summer weather, \$76.8 million of electric rate reductions and \$58 million of Indian Point 2 replacement power costs that have not been recovered from customers) and \$43.6 million

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of increased transmission and distribution expenses, offset by decreases in other operations and maintenance expenses (discussed on the following paragraph) property taxes (\$33.6 million) and reduced Federal income tax (\$70.8 million) and the deferral of electric capacity costs (\$49.5 million).

The decrease in the 2000 period in other operations and maintenance expenses reflects increased pension credits (\$91.3 million), an \$89.2 million decrease in expenses relating to Con Edison of New York's other electric generating assets (most of which were sold in 1999) and certain expenses relating to Indian Point 2. Indian Point 2 refueling and maintenance expenses of \$47.1 million, offset by \$43.9 million of revenues, were recognized in income in the 2000 period.

Approximately \$14.4 million of Indian Point 2 refueling and maintenance expenses have been deferred and will be matched against revenues of an equal amount which will be realized during the remaining months of the rate year ending March 2001. See "Outage Accounting" in Note G to the Con Edison of New York financial statements included in the Form 10-K. In addition, operation and maintenance expenses in the 2000 period reflect \$15.2 million of other expenses related to the ongoing Indian Point 2 outage.

Gas

Con Edison of New York's gas operating revenues and operating income increased \$57.7 million and \$7.5 million, respectively, for the nine months ended September 30, 2000, compared to the nine months ended September 30, 1999. These changes reflect increased gas sales and transportation volumes and higher pension credits.

Con Edison of New York's gas sales volumes for the nine-month periods ended September 30, 2000 and 1999 are shown at the bottom of its consolidated income statement for those periods included in Part I, Item 1 of this report. Gas sales and transportation volume for Con Edison of New York's firm customers increased 4.9 percent for the nine months ended September 30, 2000 compared to the 1999 period. After adjusting for variations, principally weather and billing days, in each period, firm gas sales and transportation volume increased 2.3 percent in the 2000 period.

A weather-normalization provision that applies to Con Edison of New York's gas business moderates, but does not eliminate, the effect of weather-related changes on gas operating income.

Steam

Con Edison of New York's steam operating revenues increased \$67.3 million and operating income decreased \$4.9 million for the nine months ended September 30, 2000, compared to the nine months ended September 30, 1999. The higher revenues reflect increased fuel and purchased power costs (which it bills to customers under PSC-approved rate provisions).

Con Edison of New York's steam sales volumes for the nine-month periods ended September 30, 2000 and 1999 are shown at the bottom of its consolidated income statement for those periods included in

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Part I, Item 1 of this report. Steam sales volume decreased 3.3 percent in the 2000 period. After adjusting for variations, principally weather and billing days, in each period, steam sales volume decreased 0.6 percent in the 2000 period.

Net Interest Charges

Net interest charges increased \$33.7 million in the 2000 period, reflecting \$14.4 million of increased interest on long-term borrowings, \$10.5 million of increased interest related to short-term borrowings and \$8.0 million of interest accrued on the gain on generation divestiture that has been deferred for disposition by the PSC. See "Regulatory Matters - Electric," above.

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O&R Management's Narrative Analysis Of The Results Of Operations

Orange and Rockland Utilities, Inc. (O&R), a wholly-owned subsidiary of Consolidated Edison, Inc. (Con Edison), meets the conditions specified in General Instruction H to Form 10-Q and is permitted to use the reduced disclosure format for wholly-owned subsidiaries of companies, such as Con Edison, that are reporting companies under the Securities Exchange Act of 1934. Accordingly, this O&R Management's Narrative Analysis of the Results of Operations is included in this report, and O&R has omitted from this report the information called for by Part I, Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations).

O&R's net income for common stock for the nine months ended September 30, 2000 was \$32.4 million, \$21.9 million higher than the corresponding 1999 period. The 1999 period included \$21.5 million of non-recurring merger and electric generating capacity divestiture related charges. Excluding the impact of these charges, net income increased \$0.4 million in the 2000 period compared to the corresponding 1999 period. This increase was due primarily to higher electric and gas sales, a gain on the sale of land by a non-utility subsidiary and reduced operation and maintenance expenses, property taxes, depreciation expense and interest charges. These items were offset in part by rate reductions implemented in 1999 as a result of generation divestiture and acquisition by Con Edison. See Note A to the O&R financial statements in Item 8 of the combined Con Edison, Consolidated Edison Company of New York (Con Edison of New York) and O&R Annual Reports on Form 10-K for the year ended December 31, 1999 (File Nos. 1-14514, 1-1217 and 1-4315, the Form 10-K).

In September 2000 O&R, the Staff of the New York State Public Service Commission (PSC) and other parties entered into a settlement agreement in O&R's gas base rate case. The agreement, which is subject to PSC approval, covers the three-year period ending October 2003. The agreement maintains base gas rates at approximately current levels and allows O&R to record in income over the term of the agreement \$18 million of previously deferred credits and Gas Adjustment Clause overcollections. O&R may reduce the term of the agreement to 18 months (with a corresponding reduction in the amount of credits to be recorded to income) if the company and the PSC staff are unable to reach agreement on certain further restructuring of the company's gas business by April 2002.

In October 2000 Con Edison, O&R, Con Edison of New York and Northeast Utilities entered into an agreement with the staff of the PSC and certain other parties. The agreement, which is subject to PSC approval, among other things, provides for the approval by the PSC of Con Edison's acquisition of Northeast Utilities and allocates to New York customers approximately half of the net synergy savings applicable to New York utility operations that are expected to result from the merger over the ten-year period ending March 2011. To reflect this allocation, following the completion of the merger, O&R will annually accrue credits of about \$1.15 million and \$0.4 million, respectively, for its electric and gas customers.

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A comparison of the results of operations of O&R for the nine months ended September 30, 2000 compared to the nine months ended September 30, 1999 follows.

(Millions of dollars)

Increases (Decreases)

Increases (Decreases)

	Amount	Percent
Operating revenues	\$ 49.3	10.4%
Purchased power - electric	120.6	(A)
Fuel - electric	(43.5)	(A)
Gas purchased for resale	15.3	24.3
Operating revenues less purchased power, fuel and gas purchased for resale (net revenues)	(43.1)	(15.4)
Other operations and maintenance	(59.5)	(36.0)
Depreciation and amortization	(4.0)	(15.3)
Taxes, other than federal income tax	(15.8)	(24.9)
Federal income tax	10.4	(A)
Operating income	25.8	(A)
Other income less deductions and related federal income tax	(10.3)	(73.7)
Net interest charges	(5.5)	(22.3)
Preferred stock dividend requirements	(0.9)	(A)
Net income for common stock	\$ 21.9	(A)

(A) Amounts in excess of 100 percent

A discussion of O&R's operating revenues by business segment follows. O&R's principal business segments are its electric and gas utility businesses. For additional information about O&R's business segments, see the notes to the O&R financial statements included in Part I, Item 1 of this report.

Electric operating revenues increased \$32.0 million in the nine months ended September 30, 2000, compared to the corresponding 1999 period. In the 1999 period, O&R reduced revenues by \$24.9 million to reflect a liability to refund to customers this amount of proceeds from the June 1999 divestiture of the company's electric generating assets. See Note H to the O&R financial statements in Item 8 of the Form 10-K. Excluding the impact of this non-recurring accrual, electric operating revenues increased \$7.1 million in the 2000 period compared to the corresponding 1999 period, due primarily to an increase in sales and higher purchased power costs (which O&R bills to its New York customers under rate provisions approved by state utility regulatory commissions) in the 2000 period, offset in part by rate reductions in August 1999.

O&R's electric sales volumes for the nine-month periods ended September 30, 2000 and 1999 are shown at the bottom of its consolidated income statement for those periods included in Part I, Item 1 of this report. O&R's electric energy sales in the nine months ended September 30, 2000 increased 3.0 percent from the corresponding 1999 period. The increase was due primarily to the continued strength of the

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economy. After adjusting for variations, principally weather and billing days, electricity sales were 5.4 percent higher in the 2000 period. Weather-adjusted sales represent an estimate of the sales that would have been made if historical average weather conditions had prevailed.

O&R's purchased power costs increased \$120.6 million during the nine months ended September 30, 2000, compared to the corresponding 1999 period. Fuel costs decreased \$43.5 million in the 2000 period. These variations are attributable primarily to the June 1999 divestiture of the company's electric generating assets, higher customer sales, and increases in the cost of purchased energy. O&R's purchased power and fuel costs are recoverable from O&R's customers under rate provisions approved by the PSC. For Rockland Electric Company, an O&R utility subsidiary subject to regulation by the New Jersey Board of Public Utilities, current recovery of these costs is subject to certain limitations, and costs that are not currently recovered are deferred for future recovery. At September 30, 2000, net recoverable purchased power costs of approximately \$21.4 million were deferred for future recovery by Rockland Electric Company.

O&R's gas operating revenues increased \$13.6 million in the nine months ended September 30, 2000, compared to the corresponding 1999 period. The increase was due primarily to recovery from customers of higher gas costs and increases in gas sales and transportation volumes in the 2000 period. O&R's total sales of gas to customers during the 2000 period increased 4.4 percent compared with the 1999 period.

O&R's gas sales volumes for the nine-month periods ended September 30, 2000 and 1999 are shown at the bottom of its consolidated income statement for those periods included in Part I, Item 1 of this report. O&R's revenues from gas sales in New York are subject to a weather normalization clause. After adjusting for variations, principally weather and billing days, in each period, gas sales and transportation volume was 6.6 percent higher for the 2000 period, compared to the 1999 period.

Non-utility operating revenues in the nine months ended September 30, 2000 increased compared to the corresponding 1999 period, primarily as a result of a \$2.4 million after-tax gain on the sale of land by a non-utility subsidiary of O&R that is winding down its business.

O&R's cost of gas purchased for resale increased \$15.3 million in the nine months ended September 30, 2000, compared to the corresponding 1999 period, due primarily to higher gas costs and an increase in firm sales for the period.

O&R's other operation and maintenance expenses decreased \$59.5 million in the nine months ended September 30, 2000, compared to the corresponding 1999 period, due primarily to the June 1999 divestiture of the company's electric generating assets and operating efficiencies resulting from Con Edison's July 1999 acquisition of the company.

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Taxes other than federal income tax decreased \$15.8 million in the nine months ended September 30, 2000, compared to the corresponding 1999 period, due primarily to reduced property taxes resulting from the June 1999 divestiture of the company's electric generating assets.

O&R's other income decreased \$10.4 million in the nine months ended September 30, 2000, compared to the corresponding 1999 period. The 1999 period included a \$14.7 million gain relating to the company's June 1999 divestiture of its electric generating assets. Excluding the impact of the gain in the 1999 period, other income increased \$4.3 million in the 2000 period, due primarily to interest earned on proceeds from the divestiture.

O&R's interest charges decreased \$5.5 million in the nine months ended September 30, 2000 compared to the corresponding 1999 period, due primarily to lower debt outstanding as a result of repayment of indebtedness with a portion of the proceeds from the June 1999 divestiture of the company's electric generating assets.

O&R redeemed all outstanding shares of its preferred stock in April 1999 and therefore had no preferred stock dividend requirements in the nine months ended September 30, 2000.

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Item 3. Quantitative And Qualitative Disclosure About Market Risk

Con Edison

For information about Con Edison's primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Financial Market Risks" in Con Edison's Management's Discussion and Analysis of Financial Condition and Results of Operations in Part 1, Item 2 of this report and Item 7A of the combined Con Edison, Con Edison of New York and O&R Annual Report on Form 10-K for the year ended December 31, 1999 (the "Form 10-K"), which information is incorporated herein by reference.

Con Edison Of New York

For information about Con Edison of New York's primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Financial Market Risks" in Con Edison of New York's Management's Discussion and Analysis of Financial Condition and Results of Operations in Part 1, Item 2 of this report and Item 7A of the Form 10-K, which information is incorporated herein by reference.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Con Edison

Northeast Utilities Shareholders' Suit

Reference is made to "Northeast Utilities Shareholders Suit" in Part II, Item 1, Legal Proceedings in the combined Con Edison, Con Edison of New York and O&R Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000 (the "First Quarter Form 10-Q").

Con Edison Of New York

Superfund - Arthur Kill Transformer Site

Reference is made to "Superfund - Arthur Kill Transformer Site" in Part I, Item 3, Legal Proceedings of the combined Con Edison, Con Edison of New York and O&R Annual Report on Form 10-K for the year ended December 31, 1999 (the "Form 10-K") and in Part II, Item 1, Legal Proceedings in the First Quarter Form 10-Q.

Superfund - Manufactured Gas Sites

Reference is made to "Superfund - Manufactured Gas Sites" in Part I, Item 3, Legal Proceedings of the Form 10-K and in Part II, Item 1, Legal Proceedings in the combined Con Edison, Con Edison of New York and O&R Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000 (the "Second Quarter Form 10-Q").

Superfund - BCF Oil Refining Site

Reference is made to "Superfund - BCF Oil Refining Site" in Part II, Item 1, Legal Proceedings in the Second Quarter Form 10-Q.

Superfund - Mattiace Petrochemical Company Site

Reference is made to "Superfund - Mattiace Petrochemical Company Site" in Part II, Item 1, Legal Proceedings in the Second Quarter Form 10-Q.

Employees' Class Action

Reference is made to "Employees' Class Action" in Part I, Item 3, Legal Proceedings of the Form 10-K and in Part II, Item 1, Legal Proceedings in the Second Quarter Form 10-Q. In June 2000, the court preliminarily approved a settlement agreement between Con Edison of New York and the plaintiffs. If the agreement receives final approval, the company will pay an estimated aggregate \$10 million (including attorneys' fees) and will take certain actions with respect to its personnel practices. At September 30, 2000, the company had accrued a \$12.1 million liability with respect to this action.

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Washington Heights Power Outage

Reference is made to "Washington Heights Power Outage" in Part I, Item 3, Legal Proceedings of the Form 10-K. In August 2000, the New York State Supreme Court, New York County denied plaintiffs' motion to certify the class action. In September 2000, the City of New York's lawsuit against the company was discontinued.

Indian Point 2 Outage Litigation

Reference is made to "Indian Point 2 Outage Litigation" in Part II, Item 1, Legal Proceedings in the Second Quarter Form 10-Q and Note C to the Con Edison of New York financial statements included in Part I, Item 1 of this report.

Religious Rate Proceedings

Reference is made to "Religious Rate Proceedings" in Part I, Item 3, Legal Proceedings of the Form 10-K. The Appellate Division of the New York State Supreme Court, Second Department has affirmed the trial court's dismissal of plaintiffs' lawsuit and denial of their class certification motion.

O&R

Shareholder Lawsuits

Reference is made to "Shareholder Lawsuits" in Part I, Item 3, Legal Proceedings of the Form 10-K and in Part II, Item 1, Legal Proceedings in the First Quarter Form 10-Q and Second Quarter Form 10-Q. In September 2000, the New York State Court of Appeals denied plaintiffs' motion for leave to appeal the April 2000 Appellate Division of the New York State Supreme Court, First Department's affirmation of the trial court's dismissal of plaintiffs' complaint in *Virgilio Ciullo, et al. v. Orange and Rockland Utilities, Inc., et al.* Plaintiffs have filed a notice of appeal with the Appellate Division of the New York State Supreme Court, First Department with respect to the May 2000 trial court's dismissal of plaintiffs' actions in *Suzanne Hennessy, et al. v. D. Louis Peoples, et al.*

O&R Clean Air Act Proceeding

Reference is made to "O&R Clean Air Act Proceeding" in Part II, Item 1, Legal Proceedings in the Second Quarter Form 10-Q.

Crossroads Cogeneration

Reference is made to "Crossroads Cogeneration" in Part I, Item 3, Legal Proceedings of the Form 10-K. In August 2000, the United States District Court for the District of New Jersey denied plaintiff's motion for summary judgement.

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Item 6. Exhibits And Reports On Form 8-K

(a) Exhibits

Con Edison

Exhibit 10.1.1	Employment Agreement, dated as of September 1, 2000, between Con Edison and Eugene R. McGrath.
Exhibit 10.1.2	Employment Agreement, dated as of September 1, 2000, between Con Edison and Joan S. Freilich.
Exhibit 10.1.3	Severance Program for Officers of Consolidated Edison, Inc. and its Subsidiaries, effective as of September 1, 2000.
Exhibit 12.1	Statement of computation of Con Edison's ratio of earnings to fixed charges for the twelve-month periods ended September 30, 2000 and 1999.
Exhibit 27.1	Financial Data Schedule for Con Edison.*

Con Edison Of New York

Exhibit 10.2.1	Amendment, dated July 20, 2000, to Employment Contract, dated May 22, 1990, between Con Edison of New York and Eugene R. McGrath.
Exhibit 10.2.2	Agreement, dated August 22, 2000, between Con Edison of New York and J. Michael Evans.
Exhibit 12.2	Statement of computation of Con Edison of New York's ratio of earnings to fixed charges for the twelve-month periods ended September 30, 2000 and 1999.
Exhibit 27.2	Financial Data Schedule for Con Edison of New York.*

O&R

Exhibit 12.3	Statement of computation of O&R's ratio of earnings to fixed charges for the twelve-month periods ended September 30, 2000 and 1999.
Exhibit 27.3	Financial Data Schedule for O&R.*

* To the extent provided in Rule 402 of Regulation S-T, this exhibit shall not be deemed "filed", or otherwise subject to liabilities, or be deemed part of a registration statement.

(b) Reports On Form 8-K

Con Edison of New York filed a Current Report on Form 8-K, dated August 23, 2000, reporting (under Item 5): (i) the issuance and sale of \$300 million aggregate principal amount of its 7.50% Debentures, Series 2000 B and (ii) the New York State Attorney General's August 2000 petition discussed under "Regulatory Matters - Electric" in the Management's Discussion and Analysis of Financial Condition and Results of Operation of Con Edison and Con Edison of New York included in Part I, Item 2 of this report.

Con Edison, along with Con Edison of New York and O&R, filed a combined Current Report on Form 8-K, dated September 22, 2000, reporting (under Item 5): (i) the October 2000 agreement with the staff of the New York State Public Service Commission and other parties discussed under "Regulatory Matters - Electric" in the Management's Discussion and Analysis of Financial Condition and Results of Operation of Con Edison and Con Edison of New York included in Part I, Item 2 of this report, and (ii) the increase in the merger consideration and issuance of a draft of the October 2000 decision of the Connecticut Department of Public Utility Control discussed under "Northeast Utilities" in the Management's Discussion and Analysis of Financial Condition and Results of Operation of Con Edison included in Part I, Item 2 of this report.

In addition, Con Edison, along with Con Edison of New York, filed (i) a combined Current Report on Form 8-K, dated October 10, 2000, reporting (under Item 5) the determination by the United States District Court for the Northern District of New York that the Indian Point 2 Law was unconstitutional and certain other developments with respect to the ongoing Indian Point 2 outage discussed in Note C to the Con Edison and Con Edison of New York financial statements included in Part I, Item 1 of this report, and (ii) combined Current Reports on Form 8-K, dated October 31, 2000 and November 3, 2000, furnishing (under Item 9) certain material pursuant to Regulation FD.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Consolidated Edison, Inc.
Consolidated Edison Company of New York, Inc.

Date: November 13, 2000

By:
/s/ JOAN S. FREILICH

Joan S. Freilich
Executive Vice President,
Chief Financial Officer and
Duly Authorized Officer

Orange and Rockland Utilities, Inc.

Date: November 13, 2000

By:
/s/ HYMAN SCHOENBLUM

Hyman Schoenblum
Vice President,
Chief Financial Officer and
Duly Authorized Officer

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EMPLOYMENT AGREEMENT

AGREEMENT, by and between Consolidated Edison, Inc., a New York corporation ("CEI"), and Eugene R. McGrath (the "Executive"), dated as of September 1, 2000.

WHEREAS, the Executive is currently serving as Chairman of the Board of Directors of CEI (the "Board"), President and Chief Executive Officer of CEI, and as Chairman of the Board of Trustees and Chief Executive Officer of its subsidiary, Consolidated Edison Company of New York, Inc. ("CECONY"), a New York corporation, such corporations hereinafter collectively referred to as the "Company";

WHEREAS, the Executive is willing to commit himself to be employed by the Company on the terms and conditions herein set forth; and

WHEREAS, the parties desire to enter into this Agreement setting forth the terms and conditions for the employment relationship of the Executive with the Company during the Employment Period (as hereinafter defined).

NOW, THEREFORE, IN CONSIDERATION of the mutual premises, covenants and agreements set forth below, it is hereby agreed as follows:

1. General.

(a) Employment. The Company agrees to employ the Executive, and the Executive agrees to be employed by the Company, in accordance with the terms and provisions of this Agreement during the Employment Period.

(b) Term. The term of the Executive's employment under this Agreement (the "Initial Employment Period") shall commence as of the date hereof (the "Effective Date") and shall continue until August 31, 2005. If the Executive elects to retire prior to such date, the Initial Employment Period shall end on the date of retirement. The Initial Employment Period shall be automatically extended without further action of either party for additional one year periods, unless written notice of either party's intention not to extend has been given to the other party at least six months prior to the expiration of the Initial Employment Period or any such one year extension; provided that the maximum number of such one year extensions shall not exceed two and the second extension shall expire on February 28, 2007. Collectively, the Initial Employment Period and each such extension (if any) are herein referred to the "Employment Period".

2. Position, Duties and Powers of the Executive.

(a) Position. During the Employment Period, the Executive shall serve as Chairman of the Board and Chief Executive Officer of CEI and as Chairman of the Board and Chief Executive Officer of CECONY.

(b) Reporting, Duties and Powers. During the Employment Period, the Executive shall report directly to the Board of Directors of CEI (the "Board"). As Chief Executive Officer of CEI, he shall be the highest ranking officer of CEI with plenary powers of the supervision and direction of the business and affairs of CEI and its subsidiaries and affiliates.

(c) End of Employment Period. Upon his Date of Termination, as hereinafter defined, whether before or at the end of the Employment Period (the "Retirement Date"), the Executive will retire from all offices held with the Company and shall be entitled to a pension unreduced for early retirement and calculated in accordance with Section 3(f) hereof (hereinafter referred to as "Retirement").

(d) Board Membership. The Executive shall continue as a member of, and as Chairman of, the Board on the first day of the Employment Period through the end of his current term ending with the Annual Meeting of Stockholders in 2001. Thereafter, the Board shall nominate the Executive for re-election to the Board throughout the Employment Period in accordance with its customary practice for nominations to the Board, and shall elect him Chairman of the Board if elected as a director by the shareholders. At the end of the Employment Period, the Executive may continue as a member of the Board and be considered for nomination for reelection to the Board thereafter, in accordance with the Board's customary practice for nominations and its Retirement Policy.

(e) Other Positions. In addition to serving as Chairman and Chief Executive Officer of CEI, the Executive is also presently serving as President of CEI and as Chairman of the Board and Chief Executive Officer of CECONY. The Executive agrees to serve, if elected, at no additional compensation in the position of officer or director of any direct or indirect subsidiary or affiliate of CEI.

(f) Attention. During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote full attention and time during normal business hours to the business and affairs of the Company and to use his reasonable best efforts to perform such responsibilities in a professional manner. It shall not be a violation of this Agreement for the Executive to (i) serve on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions and (iii) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an officer and director of the Company in accordance with this Agreement and are in compliance with the Company's Code of Conduct.

(g) Location. During the Employment Period, the Company's headquarters shall be located in New York, New York, and the Executive shall be employed at such headquarters, except for reasonably required travel on the Company's business.

3. Compensation.

Except as modified by this Agreement, the Executive's compensation shall be provided in accordance with the Company's standard compensation and payroll practices as in effect from time to time. The aggregate of Base Salary, Annual Incentive Compensation and Long-Term Incentive Compensation in paragraphs (a), (b) and (c) below shall be determined by the Executive Personnel and Pension Committee of the Board (the "Compensation Committee") based upon competitive practices for chief executive officers of companies of comparable size and standing in the same industry.

(a) Base Salary. The annual rate of base salary payable to the Executive during the Employment Period (the "Annual Base Salary") shall be his annual rate of base salary approved by the Board, effective as of September 1, 2000. During the Employment Period, the Annual Base Salary shall be reviewed by the Compensation Committee for possible increase at least annually. Any increase in Annual Base Salary shall be approved by the Board. Annual Base Salary shall not be reduced after any such increase, and the term "Annual Base Salary" shall thereafter refer to the Annual Base Salary as so increased.

(b) Annual Incentive Compensation. The Board has established and intends to continue an annual incentive compensation plan for the benefit of the officers and other key employees of the Company, including the Executive, based on competitive practices for companies of comparable size and standing in the same industry. Any performance objectives for the Executive in respect of such incentive compensation plan will be determined by the Compensation Committee in accordance with past practices. Currently, the Executive participates in CECONY's annual incentive plan, the Executive Incentive Plan. In the event that the Executive's employment ends for any reason, all mandatorily deferred amounts under such Plan shall be immediately vested and nonforfeitable and paid to him in accordance with his applicable payment election then in effect.

(c) Long-Term Incentive Compensation. CEI currently has, and the Board intends to continue, a long-term incentive compensation program, currently consisting of a stock option plan, for the benefit of the officers and other key employees of the Company, including the Executive, based on competitive practices for companies of comparable size and standing in the same industry. In addition to stock options, such program may in the future provide for stock appreciation rights, restricted stock or stock units, performance stock or units and/or other types of long-term incentive awards. The Board, subject to any required shareholder approval, will determine the Company's long term incentive compensation program, and the type and amount of equity and any other long-term incentive grants provided under the program will be determined by the Compensation Committee from time to time, provided that any such award shall provide by its terms that it will either (i) vest and/or become exercisable upon the Executive's retirement and remain exercisable until the third anniversary of the Executive's date of retirement or (ii) remain outstanding notwithstanding the Executive's termination of employment and continue to vest and/or become exercisable, as though the Executive's employment had not terminated, until the later of (x) the third anniversary of the Executive's date of retirement and (y) 90 days from the date that a stock option or other award (or portion thereof) first becomes exercisable, but in no event beyond the original term thereof.

(d) Stock Award. In consideration of the commitment he will assume during the Employment Period, the Executive shall be granted an award (the "Restricted Stock Unit Award") of restricted stock units ("Units") with respect to 200,000 shares of the Common Shares (\$.10 par value) of CEI ("Stock"), effective as of the Effective Date, in accordance with the following terms and conditions:

(i) Each Unit shall represent the right, upon vesting, to receive one share of Stock. The shares of Stock issuable in respect of the vesting of Units shall be shares purchased by the Company or its agent on the open market. In the event any of the shares issuable in respect of Units pertaining to the Restricted Stock Unit Award shall be forfeited, CEI may re-apply such shares for its corporate purposes in its discretion.

(ii) The Executive's Units shall vest in accordance with the following schedule, provided that the Executive has remained continuously employed by the Company, or its successor, during the Employment Period through the dates indicated below:

Date	Percentage of Then Outstanding NonVested Units (which shall include any dividend equivalents credited thereon)
08/31/2003	50%
08/31/2004	50%
08/31/2005	100%

If, during the Employment Period, the Company terminates the Executive's employment for Cause or the Executive terminates his employment without Good Reason, including Retirement prior to September 1, 2003, the Executive shall forfeit all right to Units that are not then vested as of the Date of Termination. If, during the Employment Period, the Company shall terminate the Executive's employment without Cause or the Executive terminates his employment for Good Reason, or the Executive's employment terminates by reason of death or Disability, the Executive's Units shall fully and immediately vest as of the Date of Termination.

(iii) Once Units shall vest, CEI shall promptly issue to the Executive a certificate for the shares of Stock represented thereby without any legend or restriction (other than may be required by law). Prior to vesting, Units shall represent an unfunded promise to deliver Stock upon vesting thereof.

(iv) Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution. Any attempted sale, assignment, transfer, pledge, hypothecation or disposition in contravention of the foregoing shall be null and void and of no effect.

(v) Except as otherwise provided herein, the Executive shall have no rights of a stockholder with respect to the shares of Stock represented by Units, including no right to vote the shares, to receive dividends and other distributions thereon and to participate in any change in capitalization of CEI. In the event of any change in capitalization resulting in the issuance of additional shares to the CEI shareholders, the shares of Stock represented by the Executive's Units shall be equitably adjusted as determined in good faith by the Compensation Committee. Prior to the delivery of shares of Stock upon vesting of Units, at the time of each distribution of any regular cash dividend paid by CEI in respect of Stock, the Executive shall be entitled to receive a cash payment from the Company equal to the aggregate regular cash dividend payment that would have been made in respect of the shares of Stock subject to Units that have not yet vested, as if the shares subject to such Units had actually been delivered to the Executive, provided, that no such payment in respect of Units shall be made if, prior to the time such payment is due, the Executive's rights with respect to such Units have previously terminated under this Agreement. In the event of a dividend payable in shares of Stock instead of cash, the Executive shall be entitled to receive on the distribution date additional Units in such number that would have been received in respect of the shares of Stock represented by Units that have not yet vested, as if the shares represented by such Units had actually been delivered to the Executive. Prior to the commencement of a calendar year, beginning with calendar year 2002, the Executive shall have the right to elect to defer the receipt of any dividend equivalent cash payments that may become payable to the Executive in the calendar year and to have such cash payments invested under the Company's Deferred Income Plan according to the terms and conditions of the Deferred Income Plan.

(vi) Unless the shares of Stock represented by his Units that are to be issued to the Executive have been registered pursuant to a registration statement under the Securities Act of 1933, prior to receiving such shares the Executive shall represent in writing to CEI that such shares are being acquired for investment purposes only and not with a view towards the further sale or distribution thereof and shall supply CEI with such other documentation as may be required by CEI, unless in the opinion of counsel to the CEI such representation, agreement or documentation is not necessary to comply with the Securities Act of 1933 and the rules and regulations thereunder.

(vii) CEI shall not be required to deliver any shares subject to this Restricted Stock Unit Award until the shares have been listed on each securities exchange on which shares of Stock are listed or until there has been qualification under or compliance with such state and federal laws, rules or regulations that CEI may deem applicable. CEI will use its best efforts to obtain such listing, qualification and compliance.

(viii) The Compensation Committee may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes that the Company is required by law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with the Restricted Stock Unit Award, including, but not limited to (1) withholding delivery of the certificate for shares of Stock until the Executive reimburses the Company for the amount it is required to withhold with respect to such taxes, (2) the canceling of any number of shares of Stock issuable to the Executive in an amount necessary to reimburse the Company for the amount it is required to so withhold, or (3) withholding the amount due from the Executive's other compensation.

(ix) The Executive may elect to defer all or a portion of the receipt of Stock in respect of Units according to terms and conditions established by the Compensation Committee for such deferrals.

(e) Employee Benefit Programs. During the Employment Period, (i) the Executive shall be eligible to participate in all savings and retirement plans, practices, policies and programs to the same extent as other senior executives of the Company and (ii) the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company, other than severance plans, practices, policies and programs but including, without limitation, medical, prescription, dental, disability, salary continuance, employee life insurance, group life insurance, accidental death and travel accident insurance plans and programs, and, upon retirement, all applicable retirement benefit plans to the same extent and subject to the same terms, conditions, cost-sharing requirements and the like, as other senior executives of the Company, as such plans may be amended from time to time, and as supplemented hereby. During the Employment Period, no benefit coverage available to the Executive and/or to his family under any such plan, practice, policy or program shall be materially reduced without the prior written consent of the Executive, unless a substantially equivalent reduction is applied to the other senior executives of the Company, provided, however, that the exception for across-the-board reductions shall not apply following a Change in Control (as defined below) and, further provided, that the Executive shall be provided during the Employment Period with life insurance providing for a death benefit, as a multiple of Annual Base Salary, at least equal to the insurance coverage provided by the Company to the Executive immediately prior to the date hereof, including the cash value feature. To the extent not inconsistent with the provisions of this Agreement, the provisions of Section 3(d) of the CECONY Employment Agreement defined below are incorporated herein by reference.

(f) Supplemental Retirement Benefits. During the Employment Period, the Executive shall participate in CECONY's Retirement Plan for Management Employees, and also in CECONY's Supplemental Retirement Income Plan and such other supplemental executive retirement plans as may be adopted and amended by the Company from time to time ("SERPs"), such that the aggregate value of the retirement benefits that he and his beneficiaries will receive at the end of the Employment Period under all pension benefit plans of the Company and its affiliates (whether qualified or not) will not be less than the benefits he would have received had he continued, through the end of the Employment Period, to participate in such plans, as in effect immediately before the date hereof and giving effect to the benefit calculation, deferral, service credits and payment terms set forth in Section 3(c) of the employment agreement dated May 22, 1990, as amended by Amendment Nos. 1-11, between CECONY and the Executive (the "CECONY Employment Agreement"), the terms of which Section 3(c) are incorporated herein by reference. It is agreed that the Restricted Stock Unit Award and any dividends or other distributions in respect of the Restricted Stock Unit Award shall not be included in SERP or other any pension calculation.

(g) Expenses. The Executive is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this Agreement. The Company shall promptly reimburse him for all such expenses in accordance with the policies of the Company in effect from time to time for reimbursement of expenses for senior executives, and subject to documentation provided by the Executive in accordance with such Company policies.

(h) Fringe Benefits. During the Employment Period, the Executive shall be furnished with such fringe benefits and perquisites as are customary for the Chairman and Chief Executive Officer of a corporation of the size and nature of, and in the same industry as, the Company and shall participate in all fringe benefits and perquisites available to senior executives of the Company on terms and conditions that are commensurate with his positions and responsibilities at the Company.

(i) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with Company policy for its most senior executives as in effect from time to time, but not less than five weeks' vacation per annum.

(j) Deferred Compensation. The Executive will retain all of his rights in any compensation deferred prior to the date hereof in accordance with Section 4 of the CECONY Employment Agreement, including earnings thereon, and CECONY's Executive Incentive Plan and Deferred Income Plan, including earnings thereon, and following the date hereof the obligations of CECONY to pay such deferred compensation at the times and in the manner specified in such Agreement and Plans will continue; provided that in lieu of the payment and valuation provisions in Section 4 of the CECONY Employment Agreement, the Executive may elect to have such deferred compensation invested and paid under CECONY's Deferred Income Plan. Section 4 of the CECONY Employment Agreement is incorporated herein by reference, and CEI will cause CECONY to fulfill all its obligations under such Section 4 in accordance with their terms.

4. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 4(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" means that (i) the Executive has been unable, for the period, if any, specified in the Company's disability plan for senior executives, but not less than a period of 180 consecutive days, to perform the Executive's duties under this Agreement and (ii) a physician selected by the Company or its insurers, and acceptable to the Executive or the Executive's legal representative, has determined that the Executive is disabled within the meaning of the applicable disability plan for senior executives.

(b) By the Company.

(i) The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "Cause" shall mean (A) willful and continued failure by the Executive to substantially perform his duties under this Agreement or (B) the conviction of the Executive of a felony or the entering by the Executive of a plea of nolo contendere to a felony, in either case having a significant adverse effect on the business and affairs of the Company. No act or failure to act on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act or failure to act that is based upon authority given pursuant to a resolution duly adopted by the Board, or the advice of counsel for the Company, shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The Company expressly acknowledges that Cause will not exist merely because of a failure of the Company or its affiliates to meet budgeted results.

(ii) A termination of the Executive's employment for Cause shall be effected in accordance with the following procedures. The Company shall give the Executive written notice ("Notice of Termination for Cause") of its intention to terminate the Executive's employment for Cause, setting forth in reasonable detail the specific conduct of the Executive that it considers to constitute Cause and the specific provision(s) of this Agreement on which it relies. Such notice shall be given no later than 60 days after the act or failure (or the last in a series of acts or failures) that the Company alleges to constitute Cause. The Executive shall have 30 days after receiving the Notice of Termination for Cause in which to cure such act or failure, to the extent such cure is possible. If the Executive fails to cure such act or failure to the reasonable satisfaction of the Board, the Company shall give the Executive a second written notice stating the date, time and place of a special meeting of the Board called and held specifically for the purpose of considering the Executive's termination for Cause, which special meeting shall take place not less than ten and not more than twenty business days after the Executive receives notice thereof. The Executive shall be given an opportunity, together with counsel, to be heard at the special meeting of the Board. The Executive's termination for Cause shall be effective when and if a resolution is duly adopted at such special meeting by the affirmative vote of a majority of the Board stating that in the good faith opinion of the Board, the Executive is guilty of the conduct described in the Notice of Termination for Cause and that such conduct constitutes Cause under this Agreement.

(c) Good Reason.

(i) The Executive may terminate his employment for Good Reason or without Good Reason. For purpose of this Agreement, "Good Reason" shall mean:

(A) any adverse change in the Executive's titles, authority, duties, responsibilities and reporting lines as specified in Sections 2(a) and 2(b) of this Agreement, or the assignment to the Executive of any duties or responsibilities inconsistent in any respect with those customarily associated with the positions to be held by the Executive pursuant to this Agreement;

(B) the failure by the Board to elect the Executive to the positions of Chairman and Chief Executive Officer of CEI and of CECONY during the Employment Period;

(C) the failure by the Board to nominate the Executive for reelection to the Board at any annual meeting of CEI's shareholders during the Employment Period at which the Executive's term as a director is scheduled to expire;

(D) the appointment, without the Executive's prior written consent, at any time during the Employment Period of any person other than the Executive to (x) the positions specified in Sections 2(a) and 2(e) or (y) any other position or title conferring similar status or authority;

(E) any reduction in the Executive's salary, target annual bonus, target long-term incentive or Retirement benefit;

(F) any requirement by the Company that the Executive's services be rendered primarily at a location or locations other than that provided for in Section 2(g);

(G) any purported termination of the Executive's employment by the Company for a reason or in a manner not expressly permitted by this Agreement;

(H) any failure by CEI to comply with Section 10(c) of this Agreement;
or

(I) any other material breach of this Agreement by the Company that either is not taken in good faith or, even if taken in good faith, is not remedied by the Company promptly after receipt of notice thereof from the Executive.

Following a Change in Control that is recommended to the Board by the Executive, Sections 4(c)(i) (A), (B), (C) and (D) shall not permit the Executive to terminate his employment for Good Reason so long as during the remainder of the Employment Period, the Board nominates the Executive as a director of the surviving parent corporation, his office with the surviving parent corporation is Chairman, Vice Chairman or President, and his executive position with the surviving parent corporation is Chief Executive Officer or Chief Operating Officer; and the provisions of Sections 2(a), (b) and (d) shall be deemed modified to reflect such offices, positions and duties as are so held by the Executive.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be conclusively presumed to be valid unless such determination is decided to be unreasonable by an arbitrator pursuant to Section 9.

(ii) A termination of employment by the Executive for Good Reason shall be effectuated by giving the Company written notice ("Notice of Termination for Good Reason") of the termination, setting forth in reasonable detail the specific acts or omissions of the Company that constitute Good Reason and the specific provision(s) of this Agreement on which the Executive relies. Unless the Board determines otherwise, a Notice of Termination for Good Reason by the Executive must be made within 60 days after the Executive first has actual knowledge of the act or omission (or the last in a series of acts or omissions) that the Executive alleges to constitute Good Reason, and the Company shall have 30 days from the receipt of such Notice of Termination for Good Reason to cure the conduct cited therein. A termination of employment by the Executive for Good Reason shall be effective on the final day of such 30-day cure period unless prior to such time the Company has cured the specific conduct asserted by the Executive to constitute Good Reason to the reasonable satisfaction of the Executive (unless the notice sets forth a later date (which date shall in no event be later than 30 days after the notice is given) as of which such termination shall be effective).

(iii) A termination of the Executive's employment by the Executive without Good Reason shall be effected by giving the Company written notice specifying the effective date of termination.

(d) Date of Termination. The "Date of Termination" means the date of the Executive's death, the Disability Effective Date, the date on which the termination of the Executive's employment by the Company for Cause or without Cause or by the Executive for Good Reason is effective, or the effective date specified in a notice of a termination of employment without Good Reason from the Executive to the Company, or Retirement, as the case may be.

5. Obligations of the Company upon Termination.

(a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause, death or Disability, or the Executive shall terminate his employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash, within 15 days after the Date of Termination, the aggregate of the amounts set forth in clauses A, B and C below:

A. The sum of:

- (1) the Executive's Annual Base Salary through the Date of Termination;
- (2) the product of (x) the "target" annual bonus as in effect under the Company's annual incentive plan for the calendar year in which occurs the Date of Termination or, if no such target annual bonus has been established for the Executive for that year, for the immediately preceding calendar year (the "Target Bonus") and (y) a fraction, the numerator of which is the number of days in the current calendar year through the Date of Termination, and the denominator of which is 365; and
- (3) any accrued vacation pay;

in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2) and (3) shall be hereinafter referred to as the "Accrued Obligations");

- B. the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus; and
- C. an amount equal to the excess of (1) the actuarial equivalent of the benefit under the Company's applicable qualified defined benefit retirement plan in which the Executive is participating immediately prior to his Date of Termination (the "Retirement Plan") (utilizing the rate used to determine lump sums and, to the extent applicable, other actuarial assumptions no less favorable to the Executive than those in effect under the Retirement Plan immediately prior to the date of this Agreement), any nonqualified defined benefit SERPs in which the Executive participates and, to the extent applicable, any other defined benefit retirement arrangement between the Executive and the Company ("Other Pension Benefits") which the Executive would receive if the Executive's employment continued for two additional years beyond the Date of Termination, assuming for this purpose that all accrued benefits are fully vested, and, assuming that the Executive's compensation for such deemed additional period was the Executive's Annual Base Salary as in effect immediately prior to the Date of Termination and assuming a bonus in each year during such deemed additional period equal to the Target Bonus, over (2) the actuarial equivalent of the Executive's actual benefit (paid or payable), if any, under the Retirement Plan, the nonqualified defined benefit SERPs and Other Pension Benefits as of the Date of Termination (utilizing the rate used to determine lump sums and, to the extent applicable, other actuarial assumptions no less favorable to the Executive than those in effect under the Retirement Plan immediately prior to the date of this Agreement).

(ii) the Restricted Stock Unit Award shall vest in accordance with Section 3(d)(ii) above;

(iii) any stock awards (other than the Restricted Stock Unit Award), stock options, stock appreciation rights or other equity-based awards that were outstanding immediately prior to the Date of Termination ("Prior Equity Awards") shall vest as of the Date of Termination and shall remain outstanding and shall be exercisable as though the Executive's employment had not terminated until the later of (x) the third anniversary of the Date of Termination and (y) 90 days from the date that the Prior Equity Award (or portion thereof) first becomes exercisable, but in no event beyond the end of the original term thereof, and the Company shall take all such actions as may be necessary to effectuate the foregoing;

(iv) for two years after the Executive's Date of Termination or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the medical, prescription, dental and life insurance plans, programs, practices and policies described in Section 3(e) of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided however, that if the Executive becomes re-employed with another employer and is eligible to receive medical, prescription or dental benefits under another employer-provided plan, the medical, prescription and dental benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. The Executive's right to continued eligibility under the Company's medical, prescription and dental plans under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code"), shall commence at the end of the period described hereinabove in this clause (iv). For purposes of determining eligibility (but not time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until two years after the Date of Termination and to have retired on the last day of such period;

(v) any compensation previously deferred (other than pursuant to a tax-qualified plan) by or on behalf of the Executive (together with any accrued interest or earnings thereon), whether or not then vested, shall become vested on the Date of Termination and shall be paid in accordance with the terms of the plan, policy or practice under which it was deferred;

(vi) the Company shall, at its sole expense as incurred, provide the Executive with outplacement services suitable to the Executive's position for a period not to exceed two years or until the Executive reaches age 65, whichever shall first occur, with a nationally recognized outplacement firm; and,

(vii) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other vested amounts or vested benefits required to be paid or provided or which the Executive is entitled to receive under any plan, program, policy, practice, contract or agreement of the Company and its affiliated companies (other than medical, prescription or dental benefits if the Executive is eligible for such benefits to be provided by a subsequent employer), including earned but unpaid stock and similar compensation but excluding any severance plan or policy (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, or if the Executive voluntarily terminates employment during the Employment Period, excluding a resignation for Good Reason, this Agreement shall terminate without further obligations to the Executive other than for amounts described in Sections 5(a)(i)(A)(1) and 5(a)(i)(A)(3) and the timely payment or provision of Other Benefits (unless the terms of such Other Benefits provide for forfeiture upon termination for Cause or termination for other than Good Reason). In such case, all such amounts shall be paid to the Executive in a lump sum within 30 days of the Date of Termination.

(c) Death. If the Executive's employment terminates by reason of the Executive's death during the Employment Period, all Accrued Obligations as of the time of death shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination and the Executive's estate or beneficiary shall be entitled to any Other Benefits in accordance with their terms. In addition, the Restricted Stock Unit Award shall vest in accordance with Section 3(d)(ii) above. Any Prior Equity Awards shall vest and/or become exercisable, as the case may be, as of the Date of Termination and the Executive's estate or beneficiary, as the case may be, shall have the right to exercise any such stock option, stock appreciation right or other exercisable equity-based award until the earlier of (A) one year from the Date of Termination (or such longer period as may be provided under the terms of any such stock option, stock appreciation right or other equity-based award) and (B) the normal expiration date of such stock option, stock appreciation right or other equity-based award.

(d) Disability. If the Executive's employment is terminated by reason of Disability during the Employment Period, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination, and the Executive shall be entitled to any Other Benefits in accordance with their terms. In addition, the Restricted Stock Unit Award shall vest in accordance with Section 3(d)(ii) above. Any Prior Equity Awards shall vest immediately and/or become exercisable, as the case may be, and the Executive shall have the right to exercise any such stock option, stock appreciation right or other exercisable equity-based award until the earlier of (A) one year from the Date of Termination (or such longer period as may be provided under the terms of any such stock option, stock appreciation right or other equity-based award) and (B) the normal expiration date of such stock option, stock appreciation right or other equity-based award.

(e) Retirement. If the Executive's employment terminates at the expiration of the Employment Period (or at any earlier date at which the Executive elects to retire under any retirement plan maintained by the Company), the Executive shall be paid the Accrued Obligations in a lump sum in cash within 30 days of the Date of Termination and the Executive shall be entitled to any Other Benefits in accordance with their terms. Upon the Executive's retirement, unless the Board otherwise determines, there shall be no acceleration of vesting of any portion of the Restricted Stock Unit Award not yet earned. The Executive agrees not to retire (except for any Disability) prior to September 1, 2003.

6. Change in Control.

(a) Benefits Upon a Change in Control. Upon the occurrence of a Change in Control during the Employment Period, the Restricted Stock Unit Award shall continue in effect and vest (or be forfeited) in accordance with provisions of this Agreement as though no Change in Control had occurred, except that, as appropriate, the shares of Stock represented by the Restricted Stock Unit Award shall be treated the same as all other shares of Stock of CEI in any transaction constituting a Change in Control. The Executive's rights upon a termination of employment that occurs following a Change in Control shall be as specified in Section 5 generally for termination of employment, except (i) the amount payable under Section 5(a)(i)(B) shall be three times the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus; (ii) the amount payable under Section 5(a)(i)(C) shall be determined as if the Executive had remained employed for three additional years after the Date of Termination and (iii) the benefits under Section 5(a)(iv) shall be provided for three years after the Date of Termination and the Executive's eligibility (but not the time of commencement of such benefits) for retiree benefits pursuant to such plans, practices, programs and policies shall be determined as if the Executive had remained employed until three years after the Date of Termination and to have retired on the last day of such period.

(b) Definition. For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events after the date of this Agreement:

(i) any "person" (within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") is or becomes the beneficial owner within the meaning of Rule 13d-3 under the Exchange Act (a "Beneficial Owner"), directly or indirectly, of securities of CEI (not including in the securities beneficially owned by such person any securities acquired directly from CEI or its affiliates) representing 20% or more of the combined voting power of CEI's then outstanding securities, excluding any person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors of CEI then serving: individuals who, on the date of this Agreement, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of CEI) whose appointment or election by the Board or nomination for election by CEI's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) the shareholders of CEI approve or there is consummated a merger or consolidation of CEI or any direct or indirect wholly-owned subsidiary of CEI with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of CEI outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of CEI or any subsidiary of CEI, at least 65% of the combined voting power of the securities of CEI or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of CEI (or similar transaction) in which no person is or becomes the Beneficial Owner, directly or indirectly, of securities of CEI representing 20% or more of the combined voting power of CEI's then outstanding securities; or

(iv) the shareholders of CEI approve a plan of complete liquidation or dissolution of CEI or there is consummated an agreement for the sale or disposition by CEI of all or substantially all of CEI's assets, other than a sale or disposition by CEI of all or substantially all of CEI's assets to an entity, at least 75% of the combined voting power of the voting securities of which are owned by stockholders of CEI in substantially the same proportions as their ownership of CEI immediately prior to such sale.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of CEI immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of CEI immediately following such transaction or series of transactions.

7. Confidential Information; No Competition.

(a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all confidential information, knowledge or data (defined below) relating to the Company or any of its affiliates or subsidiaries, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). Upon termination of the Executive's employment, he shall return to the Company all Company information. After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it, except (x) otherwise publicly available information, or (y) as may be necessary to enforce his rights under this Agreement or necessary to defend himself against a claim asserted directly or indirectly by the Company or its affiliates. Unless and until a determination has been made in accordance with Section 7(d) or Section 9 hereof that the Executive has violated this Section 7, an asserted violation of the provisions of this Section 7 shall not constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

(b) As used herein, the term "confidential information, knowledge or data" means all trade secrets, proprietary and confidential business information belonging to, used by, or in the possession of the Company or any of its affiliates and subsidiaries, including but not limited to information, knowledge or data related to business strategies, plans and financial information, mergers, acquisitions or consolidations, purchase or sale of property, leasing, pricing, sales programs or tactics, actual or past sellers, purchasers, lessees, lessors or customers, those with whom the Company or its affiliates and subsidiaries has begun negotiations for new business, costs, employee compensation, marketing and development plans, inventions and technology, whether such confidential information, knowledge or data is oral, written or electronically recorded or stored, except information in the public domain, information known by the Executive prior to employment with CECONY, and information received by the Executive from sources other than the Company or its affiliates and subsidiaries, without obligation of confidentiality.

(c) The confidential knowledge, information and data, as defined in the previous paragraph, gained in the performance of the Executive's duties hereunder may be valuable to those who are now, or might become, competitors of the Company or its affiliates and subsidiaries. Accordingly, the Executive agrees that he will not, for the period of two years from Date of Termination, directly own, manage, operate, join, control, become employed by, consult to or participate in the ownership, management, or control of any business which is in direct competition with any business maintained by the Company and/or its affiliates and subsidiaries as of the Date of Termination. Further, the Executive agrees that, for two years following the Date of Termination, he will not, directly or indirectly, solicit or hire, or encourage the solicitation or hiring of any person who was a managerial or higher level employee of the Company at any time during the term of the Executive's employment by the Company by any employer other than the Company for any position as an employee, independent contractor, consultant or otherwise. The foregoing agreement of the Executive shall not apply to any person after 6 months have elapsed subsequent to the date on which such person's employment by the Company has terminated. In the case of any such prohibited activity, the Executive shall not be entitled to post-employment payments under this Agreement (including any unpaid installments of the Restricted Stock Unit Award), and the Executive shall return or repay to the Company a portion of any installments of the Restricted Stock Unit Award that have vested in accordance with Section 3(d) (ii) during the two year period immediately preceding such prohibited activity which is equal to the amount of such installments paid within such two year period times a fraction, the numerator of which is the number of months from the commencement of such activity to the date that is 24 months after the Date of Termination and the denominator of which is 24. This Section 7(c) shall be inapplicable upon the occurrence of a Change in Control.

(d) In the event of a breach by the Executive of any of the agreements set forth in Paragraphs (a), (b) or (c) above, it is agreed that the Company shall suffer irreparable harm for which money damages are not an adequate remedy, and that, in the event of such breach, the Company shall be entitled to obtain an order of a court of competent jurisdiction for equitable relief from such breach, including, but not limited to, temporary restraining orders and preliminary and/or permanent injunctions against the breach of such agreements by the Executive. In the event that the Company should initiate any legal action for the breach or enforcement of any of the provisions contained in this Section 7 and the Company does not prevail in such action, the Company shall promptly reimburse the Executive the full amount of any court costs, filing fees, attorney's fees which the Executive reasonably incurs in defending such action, and any loss of income during the period of such litigation.

8. Full Settlement.

(a) No Duty to Mitigate; No Reduction. Except as provided in Section 7(c), and except to the extent that a Court under Section 7(d) or an arbitrator appointed under Section 9 shall determine to permit an offset in respect of a violation by the Executive of his obligations under Section 7, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as specifically provided in Section 5(a)(iv) and Section 5(a)(vii) with respect to certain medical and dental benefits, such amounts shall not be reduced whether or not the Executive obtains other employment.

(b) Non-exclusivity of Rights. Except as provided in Section 7(c), nothing in the Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies for which the Executive may qualify, nor, subject to Section 12(g), shall anything in this Agreement limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Vested benefits and other amounts that the Executive is otherwise entitled to receive under the incentive compensation plans referred to in Section 3(c), the SERPs, or any other plan, policy, practice or program of, or any contract or agreement with, the Company or any of its affiliated companies on or after the Date of Termination shall be payable in accordance with the terms of each such plan, policy, practice, program, contract or agreement, as the case may be, except as explicitly modified by this Agreement.

9. Disputes.

Except with respect to equitable relief provided for in Section 7(d), any dispute about the validity, interpretation, effect or alleged violation of this Agreement shall be resolved by confidential binding arbitration to be held in New York, New York, in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereover. All costs and expenses incurred by the Company or the Executive or the Executive's beneficiaries in connection with any such controversy or dispute, including without limitation reasonable attorney's fees, shall be borne by the Company as incurred, except that the Executive shall be responsible for any such costs and expenses incurred in connection with any claim determined by the arbitrator(s) to have been without reasonable basis or to have been brought in bad faith. The Executive shall be entitled to interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code, on any delayed payment which the arbitrator(s) determine he was entitled to under this Agreement.

10. Successors.

(a) No Assignment by Executive. This Agreement is personal to the Executive and without the prior written consent of CEI shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be binding upon and enforceable by the Executive's legal representatives.

(b) Successors to CEI. This Agreement shall inure to the benefit of and be binding upon and enforceable by CEI and its successors and assigns.

(c) Performance by a Successor to CEI. CEI will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of CEI to assume expressly and agree to perform this Agreement in the same manner and to the same extent that CEI would be required to perform it if no such succession had taken place. As used in this Agreement, "CEI" shall mean CEI as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise, including New CEI which is to be established upon consummation of the merger with Northeast Utilities pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of January 11, 2000, among CEI, Northeast Utilities, CWB Holdings, Inc. and N Acquisition LLC if such transaction is consummated.

11. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 11) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 11(c), all determinations required to be made under this Section 11, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's independent auditors or such other certified public accounting firm as may be jointly designated by the Executive and the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 11, shall be paid by the Company to the Executive within 15 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 11(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which he gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 11(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 11(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 11(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 11(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

12. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements executed and performed entirely therein. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: 4 Irving Place
 New York, NY 10003

If to the Company: 4 Irving Place
 New York, NY 10003,
 Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Invalidity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any provision of this Agreement shall be held invalid or unenforceable in part, the remaining portion of such provision, together with all other provisions of this Agreement, shall remain valid and enforceable and continue in full force and effect to the fullest extent consistent with law.

(d) Tax Withholding. Notwithstanding any other provision of this Agreement, the Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) Failure to Assert Rights. Except as provided in Section 4(b)(ii) and 4(c)(ii), the Executive's or the Company's failure to insist upon strict compliance with any provisions of, or to assert any right under, this Agreement shall not be deemed to be a waiver of such provision or right or of any other provision of or right under this Agreement.

(f) No Alienation. The rights and benefits of the Executive under this Agreement may not be anticipated, assigned, alienated or subject to attachment, garnishment, levy, execution or other legal or equitable process except as required by law. Any attempt by the Executive to anticipate, alienate, assign, sell, transfer, pledge, encumber or charge the same shall be void. Payments hereunder shall not be considered assets of the Executive in the event of insolvency or bankruptcy.

(g) Entire Agreement. This Employment Agreement represents the complete agreement between the Executive and the Company relating to employment and termination and may not be altered or changed except by written agreement executed by the parties hereto or their respective successors or legal representatives. This Agreement supersedes all prior agreements and other understandings between the parties with respect to the subject matter herein, including the CECONY Employment Agreement, except for the portions thereof which have been incorporated by reference in this Agreement.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, the Company have caused this Agreement to be executed as of the day and year first above written.

CONSOLIDATED EDISON, INC.

By: E. Virgil Conway
E. Virgil Conway, Chairman
Executive Personnel and Pension Committee

By: Eugene R. McGrath
Eugene R. McGrath

EMPLOYMENT AGREEMENT

AGREEMENT by and between Consolidated Edison, Inc., a New York Corporation ("CEI"), and Joan S. Freilich (the "Executive"), dated as of September 1, 2000.

WHEREAS, the Executive is currently serving as Executive Vice President and Chief Financial Officer of CEI, and as Executive Vice President and Chief Financial Officer of its subsidiary, Consolidated Edison Company of New York, Inc. ("CECONY"), a New York corporation, (CEI and its subsidiaries and affiliates hereinafter collectively referred to as the "Company");

WHEREAS, the Executive is willing to commit herself to be employed by the Company on the terms and conditions herein set forth; and

WHEREAS, the parties desire to enter into this Agreement setting forth the terms and conditions for the employment relationship of the Executive with the Company during the Employment Period (as hereinafter defined).

NOW, THEREFORE, IN CONSIDERATION of the mutual premises, covenants and agreements set forth below, it is hereby agreed as follows:

1. General.

(a) Employment. CEI agrees to cause its subsidiaries and affiliates to employ the Executive in a senior executive position, and the Executive agrees to be so employed, in accordance with the terms and provisions of this Agreement during the Employment Period.

(b) Term. The term of the Executive's employment under this Agreement (the "Initial Employment Period") shall commence as of the date hereof (the "Effective Date") and shall continue until August 31, 2005. The Initial Employment Period shall be automatically extended without further action of either party for additional one year periods, unless written notice of either party's intention not to extend has been given to the other party at least six months prior to the expiration of the Initial Employment Period or any such one year extension. Collectively, the Initial Employment Period and each such extension (if any) are herein referred to the "Employment Period".

2. Position, Duties and Powers of the Executive.

(a) Position. During the Employment Period, the Executive shall serve as Executive Vice President and Chief Financial Officer of CEI and as Executive Vice President and Chief Financial Officer of CECONY or in such other senior executive positions in CEI or its subsidiaries or affiliates to which the Executive may be elected or appointed by the Board or designated or assigned by the chief executive officer of CEI.

(b) Reporting, Duties and Powers. During the Employment Period, the Executive shall report directly to chief executive officer of CEI or to such other person or position as may be designated by the Board or the chief executive officer of CEI.

(c) Board Membership. The Executive shall continue as a member of the Board on the first day of the Employment Period through the end of her current term ending with the Annual Meeting of Stockholders in 2001. Thereafter, the Board shall nominate the Executive for re-election to the Board throughout the Employment Period in accordance with its customary practice for nominations to the Board.

(d) Other Positions. The Executive agrees to serve, if elected, at no additional compensation in the position of officer or director of any direct or indirect subsidiary or affiliate of CEI.

(e) Attention. During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote full attention and time during normal business hours to the business and affairs of the Company and to use her reasonable best efforts to perform such responsibilities in a professional manner. It shall not be a violation of this Agreement for the Executive to (i) serve on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions and (iii) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an officer and director of the Company in accordance with this Agreement and are in compliance with the Company's Code of Conduct.

(f) Location. During the Employment Period, the Company's headquarters shall be located in New York, New York, and the Executive shall be employed at such headquarters or at any other office or location designated by the Board or the chief executive officer of CEI, except for reasonably required travel on the Company's business.

3. Compensation.

Except as modified by this Agreement, the Executive's compensation shall be provided in accordance with the Company's standard compensation and payroll practices as in effect from time to time. The aggregate of Base Salary, Annual Incentive Compensation and Long-Term Incentive Compensation in paragraphs (a), (b) and (c) below shall be determined by the Executive Personnel and Pension Committee of the Board or any subsequent committee of the Board that has primary responsibility for compensation policies (the "Compensation Committee") based upon competitive practices for similarly situated officers of companies in the same industry as CEI and of comparable size and standing.

(a) Base Salary. The annual rate of base salary payable to the Executive during the Employment Period (the "Annual Base Salary") shall be her annual rate of base salary in effect immediately prior to the date hereof. During the Employment Period, the Annual Base Salary shall be reviewed by the Compensation Committee for possible increase at least annually. Any increase in Annual Base Salary shall be approved by the Board. Annual Base Salary shall not be reduced after any such increase, and the term "Annual Base Salary" shall thereafter refer to the Annual Base Salary as so increased.

(b) Annual Incentive Compensation. The Board has established and intends to continue an annual incentive compensation plan for the benefit of the officers and other key employees of the Company, including the Executive, based on competitive practices for companies of comparable size and standing in the same industry. Any performance objectives for the Executive in respect of such incentive compensation plan will be determined by the Compensation Committee in accordance with past practices. Currently, the Executive participates in CECONY's annual incentive plan, the Executive Incentive Plan.

(c) Long-Term Incentive Compensation. CEI currently has, and the Board intends to continue, a long-term incentive compensation program, currently consisting of a stock option plan, for the benefit of the officers and other key employees of the Company, including the Executive, based on competitive practices for companies of comparable size and standing in the same industry. In addition to stock options, such program may in the future provide for stock appreciation rights, restricted stock or stock units, performance stock or units and/or other types of long-term incentive awards. The Board, subject to any required shareholder approval, will determine the Company's long term incentive compensation program, and the type and amount of equity and any other long-term incentive grants provided under the program will be determined by the Compensation Committee from time to time, provided that any such award shall provide by its terms that it will either (i) vest and/or become exercisable upon the Executive's retirement and remain exercisable until the third anniversary of the Executive's date of retirement or (ii) remain outstanding notwithstanding the Executive's termination of employment and continue to vest and/or become exercisable, as though the Executive's employment had not terminated, until the later of (x) the third anniversary of the Executive's date of retirement and (y) 90 days from the date that a stock option or other award (or portion thereof) first becomes exercisable, but in no event beyond the original term thereof.

(d) Stock Award. In consideration of the commitment she will assume during the Employment Period, the Executive shall be granted an award (the "Restricted Stock Unit Award") of restricted stock units ("Units") with respect to 50,000 shares of the Common Shares (\$.10 par value) of CEI ("Stock"), effective as of the Effective Date, in accordance with the following terms and conditions:

(i) Each Unit shall represent the right, upon vesting, to receive one share of Stock. The shares of Stock issuable in respect of the vesting of Units shall be shares purchased by the Company or its agent on the open market. In the event any of the shares issuable in respect of Units pertaining to the Restricted Stock Unit Award shall be forfeited, CEI may re-apply such shares for its corporate purposes in its discretion.

(ii) The Executive's Units shall vest in accordance with the following schedule, provided that the Executive has remained continuously employed by the Company, or its successor, during the Employment Period through the dates indicated below:

Date	Percentage of Then Outstanding Non Vested Units
8/31/2003	50%
8/31/2004	50%
8/31/2005	100%

If, during the Employment Period and prior to a Change in Control, the Company terminates the Executive's employment for Cause or without Cause or the Executive terminates his employment, the Executive shall forfeit all right to Units that are not vested as of the Date of Termination. If, during the Employment Period and following a Change in Control, the Company shall terminate the Executive's employment without Cause or the Executive terminates his employment for Good Reason, the Executive's Units shall fully and immediately vest as of the Date of Termination. If, during the Employment Period, the Executive's employment terminates by reason of death or Disability, the Executive's Units shall fully and immediately vest as of the Date of Termination.

(iii) Once Units shall vest, CEI shall promptly issue to the Executive a certificate for the shares of Stock represented thereby without any legend or restriction (other than may be required by law). Prior to vesting, Units shall represent an unfunded promise to deliver Stock upon vesting thereof.

(iv) Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution. Any attempted sale, assignment, transfer, pledge, hypothecation or disposition in contravention of the foregoing shall be null and void and of no effect.

(v) Except as otherwise provided herein, the Executive shall have no rights of a stockholder with respect to the shares of Stock represented by Units, including no right to vote the shares, to receive dividends and other distributions thereon and to participate in any change in capitalization of CEI. In the event of any change in capitalization resulting in the issuance of additional shares to CEI's stockholders, the shares of Stock represented by her Units shall be equitably adjusted as determined in good faith by the Compensation Committee. Prior to the delivery of shares of Stock upon vesting of Units, at the time of each distribution of any regular cash dividend paid by CEI in respect of Stock, the Executive shall be entitled to receive a cash payment from the Company equal to the aggregate regular cash dividend payment that would have been made in respect of the shares of Stock subject to Units which have not yet vested, as if the shares subject to such Units had been actually delivered to the Executive, provided, that no such payment in respect of Units shall be made if, prior to the time such payment is due, the Executive's rights with respect to such Units have previously terminated under this Agreement. In the event of a dividend payable in shares of Stock instead of cash, the Executive shall be entitled to receive on the distribution date additional Units in such number that would have been received in respect of the shares of Stock represented by Units that have not yet vested, as if the shares represented by such Units had actually been delivered to the Executive. The Executive hereby elects to defer the receipt of any dividend equivalent cash payments that may become payable to the Executive prior to December 31, 2001 and have the cash payment invested under the Company's Deferred Income Plan according to the terms and conditions of the Deferred Income Plan. Prior to the commencement of a calendar year, beginning with calendar year 2002, the Executive shall have the right to elect to defer receipt of any dividend equivalent cash payments that may become payable to the Executive in the calendar year and to have such cash payments invested under the Company's Deferred Income Plan according to the terms and conditions of the Deferred Income Plan.

(vi) Unless the shares of Stock represented by her Units which are to be issued to the Executive have been registered pursuant to a registration statement under the Securities Act of 1933, prior to receiving such shares the Executive shall represent in writing to CEI that such shares are being acquired for investment purposes only and not with a view towards the further sale or distribution thereof and shall supply CEI with such other documentation as may be required by CEI, unless in the opinion of counsel to the CEI such representation, agreement or documentation is not necessary to comply with the Securities Act of 1933 and the rules and regulations thereunder.

(vii) CEI shall not be required to deliver any shares subject to this Restricted Stock Unit Award until they have been listed on each securities exchange on which shares of Stock are listed or until there has been qualification under or compliance with such state and federal laws, rules or regulations that CEI may deem applicable. CEI will use its best efforts to obtain such listing, qualification and compliance.

(viii) The Compensation Committee may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes that the Company is required by law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with the Restricted Stock Unit Award, including, but not limited to (1) withholding delivery of the certificate for shares of Stock until the Executive reimburses the Company for the amount it is required to withhold with respect to such taxes, (2) the canceling of any number of shares of Stock issuable to the Executive in an amount necessary to reimburse the Company for the amount it is required to so withhold, or (3) withholding the amount due from the Executive's other compensation.

(ix) The Executive may elect to defer all or a portion of the receipt of Stock in respect of Units according to terms and conditions established by the Compensation Committee for such deferrals.

(e) Employee Benefit Programs. During the Employment Period, (i) the Executive shall be eligible to participate in all savings and retirement plans, practices, policies and programs to the same extent as other senior executives of the Company and (ii) the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company, other than severance plans, practices, policies and programs but including, without limitation, medical, prescription, dental, disability, salary continuance, employee life insurance, group life insurance, accidental death and travel accident insurance plans and programs, and, upon retirement, all applicable retirement benefit plans to the same extent and subject to the same terms, conditions, cost-sharing requirements and the like, as other senior executives of the Company, as such plans may be amended from time to time, and as supplemented hereby. During the Employment Period, no benefit coverage available to the Executive and/or to his family under any such plan, practice, policy or program shall be materially reduced without the prior written consent of the Executive, unless a substantially equivalent reduction is applied to the other senior executives of the Company, provided, however, that the exception for across-the-board reductions shall not apply following a Change in Control (as defined below) and, further provided, that the Executive shall be provided during the Employment Period with life insurance providing for a death benefit, as a multiple of Annual Base Salary, at least equal to the insurance coverage provided by the Company to the Executive immediately prior to the date hereof.

(f) Supplemental Retirement Benefits. During the Employment Period, the Executive shall participate in CECONY's Retirement Plan for Management Employees, and also in CECONY's Supplemental Retirement Income Plan and such other supplemental executive retirement plans as may be adopted and amended by the Company from time to time ("SERPs"). It is agreed that the Restricted Stock Unit Award (including the grant of Units and any dividend equivalents or other distributions in respect of the Units) shall not be included in the SERP or other any pension calculation.

(g) Expenses. The Executive is authorized to incur reasonable expenses in carrying out her duties and responsibilities under this Agreement. The Company shall promptly reimburse her for all such expenses in accordance with the policies of the Company in effect from time to time for reimbursement of expenses for senior executives, and subject to documentation provided by the Executive in accordance with such Company policies.

(h) Fringe Benefits. During the Employment Period, the Executive shall participate in all fringe benefits and perquisites available to senior executives of the Company on terms and conditions that are commensurate with her positions and responsibilities at the Company.

(i) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with Company policy as in effect from time to time, but not less than four weeks' vacation per annum.

Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 4(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" means that (i) the Executive has been unable, for the period, if any, specified in the Company's disability plan for senior executives, but not less than a period of 180 consecutive days, to perform the Executive's duties under this Agreement and (ii) a physician selected by the Company or its insurers, and acceptable to the Executive or the Executive's legal representative, has determined that the Executive is disabled within the meaning of the applicable disability plan for senior executives.

(b) By the Company.

(i) The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "Cause" shall mean (A) willful and continued failure by the Executive to substantially perform her duties under this Agreement or (B) the conviction of the Executive of a felony or the entering by the Executive of a plea of nolo contendere to a felony, in either case having a significant adverse effect on the business and affairs of the Company. No act or failure to act on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act or failure to act that is based upon authority given pursuant to a resolution duly adopted by the Board, or the advice of counsel for the Company, shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The Company expressly acknowledges that Cause will not exist merely because of a failure of the Company or its affiliates to meet budgeted results.

(ii) A termination of the Executive's employment for Cause shall be effected in accordance with the following procedures. The Company shall give the Executive written notice ("Notice of Termination for Cause") of its intention to terminate the Executive's employment for Cause, setting forth in reasonable detail the specific conduct of the Executive that it considers to constitute Cause and the specific provision(s) of this Agreement on which it relies. Such notice shall be given no later than 60 days after the act or failure (or the last in a series of acts or failures) that the Company alleges to constitute Cause. The Executive shall have 30 days after receiving the Notice of Termination for Cause in which to cure such act or failure, to the extent such cure is possible. If the Executive fails to cure such act or failure to the reasonable satisfaction of the Board, the Company shall give the Executive a second written notice stating the date, time and place of a special meeting of the Board called and held specifically for the purpose of considering the Executive's termination for Cause, which special meeting shall take place not less than ten and not more than twenty business days after the Executive receives notice thereof. The Executive shall be given an opportunity, together with counsel, to be heard at the special meeting of the Board. The Executive's termination for Cause shall be effective when and if a resolution is duly adopted at such special meeting by the affirmative vote of a majority of the Board stating that in the good faith opinion of the Board, the Executive is guilty of the conduct described in the Notice of Termination for Cause and that such conduct constitutes Cause under this Agreement.

(c) Good Reason.

(i) The Executive may terminate her employment for Good Reason following a Change in Control or without Good Reason. For purpose of this Agreement, "Good Reason" following a Change in Control shall mean:

(A) any adverse change in the Executive's titles, authority, duties, responsibilities and reporting lines as in effect immediately prior to a Change in Control, or the assignment to the Executive of any duties or responsibilities inconsistent in any respect with those customarily associated with the positions held by the Executive immediately prior to a Change in Control;

(B) the failure by the Board to nominate the Executive for reelection to the Board at any annual meeting of CEI's shareholders during the Employment Period at which the Executive's term as a director is scheduled to expire;

(C) the appointment of any person other than the Executive to the position held by the Executive immediately prior to a Change in Control or any other position or title conferring similar status or authority;

(D) any reduction in the Executive's salary, target annual bonus, target long-term incentive or Retirement benefit as in effect immediately prior to a Change in Control;

(E) any requirement by the Company that the Executive's services be rendered primarily at an office or location that is more than 50 miles from the Executive's employment office or location immediately prior to a Change in Control;

(F) any purported termination of the Executive's employment by the Company for a reason or in a manner not expressly permitted by this Agreement;

(G) any failure by CEI to comply with Section 10(c) of this Agreement; or

(H) any other material breach of this Agreement by the Company that either is not taken in good faith or, even if taken in good faith, is not remedied by the Company promptly after receipt of notice thereof from the Executive.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be conclusively presumed to be valid unless such determination is decided to be unreasonable by an arbitrator pursuant to Section 9.

(ii) A termination of employment by the Executive for Good Reason shall be effectuated by giving the Company written notice ("Notice of Termination for Good Reason") of the termination, setting forth in reasonable detail the specific acts or omissions of the Company that constitute Good Reason and the specific provision(s) of this Agreement on which the Executive relies. Unless the Board determines otherwise, a Notice of Termination for Good Reason by the Executive must be made within 60 days after the Executive first has actual knowledge of the act or omission (or the last in a series of acts or omissions) that the Executive alleges to constitute Good Reason, and the Company shall have 30 days from the receipt of such Notice of Termination for Good Reason to cure the conduct cited therein. A termination of employment by the Executive for Good Reason shall be effective on the final day of such 30-day cure period unless prior to such time the Company has cured the specific conduct asserted by the Executive to constitute Good Reason to the reasonable satisfaction of the Executive (unless the notice sets forth a later date (which date shall in no event be later than 30 days after the notice is given) as of which such termination shall be effective).

(iii) A termination of the Executive's employment by the Executive without Good Reason shall be effected by giving the Company written notice specifying the effective date of termination.

(d) Date of Termination. The "Date of Termination" means the date of the Executive's death, the Disability Effective Date, the date on which the termination of the Executive's employment by the Company for Cause or without Cause or by the Executive for Good Reason is effective, or the effective date specified in a notice of a termination of employment without Good Reason from the Executive to the Company, or Retirement, as the case may be.

5. Obligations of the Company upon Termination.

(a) Other Than for Cause, Death or Disability. If, during the Employment Period and prior to a Change in Control, the Company shall terminate the Executive's employment other than for Cause, death or Disability:

(i) the Company shall pay to the Executive in a lump sum in cash, within 15 days after the Date of Termination, the aggregate of the amounts set forth in clauses A, B and C below:

A. The sum of:

- (1) the Executive's Annual Base Salary through the Date of Termination;
- (2) the product of (x) the "target" annual bonus as in effect under the Company's annual incentive plan for the calendar year in which occurs the Date of Termination or, if no such target annual bonus has been established for the Executive for that year, for the immediately preceding calendar year (the "Target Bonus") and (y) a fraction, the numerator of which is the number of days in the current calendar year through the Date of Termination, and the denominator of which is 365; and
- (3) any accrued vacation pay;

in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2) and (3) shall be hereinafter referred to as the "Accrued Obligations");

B. the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus; and

C. an amount equal to the excess of (1) the actuarial equivalent of the benefit under the Company's applicable qualified defined benefit retirement plan in which the Executive is participating immediately prior to her Date of Termination (the "Retirement Plan") (utilizing the rate used to determine lump sums and, to the extent applicable, other actuarial assumptions no less favorable to the Executive than those in effect under the Retirement Plan immediately prior to the date of this Agreement), any nonqualified defined benefit SERPs in which the Executive participates and, to the extent applicable, any other defined benefit retirement arrangement between the Executive and the Company ("Other Pension Benefits") which the Executive would receive if the Executive's employment continued for two additional years beyond the Date of Termination, assuming for this purpose that all accrued benefits are fully vested, and, assuming that the Executive's compensation for such deemed additional period was the Executive's Annual Base Salary as in effect immediately prior to the Date of Termination and assuming a bonus in each year during such deemed additional period equal to the Target Bonus, over (2) the actuarial equivalent of the Executive's actual benefit (paid or payable), if any, under the Retirement Plan, the nonqualified defined benefit SERPs and Other Pension Benefits as of the Date of Termination (utilizing the rate used to determine lump sums and, to the extent applicable, other actuarial assumptions no less favorable to the Executive than those in effect under the Retirement Plan immediately prior to the date of this Agreement).

(ii) the Executive's rights to the Restricted Stock Unit Award shall be forfeited in accordance with Section 3(d)(ii) above;

(iii) any stock awards (other than the Restricted Stock Unit Award), stock options, stock appreciation rights or other equity-based awards that were outstanding immediately prior to the Date of Termination ("Prior Equity Awards") shall vest as of the Date of Termination and shall remain outstanding and shall be exercisable as though the Executive's employment had not terminated until the later of (x) the third anniversary of the Date of Termination and (y) 90 days from the date that the Prior Equity Award (or portion thereof) first becomes exercisable, but in no event beyond the end of the original term thereof, and the Company shall take all such actions as may be necessary to effectuate the foregoing;

(iv) for two years after the Executive's Date of Termination or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the medical, prescription, dental and life insurance plans, programs, practices and policies described in Section 3(e) of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided however, that if the Executive becomes re-employed with another employer and is eligible to receive medical, prescription or dental benefits under another employer-provided plan, the medical, prescription and dental benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. Executive's right to continued eligibility under the Company's medical, prescription and dental plans under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code"), shall commence at the end of the period described hereinabove in this clause (iv). For purposes of determining eligibility (but not time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until two years after the Date of Termination and to have retired on the last day of such period;

(v) any compensation previously deferred (other than pursuant to a tax-qualified plan) by or on behalf of the Executive (together with any accrued interest or earnings thereon), whether or not then vested, shall become vested on the Date of Termination and shall be paid in accordance with the terms of the plan, policy or practice under which it was deferred;

(vi) the Company shall, at its sole expense as incurred, provide the Executive with outplacement services suitable to the Executive's position for a period not to exceed two years with a nationally recognized outplacement firm; and,

(vii) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other vested amounts or vested benefits required to be paid or provided or which the Executive is entitled to receive under any plan, program, policy, practice, contract or agreement of the Company and its affiliated companies (other than medical, prescription or dental benefits if the Executive is eligible for such benefits to be provided by a subsequent employer), including earned but unpaid stock and similar compensation but excluding any severance plan or policy (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, or if the Executive voluntarily terminates employment during the Employment Period, excluding a resignation for Good Reason following a Change in Control, this Agreement shall terminate without further obligations to the Executive other than for amounts described in Sections 5(a)(i)(A)(1) and 5(a)(i)(A)(3) and the timely payment or provision of Other Benefits (unless the terms of such Other Benefits provide for forfeiture upon termination for Cause or termination for other than Good Reason). In such case, all such amounts shall be paid to the Executive in a lump sum within 30 days of the Date of Termination.

(c) Death. If the Executive's employment terminates by reason of the Executive's death during the Employment Period, all Accrued Obligations as of the time of death shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination and the Executive's estate or beneficiary shall be entitled to any Other Benefits in accordance with their terms. In addition, the Restricted Stock Unit Award shall vest in accordance with Section 3(d)(ii) above. Any Prior Equity Awards shall vest and/or become exercisable, as the case may be, as of the Date of Termination and the Executive's estate or beneficiary, as the case may be, shall have the right to exercise any such stock option, stock appreciation right or other exercisable equity-based award until the earlier of (A) one year from the Date of Termination (or such longer period as may be provided under the terms of any such stock option, stock appreciation right or other equity-based award) and (B) the normal expiration date of such stock option, stock appreciation right or other equity-based award.

(d) Disability. If the Executive's employment is terminated by reason of Disability during the Employment Period, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination, and the Executive shall be entitled to any Other Benefits in accordance with their terms. In addition, the Restricted Stock Unit Award shall vest in accordance with Section 3(d)(ii) above. Any Prior Equity Awards shall vest immediately and/or become exercisable, as the case may be, and the Executive shall have the right to exercise any such stock option, stock appreciation right or other exercisable equity-based award until the earlier of (A) one year from the Date of Termination (or such longer period as may be provided under the terms of any such stock option, stock appreciation right or other equity-based award) and (B) the normal expiration date of such stock option, stock appreciation right or other equity-based award.

(e) Retirement. If the Executive's employment terminates at the expiration of the Employment Period (or at any earlier date at which the Executive elects to retire under any retirement plan maintained by the Company), the Executive shall be paid the Accrued Obligations in a lump sum in cash within 30 days of the Date of Termination and the Executive shall be entitled to any Other Benefits in accordance with their terms. Upon the Executive's retirement, unless the Board otherwise determines, there shall be no acceleration of vesting of any portion of the Restricted Stock Unit Award not yet earned.

6. Change in Control.

(a) Benefits Upon a Change in Control. Upon the occurrence of a Change in Control during the Employment Period, the Restricted Stock Unit Award shall continue in effect and vest (or be forfeited) in accordance with provisions of this Agreement as though no Change in Control had occurred, except that, as appropriate, the shares of Stock represented by the Restricted Stock Unit Award shall be treated the same as all other shares of Stock of CEI in any transaction constituting a Change in Control. The Executive's rights upon a termination of employment by the Company, by reason of death or Disability or by the Executive for Good Reason, which termination occurs following a Change in Control, shall be as specified in Section 5 generally for termination of employment, except (i) the amount payable under Section 5(a)(i)(B) shall be three times the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus; (ii) the amount payable under Section 5(a)(i)(C) shall be determined as if the Executive had remained employed for three additional years after the Date of Termination and (iii) the benefits under Section 5(a) (iv) shall be provided for three years after the Date of Termination and the Executive's eligibility (but not the time of commencement of such benefits) for retiree benefits pursuant to such plans, practices, programs and policies shall be determined as if the Executive had remained employed until three years after the Date of Termination and to have retired on the last day of such period.

(b) Definition. For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events after the date of this Agreement:

(i) any "person" (within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") is or becomes the beneficial owner within the meaning of Rule 13d-3 under the Exchange Act (a "Beneficial Owner"), directly or indirectly, of securities of CEI (not including in the securities beneficially owned by such person any securities acquired directly from CEI or its affiliates) representing 20% or more of the combined voting power of CEI's then outstanding securities, excluding any person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors of CEI then serving: individuals who, on the date of this Agreement, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of CEI) whose appointment or election by the Board or nomination for election by CEI's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) the shareholders of CEI approve or there is consummated a merger or consolidation of CEI or any direct or indirect wholly-owned subsidiary of CEI with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of CEI outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of CEI or any subsidiary of CEI, at least 65% of the combined voting power of the securities of CEI or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of CEI (or similar transaction) in which no person is or becomes the Beneficial Owner, directly or indirectly, of securities of CEI representing 20% or more of the combined voting power of CEI's then outstanding securities; or

(iv) the shareholders of CEI approve a plan of complete liquidation or dissolution of CEI or there is consummated an agreement for the sale or disposition by CEI of all or substantially all of CEI's assets, other than a sale or disposition by CEI of all or substantially all of CEI's assets to an entity, at least 75% of the combined voting power of the voting securities of which are owned by stockholders of CEI in substantially the same proportions as their ownership of CEI immediately prior to such sale.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of CEI immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of CEI immediately following such transaction or series of transactions.

7. Confidential Information; No Competition.

(a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all confidential information, knowledge or data (defined below) relating to the Company or any of its affiliates or subsidiaries, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). Upon termination of the Executive's employment, she shall return to the Company all Company information. After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it, except (x) otherwise publicly available information, or (y) as may be necessary to enforce her rights under this Agreement or necessary to defend herself against a claim asserted directly or indirectly by the Company or its affiliates. Unless and until a determination has been made in accordance with Section 7(d) or Section 9 hereof that the Executive has violated this Section 7, an asserted violation of the provisions of this Section 7 shall not constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

(b) As used herein, the term "confidential information, knowledge or data" means all trade secrets, proprietary and confidential business information belonging to, used by, or in the possession of the Company or any of its affiliates and subsidiaries, including but not limited to information, knowledge or data related to business strategies, plans and financial information, mergers, acquisitions or consolidations, purchase or sale of property, leasing, pricing, sales programs or tactics, actual or past sellers, purchasers, lessees, lessors or customers, those with whom the Company or its affiliates and subsidiaries has begun negotiations for new business, costs, employee compensation, marketing and development plans, inventions and technology, whether such confidential information, knowledge or data is oral, written or electronically recorded or stored, except information in the public domain, information known by the Executive prior to employment with CECONY, and information received by the Executive from sources other than the Company or its affiliates and subsidiaries, without obligation of confidentiality.

(c) The confidential knowledge, information and data, as defined in the previous paragraph, gained in the performance of the Executive's duties hereunder may be valuable to those who are now, or might become, competitors of the Company or its affiliates and subsidiaries. Accordingly, the Executive agrees that she will not, for the period of two years from Date of Termination, without the consent of the chief executive officer of the Company which shall not be unreasonably withheld, directly own, manage, operate, join, control, become employed by, consult to or participate in the ownership, management, or control of any business which is in direct competition with any business maintained by the Company and/or its affiliates and subsidiaries as of the Date of Termination. Further, the Executive agrees that, for two years following the Date of Termination, she will not, directly or indirectly, solicit or hire, or encourage the solicitation or hiring of any person who was a managerial or higher level employee of the Company at any time during the term of the Executive's employment by the Company by any employer other than the Company for any position as an employee, independent contractor, consultant or otherwise. The foregoing agreement of the Executive shall not apply to any person after 6 months have elapsed subsequent to the date on which such person's employment by the Company has terminated. In the case of any such prohibited activity, the Executive shall not be entitled to post-employment payments under this Agreement (including any unpaid installments of the Restricted Stock Unit Award), and the Executive shall return or repay to the Company a portion of any installments of the Restricted Stock Unit Award that have vested in accordance with Section 3(d) (ii) during the two year period immediately preceding such prohibited activity which is equal to the amount of such installments paid within such two year period times a fraction, the numerator of which is the number of months from the commencement of such activity to the date that is 24 months after the Date of Termination and the denominator of which is 24. This Section 7(c) shall be inapplicable upon a Change in Control.

(d) In the event of a breach by the Executive of any of the agreements set forth in Sections 7 (a), (b) or (c) above, it is agreed that the Company shall suffer irreparable harm for which money damages are not an adequate remedy, and that, in the event of such breach, the Company shall be entitled to obtain an order of a court of competent jurisdiction for equitable relief from such breach, including, but not limited to, temporary restraining orders and preliminary and/or permanent injunctions against the breach of such agreements by the Executive. In the event that the Company should initiate any legal action for the breach or enforcement of any of the provisions contained in this Section 7 and the Company does not prevail in such action, the Company shall promptly reimburse the Executive the full amount of any court costs, filing fees, attorney's fees which the Executive reasonably incurs in defending such action, and any loss of income during the period of such litigation.

8. Full Settlement.

(a) No Duty to Mitigate; No Reduction. Except as provided in Section 7(c), and except to the extent that a Court under Section 7(d) or an arbitrator appointed under Section 9 shall determine to permit an offset in respect of a violation by the Executive of her obligations under Section 7, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as specifically provided in Section 5(a)(iv) and Section 5(a)(vii) with respect to certain medical, prescription and dental benefits, such amounts shall not be reduced whether or not the Executive obtains other employment.

(b) Non-exclusivity of Rights. Except as provided in Section 7(c), nothing in the Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies for which the Executive may qualify, nor, subject to Section 12(g), shall anything in this Agreement limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Vested benefits and other amounts that the Executive is otherwise entitled to receive under the incentive compensation plans referred to in Section 3(c), the SERPs, or any other plan, policy, practice or program of, or any contract or agreement with, the Company or any of its affiliated companies on or after the Date of Termination shall be payable in accordance with the terms of each such plan, policy, practice, program, contract or agreement, as the case may be, except as explicitly modified by this Agreement.

9. Disputes.

Except with respect to equitable relief provided for in Section 7(d), any dispute about the validity, interpretation, effect or alleged violation of this Agreement shall be resolved by confidential binding arbitration to be held in New York, New York, in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereover. All costs and expenses incurred by the Company or the Executive or the Executive's beneficiaries in connection with any such controversy or dispute, including without limitation reasonable attorney's fees, shall be borne by the Company as incurred, except that the Executive shall be responsible for any such costs and expenses incurred in connection with any claim determined by the arbitrator(s) to have been without reasonable basis or to have been brought in bad faith. The Executive shall be entitled to interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code, on any delayed payment which the arbitrator(s) determine she was entitled to under this Agreement.

10. Successors.

(a) No Assignment by Executive. This Agreement is personal to the Executive and without the prior written consent of CEI shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be binding upon and enforceable by the Executive's legal representatives.

(b) Successors to CEI. This Agreement shall inure to the benefit of and be binding upon and enforceable by CEI and its successors and assigns.

(c) Performance by a Successor to CEI. CEI will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of CEI to assume expressly and agree to perform this Agreement in the same manner and to the same extent that CEI would be required to perform it if no such succession had taken place. As used in this Agreement, "CEI" shall mean CEI as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise, including New CEI which is to be established upon consummation of the merger with Northeast Utilities pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of January 11, 2000, among CEI, Northeast Utilities, CWB Holdings, Inc. and N Acquisition LLC if such transaction is consummated.

11. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 11) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 11(c), all determinations required to be made under this Section 11, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's independent auditors or such other certified public accounting firm as may be jointly designated by the Executive and the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 11, shall be paid by the Company to the Executive within 15 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 11(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which she gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 11(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 11(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 11(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 11(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

12. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements executed and performed entirely therein. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: 4 Irving Place
New York, NY 10003

If to the Company: 4 Irving Place
New York, NY 10003,
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Invalidity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any provision of this Agreement shall be held invalid or unenforceable in part, the remaining portion of such provision, together with all other provisions of this Agreement, shall remain valid and enforceable and continue in full force and effect to the fullest extent consistent with law.

(d) Tax Withholding. Notwithstanding any other provision of this Agreement, the Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) Failure to Assert Rights. Except as provided in Section 4(b)(ii) and 4(c)(ii), the Executive's or the Company's failure to insist upon strict compliance with any provisions of, or to assert any right under, this Agreement shall not be deemed to be a waiver of such provision or right or of any other provision of or right under this Agreement.

(f) No Alienation. The rights and benefits of the Executive under this Agreement may not be anticipated, assigned, alienated or subject to attachment, garnishment, levy, execution or other legal or equitable process except as required by law. Any attempt by the Executive to anticipate, alienate, assign, sell, transfer, pledge, encumber or charge the same shall be void. Payments hereunder shall not be considered assets of the Executive in the event of insolvency or bankruptcy.

(g) Entire Agreement. This Employment Agreement represents the complete agreement between the Executive and the Company relating to employment and termination and may not be altered or changed except by written agreement executed by the parties hereto or their respective successors or legal representatives. This Agreement supersedes all prior employment agreements and other understandings between the parties with respect to the subject matter herein except for the portions thereof which have been incorporated by reference in this Agreement.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, the Company have caused this Agreement to be executed as of the day and year first above written.

CONSOLIDATED EDISON, INC.

By: Eugene R. McGrath
Eugene R. McGrath
Chairman of the Board and
Chief Executive Officer

By: Joan S. Freilich
Joan S. Freilich

SEVERANCE PROGRAM FOR OFFICERS OF
CONSOLIDATED EDISON, INC. AND ITS SUBSIDIARIES

I. Purpose.

The purpose of this Severance Program for Officers of Consolidated Edison, Inc. and its Subsidiaries (the "Program") is to provide certain Participants with severance payments and benefits in the event of a "Termination of Employment", including additional severance payments and benefits in the event of a "Termination upon a Change of Control", each as hereinafter defined. The Program is not intended to meet the qualification requirements of Section 401 of the Code or to be an "employee pension benefit plan" as defined in ERISA. The Program is not intended to affect eligibility for or payment of any other compensation or benefits in accordance with the terms of any applicable plans or programs of the Company.

II. Definitions.

When used herein with initial capital letters, each of the following terms shall have the corresponding meaning set forth below unless a different meaning is plainly required by the context in which the term is used:

"Administrator" shall mean the Vice President, Human Resources of CECONY or such other person designated by the Committee.

"Affiliate" shall mean an "affiliate" as defined in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

"Base Compensation" for any Participant shall mean the Participant's annualized base rate of salary received by the Participant in all capacities with the Company (before any and all salary reduction authorized amounts under any of the Company's benefit plans or programs) as in effect immediately prior to the Effective Date as the same may be increased from time to time. "Base Compensation" shall not include the value of any target bonuses or other short term incentive compensation, stock options, stock appreciation rights, restricted stock, or restricted stock units granted to a Participant by the Company.

"Board" shall mean the Board of Directors of the Company.

"Cause" with respect to the Termination of Employment of a Participant shall mean (i) the conviction of the Participant of a felony or the entering by the Participant of a plea of nolo contendere to a felony, in either case having a significant adverse effect on the business and affairs of the Company, (ii) the willful and continued failure by the Participant to substantially perform his duties in the course of his employment with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Participant by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Participant has not substantially performed the Participant's duties; or (iii) the willful engaging by the Participant in illegal conduct or in gross misconduct which is materially and demonstrably injurious to the Company. No act or failure to act on the part of the Participant shall be considered "willful" unless it is done, or omitted to be done, by the Participant in bad faith or without reasonable belief that the Participant's action or omission was in the best interests of the Company. Any act or failure to act that is based upon authority given pursuant to a resolution fully adopted by the Board, or the advice of counsel for the Company, shall, for purposes of this Program, be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company. The Company expressly acknowledges that Cause will not exist merely because of a failure of the Company or its affiliates to meet budgeted results.

"CECONY" shall mean Consolidated Edison Company of New York, Inc., a New York corporation.

"Change of Control" shall mean the occurrence of any of the following events:

(i) any "person" (within the meaning of Section 13(d) of the Act) is or becomes the beneficial owner within the meaning of Rule 13d-3 under the Act (a "Beneficial Owner"), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, at least 65% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 20% or more of the combined voting power of the Company's then outstanding securities; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 75% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Executive Personnel and Pension Committee that has been established by the Board, or any subsequent committee of the Board that has primary responsibility for compensation policies. In the absence of such a committee, "Committee" shall mean the Board or any committee of the Board designated by the Board to perform the functions of the Committee under the Program.

"Company" includes, individually and/or collectively as the context requires, Consolidated Edison, Inc., Consolidated Edison Company of New York, Inc. and all other subsidiaries of the Company that have approved and adopted this Program pursuant to Article VIII, whether or not such entity directly compensates the Participant or the Participant appears on the payroll of such entity; provided, however, that, for purposes of the definition of a "Change of Control", "Company" shall mean Consolidated Edison, Inc. (or, following the Merger, New CEI).

"Disability" shall mean the inability of a Participant substantially to perform his or her duties and responsibilities to the full extent required by the Board, by reason of illness, injury or incapacity for six consecutive months, or for more than six months in the aggregate during any period of twelve calendar months.

"Effective Date" shall mean September 1, 2000.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Good Reason" shall mean:

(i) any (A) decrease in the Participant's Base Compensation, or (B) decrease in the Participant's Target Bonus (if any) or (C) material decrease in the benefits provided to the Participant as in effect immediately prior to the Effective Date, except, in each case, for across-the-board decreases uniformly affecting similarly situated employees of the Company or the business unit in which the Participant is then employed;

(ii) any failure by the Company to comply with any of the material provisions of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant;

(iii) the Company's requiring the Participant to be based at any office or location more than 50 miles from the location at which the Participant is employed immediately prior to the Change of Control;

(iv) any purported termination by the Company of the Participant's employment otherwise than as expressly permitted by this Program;

(v) any failure by the Company to comply with and satisfy Section IX F of this Program; or

(vi) the assignment to the Participant of any duties materially inconsistent in any respect with the Participant's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities of the Participant as in effect immediately prior to the Change of Control, or any other action by the Company which results in a significant diminution in such position, authority, duties or responsibilities, excluding, for this purpose, an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant.

"Merger" shall mean the consummation of the merger of the Company and Northeast Utilities pursuant to the Amended and Restated Agreement and Plan of Merger dated as of January 11, 2000.

"New CEI" shall, upon the Merger, mean Consolidated Edison, Inc.

"Notice of Termination" means a written notice given in accordance with Section IX E which (i) indicates the specific termination provision in this Program relied upon, (ii) briefly summarizes the facts and circumstances deemed to provide a basis for a Termination of Employment and the applicable provision hereof, and (iii) if the Termination Date is other than the date of receipt of such notice, specifies the Termination Date (which date shall not be more than 15 days after the giving of such notice).

"Participant" at any time shall mean each person who (a) (i) is an officer of CECONY or is then holding the office of president or higher level of each subsidiary of the Company and (ii) is designated by the Committee to be a participant under the Program, or (b) is an officer or key employee of New CEI or any of its direct or indirect subsidiaries who is designated by the chief executive officer of New CEI to be a participant under the Program; provided, however, that any individual who would otherwise be a participant shall not be eligible to receive any severance payments or benefits hereunder (x) unless such individual has signed a release agreement with the Company in the form of Annex 1 hereto or in such form as has been approved by the Administrator for this purpose from time to time prior to a Change of Control, or (y) if such individual is a party to a then effective separate written agreement with the Company which has been authorized or adopted by the Board or the Committee which expressly provides for severance payments or benefits (unless such agreement expressly provides for participation in this Program) or (z) if such individual is an employee of Northeast Utilities who is eligible to participate in a Northeast Utilities Severance plan or program prior to the termination of such plan or program.

"Target Bonus" shall mean the target bonus opportunity (if any) in effect for a Participant in respect of the calendar year in which the Participant's Termination of Employment occurs or, if no such target bonus opportunity has been established by the Company, the average of the two annual bonuses, if any, paid or awarded to the Participant in respect of the most recent two (2) calendar years immediately preceding the calendar year in which occurs the Participant's Termination Date or preceding the Change of Control, if higher.

"Termination Date" with respect to any Participant shall mean the date of any action by the Company constituting a Termination of Employment of such Participant.

"Termination of Employment" of a Participant shall mean (i) the involuntary termination of the Participant's actual employment relationship with the Company occasioned by the Company's action other than (w) an involuntary termination for Cause, (x) due to a Participant's Disability or death, (y) due to a sale, merger, acquisition or other transaction (1) in which the Participant is employed or is offered the opportunity to become employed by another employer in a position with the same or similar duties to the Participant's duties with the Company immediately prior to the termination of employment and without any decrease in the Participant's Base Compensation or Target Bonus or (2) accepts employment in any position with the new employer or (z) due to a Participant's retirement (voluntary at any time or mandatory at or after attainment of age 65) or (ii) a termination initiated by a Participant on or within 24 months following a Change of Control for Good Reason. The Company in its sole discretion shall determine whether a Participant's termination of employment is within the meaning of clauses (w), (x), (y) or (z) of subdivision (i).

"Termination upon a Change of Control" of a Participant shall mean a Termination of Employment upon or within 24 months following a Change of Control.

III. Benefits.

A. Benefits Following a Termination of Employment.

1. Before a Change of Control. Subject to a Participant executing a written release substantially in the form of Annex 1 hereto, if, prior to a Change of Control, the Participant shall incur a Termination of Employment:

a. the Company shall pay to the Participant in a lump sum in cash, within 15 days after the Date of Termination, the aggregate of the following amounts:

(1) the sum of (a) the Participant's Base Compensation through the Date of Termination to the extent not theretofore paid, (b) the product of (i) the sum of the Participant's Target Bonus, and (ii) a fraction, the numerator of which is the number of days in the calendar year in which the Date of Termination occurs through the Date of Termination, and the denominator of which is 365 and (c) any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (a), (b), and (c) shall be hereinafter referred to as the "Accrued Obligations"); and

(2) an amount equal to the excess of (a) the actuarial equivalent of the benefit under the Company's applicable qualified defined benefit retirement plan in which the Participant is participating immediately prior to his Date of Termination (the "Retirement Plan") (utilizing the rate used to determine lump sums and, to the extent applicable, other actuarial assumptions no less favorable to the Participant than those in effect under the Retirement Plan immediately prior to the Effective Date), any excess or supplemental nonqualified defined benefit retirement plan in which the Participant participates (together, the "SERP") and, to the extent applicable, any other defined benefit retirement arrangement between the Participant and the Company ("Other Pension Benefits") which the Participant would receive if the Participant's employment continued for one additional year beyond the Date of Termination, assuming for this purpose that all accrued benefits are fully vested, and, assuming that the Participant's compensation for such deemed additional period was the Participant's Base Compensation as in effect immediately prior to the Date of Termination and assuming a bonus in each year during such deemed additional period equal to the Target Bonus, over (b) the actuarial equivalent of the Participant's actual benefit (paid or payable), if any, under the Retirement Plan, the SERP and Other Pension Benefits as of the Date of Termination (utilizing the rate used to determine lump sums and, to the extent applicable, other actuarial assumptions no less favorable to the Participant than those in effect under the Retirement Plan immediately prior to the Effective Date); and

- b. the Company shall pay to the Participant in a lump sum in cash, within 30 days after the Date of Termination, an amount equal to one times the sum of the Participant's Base Compensation and Target Bonus;

- c. for a period of one year following the Date of Termination, the Company shall continue to provide medical, dental and Company-provided life insurance benefits to the Participant and/or the Participant's eligible dependents at least equal to those which would have been provided to them in accordance with the Company's plans, programs, practices and policies if the Participant's employment had not been terminated (at the same contribution rate between the Participant and the Company as is applicable for the Participant while actively employed immediately prior to the Date of Termination); provided, however, that if the Participant becomes employed by another employer and is eligible to receive medical or dental benefits under another employer provided plan, the medical and dental benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. Such period shall be counted as part of the Participant's right to continued eligibility under the Company's medical and dental plans under Section 4980B of the Code. For purposes of determining eligibility (but not the time of commencement of benefits) of the Participant for retiree benefits pursuant to such plans, practices, programs and policies, the Participant shall be considered to have remained employed until one year following the Date of Termination and to have terminated on the last day of such period;

- d. the Company shall, at its sole expense as incurred, provide the Participant with outplacement services suitable to the Participant's position for a period not to exceed one year with a nationally recognized outplacement firm;
- e. any compensation previously deferred (other than pursuant to a tax-qualified plan) by or on behalf of the Participant (together with any accrued interest or earnings thereon), whether or not then vested, shall become vested on the Date of Termination and shall be paid in accordance with the terms of the plan, policy or practice under which it was deferred;
- f. to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Participant any other amounts or benefits required to be paid or provided or which the Participant is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies, including earned but unpaid stock and similar compensation (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits"); and
- g. for purposes of the Company's stock option and other equity incentive plans and the options, benefits and rights granted to the Participant thereunder, the Participant shall be deemed to have terminated employment with the consent of the Company.

2. Following a Change of Control. Upon a Termination upon a Change of Control, the provisions of Section III.A.1. shall apply, except that references to "one" in clauses a.(2), b. and c., respectively, of Section III A.1. shall be increased to "two".

B. Certain Reduction of Payments.

1. Anything in this Program to the contrary notwithstanding, in the event that it shall be determined that any payment or distribution by the Company to or for the benefit of a Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Program or otherwise (the "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, and that such Participant would receive a greater net after-tax amount if the Payment to Participant were reduced to avoid the taxation of excess parachute payments under Section 4999 of the Code, the aggregate present value of amounts payable or distributable to or for the benefit of Participant pursuant to this Program (such payments or distributions pursuant to this Program are hereinafter referred to as "Program Payments") shall be reduced (but not below zero) to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Program Payments without causing any Payment to be subject to the taxation under Section 4999 of the Code. For purposes of this Section III B, present value shall be determined in accordance with Section 280G(d)(4) of the Code.

2. All determinations to be made under this Section III B shall be made by the Company's independent public accountant immediately prior to the Change of Control (the "Accounting Firm"), which firm shall provide its determinations and any supporting calculations both to the Company and the affected Participant within 10 days of the Termination Date of such Participant. Any such determination by the Accounting Firm shall be binding upon the Company and the Participant; provided, however, that Participant shall, in his or her sole discretion, determine whether, which and how much of the Program Payments shall be eliminated or reduced consistent with the requirements of this Section III B. Within five days after the Participant's determination, the Company shall pay (or cause to be paid) or distribute (or cause to be distributed) to or for the benefit of the Participant such amounts as are then due to the Participant under this Program.
3. As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Program Payments will have been made by the Company which should not have been made ("Overpayment") or that additional Program Payments which have not been made by the Company could have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. Within two years after the Termination of Employment of any Participant, the Accounting Firm shall review the determination made by it pursuant to subsection III B.2. above. In the event that the Accounting Firm determines that an overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to the Participant which the Participant shall repay to the Company together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code (the "Federal Rate"); provided, however, that no amount shall be payable by the Participant to the Company if and to the extent such payment would not increase the net amount which is payable to the Participant after taking into account the provisions of Section 4999 of the Code. In the event that the Accounting Firm determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Participant together with interest at the Federal Rate.
4. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in subsections III B.2. and III B.3. above shall be borne solely by the Company. The Company agrees to indemnify and hold harmless the Accounting Firm of and from any and all claims, damages and expenses resulting from or relating to its determinations pursuant to subsections III B.2. and III B.3. above, except for claims, damages or expenses resulting from the gross negligence or wilful misconduct of the Accounting Firm.

- C. Vesting. Except as provided in Article V hereof, a Participant shall be vested and shall have a nonforfeitable right with respect to the benefits to be provided hereunder from and after the Termination Date. The respective rights and obligations of the Company and the Participant under this Program shall survive any termination of Participant's employment to the extent necessary to the intended preservation of such rights and obligations.
- D. Non-Exclusivity of Rights. Nothing in this Program shall prevent or limit any Participant's continuing or future participation in or rights under any benefit, bonus, incentive or other plan or program provided by the Company and for which such Participant may qualify; provided, however, that if such Participant becomes entitled to and receives all of the payments provided for in this Program, the Participant hereby waives his or her right to receive payments under any other plan, program, agreement or arrangement of the Company providing severance benefits.
- E. Notice of Termination. No Termination upon a Change of Control shall be effective unless accompanied or preceded by a Notice of Termination.

IV. Confidential Information.

- A. Each Participant shall hold in a fiduciary capacity for the benefit of the Company all confidential information, knowledge or data (defined below) relating to the Company or any of its affiliates or subsidiaries, and their respective businesses, which shall have been obtained by the Participant during the Participant's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Participant or representatives of the Participant in violation of this Agreement). Upon termination of the Participant's employment, he or she shall return to the Company all Company information. After termination of the Participant's employment with the Company, the Participant shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it, except (a) otherwise publicly available information, or (b) as may be necessary to enforce his rights under this Agreement or necessary to defend himself against a claim asserted directly or indirectly by the Company or its affiliates.
- B. As used herein, the term "confidential information, knowledge or data" means all trade secrets, proprietary and confidential business information belonging to, used by, or in the possession of the Company or any of its affiliates and subsidiaries, including but not limited to information, knowledge or data related to business strategies, plans and financial information, mergers, acquisitions or consolidations, purchase or sale of property, leasing, pricing, sales programs or tactics, actual or past sellers, purchasers, lessees, lessors or customers, those with whom the Company or its affiliates and subsidiaries has begun negotiations for new business, costs, employee compensation, marketing and development plans, inventions and technology, whether such confidential information, knowledge or data is oral, written or electronically recorded or stored, except information in the public domain, information known by a Participant prior to employment with the Company, and information received by the Participant from sources other than the Company or its affiliates and subsidiaries, without obligation of confidentiality.

V. Funding.

Benefits payable under this Program shall be unfunded, as that term is used in Sections 201(2), 301(a)(3), 401(a)(1) and 4021(a)(6) of ERISA, with respect to unfunded plans maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees, and the Administrator shall administer this Program in a manner that will ensure that benefits are unfunded and that Participants will not be considered to have received a taxable economic benefit prior to the time at which benefits are actually payable hereunder. Accordingly, the Company shall not be required to segregate or earmark any of its assets for the benefit of Participants or their spouses or other beneficiaries, and each such person shall have only a contractual right against the Company for benefits hereunder. The Company may from time to time establish a trust and deposit with the trustee thereof funds to be held in trust for the payment of benefits hereunder; provided, that the use of such funds for such purpose shall be subject to the claims of the Company's general creditors as set forth in the agreement establishing any such trust. The rights and interests of a Participant under this Program shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge or encumbrance by a Participant or any person claiming under or through a Participant, nor shall they be subject to the debts, contracts, liabilities or torts of a Participant or anyone else prior to payment. The Administrator may from time to time appoint an investment manager or managers for the funds held in any such trust.

VI. Administration.

The Program shall be operated under the direction of the Committee and administered by the Administrator. The calculation of all benefits payable under the Program shall be performed by the Administrator, subject to the review of the Committee.

VII. Claims Procedure.

All claims for benefits under this Program shall be determined under the claims procedure in effect under the Company's tax-qualified defined benefit pension plan on the date that such claims are submitted, except that the Administrator shall make initial determinations with respect to claims hereunder and the Committee shall decide appeals of such determinations. In the event that any dispute under the provisions of this Program is not resolved to the satisfaction of the affected Participant, other than a dispute in which the primary relief sought is an equitable remedy such as an injunction, the parties shall be required to have the dispute, controversy or claim settled by arbitration in New York City, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Program or to award a remedy for a dispute involving this Program other than a benefit specifically provided under or by virtue of the Program. If a Participant prevails on any material issue which is the subject of any such arbitration or lawsuit, the Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any expenses relating to the conduct of the arbitration (including the Company's and the Participant's reasonable attorneys' fees and expenses). Otherwise, each party shall be responsible for its own expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses) and shall share the fees of the American Arbitration Association.

VIII. Adoption by Company: Obligations of Company.

- A. At the earliest feasible time or times, the Company shall cause each entity in which it now or hereafter holds, directly or indirectly, more than a 50 percent voting interest to approve and adopt this Program and, by such approval and adoption, to be bound by the terms hereof.
- B. Benefits under this Program shall, in the first instance, be paid and satisfied by the Company. If the Company shall be dissolved or for any other reason shall fail to pay and satisfy such benefits, each individual entity referred to in (a) above shall pay and satisfy its share of such benefits, such share to be the ratio of the Participant's Base Compensation charged to such entity during the three calendar years immediately preceding the Participant's Termination Upon a Change of Control to the total of the Participant's Base Compensation charged to all such entities during the same period.

IX. Miscellaneous.

- A. Amendment or Termination. Prior to the occurrence of a Change of Control, the Board may amend or discontinue this Program at any time. Prior to the occurrence of a Change in Control, the Administrator may amend the Program to facilitate the administration of the Program. Upon and following a Change of Control, this Program may not be amended or terminated in any way that would adversely affect the rights of Participants under the Program.

- B. Headings. Headings are included in the Program for convenience only and are not substantive provisions of the Program.
- C. Applicable Law. The interpretation of the provisions and the administration of the Program shall be governed by the laws of the State of New York without giving effect to any conflict of laws provisions, and to the extent applicable, the United States of America.
- D. Mitigation. No Participant shall be required to mitigate the amount of any payment or benefit provided for in this Program by seeking other employment or otherwise and there shall be no offset against amounts due any Participant under this Program on account of any remuneration attributable to any subsequent employment that may be obtained.
- E. Notices. All notices and other communications required or permitted under this Program or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered or mailed by registered or certified mail to the last known address of the Company or the Participant, as the case may be, reflected upon Company records. Notices to the Company shall be addressed to:
- Consolidated Edison, Inc.
4 Irving Place
New York, NY 10003
Attention: General Counsel
- F. Binding Effect; Successors and Assigns. All of the terms and provisions of this Program shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Participants under this Program are of a personal nature and shall not be assignable or delegatable in whole or in part by the Participants. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to the Participants, expressly to assume and agree to perform this Program in the same manner and to the extent the Company would be required to perform if no such succession had taken place.

- G. Severability. If any provision of this Program or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Program which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.
- H. Remedies Cumulative; No Waiver. No remedy conferred upon a party by this Program is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Program or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Program or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion.
- I. Beneficiaries/References. Each Participant shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable under this Program following his or her death by giving the Company written notice thereof. In the event of a Participant's death or a judicial determination of a Participant's incompetence, reference in this Program to "Participant" shall be deemed, where appropriate, to refer to such Participant's beneficiary, estate or other legal representative.
- J. Withholding. The Company may withhold from any payments under this Program all federal, state and local taxes as the Company is required to withhold pursuant to any law or governmental rule or regulation. Each Participant shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Program.

RELEASE AND WAIVER AGREEMENT

This Release and Waiver Agreement ("Agreement") is between Consolidated Edison, Inc. ("Company") and _____ ("Employee") and is being entered into by the Employee in consideration for the Company's providing the Employee with severance payments and benefits under the Severance Program for Officers of Consolidated Edison, Inc. (the "Program"). The parties hereto agree as follows:

1. Employee agrees to waive, release and discharge the Company and its subsidiaries and affiliates, and their respective legal representatives, successors and assigns, agents, past, present and future employees, directors, officers, shareholders and trustees, from any and all actions, causes of action, claims, cross-claims, third party claims, counterclaims, contribution claims, debts, demands, actions, promises, judgments, trespasses, extents, executions, awards, damages, liabilities of any kind or nature whatsoever, which Employee and his/her successors and assigns may have or have had against the Company or the above-referenced entities and individuals for all times in the past to the date that this Agreement is signed. This release and discharge is specifically understood to apply to, but is not limited to, claims for alleged oral, written or implied contract of employment, claims for salary or wages, severance payments, bonuses or other compensation of any kind, claims for libel, slander, defamation and attorneys' fees, claims of wrongful discharge, claims of discriminatory treatment based upon any one or combination of the factors of age, sex, race, religion, handicap, national origin and any and all other claims arising under federal, state or local law, whether such claims arise at common law (whether sounding in tort or contract) or by constitution, statute or ordinance, including, by way of illustration, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000(e) et seq., the Civil Rights Act of 1991, the federal Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, as amended, the Americans with Disabilities Act, the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. 621 et seq., the New York State Human Rights Law and the New York City Human Rights Law, each as amended from time to time; provided, however, that this waiver, release and discharge shall not apply to any compensation and benefits payable under the Program.

2. Employee acknowledges that he/she is entering into this Agreement voluntarily and of his/her own free will. Employee also agrees that this Agreement contains the parties' complete understanding and that there are no other agreements, oral or written, pertaining to the subject matter of this Agreement. Any amendment or modification of this Agreement must be made in writing and signed by both Employee and the Company.

3. The parties hereto agree that this Agreement shall be governed by and construed in accordance with the laws of the State of New York. The parties further agree that should any part or provision of this Agreement be held unenforceable or in conflict with controlling law, the validity of the remaining parts and provisions shall be unaffected.

4. The parties expressly agree that this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns.

5. Employee acknowledges that he/she was provided a copy of this Agreement on _____ and that he/she has until [21][45] days from such date to sign and return it to the Company. The Employee shall have seven days from the date on which he/she signs and returns this Agreement, to revoke said Agreement. It is agreed that this Agreement shall not become effective or enforceable until this seven-day revocation period has passed. Any such revocation within this period must be submitted in writing to the Company and signed by the Employee.

6. Employee acknowledges that he/she has been advised to consult with an attorney and other advisors of his/her choice prior to signing this Agreement and that his/her execution of this Agreement is made voluntarily and with a full understanding of its consequences and has not been coerced in any way.

IN WITNESS WHEREOF, the parties have executed this Agreement as of _____.

CONSOLIDATED EDISON, INC.

By _____

Employee

Amendment No. 11 to
EUGENE R. MCGRATH EMPLOYMENT AGREEMENT

WHEREAS, Eugene R. McGrath (the "Employee") and Consolidated Edison Company of New York, Inc. (the "Company") entered into an Employment Agreement effective September 1, 1990 (the "Agreement");

WHEREAS, the parties to the Agreement desire to amend the Agreement to increase the basic salary payable to the Employee; and

WHEREAS, paragraph 12 of the Agreement provides that the Agreement may be amended from time to time by a written instrument executed by the Company and the Employee;

NOW, THEREFORE, in consideration of the foregoing the parties hereto agree as follows:

1. The Agreement is amended, effective September 1, 2000, to increase the Employee's basic salary set forth in clause (i) of paragraph 3(a) of the Agreement from \$1,000,000 per annum to \$1,090,000 per annum, subject to all the terms and conditions set forth in the Agreement relating to the basic salary.

2. In all other respects, the Agreement remains in full force and effect as amended hereby.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer and its Corporate seal to be affixed hereto, and the Employee has hereto set his hand the day and year set forth below.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By: _____
Charles F. Soutar
Executive Vice President

Eugene R. McGrath

Dated: July 20, 2000

Attest:

Approved by the Board
the 20th day of July, 2000.

Archie M. Bankston
Secretary

AGREEMENT AND RELEASE

This Agreement and Release (hereinafter called the "Agreement") is made this 22nd day of August, 2000, by and between Consolidated Edison Company of New York, Inc. (hereinafter called the "Company") and J. Michael Evans (hereinafter called the "Executive").

WHEREAS, the Executive has served as a senior executive and a member of the Company's Corporate Policy Committee since joining the Company in September 1991, and most recently as President and Chief Operating Officer of the Company; and

WHEREAS, the Executive desires to retire from the Company and the Company desires to provide certain benefits to the Executive in connection with his retirement from the Company, on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and covenants and subject to the terms and conditions contained herein, the parties hereto agree as follows:

1. The Executive hereby voluntarily and irrevocably elects to retire from the Company and from his position as President and Chief Operating Officer of the Company effective September 1, 2000.

2. (a) The Company shall pay the Executive the amount of One million four hundred eighty-one thousand six hundred dollars (\$1,481,600) as follows: in a single lump sum within fifteen (15) days after this Agreement becomes effective in accordance with Paragraph 8

of this Agreement. Such amount shall not be included as part of the Executive's compensation for purposes of determining the benefits to which he is entitled under the Company's employee benefit plans, programs or arrangements. Such amount shall be due and payable notwithstanding any disability or incapacity of the Executive, and in the event of the death of the Executive shall be payable to his estate.

(b) During the period from September 1, 2000 until August 31, 2002 the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those and at the same contribution rates that would have been provided to them in accordance with the medical, prescription, dental, and life insurance plans of the Company if the Executive had not retired or, if more favorable to the Executive, as in effect generally at any time with respect to other peer executives of the Company and their families, provided, however, that if the Executive becomes re-employed with another employer and is eligible to receive such health benefits under another employer-provided plan, the health benefits described herein shall be secondary to those provided under such other plan during such two-year period. The Executive's right to continued eligibility under the Company's health care plans under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code"), shall commence at the end of such two-year period. At the end of such two-year period the Executive shall be eligible to participate in the health care coverage available to retired officers of the Company, including coverage available under the Company's Retiree Health Program for Management Employees, as such coverage is in effect from time to time, on the same terms and conditions as are applicable to retired officers of the Company.

(c) Pursuant to the employment agreement dated as of June 25, 1991 between the Company and the Executive, the Executive shall be given credit for the period from

July 1974 through August 1991 in addition to his actual years of service for purposes of calculating his pension benefits under the Company's Retirement Plan for Management Employees and Supplemental Retirement Income Plan (collectively, the "Pension Plans"). Upon termination of his employment the Executive shall elect an annuity form of payment under the Pension Plans. Payment of the Executive's benefits under the Pension Plans shall commence effective as of September 1, 2000.

(d) The Company hereby confirms to the Executive that termination of the Executive's employment with the Company by his retirement effective September 1, 2000 (i) shall vest, and not result in the forfeiture of, any mandatory deferred amounts to the Executive's credit under the Company's Executive Incentive Plan, and (ii) shall be considered to be retirement prior to age 65 under a Company pension plan with the consent of the Company for purposes of any outstanding options granted to the Executive under the Consolidated Edison, Inc. 1996 Stock Option Plan, as amended and restated February 24, 1998. The Executive hereby confirms his election that the mandatory deferred amounts to the Executive's credit under the Executive Incentive Plan shall be transferred to the Company's Deferred Income Plan immediately upon becoming vested, and shall be distributable to the Executive in accordance with his elections on file with the Company.

(e) The Company shall, at its sole expense as incurred, provide the Executive with outplacement services suitable to the Executive's position for a period of not to exceed two years with a nationally recognized outplacement firm.

(f) The Executive shall continue to be eligible to use the financial counseling services of Ayco & Company for the period of two years following his retirement, on

the same terms as provided from time to time to other peer executives or former peer executives of the Company.

3. (a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all confidential information, knowledge or data (defined below) relating to the Company or any of its affiliates or subsidiaries, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). Upon termination of the Executive's employment, he shall return to the Company all Company confidential information. After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it, except (x) otherwise publicly available information, or (y) as may be necessary to enforce his rights under this Agreement or necessary to defend himself against a claim asserted directly or indirectly by the Company or its affiliates. Unless and until a final determination not subject to appeal has been made in accordance with Paragraph 3(d) hereof that the Executive has violated this Paragraph 3, an asserted violation of the provisions of this Paragraph 3 shall not constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

(b) As used herein, the term "confidential information, knowledge or data" means all trade secrets, proprietary and confidential business information belonging to, used by, or in the possession of the Company or any of its affiliates and subsidiaries, including but not limited to information, knowledge or data related to business strategies, plans and financial

information, mergers, acquisitions or consolidations, purchase or sale of property, leasing, pricing, sales programs or tactics, actual or past sellers, purchasers, lessees, lessors or customers, those with whom the Company or its affiliates and subsidiaries has begun negotiations for new business, costs, employee compensation, marketing and development plans, inventions and technology, whether such confidential information, knowledge or data is oral, written or electronically recorded or stored, except information in the public domain, information known by the Executive prior to employment with the Company, and information received by the Executive from sources other than the Company or its affiliates and subsidiaries, without obligation of confidentiality.

(c) The confidential knowledge, information and data, as defined in the previous subdivision, gained in the performance of the Executive's duties hereunder may be valuable to those who are now, or might become, competitors of the Company or its affiliates and subsidiaries. Accordingly, the Executive agrees that he will not, without the approval of the Chief Executive Officer of the Company, which approval shall not be unreasonably withheld, for the period of two years from his termination of employment, directly own, manage, operate, join, control, become employed by, consult to or participate in the ownership, management, or control of any business which is in direct competition with any business maintained by the Company and/or its affiliates and subsidiaries as of the date of his termination of employment provided that the foregoing shall not restrict the Executive from participating as a passive investor owning not in excess of 5% of the equity of any such competing business. Further, the Executive agrees that, for two years following his termination of employment, he will not, directly or indirectly, solicit or hire, or encourage the solicitation or hiring of any person who was a managerial or higher level employee of the Company or any of its

affiliates or subsidiaries at any time during the term of the Executive's employment by the Company by any employer other than the Company or any of its affiliates and subsidiaries for any position as an employee, independent contractor, consultant or otherwise. The foregoing agreement of the Executive shall not apply to any person after 6 months have elapsed subsequent to the date on which such person's employment by the Company or any of its affiliates or subsidiaries has terminated.

(d) In the event of a breach by the Executive of any of the agreements set forth in Paragraphs 3(a), (b) or (c) above, it is agreed that the Company shall suffer irreparable harm for which money damages are not an adequate remedy, and that, in the event of such breach, the Company shall be entitled to obtain an order of a court of competent jurisdiction for equitable relief from such breach, including, but not limited to, temporary restraining orders and preliminary and/or permanent injunctions against the breach of such agreements by the Executive.

(e) If the Company shall institute any legal action against the Executive for breach of this Agreement and shall be unsuccessful in obtaining a final judgment of a court of competent jurisdiction not subject to appeal affirming such breach, the Company shall reimburse the Executive for the Executive's reasonable legal fees and costs incurred in defending such legal action.

4. Vested benefits and other amounts that the Executive is otherwise entitled to receive under the Company's incentive compensation plans, the Pension Plans or any other plan, policy, practice or program of, or any contract or agreement with, the Company on or after his termination of employment shall be payable in accordance with the terms of each such plan, policy, practice, program, contract or agreement, as the case may be, except as explicitly modified by this Agreement.

5. The Executive does hereby waive, release and discharge the Company, its parent corporation, subsidiaries, affiliates, successors and assigns and their respective directors, trustees, officers, agents, representatives, employees and employee benefit plans (hereinafter referred to collectively as the "Releasees"), both individually and in their official capacity, of and from any and all claims and causes of action of any kind, that he, his heirs, executors, administrators, agents or assigns ever had, now have or may have, whether known or unknown, with respect to, arising out of, or as a result of his employment or termination of his employment. This Agreement includes but is not limited to all claims or causes of action which might have been asserted under the federal, state or city laws prohibiting employment discrimination based on race, color, sex, religion, national origin, age, disability, sexual orientation, or marital status, including but not limited to the federal Age Discrimination in Employment Act, 29 U.S.C. 623, ET. SEQ.; the federal Equal Pay Act, 29 U.S.C. 206(d), ET. SEQ.; Title VII of the Civil Rights Act of 1964, 42 U.S.C. 2000 e, ET SEQ.; 42 U.S.C. 1981; the Civil Rights Act of 1991; the federal Fair Labor Standards Act; the New York State Human Rights Law; the New York City Human Rights Law; the Employee Retirement Income Security Act of 1974; the Americans with Disabilities Act; all as amended; claims for wrongful discharge, unjust dismissal, or constructive discharge; claims for breach of any alleged oral, written or implied contract of employment; claims for salary, severance payments, bonuses or other compensation of any kind; claims for libel, slander, defamation and attorneys' fees and any other claims under any contract or otherwise at common law or any other law, regulation or ordinance in any action, suit or administrative or other proceeding before any city, state or federal court or agency; provided, however, that this waiver, release and discharge shall not apply to any claim that may arise after this Agreement becomes effective, including any breach of this Agreement by the Company. This Agreement is intended to include in its effect, without limitation, all claims which have arisen and of which the

Executive knows or does not know, should have known, had reason to know or suspects to exist in his favor at the time this Agreement becomes effective, and this Agreement contemplates the extinguishment of any such claim or claims.

6. Neither the Executive nor any person, organization or any other entity acting on the Executive's behalf will file, charge, claim, sue or pursue, cause or permit to be filed, charged, claimed or pursued any charge, complaint, or other action, suit or proceeding for damages or other relief (including injunctive, declaratory, monetary relief, attorneys' fees or other) against the Releasees involving any matter occurring in the past up to the effective date of this Agreement, or involving any continuing effects of any actions or practices which arose prior to the effective date of this Agreement. Notwithstanding the foregoing, nothing in this Agreement is intended to prohibit the Executive from filing, or impose any condition, penalty or other limitation adversely affecting the Executive's right to file, a charge or complaint, including a challenge to the validity of the waiver included in this Agreement, with the federal Equal Employment Opportunity Commission ("EEOC"), or to participate in any investigation or proceeding conducted by the EEOC.

7. The Executive understands that he has until September 22, 2000, which is a period of more than twenty-one days, to consider this Agreement and that he may choose to execute this Agreement before the expiration of the twenty-one day period. In the event the Executive fails to execute and deliver this Agreement to the Company's Vice President-Human Resources by such date, this Agreement shall not take effect and shall be null and void. The Executive represents that he has carefully read and fully understands the provisions and effects of this Agreement, that he has had the opportunity to discuss all aspects of this Agreement thoroughly with his attorney, that he is voluntarily entering into this Agreement, and that neither

the Company nor its trustees, officers, employees, agents, representatives or employee benefit plans made any representations concerning the terms or effects of this Agreement other than those contained herein. The Company hereby advises the Executive to consult with an attorney prior to executing this Agreement, and the Company shall reimburse the Executive for his reasonable attorneys fees and costs not exceeding \$4,500 incurred by the Executive in connection with review of this Agreement. The Executive agrees that he will not disclose the terms, amounts, fact or circumstances of this Agreement except to members of his family, his attorney or his accountant or other financial advisor and except as required by law.

8. The Executive acknowledges that this Agreement includes a waiver of rights or claims under the federal Age Discrimination in Employment Act, 29 U.S.C. 623 ET SEQ., as amended by the Older Workers Benefit Protection Act, Pub. L. 101-433, in consideration of the benefits that are to be provided to him by the Company under this Agreement, which are in addition to anything of value to which the Executive is otherwise entitled. The Executive further acknowledges that he has been advised in writing to consult with an attorney prior to executing this Agreement. For the period of seven days after the Executive executes and delivers this Agreement the Executive may revoke this Agreement by delivering written notice of revocation to the Company to the attention of its Vice President-Human Resources. The revocation shall be effective upon receipt of the notice by the Vice President- Human Resources. In the event of such revocation this Agreement shall become null and void and of no force and effect. In the absence of a revocation this Agreement shall become effective upon the opening of business on the first day following the expiration of the revocation period.

9. Neither the Executive nor any other person that may be entitled to any payment hereunder shall have the power to transfer, assign, anticipate, mortgage or otherwise encumber

any right to receive a payment hereunder in advance of such payment, and any attempted transfer, assignment, anticipation, mortgage or encumbrance shall be void.

10. The Company shall not be required to segregate any funds representing any amounts payable under this Agreement, and nothing in this Agreement shall be construed as providing for such segregation. In addition, the Company shall not be deemed to be a trustee or a fiduciary for the Executive of any such amounts, and the liabilities of the Company to the Executive in respect of such amounts shall be those of a debtor pursuant to such contract obligations as are created by this Agreement, and no such liabilities of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. The amounts payable under this Agreement, other than amounts payable under the Company's Retirement Plan for Management Employees, shall be payable out of the general assets of the Company.

11. The Company may withhold from any amount payable under this Agreement such federal, state or local taxes as it may determine to be required to be withheld pursuant to any applicable law or regulation.

12. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be unenforceable in any respect under the laws of any state or of the United States of America, such unenforceability shall not affect any other provisions of this Agreement, but, with respect only to that jurisdiction holding the provision to be unenforceable, this Agreement shall then be construed as if such unenforceable provision or provisions had never been contained in this Agreement, such that the remaining provisions shall, to the extent

possible, be carried into effect, taking into account the general purpose and spirit of this Agreement.

13. This Agreement sets forth the parties' full understanding pertaining to the subject matter hereof, and fully supersedes any and all prior agreements or understanding between the parties pertaining to such matter.

14. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements executed and performed entirely therein. This Agreement may not be amended or modified otherwise than by written agreement executed by the parties hereto or their respective successors or legal representatives.

PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. THE EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT, UNDERSTANDS IT AND IS VOLUNTARILY ENTERING INTO IT.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

By

Richard P. Cowie
Vice President-
Human Resources

J. Michael Evans

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On the 22nd day of August, 2000, before me personally came J. Michael Evans to me known to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed the instrument.

Notary Public

CONSOLIDATED EDISON, INC.

RATIO OF EARNINGS TO FIXED CHARGES

TWELVE MONTHS ENDED
(Thousands of Dollars)

	SEPTEMBER 2000	SEPTEMBER 1999
	-----	-----
Earnings		
Net Income for Common Stock	\$658,316	\$710,883
Preferred Dividends	13,593	13,593
Federal Income Tax	294,548	432,052
	-----	-----
Total Earnings Before Federal Income Tax	966,457	1,156,528
Fixed Charges*	411,362	348,021
	-----	-----
Total Earnings Before Federal Income Tax and Fixed Charges	\$1,377,819	\$1,504,549
	=====	=====
* Fixed Charges		
Interest on Long-Term Debt	\$336,842	\$298,281
Amortization of Debt Discount, Premium and Expense	12,762	13,687
Interest on Component of Rentals	17,579	18,213
Other Interest	44,179	17,840
	-----	-----
Total Fixed Charges	\$411,362	\$348,021
	=====	=====
Ratio of Earnings to Fixed Charges	3.35	4.32

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

RATIO OF EARNINGS TO FIXED CHARGES

TWELVE MONTHS ENDED
(Thousands of Dollars)

	SEPTEMBER 2000	SEPTEMBER 1999
	-----	-----
Earnings		
Net Income	\$656,844	\$718,914
Federal Income Tax	280,285	426,820
	-----	-----
Total Earnings Before Federal Income Tax	937,129	1,145,734
Fixed Charges*	376,241	338,989
	-----	-----
Total Earnings Before Federal Income Tax and Fixed Charges	\$1,313,370	\$1,484,723
	=====	=====
 * Fixed Charges		
Interest on Long-Term Debt	\$306,898	\$291,252
Amortization of Debt Discount, Premium and Expense	12,762	13,687
Interest on Component of Rentals	17,579	18,213
Other Interest	39,002	15,837
	-----	-----
Total Fixed Charges	\$376,241	\$338,989
	=====	=====
 Ratio of Earnings to Fixed Charges	3.49	4.38

ORANGE AND ROCKLAND UTILITIES, INC. AND SUBSIDIARIES

RATIO OF EARNINGS TO FIXED CHARGES

Twelve Months Ended
(Thousands of Dollars)

	SEPTEMBER 2000	SEPTEMBER 1999
	-----	-----
Earnings		
Net Income	\$36,579	\$20,409
Federal Income Tax	9,410	45,233
State Income Tax	2,461	2,317
	-----	-----
Total Earnings Before Federal and State Income Tax	48,450	67,959
Fixed Charges*	33,475	39,015
	-----	-----
Total Earnings Before Federal and State Income Tax and Fixed Charges	\$81,925	\$106,974
	=====	=====
* Fixed Charges		
Interest on Long-Term Debt	\$23,276	\$25,477
Amortization of Debt Discount, Premium and Expense	1,112	1,191
Interest Component on lease Payment	5,918	5,442
Other Interest	3,169	6,905
	-----	-----
Total Fixed Charges	\$33,475	\$39,015
	=====	=====
Ratio of Earnings to Fixed Charges	2.45	2.74

UT

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED BALANCE SHEET, INCOME STATEMENT AND STATEMENT OF CASH FLOWS FOR CONSOLIDATED EDISON, INC. AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND THE NOTES THERETO.

0001047862
CONSOLIDATED EDISON, INC.
1,000

9-MOS	DEC-31-2000	SEP-30-2000	PER-BOOK
11,914,540			
550,315			
1,817,516			
2,225,579			
		0	
	16,507,950		
		588,720	
857,742			
5,111,002			
5,542,724			
	37,050		
		212,563	
	5,222,309		
		0	
	0		
243,004			
158,910			
	0		
32,283			
		2,720	
5,056,387			
16,507,950			
7,181,265			
	265,141		
6,077,213			
6,342,354			
	838,911		
		8,907	
847,818			
	300,871		
		546,947	
10,194			
536,753			
	346,754		
266,370			
	747,287		
		2.53	
		2.53	

UT

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED BALANCE SHEET, INCOME STATEMENT AND STATEMENT OF CASH FLOWS FOR CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND THE NOTES THERETO.

0000023632

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

1,000

9-MOS	DEC-31-2000	SEP-30-2000	PER-BOOK
10,902,056			
359,957			
1,524,458			
1,573,592			
		0	
	14,360,063		
		588,720	
857,737			
4,056,978			
4,541,343			
	37,050		
		212,563	
	4,716,901		
		0	
	0		
164,969			
150,000			
	0		
32,184			
		2,720	
4,502,333			
14,360,063			
6,107,202			
	251,184		
5,061,785			
5,312,969			
	794,233		
		5,956	
800,189			
	274,256		
		525,933	
10,194			
515,739			
	346,754		
	243,532		
	713,288		
		0	
		0	

UT

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED BALANCE SHEET, INCOME STATEMENT AND STATEMENT OF CASH FLOWS FOR ORANGE AND ROCKLAND UTILITIES, INC. AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENT AND THE NOTES THERETO.

0000074778

ORANGE AND ROCKLAND UTILITIES, INC.

1,000

9-MOS	DEC-31-1999	SEP-30-2000	PER-BOOK
	708,278		
	3,258		
	185,033		
	191,115		
		0	
		1,087,684	
			5
	194,499		
		142,156	
336,660		0	
			0
		335,628	
		0	
	0		
	0		
	0		
	0		
		0	
415,396			
1,087,684			
	522,471		
		14,035	
	460,710		
	474,745		
		47,726	
		3,709	
51,435			
	19,070		
		32,365	
	0		
32,365			
		0	
	17,286		
		46,997	
			0
			0