FORM 10-K

Securities and Exchange Commission
Washington, D.C. 20549

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended DECEMBER 31, 1996

OR

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

For the transition period from ____________ to ____________

Commission file number 1-1217

Consolidated Edison Company of New York, Inc.
(Exact name of registrant as specified in its charter)

New York 13-5009340
(State of Incorporation) (I.R.S. Employer Identification No.)

4 Irving Place, New York, New York 10003
(Address of principal executive offices) (Zip Code)

Registrant's telephone number: (212) 460-4600

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Consolidated Edison Company of New York, Inc.,	
7 3/4% Quarterly Income Capital Securities (Series A Subordinated Deferrable Interest Debentures)	New York Stock Exchange
$5 Cumulative Preferred Stock, without par value	New York Stock Exchange
Cumulative Preferred Stock, 4.65% Series C ($100 par value)	New York Stock Exchange
Cumulative Preference Stock, 6% Convertible Series B ($100 par value)	New York Stock Exchange
Common Stock ($2.50 par value)	New York, Chicago and Pacific Stock Exchanges
Kings County Electric Light and Power Company,	
Purchase Money, 6%, 99 Years Gold Bonds, due due October 1, 1997 (non-callable)	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:

Title of each class

Consolidated Edison Company of New York, Inc., Cumulative Preferred Stock, 4.65% Series D ($100 par value)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in the definitive proxy statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant, as of January 31, 1997, was $7,414,319,109. Excluded from this

figure is $1,862,666 representing the market value of 60,086 shares of Common Stock held by the registrant's Trustees (directors). The registrant's Trustees are the only stockholders of the registrant, known to the registrant, who might be deemed "affiliates" of the registrant.

As of February 28, 1997, the registrant had outstanding 235,004,373 shares of Common Stock.

Documents Incorporated By Reference

Portions of the registrant's Proxy Statement for its 1997 Annual Meeting of Stockholders, to be filed with the Commission pursuant to Regulation 14A not later than 120 days after December 31, 1996, the close of the registrant's fiscal year, are incorporated in Part III of this report.

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*Incorporated by reference from the Company's definitive proxy statement for its Annual Meeting of Stockholders to be held on May 19, 1997.

PART I

ITEM 1. BUSINESS

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THE COMPANY

Consolidated Edison Company of New York, Inc. (the Company), incorporated in New York State in 1884, supplies electric service in all of New York City (except part of Queens) and most of Westchester County, an approximately 660 square mile service area with a population of more than 8 million. It also supplies gas in Manhattan, The Bronx and parts of Queens and Westchester, and steam in part of Manhattan. State and municipal customers within the Company's service territory receive electric service from the New York Power Authority (NYPA) through the Company's facilities.

The New York State Public Service Commission (PSC), by order issued and effective May 20, 1996 in its "Competitive Opportunities" proceeding, endorsed a fundamental restructuring of the electric utility industry in New York State, based on competition in the generation and energy services sectors of the industry. On March 13, 1997, Con Edison and the PSC staff entered into a settlement agreement with respect to this proceeding. The settlement agreement is subject to PSC approval. For information about the settlement agreement and changes to the Company's business, see "Liquidity and Capital Resources Competition and Restructuring and PSC Settlement Agreement " in Item 7 and "Competitive Businesses," below.

This report includes forward-looking statements, which are statements of future expectation and not facts. Words such as "estimates," "expects," "anticipates," "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, changes in economic conditions, changes in historical weather patterns, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments and other presently unknown or unforeseen factors.

INDUSTRY SEGMENTS

In 1996, electric, gas and steam operating revenues were 79.6 percent, 14.6 percent and 5.8 percent, respectively, of the Company's operating revenues. For information on operating revenues, expenses and income for the years ended December 31, 1996, 1995 and 1994, and assets at those dates, relating to the Company's electric, gas and steam operations, see Note J to the financial statements in Item 8. For information about changes to the Company's business, see "Liquidity and Capital Resources - Competition and Restructuring and PSC Settlement Agreement" in Item 7 and "Competitive Businesses," below.

ELECTRIC OPERATIONS

ELECTRIC SALES. Electric operating revenues were $5.6 billion in 1996 or 79.6 percent of total Company operating revenues. The percentages were 82.5 and 80.6, respectively, in the two preceding years. Electricity sales in the Company's service area in 1996, including usage by customers served by NYPA and the New York City and Westchester County municipal electric agencies, but excluding off-system sales, increased 0.8 percent from 1995, after increasing 0.7 percent and 2.0 percent, respectively, in the two preceding years. After adjusting for variations, principally weather and billing days, electricity sales volume increased 0.9 percent in 1996, 1.2 percent in 1995 and 1.5 percent in 1994. Weather-adjusted sales represent the Company's estimate of the sales that would have been made if historical average weather conditions had occurred.

In 1996, 79.8 percent of the electricity delivered in the Company's service area was sold by the Company to its customers, and the balance was delivered to customers of NYPA and municipal electric agencies. Of the Company's sales, 29.2 percent was to residential customers, 66.9 percent was to commercial customers, 2.2 percent was to industrial customers and the balance was to railroads and public authorities.

For further information about amounts of electric energy sold, see "Operating Statistics," below. For information about the Company's current electric rate agreement, see "Liquidity and Capital Resources - 1995 Electric Rate Agreement" in Item 7. For information about changes that will permit the Company's customers to choose alternative energy suppliers, see "Liquidity and Capital Resources - Competition and Restructuring and PSC Settlement Agreement" in Item 7.

ELECTRIC SUPPLY. The Company either generates the electric energy it sells, purchases the energy from other utilities or non-utility generators (NUGs, sometimes referred to as independent power producers or IPPs) pursuant to long-term firm power contracts or purchases non-firm economy energy.

The sources of electric energy generated and purchased during the years 1992-1996 are shown below:

	1992	1993	1994	1995	1996
Generated:					
Fossil-Fueled*	42.3%	35.5%	30.9%	30.1%	22.7%
Nuclear (Indian Point 2) .	20.4%	14.8%	18.4%	10.8%	17.7%
Total Generated	62.7%	50.3%	49.3%	40.9%	40.4%
Firm Purchases:					
NYPA	4.8%	6.0%	1.3%	1.3%	2.0%
Hydro-Quebec	2.9%	4.3%	4.8%	5.8%	6.0%
Non-Utility Generators ...	8.9%	11.9%	12.9%	29.9%	29.5%
Other Purchases*	20.7%	27.5%	31.7%	22.1%	22.1%
Total Purchased	37.3%	49.7%	50.7%	59.1%	59.6%
Generated & Purchased	100%	100%	100%	100%	100%

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* For 1996 and 1995, includes electricity generated for others. See "Gas Conversions" and "Operating Statistics", below.

For further information about amounts of electric energy generated and purchased, see "Operating Statistics", below. For information about the Company's generating facilities, see "Electric Facilities - Generating Facilities" in Item 2. For information about divestiture of the Company's generating capacity, see "Liquidity and Capital Resources - PSC Settlement Agreement" in Item 7. For information about the Company's purchases of electric energy, see "NYPA", "Hydro-Quebec", "Non-Utility Generators", "New York Power Pool" and "Gas Conversions", below.

ELECTRIC PEAK LOAD AND CAPACITY. The electric peak load in the Company's service area occurs during the summer air conditioning season. The 1996 one-hour peak load in the Company's service area (which occurred on July 18, 1996) was 9,788 thousand kilowatts (MW). The record peak load for the service area, which occurred on August 2, 1995 was 10,805 MW. The 1996 peak load included an estimated 8,158 MW for the Company's customers and 1,630 MW for NYPA's customers and municipal electric agency customers. The 1996 peak, if adjusted to historical design weather conditions, would have been 10,950 MW, 100 MW higher than the peak in 1995 when similarly adjusted. The Company estimates that, under design weather conditions, the 1997 service peak load would be 11,050 MW, including 9,300 MW for the Company's customers. "Design weather" for the electric system is a standard to which the actual peak load is adjusted for evaluation.

The capacity resources available to the Company's service area at the time of the system peak in the summer of 1996 totaled (before outages) 13,635 MW, of which 10,362 MW represented net available generating capacity (including the capacity of NYPA's Poletti and Indian Point 3 units) and 3,273 MW represented net firm purchases by the Company and NYPA. The Company expects to have sufficient electric capacity available to meet the requirements of its customers in 1997. For information about the Company's capacity reserve margin, see "New York Power Pool", below.

For information about the Company's generating, transmission and distribution facilities, see "Electric Facilities" in Item 2. For information about divestiture of the Company's generating capacity, see "Liquidity and Capital Resources - PSC Settlement Agreement" in Item 7. For information about the Company's plans to meet its requirements for electric capacity, see "Liquidity and Capital Resources - Electric Capacity Resources" in Item 7.

NYPA. NYPA supplies its customers in the Company's service area with electricity from its Poletti fossil-fueled unit in Queens, New York, its Indian Point 3 nuclear unit in Westchester County and other NYPA sources. Electricity is delivered to these NYPA customers through the Company's transmission and distribution facilities, and NYPA pays a delivery charge to the Company. NYPA is contractually obligated to the Company to provide the capacity needed to meet the present and future electricity requirements of its customers, except that upon 17 years' prior notice to the Company, NYPA may elect not to provide for future growth of its customers' requirements.

The Company purchases portions of the output of Poletti and Indian Point 3 on a firm basis. The Company also purchases firm capacity from NYPA's Blenheim-Gilboa pumped-storage generating facility in upstate New York. The Company and NYPA also sell to each other energy on a non-firm basis.

HYDRO-QUEBEC. The Company has an agreement with NYPA to purchase, through a contract between NYPA and Hydro-Quebec (a government-owned Canadian electric utility), 780 MW of capacity and associated kilowatt-hours of energy each year during the months of April through October until October 31, 1998. The amount and price of a "basic amount" of energy the Company is entitled to purchase each year are subject to negotiation with Hydro-Quebec and approval by the National Energy Board of Canada, a Canadian regulatory agency. However, the capacity commitment is firm and the Company may draw upon the capacity in accordance with the contract even if the energy received by the Company exceeds the basic amount, provided the Company returns the excess energy to Hydro-Quebec during the following November-through-March period. Subject to regulatory approvals, this contract has been extended to cover purchases by the Company of 400 MW of power during the April-through-October periods of 1999 through 2003.

NON-UTILITY GENERATORS. Federal and state regulations encourage competition in the market for generation of electric power. These laws generally require electric utilities to purchase electric power from and sell electric power to qualifying NUGs. The Federal Energy Regulatory Commission (FERC) has issued rules requiring utilities to purchase electricity from qualifying facilities at a price equal to the purchasing utility's "avoided cost." For information about the Company's contracts with NUGs, see "Liquidity and Capital Resources - Electric Capacity Resources and Competition and Restructuring and PSC Settlement Agreement" in Item 7 and Note G to the financial statements in Item 8.

NEW YORK POWER POOL. The Company and the other major electric utilities in New York State, including NYPA, are members of the New York Power Pool. The primary purpose of the Power Pool is to coordinate planning and operations so as to better assure the reliability of the State's interconnected electric systems. As a member of the Power Pool, the Company is required to maintain its capacity resources (net generating capacity and net firm purchases) at a minimum reserve margin of 18% above its peak load, and to pay penalties if it fails to maintain the required level. The Company met the reserve requirement in 1996 and expects to meet it in 1997. For information about a plan to restructure the wholesale electric market in New York State, see "Liquidity and Capital Resources Competition and Restructuring" in Item 7.

MUNICIPAL ELECTRIC AGENCIES. Westchester County and New York City maintain municipal electric agencies to purchase electric energy, including hydroelectric energy from NYPA. The Company has entered into agreements with the County and City agencies whereby the Company is delivering interruptible hydroelectric energy from NYPA's Niagara and St. Lawrence projects to electric customers designated by the agencies. These agreements may be terminated by either party upon either one year's prior notice or, in certain circumstances, upon 10 days' notice. A similar agreement, covering energy from NYPA's Fitzpatrick nuclear plant, provides for termination in 2010. For information on the amount of energy delivered, see "Operating Statistics," below.

GAS CONVERSIONS. In 1996, the Company, for a fee, generated 1,672,603 MWhrs of electric energy (3.8 percent of the electric energy generated and purchased by the Company) for others using as fuel gas that they provided, and subsequently purchased 1,553,764 MWhrs of such electric energy for sale to the Company's customers. In 1995, 3,159,047 MWhrs were so generated (7.0 percent of the electric energy generated and purchased by the Company), of which 2,666,837 MWhrs were subsequently purchased by the Company.

GAS OPERATIONS

GAS SALES. Gas operating revenues in 1996 were $1.0 billion or 14.6 percent of total Company operating revenues. The percentages were 12.4 and 14.0, respectively, in the two preceding years. Gas sales volume to firm customers increased 8.9 percent in 1996 from the 1995 level. After adjusting for variations, principally weather, firm gas sales volume to these customers increased 1.9 percent. Including sales to interruptible and off-system customers, actual sales volume increased 19.0 percent in 1996.

The Company sells gas to its firm gas customers at the Company's cost. The Company shares with its firm gas customers net revenues (operating revenues less the cost of gas purchased for resale) from interruptible gas sales, off-system sales and other "non-core" transactions. Regardless of whether the Company or another supplier sells the gas to customers in the Company's service area, the gas is distributed to the customers through the Company's system of distribution mains and service lines. The customers pay the Company a fee (reflecting the Company's costs and a rate of return on the Company's investment in its gas system) for distributing the gas. For information about the Company's current gas rate agreement see "Liquidity and Capital Resources - Gas and Steam Rate Agreements" in Item 7. For Information about the Company's gas facilities, see "Gas Facilities" in Item 2.

All of the Company's gas customers, either individually (at least 3,500 dekatherms per annum) or by aggregating their demand with other customers (at least 5,000 dekatherms per annum), became eligible in 1996 to purchase gas directly from suppliers other than the Company. In 1996, 100 large-volume customers, with a total usage of approximately 20,000,000 dekatherms per annum, had contracts enabling them to purchase gas from other suppliers. The Company sold to these customers 75 percent of the gas used by them. By the end of 1996, 12 smaller firm gas customers, with a total annual usage of approximately 17,200 dekatherms per annum, had aggregated their demand. All of the gas used by these smaller customers in 1997 is expected to be supplied by gas marketers unaffiliated with the Company.

The Company enters into off-system sales transactions such as releases of pipeline capacity and bundled sales of gas and ancillary services. Net revenues from these transactions were $15.1 million in 1996, compared to $2.5 million in 1995.

For information on the quantities of gas sold, transported for others and used by the Company as boiler fuel to generate electricity and steam, see "Operating Statistics" and "Fuel Supply," below.

GAS REQUIREMENTS. Firm demand for gas in the Company's service area peaks during the winter heating season. The design criteria for the Company's gas system assume severe weather conditions that have not occurred in the Company's service area since 1934. Under these criteria, the Company estimates that the requirements to supply its firm gas customers, together with the minimum amount essential for its electric and steam systems, would amount to 71,400 thousand dekatherms (mdth) of gas during the 1996/97 winter heating season and that gas available to the Company would amount to 92,300 mdth. For the 1997/98 winter, the Company estimates that the requirements would amount to approximately 72,200 mdth and that the gas available to the Company would amount to approximately 92,300 mdth. As of March 15, 1997, the 1996/97 winter peak day sendout to the Company's customers was 798 mdth, which occurred on January 18, 1997. The Company estimates that, under the design criteria, the peak day requirements for firm customers during the 1997/98 winter season would amount to approximately 862 mdth and expects that it would have sufficient gas available to meet these requirements.

GAS SUPPLY. The Company has contracts for the purchase of firm transportation and storage services with seven interstate pipeline companies. The Company also has contracts with sixteen pipeline and non-pipeline suppliers for the firm purchase of natural gas. The Company also has interruptible gas purchase contracts with numerous suppliers and interruptible gas transportation contracts with interstate pipelines. The Company expects to have sufficient gas supply to meet the requirements of its customers in 1997.

STEAM OPERATIONS

STEAM SALES. The Company sells steam in Manhattan south of 96th Street, mostly to large office buildings, apartment houses and hospitals. In 1996, steam operating revenues were $405 million or 5.8 percent of total Company operating revenues. The percentages were 5.1 and 5.4, respectively, in the two preceding years. Steam sales volume increased 1.9 percent in 1996 from the 1995 level. After adjusting for variations, principally weather, steam sales decreased 0.1 percent. For information about the Company's current steam rate agreement, see "Liquidity and Capital Resources - Gas and Steam Rate Agreements" in Item 7.

STEAM SUPPLY. 47.3 percent of the steam sold by the Company in 1996 was produced in the Company's electric generating stations, where it is first used to generate electricity. 2.2 percent of the steam sold by the Company in 1996 was purchased from a NUG. The remainder was produced in the Company's steam-only generating units. For information about the Company's steam facilities, see "Steam Facilities" in Item 2.

STEAM PEAK LOAD AND CAPABILITY. Demand for steam in the Company's service area peaks during the winter heating season. The one-hour peak load during the winter of 1996/97 (through March 15, 1997) occurred on January 13, 1997 when the load reached 10.0 million pounds. The Company estimates that for the winter of 1997/98 the peak demand of its steam customers would be approximately 12.2 million pounds per hour under design criteria, which assume severe weather.

On December 31, 1996, the steam system had the capability of delivering about 14.2 million pounds of steam per hour. This figure does not reflect the unavailability or reduced capacity of generating facilities resulting from repair or maintenance. The Company estimates that, on a comparable basis, the system will have the capability to deliver approximately 13.1 million pounds of steam per hour in the 1997/98 winter.

COMPETITIVE BUSINESSES AND COMPETITION

For information about competition in the electricity and gas industries and additional information about the Company's plans to engage in competitive businesses, see "Liquidity and Capital Resources - Electric Capacity Resources, Competition and Industry Restructuring and PSC Settlement Agreement" in Item 7 and "Gas Operations - Gas Sales," above.

ProMark Energy, Inc. and Gramercy Development, Inc, each a wholly-owned subsidiary of the Company, engage in competitive businesses.

ProMark was formed in 1993 to market gas and related services. In 1996, the PSC eliminated its restriction which had prohibited ProMark from marketing gas within the Company's gas service area. In March 1997, the PSC authorized an expansion of ProMark's business activities that will permit ProMark to become a full-service provider of energy services engaging in both wholesale and retail sales of electricity and gas and related services.

Gramercy Development was formed in late 1996 to invest in energy infrastructure development projects and to market technical services.

The financial statements in Item 8 include the accounts of the Company and its wholly-owned subsidiaries (with intercompany transactions eliminated). At December 31, 1996, the Company's investment in these subsidiaries was approximately $16 million. The results of operations of these subsidiaries have not been material.

CAPITAL REQUIREMENTS AND FINANCING

For information about the Company's capital requirements and financing, the refunding of certain securities and the Company's securities ratings, see "Liquidity and Capital Resources" in Item 7.

Securities ratings assigned by rating organizations are expressions of opinion and are not recommendations to buy, sell or hold securities. A securities rating is subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

FUEL SUPPLY

GENERAL. In 1996, 22.1 percent of the electricity supplied to the Company's customers was obtained by the Company through economy purchases of energy produced from a variety of fuels. Of the remaining 77.9 percent, which was either obtained through firm purchases of energy, generated by the Company for its customers, or generated by the Company for others from their fuel and subsequently purchased by the Company (see "Electric Operations", above), oil was used to generate 8.7 percent of the electricity, natural gas 43.0 percent, nuclear power 19.3 percent, hydroelectric power 6.0 percent, and refuse 0.9 percent. In 1996, the Company used oil to produce 63.1 percent, and gas to produce 34.7 percent, of the steam supplied to the Company's customers. The remaining 2.2 percent was purchased by the Company from a NUG.

A comparison of the cost, in cents per million Btu, of fuel used by the Company to generate electricity and steam (excluding electricity generated for others as described under "Gas Conversions," above) during the years 1992-1996 is shown below:

	1992	1993	1994	1995	1996
Residual Oil	345	352	316	316	441
Distillate Oil	501	499	467	399	465
Natural Gas	285	288	255	253	324
Nuclear	43	37	42	51	50
Weighted Average ..	232	243	206	223	255

The Company is prohibited from using fuels that do not conform to the requirements of the New York State air pollution control code and, in the case of its in-City plants, the New York City air pollution control code. In the City, the Company is not permitted to burn coal or to burn residual fuel oil having a sulfur content of more than 0.3 percent.

RESIDUAL OIL. Based on anticipated consumption rates, the Company has an adequate supply of residual fuel oil for its generating stations and the Company's shares of generating capacity at the Roseton and Bowline Point stations jointly-owned by the Company and other utilities. See "Electric Facilities" in Item 2. Oil consumption rates vary widely from month to month. The oil burned at Company facilities in 1996, including the Company's shares of generating capacity at Roseton and Bowline Point, totaled 10.4 million barrels. The Company has contracts for oil supply that have staggered termination dates and has options for additional oil supply sufficient to cover all of its expected requirements for residual oil through September 1997. The Company anticipates covering the balance of its 1997 requirements through new contracts, exercise of existing contract options and purchases on the spot market.

NATURAL GAS. During 1996, the Company burned approximately 89,900 mdth of gas for the production of electricity and steam, including 5,000 mdth attributable to the Company's share of generating capacity at the Roseton and Bowline Point stations and 16,700 mdth of gas provided by others. See "Electric Operations - Gas Conversions," above. The Company expects to continue to have substantial amounts of gas available in 1997 for the production of electricity and steam for its customers.

DISTILLATE OIL. The Company's estimated 1997 requirements for distillate oil for gas turbine fuel are about 200,000 barrels. The Company expects to be able to satisfy these requirements through purchases on the spot market.

COAL. The Company does not burn coal. In 1983, the New York State Department of Environmental Conservation (DEC) ruled on an application by the Company for permission to convert three electric generating units, Ravenswood 3 in Queens and Arthur Kill 2 and 3 on Staten Island, to coal-burning. The DEC ruled that the Company would be permitted to burn coal at each location only if flue gas desulfurization (FGD) systems were installed. The Company's studies showed that it would not be economical to pursue coal conversion with FGD systems. However, the Company has installed most of the necessary facilities (without FGD systems) at Ravenswood 3 and Arthur Kill 3 to provide for coal-burning in emergency circumstances such as an oil supply interruption. Even in such an emergency, a special permit, or waiver of existing restrictions, would be required to allow the Company to burn coal at these units.

NUCLEAR FUEL. The nuclear fuel cycle for power plants like Indian Point 2 consists of (1) mining and milling of uranium ore, (2) chemically converting the uranium in preparation for enrichment, (3) enriching the uranium, (4) fabricating the enriched uranium into fuel assemblies, (5) using the fuel assemblies in the generating station and (6) storing the spent fuel.

Contracts for uranium and conversion are in the process of being negotiated. The uranium and conversion provided under these contracts, together with that already purchased, will be sufficient for the planned 1997 and 1999 refuelings of Indian Point 2. Arrangements are expected to be completed in 1998 for the additional uranium and conversion required for the expected 2001 refueling of Indian Point 2. The Company has contracts covering most of its expected requirements for uranium enrichment services and all of its expected requirements for fuel fabrication services through the expiration of Indian Point 2's operating license in 2013.

Under normal operating conditions, scheduled refueling and maintenance outages are generally required for Indian Point 2 after each cycle of approximately 22 months of operation. A refueling and maintenance outage is scheduled to commence in May 1997. Mid-cycle inspection and maintenance outages may also be required. An unscheduled Indian Point 2 outage commenced on January 25, 1997 and ended on March 15, 1997.

See "Nuclear Decommissioning" and "Nuclear Fuel" in Note A to the financial statements in Item 8.

The Company is one of eleven utilities participating in a private spent fuel storage initiative, which plans to license and build an interim, commercial, spent nuclear fuel storage facility by 2002. The site currently under consideration is on the Skull Valley Goshute Indian Reservation in Utah. Since 1995, each participant has contributed approximately $1 million for engineering, licensing and legal studies for the preparation of a license submittal to the Nuclear Regulatory Commission by the third quarter of 1997. Thereafter, each participating utility will have an opportunity to decide whether or not to continue its participation in this project. See "Liquidity and Capital Resources -- Nuclear Fuel Disposal" in Item 7.

The Company disposes of low-level radioactive wastes (LLRW) generated at Indian Point at the licensed disposal facility located in Barnwell, South Carolina. Under the 1985 Federal Low Level Radioactive Waste Amendments Act, New York State was required by January 1996 to provide for permanent disposal of all LLRW generated in the state. New York State has not provided for such disposal. The Company expects that it will be able to provide for such storage of LLRW as may be required until New York State establishes a storage or disposal facility or adopts some other LLRW management method.

REGULATION AND RATES

GENERAL. The New York State Public Service Commission (PSC) regulates, among other things, the Company's electric, gas and steam rates, the siting of its transmission lines and the issuance of its securities.

Certain activities of the Company are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). The Nuclear Regulatory Commission (NRC) regulates the Company's nuclear units. In addition, various matters relating to the construction and operation of the Company's facilities are subject to regulation by other governmental agencies.

For information about changes in regulation affecting the Company, see "Liquidity and Capital Resources - Competition and Industry Restructuring and PSC Settlement" in Item 7.

ELECTRIC, GAS and STEAM RATES. The Company's rates are among the highest in the country. For information about the Company's rates, see "Liquidity and Capital Resources - 1992 Electric Rate Agreement, 1995 Electric Rate Agreement, PSC Settlement Agreement and Gas and Steam Rate Agreements" in Item 7.

New York State law requires electric and gas utilities to charge religious organizations rates that do not exceed those charged to residential customers. In December 1994, the Company and the New York Attorney General executed a settlement under which the Company admitted no wrongdoing but agreed to provide refunds to religious organizations that had been served under generally higher commercial rates and transfer affected customers to the appropriate rates. In a related matter, seven customers have sued the Company in the United States District Court for the Southern District of New York each claiming that it has operated as a religious organization and has been charged commercial rates for electric service. The plaintiffs are seeking $500 million for the class members in this purported class action. The Company is opposing plaintiffs' motion for class certification and the Company has made a motion for summary judgment. The suit is entitled Brownsville Baptist Church, et. al. v. Consolidated Edison Company of New York, Inc.

STATE ENERGY PLAN. In October 1994, the New York State Energy Planning Board, released its most recent State Energy Plan. The plan is designed to provide "an intelligent framework for evaluating the proper course for energy policy, environmental protection and economic development . . . to assure that New Yorkers will have a safe, affordable and reliable supply of energy that will promote future economic growth and protect our environment." Under New York State law, any energy-related decisions of State agencies must be reasonably consistent with the plan. The Energy Planning Board has announced that a new plan will be issued during 1997.

ENVIRONMENTAL MATTERS AND RELATED LEGAL PROCEEDINGS

GENERAL. During 1996, the Company's capital expenditures for environmental protection facilities and related studies were approximately $45 million. The Company estimates that such expenditures will amount to approximately $53 million in 1997 and $43 million in 1998. These amounts include capital expenditures in 1997 and 1998 required to comply with the Federal Clean Air Act Amendments of 1990 and a 1994 consent decree with the New York State Department of Environmental Conservation. See "Liquidity and Capital Resources - Clean Air Act Amendments" in Item 7 and "Environmental Matters - DEC Settlement" in Note F to the financial statements in Item 8.

INDIAN POINT. The Company believes that a serious accident at its Indian Point 2 nuclear unit is extremely unlikely, but despite substantial insurance coverage, the losses to the Company in the event of a serious accident could materially adversely affect the Company's financial position and results of operations. For information about Indian Point 2 and the Company's retired Indian Point 1 nuclear unit, see "Electric Operations" and "Fuel Supply Nuclear Fuel" above, "Cooling Towers" below, "Electric Facilities - Generating Facilities" in Item 2, "Liquidity and Capital Resources - Capital Requirements" in Item 7 and Notes A and F to the financial statements in Item 8.

SUPERFUND. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) by its terms imposes joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages. In the course of the Company's operations, materials are generated that are deemed to be hazardous substances under Superfund. These materials include asbestos and dielectric fluids containing polychlorinated biphenyls (PCBs). Other hazardous substances are generated in the Company's operations or may be present at Company locations. Also, hazardous substances were generated at the manufactured gas plants which the Company and its predecessor companies used to operate. For additional information about Superfund, see "Superfund" in Item 3 and "Environmental Matters - Superfund Claims" in Note F to the financial statements in Item 8.

ASBESTOS. Asbestos is present in numerous Company facilities. For information about asbestos, see "Environmental Matters - Asbestos Claims" in Note F to the financial statements in Item 8 and "Gramercy Park" and "Asbestos Litigation" in Item 3.

TOXIC SUBSTANCES CONTROL ACT. Virtually all electric utilities, including the Company, own equipment containing PCBs. PCBs are regulated under the Federal Toxic Substances Control Act of 1976. The Company has reduced substantially the amount of PCBs in electrical equipment it uses, including transformers located in or near public buildings.

For information about a claim under the Toxic Substances Control Act, see "Toxic Substances Control Act" in Item 3.

AIR QUALITY. For information about the Federal Clean Air Act amendments of 1990, see "Liquidity and Capital Resources - Clean Air Act Amendments" in Item 7. For information about divestiture of the Company's in-City generating capacity, see "Liquidity and Capital Resources - PSC Settlement Agreement" in Item 7.

The flue gases from oil combustion furnaces, including the Company's generating stations, contain microscopic particles of ash and soot. Some chemical constituents of these particles have been designated as "Hazardous Air Pollutants" under the Clean Air Act Amendments of 1990. Utility boilers are exempt from regulation as sources of hazardous air pollutants until the United States Environmental Protection Agency (EPA) completes a study of the hazards to public health reasonably anticipated to occur as a result of emissions by electric generating units. In 1996, the EPA issued an interim final report regarding the study. The report contains no conclusions concerning the need for control of hazardous air pollutants from utility facilities.

In November 1996, the EPA proposed new ozone and particulate matter standards. If the new standards are adopted, the New York State Department of Environmental Conservation (DEC) will be required to develop an implementation plan acceptable to the EPA. The Company cannot predict whether or in what form new standards will be adopted. If the proposed ozone standard is adopted, the Company does not expect that compliance with this standard would require additional capital expenditures in excess of the approximately $150 million of capital expenditures estimated to be required for compliance with the Clean Air Act amendments of 1990. See "Liquidity and Capital Resources - Clean Air Act Amendments" in Item 7. If the proposed particulate matter standard is adopted, the Company expects that compliance with the new standard could require additional capital expenditures, the amount of which could be material.

In March 1991, the DEC issued a notice of intent to prepare a draft environmental impact statement (DEIS) concerning draft DEC regulations that would establish standards of performance, effective beginning in the year 2000, for steam electric generating units that are operated beyond their "useful design life." The draft regulations define "useful design life" as 45 years from the date of initial operation. All of the Company's steam electric generating units in New York City would reach their "useful design lives" by 2014. The draft regulations would impose operating efficiency requirements (heat rates) that many of these units may not be able to meet, and stringent nitrogen oxides and particulate matter emissions limitations. The DEC has not yet issued the DEIS. The Company is unable to predict the final form of the regulations or whether the DEC will ultimately adopt such regulations.

The New York City air pollution control code contains limitations on the allowable sulfur content of fuels and on emissions of sulfur dioxide, particulate matter, oxides of nitrogen and various trace elements. Certain provisions of the code, specifically those pertaining to standards for emissions of nitrogen oxides, may be impracticable to meet at some of the Company's generating stations located in New York City unless variances or other relief from such provisions are granted.

COOLING TOWERS. The Federal Clean Water Act provides for effluent limitations, to be implemented by a permit system, to regulate the discharge of pollutants, including heat, into United States waters. In 1981, the Company entered into a settlement with the EPA and others that relieved the Company for at least 10 years from a proposed regulatory agency requirement that, in effect, would have required that cooling towers be installed at the Bowline Point, Roseton and Indian Point units. In return the Company agreed to certain plant modifications, operating restrictions and other measures and surrendered its operating license for a proposed pumped-storage facility that would have used Hudson River water.

In September 1991, after the expiration of the 1981 settlement, three environmental interest groups commenced litigation challenging the permit status of the units pending renewal of their discharge permits, which expired in October 1992. Under a consent order settling this litigation, certain restrictions on the units' usage of Hudson River water have been imposed on an interim basis. Permit renewal applications were filed in April 1992, after which the DEC determined that the Company must submit a DEIS to provide a basis for determining new permit conditions. The DEIS, submitted in July 1993, includes an evaluation of the costs and environmental benefits of potential mitigation alternatives, one of which is the installation of cooling towers. The Company has been participating with the DEC and several environmental groups in reviewing the initial DEIS. The review is expected to be completed in 1997, after which a revised and updated DEIS will be prepared for public comment. Pending issuance of final renewal permits, the terms and conditions of the expired permits continue in effect.

ELECTRIC AND MAGNETIC FIELDS. Electric and magnetic fields (EMF) are found wherever electricity is used. Several scientific studies have raised concerns that EMF surrounding electric equipment and wires, including power lines, may present health risks. In October 1996, the National Academy of Science issued a report concluding that "the current body of evidence does not show that exposure to [EMF] presents a human health hazard." For additional information about EMF, see "Environmental Matters - EMF" in Note F to the financial statements in Item 8.

GENERAL

STATE ANTITAKEOVER LAW. New York State law provides that a "resident domestic corporation," such as the Company, may not consummate a merger, consolidation or similar transaction with the beneficial owner of a 20 percent or greater voting stock interest in the corporation, or with an affiliate of the owner, for five years after the acquisition of the voting stock interest, unless the transaction or the acquisition of the voting stock interest was approved by the corporation's board of directors prior to the acquisition of the voting stock interest. After the expiration of the five-year period, the transaction may be consummated only pursuant to a stringent "fair price" formula or with the approval of a majority of the disinterested stockholders.

EMPLOYEES

The Company had 15,801 employees on December 31, 1996. For information about the collective bargaining agreement covering about two-thirds of the Company's employees, see "Liquidity and Capital Resources - Collective Bargaining Agreement " in Item 7.

RESEARCH AND DEVELOPMENT

For information about the Company's research and development costs, see Note A to the financial statements in Item 8.

OPERATING STATISTICS

Year Ended December 31	1996	1995	1994	1993	1992
ELECTRIC Energy (MWhrs)					
Generated (a)	17,823,778	18,436,798	20,419,828	20,079,995	24,157,503
Purchased from Others (a)	26,178,042	26,700,594	21,036,437	19,813,654	14,360,373
Total Generated and Purchased	44,001,820	45,137,392	41,456,265	39,893,649	38,517,876
Less: Supplied without direct charge .	71	71	73	74	75
Used by Company (b)	164,206	165,934	134,940	183,903	173,834
Distribution losses and other variances	2,716,235	2,977,547	2,762,315	2,863,828	2,781,046
Net Generated and Purchased	41,121,308	41,993,840	38,558,937	36,845,844	35,562,921
Electric Energy Sold:					
Residential	10,867,085	10,848,648	10,660,148	10,512,496	9,845,397
Commercial and Industrial	25,725,502	25,492,489	25,511,974	25,118,125	24,680,600
Railroads and Railways	47,004	47,482	47,289	49,542	50,934
Public Authorities	564,363	569,749	554,753	560,836	542,358
Total Sales to Con Edison Customers	37,203,954	36,958,368	36,774,164	36,240,999	35,119,289
Off-System Sales (a) (c)	3,917,354	5,035,472	1,784,773	604,845	443,632
Total Electric Energy Sold	41,121,308	41,993,840	38,558,937	36,845,844	35,562,921
Total Sales to Con Edison Customers	37,203,954	36,958,368	36,774,164	36,240,999	35,119,289
Delivery Service to NYPA Customers and Others	8,816,873	8,855,790	8,773,155	8,441,624	8,187,292
Service for Municipal Agencies	617,293	456,728	413,893	361,854	287,489
Total Sales in Franchise Area	46,638,120	46,270,886	45,961,212	45,044,477	43,594,070
Average Annual kWhr Use Per Residential Customer (d)	4,184	4,188	4,136	4,104	3,872
Average Revenue Per kWhr Sold (cents):					
Residential (d)	16.5	16.1	15.8	16.0	15.0
Commercial and Industrial (d) ..	12.9	12.5	12.2	12.6	12.0

(a) For 1996 and 1995, amounts generated include 1,672,603 and 3,159,047 MWhrs, respectively, generated for others, which is also included in off-system sales. For 1996 and 1995, amounts purchased include 1,553,764 and 2,666,837 MWhrs, respectively, of such electric energy that was subsequently purchased by the Company. See "Electric Operations Gas Conversions", above.

(b) For 1995, 1993 and 1992, electric energy used by the Company includes 436, 29,233 and 30,859 MWhrs, respectively, supplied to NYPA. For 1996 and 1994 electric energy used by the Company includes 544 and 21,275 MWhrs, respectively, received from NYPA.

(c) For 1995, 1994, 1993 and 1992, off-system sales include 2,825, 350, 2,142, and 52,929 MWhrs, respectively, which were sold to NYPA and are also included in the Delivery Service to NYPA. There were no such sales to NYPA in 1996.

(d) Includes Municipal Agency sales.

OPERATING STATISTICS

Year Ended December 31	1996	1995	1994	1993	1992
GAS (Dth) (a)					
Purchased (b)	219,439,813	217,268,986	208,328,267	214,719,241	221,181,200
Storage - net change	(4,032,224)	9,469,767	(4,410,363)	222,559	752,561
Used as boiler fuel at Electric and Steam Stations (b)	(84,849,049)	(110,761,124)	(92,680,221)	(108,153,436)	(116,951,577)
Gas Purchased for Resale	130,558,540	115,977,629	111,237,683	106,788,364	104,982,184
Less: Gas used by Company	272,040	237,688	221,715	203,793	153,537
Off-System Sales & NYPA (c)	11,023,023	4,887,971	--	--	--
Distribution losses and other variances	176,930	4,654,832	2,443,486	3,998,234	3,856,836
Total Sales to Con Edison Customers	119,086,547	106,197,138	108,572,482	102,586,337	100,971,811
Gas Sold (a)					
Firm Sales:					
Residential	56,590,018	51,702,329	53,981,416	52,624,331	52,626,406
General	42,190,091	39,021,997	39,365,003	37,214,994	36,656,433
Total Firm Sales	98,780,109	90,724,326	93,346,419	89,839,325	89,282,839
Interruptible Sales	20,306,438	15,472,812	15,226,063	12,747,012	11,688,972
Total Sales to Con Edison Customers	119,086,547	106,197,138	108,572,482	102,586,337	100,971,811
Transportation of Customer-Owned Gas:					
NYPA	4,966,983	24,972,796	14,546,325	15,965,084	19,892,008
Other	5,011,124	5,388,393	3,823,176	4,926,565	5,556,433
Off-System Sales	11,293,425	3,376,375	--	--	--
Total Sales and Transportation	140,358,079	139,934,702	126,941,983	123,477,986	126,420,252
Average Revenue Per Dth Sold (a):					
Residential	$10.00	$ 9.43	$ 9.85	$ 9.27	$ 8.41
General	$ 7.15	$ 6.38	$ 7.05	$ 6.71	$ 6.03
STEAM Sold (Mlbs):	29,995,762	29,425,780	30,685,155	29,394,335	29,381,922
Average Revenue per Mlbs Sold	$13.34	$11.35	$11.10	$11.06	$10.63
CUSTOMERS - Average for Year					
Electric	3,001,870	2,994,447	2,980,026	2,964,716	2,950,614
Gas	1,035,528	1,034,784	1,031,675	1,028,048	1,026,546
Steam	1,932	1,945	1,964	1,973	1,970

(a) Does not include amounts for the Company's gas marketing subsidiary. See "Competitive Businesses and Competition," above.

(b) For 1996 and 1995, gas used as boiler fuel includes 16,739,188 and 31,706,551 Dth, respectively, provided by others. See "Electric Operations - Gas Conversions," above.

(c) For 1996 and 1995, includes 173,388 and 1,305,730 Dth, respectively, for balancing transactions with NYPA.

ITEM 2. PROPERTIES

At December 31, 1996, the capitalized cost of the Company's utility plant, net of accumulated depreciation, (and excluding $101.5 million of nuclear fuel assemblies) was as follows:

Classification	Net Capitalized Cost (millions of dollars)	Percentage of Net Utility Plant
In Service:		
Electric:		
Generation	$ 1,696.1	15%
Transmission	1,127.3	10%
Distribution	5,237.7	48%
Gas	1,275.5	12%
Steam	445.0	4%
Common	837.1	8%
Held For Future Use	14.8	--
Construction Work in Progress ..	332.3	3%
Net Utility Plant	$ 10,965.8	100%

ELECTRIC FACILITIES

GENERATING FACILITIES. As shown in the following table, at December 31, 1996, the Company's net maximum generating capacity (on a summer rating basis) was 8,333 MW, without reduction to reflect the unavailability or reduced capacity at any given time of particular units because of maintenance or repair or their use to produce steam for sale. For information about the electric energy purchased by the Company, see "Electric Operations" in Item 1. For information about divestiture of the Company's generating capacity, see "Liquidity and Capital Resources - PSC Settlement Agreement" in Item 7.

Generating Stations	Net Generating Capacity at December 31, 1996 (Megawatts-Summer Rating)	Percentage of Electric Energy Generated and Purchased in 1996*
Fossil-Fueled:		
Ravenswood (3 Units)	1,742	7.9%
Astoria (3 Units)	1,075	7.1%
Arthur Kill (2 Units)	826	1.6%
East River (2 Units)	300	0.7%
Bowline Point (2 Units) - two-thirds interest	808	1.3%
Roseton (2 Units) - 40% interest	480	1.4%
Other (4 Units)	231	1.6%
Subtotal	5,462	21.6%
Nuclear - Indian Point	931	17.7%
Gas Turbines (39 Units)	1,940	1.1%
Total	8,333	40.4%

* Includes electricity generated for others. See "Electric Operations - Gas Conversions" in Item 1.

The Company's generating stations are located in New York City with the exception of the Indian Point nuclear station in Westchester County, New York; the Bowline Point station in Rockland County, New York; and the Roseton station in Orange County, New York.

The Company's fossil-fueled plants burn natural gas or residual oil. Most of the gas turbines burn distillate oil. Certain units have the capability to burn either natural gas or oil, and certain units can be converted to burn coal. See "Fuel Supply" in Item 1.

For information about the Company's Indian Point 2 nuclear unit, see "Electric Operations", "Fuel Supply - Nuclear Fuel", "Environmental Matters and Related Legal Proceedings - Indian Point and Cooling Towers" in Item 1, "Liquidity and Capital Resources - Capital Requirements" in Item 7 and Notes A and F to the financial statements in Item 8.

The Company's electric and steam generating stations are held in fee with the following exceptions: (i) Orange and Rockland Utilities, Inc. (O&R) has a one-third interest and the Company has a two-thirds interest as tenants in common in the Bowline Point station, which is operated by O&R; (ii) Central Hudson Gas & Electric Corporation (Central Hudson) has a 35 percent interest, Niagara Mohawk Power Corporation (Niagara Mohawk) has a 25 percent interest and the Company has a 40 percent interest as tenants in common in the Roseton station (which is operated by Central Hudson), with Central Hudson having the right to acquire the Company's interest in 2004; and (iii) the Company leases from trusts in which it owns the remainder interests certain gas turbine generating facilities of which the Company can assume direct ownership upon expiration of the leases in 1997.

TRANSMISSION FACILITIES. The Company has transmission interconnections with Niagara Mohawk, Central Hudson, O&R, New York State Electric and Gas Corporation, Connecticut Light and Power Company, Long Island Lighting Company, NYPA and Public Service Electric and Gas Company. The Company's transmission facilities are located in New York City and Westchester, Orange, Rockland, Putnam and Dutchess counties in New York State.

At December 31, 1996, the Company's transmission system had approximately 432 miles of overhead circuits operating at 138, 230, 345 and 500 kilovolts and approximately 378 miles of underground circuits operating at 138 and 345 kilovolts. There are approximately 267 miles of radial subtransmission circuits operating at 138 kilovolts. The Company's 15 transmission substations, supplied by circuits operated at 69 kilovolts and above, have a total transformer capacity of 15,632 megavolt amperes.

At December 31, 1996, the transmission capacity to receive power from outside New York City to supply in-City load during the summer peak period was 4,915 MW. The 1996 one-hour peak load in the Company's service area was 9,788 MW, of which 8,575 MW was for use within the City. The record one-hour peak load in the Company's service area, which occurred in August 1995, was 10,805 MW, of which 9,476 MW was for use within the City. See "Electric Operations - Electric Peak Load and Capacity" in Item 1. In-City load in excess of transmission capacity must be supplied by in-City generating stations. See "Generating Facilities", above.

DISTRIBUTION FACILITIES. The Company owns various distribution substations and facilities located throughout New York City and Westchester County. At December 31, 1996, the Company's distribution system had 294 distribution substations, with a transformer capacity of 20,065 megavolt amperes, 32,307 miles of overhead distribution lines and 87,001 miles of underground distribution lines.

GAS FACILITIES

Natural gas is delivered by pipeline to the Company at various points in its service territory and is distributed to customers by the Company through approximately 4,200 miles of mains and 360,700 service lines. The Company owns a natural gas liquefaction facility and storage tank at its Astoria property in Queens, New York. The plant can store approximately 1,000 mdth of which a maximum of about 250 mdth can be withdrawn per day. The Company has about 1,230 mdth of additional natural gas storage capacity at a field in upstate New York, owned and operated by Honeoye Storage Corporation, a corporation 23 1/3 percent owned by the Company.

STEAM FACILITIES

The Company generates steam for distribution at five electric generating stations and two steam-only generating stations and distributes steam to customers through approximately 87 miles of mains and 17 miles of service lines.

OTHER FACILITIES

The Company also owns or leases various pipelines, fuel storage facilities, office equipment, a thermal outfall structure at Indian Point, and other properties located primarily in New York City and Westchester, Orange, Rockland, Putnam and Dutchess counties in New York State.

ITEM 3 LEGAL PROCEEDINGS

SUPERFUND

The following is a discussion of significant proceedings pending under Superfund or similar statutes involving sites for which the Company has been asserted to have a liability. The list is not exhaustive and additional proceedings may arise in the future. For a further discussion of claims and possible claims against the Company under the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) and the estimated liability accrued for certain Superfund claims, see "Environmental Matters and Related Legal Proceedings - Superfund" in Item 1, and "Environmental Matters - Superfund" in Note F to the financial statements in Item 8.

MAXEY FLATS NUCLEAR DISPOSAL SITE. The United States Environmental Protection Agency (EPA) advised the Company by letter, dated November 26, 1986, that it was a potentially responsible party (PRP) under Superfund for the investigation and cleanup of the Maxey Flats Nuclear Disposal Site in Morehead, Kentucky. The site is owned by the State of Kentucky and was operated as a disposal facility for low level radioactive waste from 1963 through 1977 by the Nuclear Engineering Corporation (now known as U.S. Ecology Corporation). EPA's letter alleges that various radionuclides and organic chemicals have been released from the site into the environment. In September 1991, the EPA issued its Record of Decision ("ROD") for the site cleanup program. Phase one of the program requires, among other things, the removal, treatment and on-site disposal of the contaminated leachate that has accumulated in the site's waste burial trenches, the installation of an impervious cover over the waste burial trench area of the site, and the construction of a trench/leachate groundwater monitoring system, erosion controls and storm water drainage systems in that area. Phase two requires a 100-year stabilization period, with periodic monitoring and maintenance of the cover, followed by installation of a permanent cap.

In March 1995, the EPA, de minimis PRPs, large private party PRPs (including the Company), large federal agency PRPs and Kentucky entered into consent decrees with respect to the funding and implementation of the cleanup program. Under the consent decrees, which in April 1996 were approved by the United States District Court for the Eastern District of Kentucky, the large private party PRPs will implement phase one of the program and any corrective actions required during the first 10 years following completion of phase one to meet the performance standards established in the ROD, and share the costs of those activities with the large federal agency PRPs. Also, if during this ten-year period the EPA determines that horizontal flow barriers are required, the large private party PRPs will construct the barriers and share the cost of that work with the large federal agency PRPs and Kentucky. The large private party PRPs are not responsible for any costs after the ten-year period expires. Kentucky will implement and fund the phase two program. The Company's share of the cleanup costs is estimated to be about $500,000. In addition, if horizontal flow barriers are required during the ten-year period following completion of the phase one program, the Company would be obligated to pay an estimated $10,000 to $100,000 depending on the size and the number of the barriers required by the EPA.

CURCIO SCRAP METAL SITE. The EPA advised the Company, in a letter received on August 11, 1987, that it had documented the release of hazardous substances into the environment at the site of Curcio Scrap Metal, Inc. in Saddle Brook, New Jersey, and that the EPA had information indicating that the Company sent hazardous substances (PCBs) to the site. The Company provided the EPA with records that indicated that the Company sold scrap electric transformers to a metal broker who in turn sold them to the owner of the site. A site study indicated that chemical contamination had occurred on a portion of the site. Elevated concentrations of PCBs and various organic compounds and metals were detected in the soil and PCBs, organic compounds and various metals were also detected in the shallow groundwater beneath the site.

On September 30, 1991, the EPA issued a Unilateral Administrative Order which required the Company and three other PRPs to commence a soil cleanup of this site pursuant to the EPA's Record of Decision, dated June 28, 1991. This soil cleanup has been completed. The EPA has required additional groundwater studies to determine whether the soil cleanup reduced or eliminated the groundwater contamination detected during the site study referred to above. The Company's estimate of the cost of the additional groundwater studies, which are in progress, is $400,000. The EPA has only designated five PRPs for this site and, as a result, the Company will be expected to pay a major share of the cleanup costs.

METAL BANK OF AMERICA SITES. The EPA advised the Company by letter dated October 26, 1987 that it had reason to believe that the Company was a supplier of scrap transformers to Metal Bank of America Inc.'s recycling sites in Philadelphia during the late 1960s and thereafter. One of the sites was placed on the EPA's national priority list under Superfund in 1983 as a result of a suspected leak in a storage tank containing PCBs. The EPA alleged that PCBs had been found in the soil and groundwater at the site and in the sediment from areas of a tidal mudflat and the Delaware River along the site's shoreline. The Company provided the EPA with documents which indicate that the Company sold approximately 80 scrap transformers to a broker who, in turn, delivered them to the site and that the Company sold an additional 46 scrap transformers to Metal Bank (which may have salvaged them at the site). Under a steering committee (PRP Group) participation agreement, the Company is responsible for 1.48% of the expense of the remedial investigation and feasibility study, which has been completed under an EPA administrative consent order. The Company's share of the cost of the study was about $80,000. In July 1995, EPA issued its proposed site cleanup plan for public comment. EPA's proposed plan calls for, among other things, the removal and disposal of PCBs and polynuclear aromatic hydrocarbon-contaminated sediments in the areas of the tidal mudflat and the Delaware River along the site's shoreline, the construction of a sheet pile wall along the site's shoreline, the removal and off-site disposal of soil in the southern portion of the site that contains 25 parts per million (ppm) or more of PCBs and/or 10,000 ppm or more of total petroleum hydrocarbons (TPH), and the removal and off-site disposal of soil that contains more than 10 ppm of PCBs in the northern portion of the site. Although EPA estimated the cost of its plan at about $17.2 million, the PRP Group believes that the plan could cost as much as $28.8 million to implement and has requested EPA to reconsider various aspects of the plan.

NARROWSBURG SITE. In 1987, the New York State Attorney General notified the Company that he had evidence that the Company is a PRP under Superfund for hazardous substances that have been released at the Cortese landfill in Narrowsburg, Sullivan County, New York. The Cortese landfill is listed on the EPA's Superfund National Priorities List. Company records indicate that drums containing waste oil were shipped from its Indian Point nuclear station to the Cortese landfill for disposal. Before notifying the Company, the Attorney General commenced an action under Superfund in the United States District Court for the Southern District of New York against the Cortese site owner and operator and SCA Services, an alleged transporter of hazardous substances to the site. On January 17, 1989, SCA Services commenced a third-party action for contribution against the Company and five other parties whose chemical waste was allegedly disposed of at the site. In 1990, SCA served a second amended third-party complaint in which it sued the Company and 27 other third-party defendants for contribution. The Company and SCA Services have reached a settlement of the third-party action under which the Company paid $114,485 toward the cost of the site environmental studies conducted by SCA and agreed to pay 6 percent of the first $25 million of remedial costs at the site. SCA Services has agreed to indemnify the Company for any other remedial costs and natural resource damages that it has to pay. The EPA has selected a cleanup program for the site that is estimated to cost $12 million. SCA, the Company and various other third-party defendants with which SCA settled entered into a consent decree under which they agree to implement the cleanup program, to pay the EPA's oversight costs for the site and to pay approximately $220,000 for natural resource damages. The consent decree has been approved by the United States District Court for the Southern District of New York. Cleanup work at the site is now in progress.

CARLSTADT SITE. On August 20, 1990, the Company was served with a third-party complaint in a Superfund cost contribution action for a former waste solvent and oil recycling facility located in Carlstadt, New Jersey. The complaint, which is pending before the United States District Court for the District of New Jersey, alleges that the Company shipped 120,000 gallons of waste oil to this site and that the Company is one of several hundred parties who are responsible under Superfund for the study and cleanup of the facility. The plaintiffs in the action, which include a group of former customers of the facility, have completed a $3 million remedial investigation and feasibility study for the site. Plaintiffs estimate that 7 to 15 million gallons of waste solvents and oil were recycled at the site and based on this estimate, the Company's share of the cleanup costs would be about 0.8 to 1.7 percent. The costs of the cleanup alternatives that were evaluated in the remedial investigation and feasibility study range from $8 million to $321 million. In 1990, the EPA selected an interim remedy to control releases from the site while the EPA evaluates and develops a final cleanup remedy. The interim remedy called for, among other things, the construction of a slurry wall around the site and an infiltration barrier over the site. EPA estimated that the interim remedy would cost about $3 million to implement. Plaintiffs claim that the interim remedy, which has been completed, cost $10 million.

HELEN KRAMER LANDFILL SITE. In September 1991, Orange and Rockland Utilities, Inc. (O&R) was served with a third-party complaint in a Superfund cost recovery contribution action for the Helen Kramer Landfill Site in Mantau, New Jersey. The third-party plaintiffs are site PRPs that were sued for site cleanup costs by the State of New Jersey. The complaint, which is pending before the United States District Court for the District of New Jersey, alleges that, in 1974, Marvin Jonas, Inc. transported hazardous substances for O&R and disposed of those substances in the Helen Kramer Landfill. Preliminary investigation by O&R indicates that waste materials generated during the construction of the Bowline Point generating station were hauled and disposed of by Marvin Jonas, Inc. in 1974. The Company owns a two-thirds interest in Bowline Point. O&R, which operates Bowline Point, owns the remaining one-third interest. Bowline Point liabilities are shared by the Company and O&R in accordance with their respective ownership interests. The EPA has commenced cleanup of this site and the total site cleanup cost is estimated at $150 million. The third-party plaintiffs have offered to settle with O&R and other third-party defendants. If the settlement is approved by the district court, O&R would pay $15,000 to a site trust fund and the third-party plaintiffs would dismiss their action against O&R and indemnify O&R from claims for site cleanup costs by other parties.

GLOBAL LANDFILL SITE. The Company has been designated a PRP under Superfund and the New Jersey Spill Compensation and Control Act (Spill Act) for the study and cleanup of the Global Landfill Site in Old Bridge, New Jersey. This 57.5-acre municipal and industrial waste landfill is included on the Superfund National Priorities List and is being administered by the New Jersey Department of Environmental Protection and Energy (NJDEPE) pursuant to an agreement between the EPA and the State of New Jersey.

The Company provided EPA with records indicating that it had disposed of approximately ten cubic yards of waste asbestos at the site in February 1984. In August 1989, the NJDEPE served the Company with a Spill Act directive that required the Company and 40 other designated site PRPs to fund a $1.5 million remedial investigation and feasibility study for the site. The Company joined the PRP Group formed for the site and the Group entered into a settlement agreement and an administrative consent order with NJDEPE that, among other things, required the PRP Group's members to contribute $500,000 towards the cost of the study. The Company's share of the PRP Group's payment to the NJDEPE was $5,000.

In February 1991, the EPA and the NJDEPE proposed a $30 million interim remedy for the site. This remedy calls for the installation of gas and leachate collection and treatment systems at the landfill and the construction of an impervious cover over the landfill (Phase I). It also calls for further studies to determine the alternatives for addressing groundwater and wetlands contamination in the vicinity of the landfill (Phase II). In March 1991, the NJDEPE served the Company with a second Spill Act Directive that required the Company and the other site PRPs to pay for the implementation of the Phase I remedy for the site. The PRP Group entered into a consent decree with the NJDEPE under which they agreed to implement the Phase I remedy with partial funding to be provided by the NJDEPE. The Company's share of the cost is estimated at $150,000.

CHEMSOL SITE. By letter dated December 20, 1991, the EPA advised the Company that it had documented the release of hazardous substances at the Chemsol Site in Piscataway, New Jersey and that it had reason to believe that the Company sent waste materials to the site during the 1960 to 1965 period. In response to EPA's demand for records, including any relating to Cenco Instruments Corp., the Company submitted to EPA records of payments to Central Scientific Company, a Division of Cenco Instruments Corp. during the 1960-1965 period. The Company is unable at this time to determine either the purpose of the payments to Central Scientific Company or the connection of that company to the site. The EPA has not designated the Company as a PRP and has not yet selected a final cleanup program for the site. However, the EPA has selected an interim remedy, expected to cost about $8 million, for the site groundwater contamination and has ordered several designated PRPs to implement that remedy.

ECHO AVENUE SITE. In December 1987, the DEC classified the Company's former Echo Avenue Substation Site in New Rochelle, New York as an "Inactive Hazardous Waste Disposal Site." The basis for this classification was the presence of PCBs in the soil and in the buildings on the site. Although the Company has cleaned up the PCBs on the site, the DEC requires a thorough site survey before it will remove the site from the Inactive Hazardous Waste Disposal Site list. Under a consent order with the DEC, a new site survey was done and remedial action taken. The cost to the Company of this additional work was $213,000. The Company demolished its building on this site, and expects to incur approximately $1 million in additional cleanup expenses.

In January 1992, the owners of Echo Bay Marina filed suit in Federal court alleging that PCBs were being discharged from the Echo Avenue site into Long Island Sound. Plaintiffs sought $24 million for personal injuries and property damages, a declaration that the Company is in violation of the Clean Water Act, civil penalties of $25,000 per day for each violation, remediation costs, an injunction against further discharges and legal fees. In December 1994, the court dismissed plaintiffs claims for property damage, including loss of business. Pretrial discovery on the remaining claims is continuing. In October 1996, the Company filed a motion to dismiss the personal injury claims.

PCB TREATMENT, INC., SITES. On September 30, 1994, the Company received a letter from the EPA indicating that it had been identified as a PRP for the PCB Treatment, Inc. (PTI) Sites in Kansas City, Kansas and Kansas City, Missouri. The sites -- a vacant, five-story building and a partially-occupied, seven-story building -- were used by PTI from 1982 until 1987 for the storage, processing, and treatment of PCB-containing electric equipment, dielectric oils, and materials. According to the EPA, the buildings' floor slabs and ceilings and the soil areas outside the buildings' loading docks are contaminated with PCBs.

The EPA has developed a preliminary list indicating that approximately 16.9 million pounds of PCB-contaminated oil, equipment and materials were shipped to the sites. The Company has informed the EPA that it shipped approximately 2.8 million pounds of waste to the sites. The EPA has identified over 700 parties that shipped waste to the sites, including federal agencies which, based on responses to the EPA's information request, appear to be responsible for approximately 7 million pounds of the waste.
EPA is continuing to search for additional PRPs.

In September 1996, the Company joined a PRP steering committee that is conducting studies at the sites under an EPA consent order and negotiating a cost sharing agreement with federal agency PRPs. Based on preliminary information, the Company currently believes that its share of the study and remediation costs could exceed $5 million.

PELHAM MANOR SITE. Prior to 1968, the Company and its predecessor companies operated a manufactured gas plant on a site located in Pelham Manor, Westchester County, which is now used for a shopping center. Soil and groundwater tests by the current owners and lessees indicate the presence of hazardous substances which are associated with the manufactured gas process. The Company has agreed to participate with the site owners and lessees in further site studies to develop and implement a cleanup plan that will be acceptable to the DEC. The site lessee and the DEC are negotiating the scope of the site studies, which will be funded in major part by the Company.

ASTORIA SITE. The Federal Resource Conservation and Recovery Act delegates to the states licensing authority for PCB storage. As a condition to renewal by the DEC of the Company's permit to store PCBs at the Company's Astoria generating station in Queens, New York, the Company is required to conduct a site investigation and, where necessary, a remediation program. The site investigation commenced in April 1994 and is scheduled to be completed in late 1997. The cost of the investigation is estimated at approximately $5 million. A portion of the investigation has been completed and reports thereon, indicating PCB-contamination of portions of the site, have been submitted to the DEC and the New York State Department of Health for the determination of the remediation action that may be required. Depending on the remediation required, the costs of remediation could be material.

HUNTS POINT SITE. In September 1994, the City of New York notified the Company that it had discovered coal tar on the site of a former Company manufactured gas plant in the Hunts Point section of The Bronx. The Company had manufactured gas at that location prior to its sale of the site to the City in the 1960s. The Company has agreed to conduct a site study and to develop and implement a remediation program. However, the Company has not agreed to pay costs not associated with the Company's use of the site. The Company is unable at this time to estimate its exposure to liability with respect to this site.

ANCHOR MOTOR SITE. In November 1995, Anchor Motor Freight, Inc. notified the Company that it had discovered coal tar on its site in Westchester County. Anchor requested that the Company remediate the site. A predecessor of the Company had operated a manufactured gas plant at that location prior to the 1940's. The Company has conducted preliminary sampling at the site and found coal tar beneath the areas formerly occupied by the manufactured gas plant. Material closely resembling the coal tar at the site has also been found in the Hudson River along the bulkhead of an asphalt plant located between the site and the river and beneath portions of the asphalt plant property. The Company has assumed responsibility for maintaining a boom in the river around the area of bulkhead and will develop a cleanup program for the coal tar contamination under an agreement with the DEC. The cost of the cleanup program could exceed $8 million if the DEC requires the Company to excavate all of the coal tar present on the site.

PORT REFINERY SITE. The EPA notified the Company by letter, dated October 21, 1996, that it is a PRP for the Port Refinery Superfund Site in Rye Brook, NY. According to the EPA, Port Refinery Company used the site for the reprocessing and repackaging of mercury and caused extensive contamination which the EPA has cleaned up at a cost of approximately $4.5 million. In its letter, the EPA demands reimbursement of its costs from the Company and the 58 other site PRPs that the EPA has identified. Based on the documents provided by the EPA, it appears that the Company shipped 60 pounds of mercury to Port Refinery. In January 1997, the Company entered into a consent decree under which it agreed to pay approximately $2,000 as its share of the EPA's costs. The consent decree will not become effective until it is published for public comment and approved by the United States District Court for the Southern District of New York.

TOXIC SUBSTANCES CONTROL ACT

In November 1994, BCF Oil Refining, Inc., a processor and refiner of used oil products and waste containing oil, brought suit in the United States District Court for the Southern District of New York against the Company and four transporters of waste oil products alleging that the defendants (primarily the Company) caused PCB contaminated waste to be shipped to BCF thereby contaminating its facilities. In addition to the remediation of BCF's facilities under the Federal Toxic Substances Control Act, the suit sought compensatory damages of not less than $12.5 million from all the defendants and additional punitive damages of not less than $12.5 million from the Company. In February 1997, the court dismissed 24 of BCF's 25 claims and the Company filed a motion asking the court to dismiss the remaining claim. This suit is entitled BCF Oil Refining, Inc. v. Consolidated Edison Company of New York, Inc., et. al.

GRAMERCY PARK

On August 19, 1989, a Company steam main exploded in the Gramercy Park area of Manhattan, releasing debris containing asbestos into that area. The Company took responsibility for the asbestos cleanup and most of the cost of that cleanup was covered by the Company's insurance. In April 1995, the Company was sentenced to a fine of $500,000 and to three years probation for criminal acts relating to the reporting of the release of asbestos from the steam main explosion. During the probation period, the Company's compliance with environmental laws is being monitored by a court-appointed monitor.

DEC PROCEEDING

For information about this proceeding, see "Environmental Matters - DEC Settlement" in Note F to the financial statements in Item 8 and "Results of Operations - Other Operations and Maintenance Expenses" in Item 7.

ASBESTOS LITIGATION

For a discussion of asbestos and suits against the Company involving asbestos, see "Environmental Matters and Related Legal Proceedings - Asbestos" in Item 1, and "Environmental Matters - Asbestos Claims" in Note F to the financial statements in Item 8. The following is a discussion of the significant suits involving asbestos in which the Company has been named a defendant. The listing is not exhaustive and additional suits may arise in the future.

MASS TORT CASES. Numerous suits have been brought in New York State and Federal courts against the Company and many other defendants for death and injuries allegedly caused by exposure to asbestos at various Company premises. Many of these suits have been disposed of without any payment by the Company, or for immaterial amounts. The amounts specified in the remaining suits, including the Moran v. Vacarro suit discussed below, total billions of dollars, but the Company believes that these amounts are greatly exaggerated, as were the claims already disposed of.

MORAN, ET AL. V. VACARRO, ET AL. On May 9, 1988, the Company was served with a complaint in an action in the New York State Supreme Court, New York County, in which approximately 184 Company employees and their union alleged that the employees were exposed to dangerous levels of asbestos as a result of alleged intentional conduct of supervisory employees. Each of the employee plaintiffs seeks $1 million in punitive damages, unspecified additional compensatory damages, and to enjoin the Company from violating EPA regulations and exposing employees to asbestos without first taking certain safety measures. On May 16, 1988, the complaint was amended to add a claim by each employee plaintiff for $1 million in damages for mental distress. In November 1988, the complaint was amended to add four additional employee plaintiffs. On July 9, 1990, the complaint was amended to add the spouses of 131 plaintiffs as additional plaintiffs and to remove the union as a plaintiff. Each spouse seeks medical monitoring, $1 million for emotional distress and $1 million for punitive damages. On January 19, 1995, the court dismissed the claims of the employee plaintiffs, leaving employee spouses as the only plaintiffs.

RATE PROCEEDINGS

For information concerning proceedings relating to the Company's rates, see "Regulation and Rates" in Item 1.

NUCLEAR FUEL DISPOSAL

Reference is made to the information under the caption "Liquidity and Capital Resources - Nuclear Fuel Disposal" in Item 7 for information concerning a joint petition for review brought by the Company and a number of other utilities against the United States Department of Energy. The suit is entitled Northern States Power Co., et al. v. Department of Energy, et al.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names of the executive officers of the Company together with their ages and the positions and offices with the Company held by them as of March 1, 1997, the respective dates they became executive officers and their business experience during the past five years (or since they became executive officers, if earlier) are set forth below. Under the Company's By-laws, officers of the Company are elected to hold office until the next election of Trustees (directors) of the Company and until their respective successors are chosen and qualify, subject to removal at any time by the Company's Board of Trustees.

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Eugene R. McGrath - 55 Chairman of the Board, President, Chief Executive Officer, and Trustee; 9/1/78	9/90 to present - Chairman of the Board, President, Chief Executive Officer and Trustee 2/89 to 8/90 - President, Chief Operating Officer and Trustee 10/87 to 1/89 - Executive Vice President Operations and Trustee 9/82 to 9/87 - Executive Vice President - Central Operations 3/81 to 8/82 - Senior Vice President - Power Generation 9/78 to 2/81 - Vice President - Power Generation
J. Michael Evans - 51 Executive Vice President - Customer Service; 9/1/91	7/95 to present - Executive Vice President - Customer Service 4/95 to 6/95 - Executive Vice President 9/91 to 3/95 - Executive Vice President - Central Operations
Charles F. Soutar - 60 Executive Vice President - Central Services; 9/1/77	7/95 to present - Executive Vice President - Central Services 2/89 to 6/95 - Executive Vice President - Customer Service 3/85 to 1/89 - Executive Vice President Central Services 5/80 to 2/85 - Senior Vice President - Construction, Engineering and Environmental Affairs 9/77 to 4/80 - Vice President - Central Services
Stephen B. Bram - 54 Senior Vice President - Central Operations; 8/1/79	4/95 to present - Senior Vice President - Central Operations 12/94 to 3/95 - Senior Vice President 9/94 to 11/94 - Vice President 12/87 to 8/94 - Vice President - Nuclear Power 9/82 to 11/87 - Vice President- Fossil Power 7/80 to 8/82 - Vice President - Central Substation, System Operations and Technical Services 8/79 to 6/80 - Vice President- Central Substation and System Operations

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Joan S. Freilich - 55 Senior Vice President and Chief Financial Officer; 12/1/90	7/96 to present - Senior Vice President and Chief Financial Officer 9/94 to 6/96 - Vice President, Controller and Chief Accounting Officer 7/92 to 8/94 - Vice President and Controller 12/90 to 6/92 - Vice President - Corporate Planning
Mary Jane McCartney - 48 Senior Vice President - Gas Operations; 12/1/90	10/93 to present - Senior Vice President Gas Operations 2/93 to 10/93 - Vice President - Gas Supply 7/92 to 1/93 - Vice President - Gas Business Development 12/90 to 6/92 - Vice President - Queens
Peter J. O'Shea, Jr. - 59 Senior Vice President and General Counsel; 1/1/96	1/96 to present - Senior Vice President and General Counsel 4/87 to 12/95 - Vice President and Associate General Counsel, ITT Corporation
Horace S. Webb - 56 Senior Vice President - Public Affairs; 9/1/92	9/92 to present - Senior Vice President - Public Affairs 1/90 to 8/92 - Vice President - Communications and Public Affairs, Hoechst Celanese Corp.
Archie M. Bankston - 59 Secretary and Associate General Counsel; 1/7/74	6/89 to present - Secretary and Associate General Counsel 1/74 to 5/89 - Secretary and Assistant General Counsel
Hyman Schoenblum - 48 Vice President and Treasurer; 3/1/97	3/97 to present - Vice President and Treasurer 6/96 to 2/97 - Director - Financial Restructuring 11/93 to 5/96 - Director - Corporate Planning 7/81 to 10/93 - Assistant Controller
Lawrence F. Travaglia - 58 General Auditor; 3/1/93	3/93 to present - General Auditor 10/80 to 2/93 - Assistant Treasurer
John A. Arceri - 54 Vice President - Energy Services; 6/1/95	6/95 to present - Vice President - Energy Services 10/93 to 5/95 - Assistant Vice President - Gas Business Development 3/90 to 9/93 - Assistant Vice President - Electrical Distribution
Robert A. Bell - 63 Vice President Research & Development; 6/1/81	6/81 to present - Vice President - Research & Development

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Kevin Burke - 46 Vice President - Corporate Planning; 12/1/87	3/93 to present - Vice President - Corporate Planning 3/90 to 2/93 - Vice President - Brooklyn Customer Service 12/87 to 2/90 - Vice President - Construction
John F. Cioffi - 63 Vice President and Controller; 7/1/92	3/97 to present - Vice President and Controller 10/96 to 2/97 - Vice President, Treasurer & Controller 7/96 to 9/96 - Vice President & Controller 7/92 to 6/96 - Treasurer 6/87 to 6/92 - Assistant Vice President
V.Richard Conforti - 58 Vice President - Transportation & Stores; 8/1/96	8/96 to present - Vice President Transportation & Stores 7/92 to 7/96 - Assistant Vice President - Gas Operations 4/91 to 6/92 - General Manager- Gas Operations - Manhattan
Richard P. Cowie - 50 Vice President - Employee Relations; 3/1/94	3/94 to present - Vice President - Employee Relations 2/91 to 2/94 - Director - Central Customer Service
Charles J. Durkin, Jr. - 53 Vice President - Fossil Power; 9/1/82	12/93 to present - Vice President - Fossil Power 1/88 to 12/93 - Vice President - Engineering 9/82 to 12/87 - Vice President - System and Transmission Operations
Robert F. Crane - 60 Vice President - Gas Operations 12/1/82	1/97 to present - Vice President - Gas Operations 3/94 to 1/97 - Vice President - Fuel Supply 10/93 to 2/94 - Vice President - Gas Supply 2/93 to 10/93 - Vice President - Gas Business Development 4/91 to 1/93 - Vice President - Gas Supply 12/84 to 3/91 - Vice President- Manhattan Division 12/82 to 11/84 - Vice President - Queens Division
Vincent J. D'Amelio - 55 Vice President - Staten Island Customer Service; 2/1/97	2/97 to present - Vice President - Staten Island Customer Service 4/88 to 1/97 - Director - Customer Service Sprint Communications Company
George J. Delaney - 61 Vice President - Central Services; 5/28/74	2/96 to present - Vice President - Central Services 12/78 to 2/96 - Vice President - Westchester Customer Service 9/74 to 11/78 - Vice President - Bronx Division 5/74 to 8/74 - Vice President - Staten Island Division

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Robert W. Donohue, Jr. - 54 Vice President - Queens Customer Service; 3/1/90	2/94 to present - Vice President - Queens Customer Service; 3/90 to 1/94 - Vice President - Construction
Jacob Feinstein - 53 Vice President - System Transmission Operations; 4/1/91	4/91 to present - Vice President - System & Transmission Operations
David F. Gedris - 48 Vice President - Westchester Customer Service 2/1/94	2/96 to present - Vice President - Westchester Customer Service 2/94 to 1/96 - Vice President - Mantenance and Construction 7/92 to 1/94 - Assistant Vice President - Power Generation Maintenance 3/90 to 6/92 - Assistant Vice President - Steam Operations
Garrett W. Groscup - 56 Vice President - Brooklyn Customer Service; 12/1/82	6/95 to present - Vice President - Brooklyn Customer Service 2/94 to 5/95 - Vice President - Energy Services 4/91 to 1/94 - Vice President - Manhattan Customer Service 1/88 to 3/91 - Vice President - System & Transmission Operations 12/82 to 12/87 - Vice President - Engineering
William A. Harkins - 51 Vice President - Energy Management; 2/1/89	2/97 to present - Vice President - Energy Management 2/89 to 1/97 - Vice President - Planning and Inter-Utility Affairs
Paul H. Kinkel - 52 Vice President- Maintenance and Construction; 5/24/83	2/96 to present - Vice President Maintenance and Construction 12/93 to 2/96 - Vice President- Engineering 12/87 to 12/93 - Vice President - Fossil Power 5/83 to 11/87 - Vice President - Construction
M. Peter Lanahan - 52 Vice President - Environment, Health and Safety; 5/1/95	8/96 to present - Vice President - Environment, Health and Safety 5/95 to 8/96 - Vice President - Environmental Affairs 1/91 to 4/95 - Manager, General Electric Company

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Richard J. Morgan - 61 Vice President - Steam Operations; 12/1/96	12/96 to present - Vice President - Steam Operations 7/92 to 11/96 - Assistant Vice President - Steam Operations
John A. Nutant - 61 Vice President - Manhattan Customer Service; 5/27/80	2/94 to present - Vice President - Manhattan Customer Service; 7/92 to 1/94 - Vice President - Queens Customer Service 9/86 - 6/92 - Vice President - Purchasing 7/80 to 8/86 - Vice President - Environmental Affairs 5/80 to 6/80 - Vice President
James P. O'Brien - 49 Vice President - Information Resources; 3/1/94	3/94 to present - Vice President - Information Resources 6/89 to 2/94 - Assistant Vice President - - Employee Relations
Stephen E. Quinn - 50 Vice President - Nuclear Power; 9/1/94	9/94 to present - Vice President - Nuclear Power 8/88 to 8/94 - General Manager - Nuclear Power Generation
Edwin W. Scott - 58 Vice President and Deputy General Counsel; 6/1/89	6/89 to present - Vice President and Deputy General Counsel
Minto L. Soares - 60 Vice President - Bronx Customer Service; 6/1/91	6/91 to present - Vice President - Bronx Customer Service
Alfred R. Wassler - 52 Vice President - Purchasing; 8/15/80	8/96 to present - Vice President - Purchasing 3/94 to 8/96 - Vice President - Purchasing, Transportation and Stores 7/92 to 2/94 - Vice President - Purchasing 8/80 to 6/92 - Treasurer

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock ($2.50 par value) is the only class of common equity of the Company. The Common Stock is traded on the New York, Chicago and Pacific Stock Exchanges.

MARKET PRICE RANGE IN CONSOLIDATED REPORTING SYSTEM AND DIVIDENDS PAID ON COMMON STOCK

	1996			1995		
	High	Low	Dividends Paid	High	Low	Dividends Paid
1st Quarter	$34-3/4	$30-7/8	$.52	$28-7/8	$25-1/2	$.51
2nd Quarter	32-3/8	27-3/8	.52	30-7/8	27	.51
3rd Quarter	29-5/8	25-7/8	.52	30-5/8	27-7/8	.51
4th Quarter	30-5/8	27-1/2	.52	32-1/4	28-3/8	.51

As of January 31, 1997 there were 143,820 holders of record of common stock.

On January 28, 1997, the Board of Trustees of the Company declared a quarterly dividend of 52-1/2 cents per share of Common Stock which was paid on March 15, 1997 to holders of record on February 19, 1997.

ITEM 6. SELECTED FINANCIAL DATA

Year Ended December 31 (Millions of Dollars)	1996	1995	1994	1993	1992
Operating revenues	$ 6,959.7	$ 6,536.9	$ 6,373.1	$ 6,265.4	$ 5,932.9
Purchased power	1,272.9	1,107.2	787.5	812.6	606.8
Fuel	573.3	504.1	567.8	605.2	710.3
Gas purchased for resale	418.3	259.8	341.2	289.7	245.2
Operating income	1,013.6	1,041.4	1,036.2	951.1	880.4
Net income for common stock ..	688.2	688.3	698.7	622.9	567.7
Total assets	14,057.2	13,949.9	13,728.4	13,257.4	11,596.1
Long-term obligations					
Long-term debt	4,238.6	3,917.2	4,030.5	3,643.9	3,493.6
Capitalized leases	42.7	45.3	47.8	50.4	52.9
Preferred stock subject to mandatory redemption	84.6	100.0	100.0	100.0	100.0
Common shareholders' equity ..	5,727.6	5,522.7	5,313.0	5,068.5	4,886.9
Per common share:					
Net income	$2.93	$2.93	$2.98	$2.66	$2.46
Cash dividends	$2.08	$2.04	$2.00	$1.94	$1.90
Average common shares outstanding (millions)	235.0	234.9	234.8	234.0	231.1

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Cash and temporary cash investments were $106.9 million at December 31, 1996 compared with $342.3 million at December 31, 1995 and $245.2 million at December 31, 1994. The Company's cash balances reflect, among other things, the timing and amounts of external financing.

In December 1996 the Company issued $150 million of five-year floating rate debentures, the interest rate on which is reset quarterly. A portion of the proceeds was used in that month to retire at maturity the $75 million 5.90% Series DD mortgage bonds.

The January 1996 retirement at maturity of the $100 million 5% Series CC mortgage bonds and the December 1995 redemption, in advance of maturity, of the $27.4 million of 9.70% debentures were funded from cash balances. In July 1995 the Company issued $100 million 10-year 6-5/8% debentures.

In the first quarter of 1994, pursuant to its amended dividend reinvestment plan, the Company issued 478,016 shares of common stock for $14.7 million. The Company amended the plan in 1993 to permit, at the option of the Company, the use of new shares or outstanding shares purchased in the market.

In February 1994 the Company issued $150 million of 35-year debentures. In July 1994 the Company issued $150 million of five-year floating rate debentures, the interest rate on which is reset quarterly. In December 1994 the Company issued $100 million of 35-year tax-exempt debt through the New York State Energy Research and Development Authority (NYSERDA).

In March 1996 the Company refunded $317 million of certain series of its preferred stock with the proceeds from the issuance of $275 million of 35-year 7-3/4% subordinated deferrable interest debentures (interest payments on which, unlike preferred stock dividends, are tax deductible) and $25 million of cash balances. The net gain on this transaction was offset by an additional provision for depreciation. See Note B to the financial statements. In May 1996 the Company issued $100 million of 30-year 7-3/4% debentures, the proceeds of which were used in June 1996 to redeem, in advance of maturity, $95.3 million of its 9-3/8% debentures. In August 1995 the Company issued $128.3 million of 25-year 6.10% tax-exempt debt through NYSERDA, the proceeds of which were used to redeem, in advance of maturity, a like amount of outstanding 9% tax-exempt debt.

The Company's cash requirements are subject to substantial fluctuations during the year due to seasonal variations in cash flow and peak in January and July of each year when the semi-annual payments of New York City property taxes are due. At such times the Company has borrowed from banks for short periods.

For 1997 the Company has arranged for bank credit lines amounting to $150 million. Borrowings under the credit lines would bear interest at prevailing market rates.

Customer accounts receivable, less allowance for uncollectible accounts, amounted to $544.0 million, $497.2 million and $440.5 million at December 31, 1996, 1995 and 1994, respectively. The increase at year-end 1996 compared to year-end 1995 is primarily attributable to higher fuel billings. In terms of equivalent days of revenue outstanding, these amounts represented 28.6, 27.6 and 27.1 days, respectively.

Regulatory accounts receivable recoverable from customers amounted to $45.4 million and $26.3 million at December 31, 1996 and 1994, respectively. Regulatory accounts receivable at December 31, 1995 amounted to a net credit to be refunded to customers of $6.5 million. See Note A to the financial statements.

The following is a summary of the balances and activity in regulatory accounts receivable in 1996:

(Millions of Dollars)	Balance Dec. 31, 1995*	1996 Accruals*	1996 Recoveries from Customers**	Balance Dec. 31, 1996*
Modified ERAM	$(37.7)	$10.1	$28.0	$ .4
Electric Incentives				
Enlightened Energy program	19.7	24.2	(14.8)	29.1
Customer service	4.0	6.1	(4.6)	5.5
Fuel and purchased power	1.9	24.9	(23.3)	3.5
Gas Incentives				
System improvement	4.6	6.5	(6.2)	4.9
Customer service	1.0	2.7	(1.7)	2.0
Total	$ (6.5)	$74.5	($22.6)	$45.4

* Negative amounts are refundable; positive amounts recoverable

**Negative amounts were recovered; positive amounts refunded.

The components of the balance in regulatory accounts receivable at December 31, 1996 are recoverable from customers during 1997 and 1998 under the 1995 electric rate agreement and 1994 and 1997 gas rate agreements discussed below. See, however, "PSC Settlement Agreement."

Deferred charges for Enlightened Energy (demand-side management) program costs amounted to $133.7 million, $144.3 million and $170.2 million at December 31, 1996, 1995 and 1994, respectively. These costs are recoverable from customers under the 1992 and 1995 electric rate agreements discussed below. See, however, "PSC Settlement Agreement."

The Company's earnings include an allowance for funds used during construction which, as a percent of net income for common stock, was 0.7 percent, 0.8 percent and 1.7 percent in 1996, 1995 and 1994, respectively.

Interest coverage on the SEC book basis was 4.18, 4.20 and 4.58 times for 1996, 1995 and 1994, respectively. The decline in interest coverage in 1995 was due to lower earnings and higher interest charges. The Company's interest coverage continues to be high compared with the electric utility industry generally.

The Company's unsecured debentures and tax-exempt debt (which, after the December 1996 retirement at maturity of the last series of the Company's first mortgage bonds, are the Company's senior debt securities) are rated A1, A+ and AA- by Moody's Investor Service (Moody's), Standard and Poor's (S&P) and Fitch Investors Service, respectively. The Company's subordinated debentures are rated A2 by Moody's and A by S&P.

Cash flows from operating activities for years 1994 through 1996 were as follows:

(Millions of Dollars)	1996	1995	1994
Net cash flows from operating activities	$1,107	$1,276	$1,250
Less: Dividends on common and preferred stock	511	515	505
Net after dividends	$ 596	$ 761	$ 745

Net cash flows in 1996 were lower than in 1995 principally due to lower incentive billings and higher costs for recoverable fuel and gas in storage. Net cash flows in 1996 were favorably affected by incentive billings of $50.6 million, offset by the return to customers of $28 million of revenues under the ERAM. Net cash flows in 1995 were favorably affected by incentive billings of $116.5 million, offset by the return to customers of $54 million of revenues under the ERAM. Net cash flows in 1994 were favorably affected by incentive billings of $92.3 million, ERAM billings of $28.9 million and labor productivity improvements resulting in costs estimated to be approximately $51 million less than related amounts reflected in rates. See the table on the previous page for balances in regulatory accounts receivable at December 31, 1996 recoverable from customers in future periods.

Capital Requirements

The following table compares the Company's capital requirements for the years 1994 through 1996 and estimated amounts for 1997 and 1998:

(Millions of Dollars)	1998	1997	1996	1995	1994
Construction expenditures	$622	$660	$675	$693	$ 758
Enlightened Energy program costs less recoveries (a)	(52)	(19)	(11)	(26)	30
Power contract termination costs - net (a)	(12)	(47)	(31)	(55)	62
Nuclear decommissioning trust (b)	21	21	21	19	15
Nuclear fuel	57	15	49	13	47
Investment in subsidiaries	52	77	7	2	7
Subtotal	688	707	710	646	919
Retirement of long term debt and preferred stock (c)	200	106	184	11	134
Total	$888	$813	$894	$657	$1,053

(a) See discussion below of electric rate agreements.
(b) See Note A to the financial statements for discussion of nuclear decommissioning costs.
(c) Does not include refundings in advance of maturity, nor the preferred stock refunding in 1996, discussed above. For details of securities maturing after 1998, see Note B to the financial statements.

Capital requirements shown above for 1996 were met from internally generated funds and external debt financings of $150 million. The Company expects to finance its capital requirements for 1997 and 1998, including $306 million of maturing securities, from internally generated funds and external financings of about $300 million, most, if not all, of which would be debt issues. In 1997 and 1998 the Company may, from time to time, make short-term borrowings. The estimates for 1997 and 1998 do not reflect the settlement agreement discussed under "PSC Settlement Agreement." The Company is reviewing its capital structure in the light of the Settlement Agreement, and these estimates may change as a result of this review. In addition, these estimates are forward-looking statements. They are statements of future expectation and not facts. Actual

results might differ materially from those estimated because of factors such as the continuing development of competition and related rule-making and legislation, weather variations, economic conditions, changes in public policy and other presently unknown or unforeseen factors.

Electric Capacity Resources

Electric peak load in the Company's service area, adjusted for historical design weather conditions, grew by 100 megawatts (MW) (0.9 percent) in 1996. This growth was due primarily to the improving local economy during 1996. The growth in peak load has been mitigated by the Company's Enlightened Energy program, introduced in 1990, which has helped the Company's customers purchase and install energy-efficient equipment and encourages the efficient use of energy resources.

In response to federal and state regulatory policies and requirements for utilities to contract with non-utility generators (NUGs), the Company entered into contracts for the supply of substantial capacity from NUG facilities. Plants with approximately 2,100 MW of such capacity are in commercial operation, and the related charges are reflected in the Company's rates under the 1995 electric rate agreement.

As excess generating capacity developed in the Northeast, estimates of future market prices for power declined. Since 1993 the Company has entered into agreements to terminate NUG contracts involving 725.6 MW at a cost of $212 million (exclusive of interest), $153 million of which has already been recovered from customers. See "1995 Electric Rate Agreement" below.

The Company's current resource plans indicate that the Company's service area could require additional generation resources within the next five years. However, the Company does not anticipate adding long-term capacity resources to its electric system. In a competitive electric market, unregulated entities, possibly including an unregulated affiliate of the Company, would be expected to provide additional capacity resources as dictated by market conditions.

Competition and Industry Restructuring

In recent years federal and New York State initiatives have promoted the development of competition in the sale of electricity and gas. In general these initiatives "unbundle," or separate, the integrated services electric and gas utilities have traditionally provided, and enable customers to purchase electricity and gas directly from suppliers other than their local utility. Under these initiatives the Company will continue to transport and deliver energy to customers in its service area, including energy from other suppliers, over its electric and gas systems. The rates for such delivery services are expected to remain regulated on a cost-of-service basis. These systems, along with the Company's steam system, which will also remain rate-regulated, comprised more than 70 percent of the Company's net utility plant at December 31, 1996.

In a competitive electric marketplace, the Company could be disadvantaged by its potential "strandable" costs. Strandable costs are prior investments and commitments that may not be recoverable in a competitive market. The Company estimates that, on a present value basis, its electric strandable costs could be between $4.7 billion and $6.2 billion, including an estimated $650 million relating to its fossil-fueled power plants, $1.1 billion relating to its nuclear generating operations (including decommissioning costs) and $3 billion to $4.5 billion relating to capacity charges under the Company's contracts with NUGs. These estimates are forward-looking statements. Actual stranded costs might be materially higher or lower than these estimates because of factors affecting the future market price of capacity (such as competition among capacity providers, changes in energy usage patterns or economic conditions, technological developments, or installation of new, or retirement of existing, generation or transmission capacity), changes in laws or regulations, and other presently unknown or unforeseen factors. See "PSC Settlement Agreement."

Competition for electric sales in the Company's service area could also be affected by the limited capacity of the existing transmission facilities for importing electricity.

In April 1996 the Federal Energy Regulatory Commission (FERC) issued its Order 888 requiring electric utilities to file non-discriminatory open access transmission tariffs that would be available to wholesale sellers and buyers of electric energy and allowing utilities to recover related legitimate and verifiable stranded costs subject to FERC's jurisdiction. The Company's open access tariff took effect in July 1996, subject to refund pending the outcome of a hearing on the tariff scheduled by FERC for August 1997. In December 1996 the Company filed a tariff to permit it to sell electric energy and capacity at market-based rates. In January 1997 the Company, along with the other New York electric utilities, submitted a filing to FERC for approval of a restructuring of the wholesale electric market in New York State, including the establishment of an independent system operator that would control and operate most electric transmission facilities in New York as an integrated system, and a "power exchange" that would establish visible spot market prices for wholesale energy.

In May 1996 the PSC issued an order in its "Competitive Opportunities" proceeding endorsing a fundamental restructuring of the electric utility industry in New York State, based on competition in the generation and energy services sectors of the industry. In March 1997 the Company and the PSC staff entered into a Settlement Agreement, which is subject to PSC approval. The Settlement Agreement reflects the Company's strategy for dealing with competition, including ongoing cost reductions, increased productivity, pursuit of growth opportunities and strengthening of customer relations by providing value-added services. The extent to which the Company will compete in the emerging competitive marketplace will depend on the outcome of the PSC's Competitive Opportunities proceeding, particularly as it relates to the

corporate reorganization and inter-affiliate relationship provisions of the Settlement Agreement, and on management's assessment of the potential for increasing shareholder value through business activities in this marketplace. See "PSC Settlement Agreement."

All of the Company's gas customers, either individually or by aggregating their demand with other customers, became eligible in 1996 to purchase gas directly from suppliers other than the Company.

1992 Electric Rate Agreement

In April 1992 the PSC approved an electric rate agreement covering the three-year period April 1, 1992 through March 31, 1995. Under the agreement annual electric rates were increased by $250.5 million (5.0 percent) in April 1992, by $251.2 million (5.0 percent) in April 1993 and by $55.2 million (1.1 percent) in April 1994. In order to settle disputed items, including alleged excess earnings in prior years, the Company's revenue allowance was reduced in each of the three years by $35 million. For calendar year 1994, the Company accrued incentives of $116.4 million, before federal income tax, for attaining certain objectives for the Company's Enlightened Energy program, customer service and fuel costs.

The agreement introduced a rate-making concept known as the Electric Revenue Adjustment Mechanism (ERAM). The purpose of the ERAM was to eliminate the linkage between customers' energy consumption and Company profits. Under the ERAM, rates were based on annual forecasts of electric sales and sales revenues, with refund to or recovery from customers of any overages or deficiencies of actual revenues in the prior rate year from those forecasts. Implementation of the ERAM removed from Company earnings the impact of all variations in electric sales from forecasts, including the effects of year-to-year weather variations, changes in economic conditions and the Enlightened Energy program. In 1994 the Company set aside $63.7 million to be returned to customers for revenue overcollections under the ERAM.

1995 Electric Rate Agreement

In April 1995 the PSC approved a three-year electric rate agreement effective April 1, 1995. See, however, "PSC Settlement Agreement." The principal features of the 1995 electric rate agreement are as follows:

Limited Changes in Base Revenues. There was no increase in base electric revenues for the first rate year of the agreement (the 12 months ending March 31, 1996). Differences between actual and projected amounts for certain expense items for each rate year are subject to reconciliation and deferral for refund to or recovery from customers in subsequent years. These items include pension and retiree health and life insurance expenses, costs incurred under NUG contracts, and certain Enlightened Energy and renewable energy expenses. Likewise, property tax differences are subject to reconciliation and refund to or recovery from customers, except that the Company absorbs (or retains) 14 percent of any property tax increase (or decrease) from the forecast amounts.

Unlike previous multi-year rate agreements, there are no increases in rates in the second and third rate years to cover general escalation, wage and salary increases or carrying costs on increased utility plant investment. See "Modified ERAM" below for revenue adjustments to reflect changes in numbers of customers.

In March 1996 the PSC approved rates for the second year of the agreement effective April 1, 1996. Base electric rates were reduced by approximately $19 million (0.3 percent). The decrease reflects a lower allowed rate of return on equity and a refund to customers under the modified ERAM mechanism, offset in part by increases in pension and retiree health expenses and NUG capacity costs.

In October 1996 the Company filed for an increase to its electric rates to become effective April 1, 1997, for the third rate year of the electric rate agreement. The Company currently anticipates no change in the revenue requirement from the second rate year.

Return on Equity and Equity Ratio. The allowed rate of return on common equity in the first rate year was 11.1 percent. The allowed return is subject to adjustment for the second and third rate years to reflect changes in 30-year Treasury bond rates. The rate of return on equity for the second rate year is 10.31 percent. For purposes of calculating the allowed return, a 52 percent common equity ratio is assumed throughout the term of the agreement.

Costs for debt and preferred stock are not updated from the levels projected for the first rate year.

Earnings Sharing. Following each rate year the Company's actual return on equity is calculated, using actual capitalization ratios and debt and preferred stock costs, but excluding any earnings from the incentives discussed below. The Company is permitted to retain 100 percent of any earnings up to 50 basis points above the allowed rate of return for that rate year. The Company is permitted to retain 50 percent of earnings exceeding the allowed rate of return by more than 50 basis points but not more than 150 basis points, and the balance is required to be deferred for customer benefit. The Company is permitted to retain 25 percent of earnings that exceed the allowed rate of return by more than 150 basis points; one-third of the balance above this level is required to be deferred for customer benefit and two-thirds is required to be applied to reduce rate base balances in a manner to be determined by the Company.

The rate of return on electric common equity, excluding incentives, for the first rate year exceeded the sharing threshold of 11.6 percent, principally due to increased productivity. As a result, the Company recorded a provision for the future benefit of electric customers of $10.2 million (primarily in the fourth quarter of 1995), before federal income tax. Similarly, the Company estimates the rate of return on electric common equity, excluding incentives, for the second rate year will exceed the sharing threshold of 10.81 percent. As a result, in 1996 the Company recorded an additional provision for the future benefit of electric customers of $18.0 million, before federal income tax.

NUG Termination Costs. The rate agreement provides for full recovery by the Company of all NUG contract termination costs incurred to date, and permits the Company to petition the PSC to defer for future recovery from customers the costs of new NUG contract terminations or modifications, if any, during the term of the agreement.

Incentive Provisions. The rate agreement permits the Company to earn additional incentive amounts, not subject to the earnings sharing provisions, by attaining certain objectives for the Company's Enlightened Energy program, fuel costs and customer service. While these incentive mechanisms are similar to those provided under the 1992 electric rate agreement, opportunities for earning incentives are generally less than under the earlier agreement. There are also penalties for failing to achieve minimum objectives, and there is a penalty-only incentive mechanism designed to encourage the Company to maintain its high level of service reliability.

For 1995 the Company accrued benefits of $32.7 million (including $17.1 million related to the prior year) and $5.7 million, before federal income tax, for the Enlightened Energy incentive and for electric customer service performance, respectively.

For 1996 the Company accrued benefits of $24.2 million and $6.1 million, before federal income tax, for the Enlightened Energy incentive and for electric customer service performance, respectively.

Partial Pass-Through Fuel Adjustment Clause (PPFAC). A fuel and purchased power cost-savings incentive was continued with certain modifications from the 1992 electric rate agreement. See Note A to the financial statements. For each rate year of the 1995 agreement, there is a $35 million cap (previously $30 million) on the maximum incentive or penalty, with a "sub-cap" (within the $35 million cap) of $10 million (as previously) for costs associated with generation from the Company's Indian Point 2 nuclear unit. While the cap is higher, the targets established for incentive earnings are generally more difficult to achieve than under the prior agreement. For 1995 the Company earned $19.2 million, before federal income tax, under the PPFAC, $6.5 million of which was earned in the first calendar quarter, under the 1992 agreement. For 1996 the Company earned $24.9 million, before federal income tax, under the PPFAC.

Modified ERAM. The agreement continues, in modified form, the ERAM introduced in the 1992 electric rate agreement. The new agreement adds to the ERAM a revenue per customer (RPC) mechanism which excludes from adjustment those variances in the Company's electric revenues that result from changes in the number of customers in each electric service classification. In effect the Company retains additional revenues attributable to added customers, but bears the revenue shortfall resulting from lost customers, while other variances from forecast revenues are deferred for subsequent recovery from or refund to customers and do not affect the Company's earnings. The ERAM and the RPC mechanism do not apply to delivery service for the New York Power Authority (NYPA).

At the end of each rate year, the forecast average annual amount of revenue per customer in each service classification (the RPC Factor) for that rate year is multiplied by the actual average number of customers in that classification. The net difference between the total of such amounts and the actual revenues from all service classifications is deferred for refund to or recovery from customers in the subsequent rate year; the RPC Factor for the following rate year is adjusted to reflect such net difference. The RPC Factors are also subject to adjustment in the second and third rate years to reflect any increase or decrease in allowed base revenues for reconciliations and projections discussed above in "Limited Changes in Base Revenues."

For 1995 the Company set aside $35.3 million, before federal income tax, to be refunded to customers for revenue overcollections under the ERAM and Modified ERAM, net of $13.3 million earned under the RPC. For 1996 the Company accrued $10.1 million, before federal income tax, to be recovered from customers for revenue undercollections under the Modified ERAM, net of $59.6 million earned under the RPC.

Nuclear Decommissioning Expense. See Note A to the financial statements for changes in nuclear decommissioning expense under the agreement.

PSC Settlement Agreement

On March 13, 1997, the Company and the PSC staff entered into a settlement agreement (the Settlement Agreement) with respect to the PSC's Competitive Opportunities proceeding. See "Competition and Industry Restructuring."

The Settlement Agreement, which is subject to PSC approval, provides for a transition to a competitive electric market by instituting "retail access" over a five-year period (the Transition), a rate plan for the Transition, a reasonable opportunity to recover prior utility investments and commitments that may not be recoverable in a competitive electric market (often referred to as "strandable" costs), the divestiture by the Company to unaffiliated third parties of at least 50 percent of its New York City fossil-fueled generating capacity, and, subject to shareholder and other approvals, a corporate reorganization into a holding company structure. A PSC order with respect to the Settlement Agreement is expected by mid-1997.

The Company believes that the Settlement Agreement will not adversely affect its eligibility to continue to apply Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation." If such eligibility were adversely affected, a material write-down of assets, the amount of which is not presently determinable, could be required.

Retail Access. The Company will implement an energy and capacity retail access program that will permit its customers to choose alternative energy suppliers. The delivery of electricity to customers will continue to be through the Company's transmission and distribution systems. The program will begin in late 1997 with certain large customers and will be expanded to 500 megawatts of customer load within 12 months following PSC approval of the Settlement Agreement. The program will be further expanded in annual increments. The Company will target the phase-in of retail access to make it available to all of its customers by the earlier of 24 months after the independent system operator becomes fully operational or December 2002. This schedule is subject to adjustment as circumstances warrant. In general, the Company's delivery rates for retail access customers during the Transition will equal the rate applicable to other comparable customers of the Company less the market value of the energy and capacity being supplied for customers by the other sellers.

Rate Plan. The rate plan reduces the generation-related revenues that the Company would have received over the five-year Transition had current rate levels remained in effect by $655 million. Base rates will be lower by 25 percent for the Company's largest industrial customers and, by the last year of the Transition, will be lower by 10 percent for other large industrial and commercial customers and 3.3 percent for residential and other customers. In general, base electric rates will not otherwise be changed during the Transition except in the event of changes in costs above anticipated annual levels resulting from legal or regulatory requirements (including a requirement or interpretation resulting in the Company's refunding of its tax-exempt debt), inflation in excess of a 4 percent annual rate, property tax increases, environmental costs or in the event the Company's rate of return becomes unreasonable for the provision of safe and adequate service.

The Settlement Agreement also provides, among other things, for a non-bypassable system benefits charge to recover, to the extent not otherwise recovered, the costs of required research and development, energy efficiency programs and programs to assist low income customers, and a penalty mechanism (estimated maximum, $26 million per year) for failure to maintain certain service quality and reliability standards.

For any Transition rate year, 50 percent of any earnings in excess of a rate of return of 12.9 percent on electric common equity will be retained for shareholders and 50 percent will be applied for customer benefit, with one-half of such amount to be applied to a reduction of rates or as otherwise determined by the PSC and the balance to be deferred and applied to reduce the Company's generating plant balances through additional depreciation expense. The rate of return calculation will exclude any incentives and reflect any amounts by which the rate of return for earlier Transition rate years fell below 11.9 percent. This earnings sharing will end beginning in the year in which the Company fulfills its divestiture commitment (discussed below) or in which 15 percent of the service area peak load (excluding the existing load served by NYPA) is supplied other than by the Company.

The Settlement Agreement supersedes the provisions of the 1995 electric rate agreement prescribing overall electric revenue levels for the 12 months ending March 31, 1998. The Settlement Agreement also eliminates the provisions of the 1995 electric rate agreement for incentives or penalties related to the Enlightened Energy program and customer service performance, the modified ERAM, earnings sharing and reconciliation of amounts included in base rates with actual costs for pensions and other post-employment benefits, capacity charges under the Company's contracts with NUGs, Enlightened Energy program and renewable energy expenses, property taxes and research and development expenses. The Settlement Agreement also requires the reversal of all related balances at March 31,1997, the net effect of which is not expected to be material. An incentive-based fuel adjustment clause, initially similar to the current PPFAC, will be in effect during the Transition.

Divestiture Commitment. The Company has agreed to divest to unaffiliated third parties at least 50 percent of its New York City fossil-fueled generating capacity no later than December 2002, unless the PSC determines that such divestiture should be delayed or reduced (to maximize sales price or address other developments). Divestiture could also be delayed under certain other circumstances. The generating units not divested to unaffiliated third parties might be transferred to an unregulated affiliate of the Company. The Company has agreed to submit a detailed divestiture plan to the PSC within one year of the PSC's approval of the Settlement Agreement. The PSC could approve the divestiture plan as submitted, initiate a proceeding to address market power or other concerns, or request the Company to respond to such concerns.

Recovery of Prior Investments and Commitments. During the Transition, the Company will continue to recover its potential electric strandable costs (see "Competition and Industry Restructuring") in the rates it charges all customers. The Company will also provide during the Transition for $350 million of additional depreciation for its fossil-fueled generating units and $45 million for its Indian Point 2 nuclear unit. In addition, as indicated above, certain "excess" earnings will be applied as an offset to strandable costs.

Following the Transition, the Company will be given a reasonable opportunity to recover remaining electric strandable costs, as adjusted for any after-tax net gain or loss from divestiture or transfer of generating units, through a non-bypassable charge to customers. For remaining fossil-related strandable costs, the recovery period will be 10 years and for the Company's Indian Point nuclear station, the recovery period will be the then-remaining life of the Indian Point 2 unit. With respect to its NUG contracts, the Company will be

permitted to recover at least 90% of the amount by which the actual costs of its purchases under the contracts exceed market value after the Transition. Any potential disallowance after the Transition will be limited to the lower of (i) 10% of the above-market costs or (ii) $300 million (in 2002 dollars). The potential disallowance will be offset by NUG contract mitigation achieved by the Company after the beginning of the Transition period and 10% of the gross proceeds of generating unit sales to third parties. The Company will be permitted a reasonable opportunity to recover any costs subject to disallowance that are not offset by these two factors if it makes good faith efforts in implementing provisions of the Settlement Agreement leading to the development of a competitive electric market in its service territory.

Any financing savings from "securitization" of the Company's strandable costs are expected to be applied to further reduce customer rates. Subject to satisfying any conditions of any securitization legislation enacted in New York, the Company could transfer its right to recover from customers the payment for the strandable costs to a financing entity that would in return remit to the Company the proceeds of debt issued by the financing entity. The debt, which would be non-recourse to the Company, would be secured by, and repaid from, the future customer payments.

Corporate Structure. The Settlement Agreement authorizes Con Edison to establish a holding company and establishes guidelines governing transactions among affiliates. The formation of the holding company is subject to shareholder approval, FERC approval and the consent of the Nuclear Regulatory Commission.

Upon formation of the holding company, the Company will become a subsidiary of the holding company, and the Company's common shareholders will automatically become the shareholders of the holding company. The Company expects that the holding company would initially also have unregulated energy supply, energy services and new ventures subsidiaries. The energy supply subsidiary may become an unregulated owner and operator of electric generating plants and marketer of electricity. It is expected that the Company's existing gas marketing subsidiary, ProMark Energy, Inc., will be transferred to the holding company to become a full-service provider of energy services engaging in both wholesale and retail sales of electricity and gas and related services. Likewise, the Company's existing subsidiary, Gramercy Development, Inc., is expected to be the "new ventures" subsidiary, through which the holding company will develop other opportunities in both energy and non-energy fields, both domestically and internationally.

The Settlement Agreement limits the dividends that the Company could pay to the holding company to not more than 100 percent of income available for dividends calculated on a two-year rolling average basis. Excluded from "income available for dividends" will be non-cash charges to income resulting from accounting changes or charges to income resulting from significant unanticipated events. The limitation will not apply to dividends necessary to transfer to the holding company proceeds from major transactions, such as asset sales, or to dividends reducing the Company's capital ratio to a level appropriate to the Company's business risk.

Litigation. Pursuant to the Settlement Agreement, the Company will terminate an appeal of a November 1996 rejection by the Supreme Court of the State of New York of a challenge to the PSC's May 1996 order.

Gas and Steam Rate Agreements

In September 1993 the PSC granted the Company permission to increase its firm gas rates for the second rate year of a 1992 gas rate agreement by $21.6 million (2.8 percent). In lieu of an increase of $2.1 million for the second rate year of a 1992 steam rate agreement, the PSC authorized the Company to retain certain tax refunds being held by the Company for refund to steam customers.

In October 1994 the PSC approved three-year rate agreements for gas and steam services. The agreements provide for gas and steam rate increases in the first rate year, the 12 months ended September 30, 1995, of $7.7 million (0.9 percent) and $9.9 million (3.0 percent), respectively, and a methodology for rate changes in the second and third rate years. The gas agreement contained two incentive mechanisms providing for rewards or penalties. In 1995 the Company accrued benefits of $6.1 million and $1.3 million, before federal income tax, for performance under the gas system improvement and customer service incentives, respectively. In 1996 the Company accrued benefits of $6.5 million and $2.7 million, before federal income tax, for the gas system improvement and customer service incentives, respectively.

Effective October 1, 1995 (the beginning of the second year of the 1994 gas and steam rate agreements), gas and steam rates were increased by $20.9 million (2.5 percent) and $4.6 million (1.3 percent), respectively.

In September 1996 the PSC approved rates for the third year of the 1994 steam rate agreement. Effective October 1, 1996, base steam rates were increased by $12.1 million (3.44 percent). The calculated increase for the third year was $22.9 million (6.52 percent). However, under the provisions of the agreement, the increase was capped, and the balance of $10.8 million will be eligible for recovery in a future period.

In November 1996 the Company filed a request for a four-year steam rate plan that would provide annual rate increases of $16.6 million (4.6 percent in the first rate year). The plan levelizes what would otherwise be a request for a $44 million increase (12.1 percent in the first rate year), followed by smaller increases in subsequent years. The first increase would be effective October 1997 and the four-year plan would end in September 2001. The major reasons for the increase are the recovery of the $10.8 million from the 1994 steam rate agreement; proposed increases in depreciation rates; increases in steam plant operation and maintenance expenses; the effect of transferring certain common facilities to steam operations; and an increase in the allowed rate of return on equity from 10.9 percent to 11.6 percent.

In January 1997 the PSC approved a four-year gas rate settlement agreement under which the Company withdrew its request for an increase to base gas rates for the third rate year of the 1994 gas rate agreement (which was to have taken effect on October 1, 1996). The new agreement contains the following major provisions:

base rates will, with limited exceptions, remain at September 30, 1996 levels through September 30, 2000; the Company will share in net revenue from interruptible gas sales (previously used only to reduce firm customer gas costs) by retaining in each rate year the first $7.0 million of net revenue above 8.5 million dekatherms and 50 percent of additional net revenues; and 86 percent of any increase in property taxes above levels implicit in rates will be recovered by offsetting amounts, if any, that would otherwise be returned to customers. The incentive mechanisms under the 1994 gas agreement will be discontinued effective October 1997, after which the Company will be subject to a penalty (maximum, $1.7 million per year) if it fails to maintain targeted levels of customer satisfaction; and the Company will share with customers 50 percent of earnings above a 13 percent rate of return on gas common equity.

Clean Air Act Amendments

The Clean Air Act amendments of 1990 impose limits on sulfur dioxide emissions from electric generating units. Because the Company uses very low sulfur fuel oil and natural gas as boiler fuels, the sulfur dioxide emissions limits should not affect the Company's operations. The Company will incur increased capital and operating costs to meet the nitrogen oxide emissions limits set by the New York State Department of Environmental Conservation (DEC) under the "Reasonably Available Control Technology" (RACT) provisions of the Clean Air Act. The Company has spent approximately $23 million to comply with the Phase I limitations. New York and ten other member states of the Northeast Ozone Transport Commission have entered into a Memorandum of Understanding which calls for the states to adopt more stringent nitrogen oxide emissions limits for RACT Phases II and III, effective in 1999 and 2003, respectively. The Company estimates that compliance with these phases could require capital expenditures of approximately $150 million.

Nuclear Fuel Disposal

The Company has a contract with the United States Department of Energy (DOE) which provides that, in return for payments being made by the Company to the DOE pursuant to the contract, the DOE, starting in 1998, will take title to the Company's spent nuclear fuel, transport it to a federal repository and store it permanently. Notwithstanding the contract, the DOE has announced that it is not likely to have a permanent operating repository before 2015. In July 1996 the United States Court of Appeals for the District of Columbia held that the DOE has an obligation "reciprocal to the utilities' obligation to pay fees, to start disposing of the [spent nuclear fuel] no later than January 31, 1998." In January 1997 the Company and a number of other utilities petitioned the United States Court of Appeals for the District of Columbia for an order directing the DOE to implement a program enabling it to begin acceptance of spent fuel by 1998, and to provide relief from any obligation to pay further fees to DOE until waste disposal commences, authorization to pay (under certain circumstances) into an escrow account fees which would otherwise be payable to DOE pursuant to the spent nuclear fuel disposal contracts and enhanced judicial oversight of DOE's performance under the contracts.

The Company estimates that it has adequate on-site capacity until 2005 for interim storage of its spent fuel. Absent regulatory or technological developments by 2005, the Company expects that it will require additional on-site or other spent fuel storage facilities. Such additional facilities would require regulatory approvals. In the event that the Company is unable to make appropriate arrangements for the storage of its spent fuel, the Company would be required to curtail the operation of its Indian Point 2 nuclear unit. See discussion of decommissioning in Note A to the financial statements.

Superfund and Asbestos Claims and Other Contingencies

Reference is made to Note F to the financial statements for information concerning potential liabilities of the Company arising from the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("Superfund"), from claims relating to alleged exposure to asbestos, and from certain other contingencies to which the Company is subject.

Collective Bargaining Agreement

In June 1996 the Company concluded a new collective bargaining agreement with the union representing approximately two-thirds of the Company's employees. The four-year agreement provides for general wage increases of 2.5 percent in each of the first two years and 3.0 percent in each of years three and four, with a potential 0.5 percent additional merit-based increase in each year.

Impact of Inflation

The Company is affected by the decline in the purchasing power of the dollar caused by inflation. Regulation permits the Company to recover through depreciation only the historical cost of its plant assets even though in an inflationary economy the cost to replace the assets upon their retirement will substantially exceed historical cost. However, this is partially offset by the repayment of the Company's long-term debt in dollars of lesser value than the dollars originally borrowed.

RESULTS OF OPERATIONS

Earnings per share were $2.93 in 1996 and 1995 and $2.98 in 1994. The average number of common shares outstanding for 1996, 1995 and 1994 was 235.0 million, 234.9 million and 234.8 million, respectively.

Earnings for 1996, 1995 and 1994 reflect electric, gas and steam rate increases or decreases, and other provisions of the electric, gas and steam rate agreements discussed above.

Operating Revenues and Fuel Costs

Operating revenues in 1996 and 1995 increased from the prior year by $422.8 million and by $163.8 million, respectively. The principal increases and decreases in revenue were:

(Millions of Dollars)	Increase (Decrease) 1996 over 1995	1995 over 1994
Electric, gas and steam rate changes	$ .8	$ 29.3
Fuel rider billings*	319.7	22.4
Sales volume changes		
Electric**	2.9	41.4
Gas	124.2	(11.7)
Steam	8.1	(13.9)
Gas weather normalization	(18.5)	5.9
Electric:		
ERAM/Modified ERAM accruals	45.4	28.4
Recoveries (refunds) of prior rate year ERAM accruals	(25.9)	83.1
Rate refund provision	(8.2)	(10.0)
Off-system sales	(4.8)	12.5
Other	(20.9)	(23.6)
Total	$422.8	$ 163.8

* Excludes costs of fuel, purchased power and gas purchased for resale reflected in base rates.
**Includes Con Edison direct customers and delivery service for NYPA and municipal agencies.

The increase in fuel billings in 1996 reflects increases in the unit costs of both purchased power and fuel used to produce electricity and steam and an increase in the unit cost of gas purchased for resale. The increase in fuel billings in 1995 reflects higher unit costs of electric purchased power, offset by a lower unit cost of gas. Electric fuel costs increased $23.3 million in 1996, largely because of the Company's increased unit cost of fuel partially offset by lower generation. Electric purchased power costs increased by $161.9 million over the 1995 period reflecting a higher unit cost of power purchased under NUG contracts. The increases in electric fuel and purchased power costs in 1996 were mitigated by the greater availability in 1996 than in 1995 of lower-cost nuclear generation from the Company's Indian Point 2 unit. During 1995 Indian Point 2 underwent a scheduled refueling and maintenance outage and the unit's low cost generation was, therefore, unavailable for part of the year. Gas purchased for resale increased $158.5 million in 1996, reflecting higher unit costs of purchased gas and higher sendout. The unit cost of gas was 48.8 percent higher in 1996 than in 1995 and was 20.2 percent lower in 1995 than in 1994. Steam fuel and purchased steam costs increased $49.7 million in 1996 due to the higher unit cost of fuel.

Electricity sales volume in the Company's service territory increased 0.8 percent in 1996 and 0.7 percent in 1995. Gas sales volume to firm customers increased 8.9 percent in 1996 and decreased 2.8 percent in 1995. Transportation of customer-owned gas decreased 67.1 percent in 1996 and increased 65.3 percent in 1995, primarily due to variations in the volume of gas transported for use by NYPA as boiler fuel at its Poletti unit. Steam sales volume increased 1.9 percent in 1996 and decreased 4.1 percent in 1995.

The Company's electricity, gas and steam sales vary seasonally in response to weather. Electric peak load occurs in the summer, while gas and steam sales peak in the winter. After adjusting for variations, principally weather and billing days, in each period, electricity sales volume increased 0.9 percent in 1996 and 1.2 percent in 1995. Similarly adjusted, gas sales volume to firm customers increased 1.9 percent in 1996 and 0.1 percent in 1995, and steam sales volume decreased 0.1 percent in 1996 and 1.9 percent in 1995. Weather-adjusted sales represent the Company's estimate of the sales that would have been made if historical average weather conditions had prevailed.

Off-system electricity sales were 3,917 millions of kilowatthours (kWh) in 1996 compared with 5,035 millions of kWh in 1995. Off-system sales include arrangements in which the Company produces electricity for others using gas they provide as fuel. The Company has purchased a substantial portion of this electricity for sale to its own customers.

Other Operations and Maintenance Expenses

Other operations and maintenance expenses decreased 1.8 percent in 1996 and were unchanged in 1995. For 1996 the decrease reflects lower production expenses, principally due to the refueling and maintenance outage of the Indian Point 2 nuclear unit in 1995; there was no such outage in 1996. The decrease was offset in part by higher pension and retiree benefit costs due to changes in actuarial assumptions. For 1995 lower administrative and general expenses and production expenses at fossil-fueled generating stations were offset in part by higher amortization of previously deferred Enlightened Energy program costs and higher production expenses related to the refueling and maintenance outage of the Indian Point 2 nuclear unit in that year.

In 1996 the Company accrued $10 million for environmental liabilities related to various Superfund sites. During 1995 the Company accrued $10 million for environmental remediation costs relating to Company facilities pursuant to a 1994 settlement of a DEC civil administrative proceeding against the Company, and $5 million for two Superfund sites. In 1994, pursuant to the DEC settlement, the Company paid a $9 million penalty and contributed $5 million to an environmental projects fund. In addition the Company accrued $11.5 million during 1994 for environmental investigation and site remediation costs. See Note F to the financial statements for additional information about the settlement.

Taxes, Other Than Federal Income Tax

At $1.2 billion, taxes, other than federal income tax, remain one of the Company's largest operating expenses. The principal components and variations in operating taxes were:

(Millions of Dollars)	1996 Amount	Increase (Decrease) 1996 over 1995	1995 over 1994
Property taxes	$ 571.6	$37.6	$(5.4)
State and local taxes on revenues .	473.9	13.6	(2.2)
Payroll taxes	60.8	2.6	.4
Other taxes	59.9	(7.8)	(.3)
Total	$1,166.2*	$46.0	$(7.5)

* Including sales taxes on customers' bills, total taxes, other than federal income taxes, billed to customers in 1996 were $1,478.9 million.

The increase in property taxes in 1996 reflects higher assessed valuations. The reduction in property taxes in 1995 reflects a decrease in the share of total New York City property taxes borne by the Company.

Other Income

Other income decreased $7.5 million in 1996 and increased $8.2 million in 1995. The variations in other income reflect primarily changes in interest rates and the level of temporary cash investment balances.

Net Interest Charges and Preferred Stock Dividend Requirements

Interest on long-term debt increased $5.9 million in 1996 and $12.9 million in 1995 principally as a result of new debt issues. The increase in 1996 relates to the preferred stock refunding discussed above, which substantially reduced the Company's preferred stock dividend requirements. Other interest decreased $11.6 million in 1996, principally as a result of lower interest associated with certain tax settlements and customer overpayments. Other interest increased $9.1 million in 1995, principally as a result of a higher rate of interest applied to customer deposits and interest associated with certain tax settlements.

Federal Income Tax

Federal income tax decreased $1.4 million in 1996 and $41.0 million in 1995 reflecting the changes each year in income before tax and in tax credits. See Note I to the financial statements.

March 13, 1997

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

A. Financial Statements

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Consolidated Statement of Capitalization at December 31, 1996 and 1995	54-55
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The following Schedule is filed as a "Financial Statement Schedule" pursuant to Item 14 of this report:

Schedule VIII - Valuation and Qualifying Accounts	65-67

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Separate financial statements of subsidiaries, not consolidated, have been omitted because, if considered in the aggregate, they would not constitute a significant subsidiary.

B. Supplementary Financial Information

Selected Quarterly Financial Data for the years ended December 31, 1996 and 1995 (Unaudited)

1996 (Millions of Dollars)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	$1,867.4	$1,539.7	$1,920.3	$1,632.3
Operating income	252.7	152.3	409.4	199.2
Net income	174.5	71.4	328.0	120.2
Net income for common stock	182.5	66.8	323.4	115.5
Earnings per common share ..	$.78	$.28	$1.38	$.49

1995 (Millions of Dollars)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	$1,668.8	$1,459.8	$1,879.9	$1,528.4
Operating income	280.0	156.0	412.8	192.6
Net income	201.1	76.4	333.3	113.1
Net income for common stock	192.2	67.5	324.4	104.2
Earnings per common share ..	$.82	$.29	$1.38	$.44

In the opinion of the Company these quarterly amounts include all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation.

Report of Independent Accountants

To the Board of Trustees and Stockholders of
Consolidated Edison Company of New York, Inc.

In our opinion, the consolidated financial statements listed under Item 8.A in the index appearing on page 47 present fairly, in all material respects, the financial position of Consolidated Edison Company of New York, Inc. and its subsidiaries at December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP

1177 Avenue of the Americas
New York, N.Y. 10036

March 13, 1997

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

Assets

At December 31 (Thousands of Dollars)	1996	1995
Utility plant, at original cost (Notes A and B)		
Electric	$11,588,344	$11,319,622
Gas	1,642,231	1,537,296
Steam	536,672	462,975
General	1,152,001	1,085,795
Total	14,919,248	14,405,688
Less: Accumulated depreciation	4,285,732	4,036,954
Net	10,633,516	10,368,734
Construction work in progress	332,333	360,457
Nuclear fuel assemblies and components, less accumulated amortization	101,461	85,212
Net utility plant	11,067,310	10,814,403
Current assets		
Cash and temporary cash investments (Note A)	106,882	342,292
Accounts receivable - customers, less allowance for uncollectible accounts of $21,600 in 1996 and 1995	544,004	497,215
Other receivables	42,056	45,558
Regulatory accounts receivable (Note A)	45,397	(6,481)
Fuel, at average cost	64,709	40,506
Gas in storage, at average cost	44,979	26,452
Materials and supplies, at average cost	204,801	221,026
Prepayments	64,492	66,148
Other current assets	15,167	15,126
Total current assets	1,132,487	1,247,842
Investments and nonutility property	177,224	145,646
Deferred charges (Note A)		
Enlightened Energy program costs	133,718	144,282
Unamortized debt expense	130,786	133,812
Recoverable fuel costs (Note A)	101,462	59,454
Power contract termination costs	58,560	105,408
Other deferred charges	271,356	256,783
Total deferred charges	695,882	699,739
Regulatory asset - future federal income taxes (Notes A and I)	984,282	1,042,260
Total	$14,057,185	$13,949,890

Capitalization and Liabilities At December 31 (Thousands of Dollars)	1996	1995
Capitalization (see Consolidated Statement of Capitalization)		
Common shareholders' equity	$ 5,727,568	$ 5,522,734
Preferred stock subject to mandatory redemption (Note B)	84,550	100,000
Other preferred stock (Note B)	238,098	539,917
Long-term debt	4,238,622	3,917,244
Total capitalization	10,288,838	10,079,895
Noncurrent liabilities		
Obligations under capital leases	42,661	45,250
Other noncurrent liabilities	80,499	75,907
Total noncurrent liabilities	123,160	121,157
Current liabilities		
Long-term debt due within one year (Note B)	106,256	183,524
Accounts payable	431,115	420,852
Customer deposits	159,616	158,366
Accrued taxes	27,342	24,374
Accrued interest	83,090	89,374
Accrued wages	80,225	76,459
Other current liabilities	147,968	168,477
Total current liabilities	1,035,612	1,121,426
Provisions related to future federal income taxes and other deferred credits (Notes A and I)		
Accumulated deferred federal income tax	2,289,092	2,296,284
Accumulated deferred investment tax credits	172,510	181,420
Other deferred credits	147,973	149,708
Total deferred credits	2,609,575	2,627,412
Contingencies (Note F)		
Total	$14,057,185	$13,949,890

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

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

Year Ended December 31 (Thousands of Dollars)	1996	1995	1994
Operating revenues (Note A)			
Electric	$5,541,117	$5,389,408	$5,140,472
Gas	1,015,070	813,356	890,107
Steam	403,549	334,133	342,507
Total operating revenues	6,959,736	6,536,897	6,373,086
Operating expenses			
Purchased power	1,272,854	1,107,223	787,455
Fuel	573,275	504,104	567,764
Gas purchased for resale	418,271	259,789	341,204
Other operations	1,163,337	1,139,732	1,146,094
Maintenance	458,637	512,102	506,179
Depreciation and amortization (Note A)	496,412	455,776	422,356
Taxes, other than federal income tax	1,166,199	1,120,232	1,127,691
Federal income tax (Notes A and I)	397,160	396,560	438,160
Total operating expenses	5,946,145	5,495,518	5,336,903
Operating income	1,013,591	1,041,379	1,036,183
Other income (deductions)			
Investment income (Note A)	8,327	16,966	10,601
Allowance for equity funds used during construction (Note A)	3,468	3,763	8,354
Other income less miscellaneous deductions	(8,749)	(8,149)	(15,201)
Federal income tax (Notes A and I)	970	(1,060)	(430)
Total other income	4,016	11,520	3,324
Income before interest charges	1,017,607	1,052,899	1,039,507
Interest on long-term debt	307,820	301,917	289,060
Other interest	17,331	28,954	19,853
Allowance for borrowed funds used during construction (Note A)	(1,629)	(1,822)	(3,676)
Net interest charges	323,522	329,049	305,237
Net income	694,085	723,850	734,270
Preferred stock dividend requirements	(19,859)	(35,565)	(35,587)
Gain on refunding of preferred stock (Note B)	13,943	--	--
Net income for common stock	$ 688,169	$ 688,285	$ 698,683
Earnings per common share based on average number of shares outstanding during each year (234,976,697; 234,930,301 and 234,753,901)	$ 2.93	$ 2.93	$ 2.98

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

Consolidated Statement of Cash Flows
Consolidated Edison Company of New York, Inc.

Year Ended December 31 (Thousands of Dollars)	1996	1995	1994
Operating activities			
Net income	$ 694,085	$ 723,850	$ 734,270
Principal non-cash charges (credits) to income			
Depreciation and amortization	496,412	455,776	422,356
Deferred recoverable fuel costs	(42,008)	(61,937)	20,132
Federal income tax deferred	40,600	69,020	64,090
Common equity component of allowance for funds used during construction	(3,274)	(3,546)	(7,876)
Other non-cash charges	9,602	14,382	45,537
Changes in assets and liabilities			
Accounts receivable - customers, less allowance for uncollectibles	(46,789)	(56,719)	18,765
Regulatory accounts receivable	(51,878)	32,827	70,771
Materials and supplies, including fuel and gas in storage	(26,505)	43,341	17,306
Prepayments, other receivables and other current assets	5,117	4,566	21,317
Enlightened Energy program costs	10,564	25,919	(30,144)
Power contract termination costs	30,827	55,387	(62,376)
Accounts payable	10,263	46,383	(18,074)
Other - net	(19,679)	(72,785)	(46,161)
Net cash flows from operating activities	1,107,337	1,276,464	1,249,913
Investing activities including construction			
Construction expenditures	(675,233)	(692,803)	(757,530)
Nuclear fuel expenditures	(48,705)	(12,840)	(47,071)
Contributions to nuclear decommissioning trust	(21,301)	(18,893)	(14,586)
Common equity component of allowance for funds used during construction	3,274	3,546	7,876
Net cash flows from investing activities including construction	(741,965)	(720,990)	(811,311)
Financing activities including dividends			
Issuance of common stock	--	--	14,650
Issuance of long-term debt	525,000	228,285	400,000
Retirement of long-term debt	(183,524)	(10,889)	(133,639)
Advance refunding of preferred stock	(316,982)	--	--
Advance refunding of long-term debt	(95,329)	(155,699)	--
Issuance and refunding costs	(18,480)	(5,269)	(5,988)
Common stock dividends	(488,756)	(479,262)	(469,561)
Preferred stock dividends	(22,711)	(35,569)	(35,599)
Net cash flows from financing activities including dividends	(600,782)	(458,403)	(230,137)
Net increase (decrease) in cash and temporary cash investments	(235,410)	97,071	208,465
Cash and temporary cash investments at January 1	342,292	245,221	36,756
Cash and temporary cash investments at December 31	$ 106,882	$ 342,292	$ 245,221
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Interest	$ 309,279	$ 309,953	$ 269,839
Income taxes	346,755	344,754	385,355

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

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

At December 31 (Thousands of Dollars)	Shares outstanding December 31, 1996	Shares outstanding December 31, 1995	1996	1995
Common shareholders' equity (Note B)				
Common stock, $2.50 par value,				
authorized 340,000,000 shares	234,993,596	234,956,299	$1,478,536	$1,464,305
Retained earnings			4,283,935	4,097,035
Capital stock expense			(34,903)	(38,606)
Total common shareholders' equity			5,727,568	5,522,734
Preferred stock (Note B)				
Subject to mandatory redemption				
Cumulative Preferred, $100 par value,				
7.20% Series I	475,000	500,000	47,500	50,000
6 1/8% Series J	370,500	500,000	37,050	50,000
Total subject to mandatory redemption			84,550	100,000
Other preferred stock				
$5 Cumulative Preferred, without par value,				
authorized 1,915,319 shares	1,915,319	1,915,319	175,000	175,000
Cumulative Preferred, $100 par value,				
authorized 6,000,000 shares*				
5 3/4% Series A	70,612	600,000	7,061	60,000
5 1/4% Series B	138,438	750,000	13,844	75,000
4.65% Series C	153,296	600,000	15,330	60,000
4.65% Series D	222,330	750,000	22,233	75,000
5 3/4% Series E	--	500,000	--	50,000
6.20% Series F	--	400,000	--	40,000
Cumulative Preference, $100 par value,				
authorized 2,250,000 shares				
6% Convertible Series B	46,305	49,174	4,630	4,917
Total other preferred stock			238,098	539,917
Total preferred stock			$ 322,648	$ 639,917

* Represents total authorized shares of cumulative preferred stock, $100 par value, including preferred stock subject to mandatory redemption.

At December 31 (Thousands of Dollars)			1996	1995
Long-term debt (Note B)				
Maturity	Interest Rate	Series		
First and Refunding Mortgage Bonds (open-end mortgage):				
1996	5 %	CC	$ --	$ 100,000
1996	5.90	DD	--	75,000
Total mortgage bonds			--	175,000
Debentures:				
1997	5.30 %	1993E	100,000	100,000
1998	6 1/4	1993A	100,000	100,000
1998	5.70	1993F	100,000	100,000
1999	6 1/2	1992D	75,000	75,000
1999	*	1994B	150,000	150,000
2000	7 3/8	1992A	150,000	150,000
2000	7.60	1992C	125,000	125,000
2001	6 1/2	1993B	150,000	150,000
2001	*	1996B	150,000	--
2002	6 5/8	1993C	150,000	150,000
2003	6 3/8	1993D	150,000	150,000
2004	7 5/8	1992B	150,000	150,000
2005	7 3/8	1992E	75,000	75,000
2005	6 5/8	1995A	100,000	100,000
2023	7 1/2	1993G	380,000	380,000
2026	9 3/8	1991A	--	95,329
2026	7 3/4	1996A	100,000	--
2027	8.05	1992F	100,000	100,000
2029	7 1/8	1994A	150,000	150,000
Total debentures			2,455,000	2,300,329
Tax-exempt debt - notes issued to New York State Energy Research and Development Authority for Facilities Revenue Bonds:				
2020	6.10 %	1995A	128,285	128,285
2020	5 1/4	1993B	127,715	127,715
2021	7 1/2	1986A	150,000	150,000
2022	7 1/8	1987A	100,855	100,855
2022	9 1/4	1987B	29,385	29,385
2022	5 3/8	1993C	19,760	19,760
2024	7 3/4	1989A	150,000	150,000
2024	7 3/8	1989B	100,000	100,000
2024	7 1/4	1989C	150,000	150,000
2025	7 1/2	1990A	150,000	150,000
2026	7 1/2	1991A	128,150	128,150
2027	6 3/4	1992A	100,000	100,000
2027	6 3/8	1992B	100,000	100,000
2028	6	1993A	101,000	101,000
2029	7 1/8	1994A	100,000	100,000
Total tax-exempt debt			1,635,150	1,635,150
Subordinated deferrable interest debentures:				
2031	7 3/4%	1996A	275,000	--
Other long-term debt			8,848	19,163
Unamortized debt discount			(29,120)	(28,874)
Total			4,344,878	4,100,768
Less: Long-term debt due within one year			106,256	183,524
Total long-term debt			4,238,622	3,917,244
Total capitalization			$10,288,838	$10,079,895

*Rate reset quarterly. At December 31, 1996 the rates for the Series 1994 B and the Series 1996 B were 5.8125% and 5.65078%, respectively.

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

Consolidated Statement of Retained Earnings
Consolidated Edison Company of New York, Inc.

Year Ended December 31 (Thousands of Dollars)	1996	1995	1994
Balance, January 1	$4,097,035	$3,888,010	$3,658,886
Net income for the year	694,085	723,850	734,270
Total	4,791,120	4,611,860	4,393,156
Dividends declared on capital stock			
Cumulative Preferred, at required annual rates	18,145	35,259	35,259
Cumulative Preference, 6% Convertible Series B	284	304	326
Common, $2.08, $2.04 and $2.00 per share	488,756	479,262	469,561
Total dividends declared	507,185	514,825	505,146
Balance, December 31	$4,283,935	$4,097,035	$3,888,010

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

Notes to Consolidated Financial Statements

Note A Summary of Significant Accounting Policies

Regulation. The Company is subject to regulation by the New York Public Service Commission (PSC) and the Federal Energy Regulatory Commission (FERC). The Company's accounting policies conform to generally accepted accounting principles, as applied in the case of regulated public utilities, and to the accounting requirements and rate-making practices of these regulatory authorities.

Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," requires long-lived and certain other assets to be reviewed for impairment if the carrying amount of an asset may not be recoverable. SFAS No. 121 also amends SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," to require that regulatory assets (which include certain deferred charges) be charged to earnings if such assets are no longer considered probable of recovery. The application of SFAS No. 121 had no effect on the Company's financial position or results of operations in 1996.

On March 13, 1997, the Company entered into a Settlement Agreement with the PSC staff with respect to the PSC's "Competitive Opportunities" proceeding. The Settlement Agreement, which is subject to PSC approval, provides for a transition to a competitive electricity market over a five-year period (the Transition), a rate plan for the Transition, a reasonable opportunity to recover prior utility investments and commitments that may not be recoverable in a competitive electric market (often referred to as "strandable" costs), the divestiture by the Company to unaffiliated third parties of at least 50 percent of its New York City fossil-fueled generating capacity, and, subject to shareholder and other approvals, a corporate reorganization into a holding company structure. The Settlement Agreement will change certain accounting policies described in these notes. The Company believes that the Settlement Agreement will not adversely affect its eligibility to continue to apply SFAS No. 71. If such eligibility were adversely affected, a material write-down of assets, the amount of which is not presently determinable, could be required.

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany transactions have been eliminated.

Utility Plant and Depreciation. The capitalized cost of additions to utility plant includes indirect costs such as engineering, supervision, payroll taxes, pensions, other benefits and an allowance for funds used during construction (AFDC). The original cost of property, together with removal cost, less salvage, is charged to accumulated depreciation as property is retired. The cost of repairs and maintenance is charged to expense, and the cost of betterments is capitalized.

Rates used for AFDC include the cost of borrowed funds used for construction purposes and a reasonable rate on the Company's own funds when so used, determined in accordance with PSC and FERC regulations. The AFDC rate was 9.0 percent in 1996, 9.1 percent in 1995 and 9.4 percent in 1994. The rate was compounded semiannually, and the amounts applicable to borrowed funds were treated as a reduction of interest charges.

The annual charge for depreciation is computed on the straight-line method for financial statement purposes using rates based on average lives and net salvage factors, with the exception of the Indian Point 2 nuclear unit, the Company's share of the Roseton generating station, certain leaseholds and certain general equipment, which are depreciated on a remaining life amortization method. Depreciation rates averaged approximately 3.4 percent in 1996, 3.3 percent in 1995 and 3.2 percent in 1994. In 1996 an additional

provision for depreciation of $13.9 million was accrued in connection with a preferred stock refunding. See Note B.

The Company is a joint owner of two 1,200-megawatt (MW) electric generating stations: (1) Bowline Point, operated by Orange and Rockland Utilities, Inc., with the Company owning a two-thirds interest, and (2) Roseton, operated by Central Hudson Gas & Electric Corp., with the Company owning a 40 percent interest. Central Hudson has the option to acquire the Company's interest in the Roseton station in 2004. The Company's share of the investment in these stations at original cost and as included in its balance sheet at December 31, 1996 and 1995 was:

(Thousands of Dollars)	1996	1995
Bowline Point: Plant in service	$204,484	$203,360
Construction work in progress	2,788	2,340
Roseton: Plant in service	146,623	145,207
Construction work in progress	846	2,089

The Company's share of accumulated depreciation for the Roseton station at December 31, 1996 and 1995 was $70.3 million and $64.8 million, respectively. A separate depreciation account is not maintained for the Company's share of the Bowline Point station. The Company's share of operating expenses for these stations is included in its income statement.

Nuclear Decommissioning. Depreciation charges include a provision for decommissioning both the Indian Point 2 and the retired Indian Point 1 nuclear units. Decommissioning costs are being accrued ratably over the Indian Point 2 license period which extends to the year 2013. The Company has been accruing for the costs of decommissioning within the internal accumulated depreciation reserve since 1975. In 1989 the PSC permitted the Company to establish an external trust fund for the costs of decommissioning the nuclear portions of the plants pursuant to Nuclear Regulatory Commission regulations. Accordingly, beginning in 1989, the Company has made contributions to such a trust. The external trust fund is discussed below under "Investments" in this Note A.

Accumulated decommissioning provisions at December 31, 1996 and 1995, which include earnings on funds externally invested, were as follows:

	Amounts Included in Accumulated Depreciation	
(Millions of Dollars)	1996	1995
Nuclear	$ 164.7	$ 134.4
Non-Nuclear	57.0	55.3
Total	$ 221.7	$ 189.7

For the 12 months ended March 31, 1995, the Company provided expense allowances of $11.7 million and $3.1 million, respectively, for decommissioning the nuclear and non-nuclear portions of the plants. These amounts, which were recovered from customers through billings, were approved by the PSC in a 1992 electric rate agreement, and were designed to fund decommissioning costs which had been estimated at approximately $300 million in 1993 dollars. In 1994 a site-specific decommissioning study was prepared for both the Indian Point 2 and the retired Indian Point 1 nuclear units. Based upon this study, the estimated decommissioning cost in 1993 dollars is approximately $657 million, of which $252 million is for extended on-site storage of spent nuclear fuel. Using a 3.25 percent annual escalation factor, the estimated cost in 2016, the assumed midpoint for decommissioning expenditures, is approximately $1,372 million. Under a 1995 electric rate agreement, effective April 1995, the Company revised the annual decommissioning expense allowance for the nuclear and non-nuclear portions of the plants to $21.3 million and $1.8 million, respectively, to fund the future estimated costs of decommissioning. The annual expense allowance assumes a 6 percent after-tax annual return on fund assets.

The Financial Accounting Standards Board (FASB) is currently reviewing the utility industry's accounting treatment of nuclear and certain other plant decommissioning costs. In the exposure draft, "Accounting for Certain Liabilities Related to Closure or Removal of Long-Lived Assets," issued in February 1996, the FASB concluded that decommissioning costs should be accounted for at present value as a liability, with a corresponding asset in utility plant, rather than as a component of depreciation. Discussions of issues addressed in the exposure draft are ongoing.

Nuclear Fuel. Nuclear fuel assemblies and components are amortized to operating expenses based on the quantity of heat produced in the generation of electricity. Fuel costs also include provisions for payments to the U.S. Department of Energy (DOE) for future off-site storage of the spent fuel and for a portion of the costs to decontaminate and decommission the DOE facilities used to enrich uranium purchased by the Company. Such payments amounted to $9.8 million in 1996. Nuclear fuel costs are recovered in revenues through base rates or through the fuel adjustment clause.

Leases. In accordance with SFAS No. 71, those leases that meet the criteria for capitalization are capitalized for accounting purposes. For rate-making purposes, all leases have been treated as operating leases.

Revenues. Revenues for electric, gas and steam service are recognized on a monthly billing cycle basis. Pursuant to the 1992 and 1995 electric rate agreements, actual electric net revenues (operating revenues less fuel and purchased power costs and revenue taxes) are adjusted by accrual to target levels established under the agreements in accordance with an electric revenue adjustment mechanism (ERAM). The 1995 agreement introduced a revenue per

customer mechanism (RPC) which modified the ERAM. Under the RPC, revenues are increased (or decreased) to reflect variations from target levels in the numbers of customers in the various service classes. Revenues are also increased (or decreased) each month to reflect rewards (or penalties) earned under incentive mechanisms for the Enlightened Energy (demand-side management) program and for customer service activities. The agreements provide that the net regulatory asset (or liability) thus accrued in each rate year is to be reflected in customers' bills in the following rate year.

The 1994 and 1997 gas rate agreements provide for revenues to be increased (or decreased) each month to reflect rewards (or penalties) earned under incentive mechanisms related to gas customer service and system improvement targets.

Recoverable Fuel Costs. Fuel and purchased power costs that are above the levels included in base rates are recoverable under electric, gas and steam fuel adjustment clauses. If costs fall below these levels, the difference is credited to customers. For electric and steam, such costs are deferred until the period in which they are billed or credited to customers (40 days for electric, 30 days for steam). For gas, the excess or deficiency is accumulated for refund or surcharge to customers on an annual basis.

Effective April 1992 a partial pass-through electric fuel adjustment clause (PPFAC) was implemented with monthly targets for electric fuel and purchased power costs. The Company retains for stockholders 30 percent of any savings in actual costs below the target amount, but must bear 30 percent of any excess of actual costs over the target. For each rate year of the 1995 electric rate agreement, there is a $35 million cap on the maximum increase or decrease in fuel billings, with a limit (within the $35 million) of $10 million for costs associated with generation at the Company's Indian Point 2 nuclear unit.

Regulatory Accounts Receivable. Regulatory accounts receivable at December 31, 1996 amounted to $45.4 million, reflecting accruals under the 1995 electric rate agreement and the 1994 gas rate agreement for incentive benefits related to the Company's Enlightened Energy program ($29.1 million), and electric customer service activities ($5.5 million), for the amounts to be billed under the PPFAC ($3.5 million), for incentive benefits related to gas system improvement ($4.9 million) and gas customer service ($2.0 million) and for net electric sales revenues in accordance with the Modified ERAM ($0.4 million). The revenues accrued in a given 12-month period under the Modified ERAM and for incentives related to the Enlightened Energy program, electric customer service activities and the Company's gas business are being recovered from or refunded to customers over an ensuing 12-month period. The amounts accrued under the PPFAC are billed to customers on a monthly basis through the electric fuel adjustment clause.

Enlightened Energy Program Costs. In accordance with PSC directives, the Company defers the costs for its Enlightened Energy program for future recovery from ratepayers. Such deferrals amounted to $133.7 million at December 31, 1996 and $144.3 million at December 31, 1995. In accordance with the 1992 and 1995 electric rate agreements, the Company is generally recovering its Enlightened Energy program costs over a five-year period.

Temporary Cash Investments. Temporary cash investments are short-term, highly liquid investments which generally have maturities of three months or less. They are stated at cost which approximates market. The Company considers temporary cash investments to be cash equivalents.

Investments. Investments consist primarily of an external nuclear decommissioning trust fund. At December 31, 1996 and 1995 the trust fund amounted to $164.7 million and $134.4 million, respectively. Investments are stated at market. Earnings on the trust fund are not recognized in income but are included in the accumulated depreciation reserve. See "Nuclear Decommissioning" in this Note A.

Gas Hedging. In 1996 the Company initiated a program to hedge the cost of natural gas in storage against adverse market price fluctuations. The Company defers hedging gains and losses until the underlying gas commodity is withdrawn from storage and then adjusts the cost of its gas in storage accordingly. Hedging losses or gains are charged or credited to customers through the Company's gas fuel adjustment clause. Hedging losses deferred on open positions at December 31, 1996 were not material.

Federal Income Tax. In accordance with SFAS No. 109, "Accounting for Income Taxes," the Company has recorded an accumulated deferred federal income tax liability for substantially all temporary differences between the book and tax bases of assets and liabilities at current tax rates. In accordance with rate agreements, the Company has recovered amounts from customers for a portion of the tax expense the Company will pay in the future as a result of the reversal or "turn-around" of these temporary differences. As to the remaining temporary differences, in accordance with SFAS No. 71, the Company has established a regulatory asset for the net revenue requirements to be recovered from customers for the related future tax expense. In 1993 the PSC issued an Interim Policy Statement proposing accounting procedures consistent with SFAS No. 109 and providing assurances that these future increases in taxes will be recoverable in rates. The final policy statement is not expected to differ materially from the interim policy statement. See Note I.

Accumulated deferred investment tax credits are amortized ratably over the lives of the related properties and applied as a reduction in future federal income tax expense.

The Company and its subsidiaries file a consolidated federal income tax return. Income taxes are allocated to each company based on its taxable income.

Research and Development Costs. Research and development costs relating to specific construction projects are capitalized. All other such costs are charged to operating expenses as incurred. Research and development costs in 1996, 1995 and 1994, amounting to $32.3 million, $45.0 million and $46.8 million, respectively, were charged to operating expenses. No research and development costs were capitalized in these years.

Estimates. The accompanying consolidated financial statements reflect judgments and estimates made in the application of the above accounting policies.

Note B Capitalization

Common Stock and Preferred Stock Not Subject to Mandatory Redemption. Each share of Series B preference stock is convertible into 13 shares of common stock at a conversion price of $7.69 per share. During 1996, 1995 and 1994, 2,869 shares, 3,928 shares and 4,176 shares of Series B preference stock were converted into 37,297 shares, 51,064 shares and 54,288 shares of common stock, respectively. At December 31, 1996, 601,965 shares of unissued common stock were reserved for conversion of preference stock.

The prices at which the Company has the option to redeem its preferred stock other than Series I and Series J (in each case, plus accrued dividends) are as follows:

$5 Cumulative Preferred Stock	$ 105.00
Cumulative Preferred Stock:	
Series A	$ 102.00
Series B	102.00
Series C	101.00
Series D	101.00
Cumulative Preference Stock:	
6% Convertible Series B	$ 100.00

Preferred Stock Subject to Mandatory Redemption. The Company is required to redeem 25,000 of the Series I shares on May 1 of each year in the five-year period commencing with the year 2002 and to redeem the remaining Series I shares on May 1, 2007. The Company is required to redeem the Series J shares on August 1, 2002. In each case, the redemption price is $100 per share plus accrued and unpaid dividends to the redemption date. In addition, the Company may redeem Series I shares at a redemption price of $104.32 per share, plus accrued dividends, if redeemed prior to May 1, 1997 (and thereafter at prices declining annually to $100 per share, plus accrued dividends, after April 30, 2002). Neither Series I nor Series J shares may be called for redemption while dividends are in arrears on outstanding shares of $5 Cumulative Preferred Stock or Cumulative Preferred Stock.

Preferred Stock Refunding. In March 1996 the Company canceled approximately $227 million of its preferred stock purchased pursuant to a tender offer and redeemed an additional $90 million of its preferred stock. In accordance with the PSC order approving the issuance of subordinated deferrable interest debentures to refund the preferred stock, the Company offset the net gain of $13.9 million by accruing an additional provision for depreciation equal to the net gain.

Dividends. No dividends may be paid, or funds set apart for payment, on the Company's Cumulative Preference Stock or common stock until all dividends accrued on the $5 Cumulative Preferred Stock and Cumulative Preferred Stock have been paid, or declared and set apart for payment, and unless the Company is not in arrears on its mandatory redemption obligation for the Series I and Series J Cumulative Preferred Stock. No dividends may be paid on any of the Company's capital stock during any period in which the Company has deferred payment of interest on its subordinated deferrable interest debentures.

Long-Term Debt. Total long-term debt maturing in the period 1997-2001 is as follows:

1997	$106,256,000
1998	200,000,000
1999	225,000,000
2000	275,000,000
2001	300,000,000

Note C Lines of Credit

The Company has bank lines of credit for 1997 amounting to $150 million. The credit lines require average compensating balances of 2.5 percent of the credit lines, with interest on any borrowings to be at prevailing market rates. There are no legal restrictions applicable to the Company's cash balances resulting from its obligation to maintain compensating balances.

Note D Pension Benefits

The pension plans for management and bargaining unit employees cover substantially all employees of the Company and are designed to comply with the Employee Retirement Income Security Act of 1974 (ERISA). Contributions are made solely by the Company based on an actuarial valuation, and are not less than the minimum amount required by ERISA. The Company's policy is to fund the actuarially computed net pension cost as such cost accrues subject to statutory maximum (and minimum) limits. Benefits for management and bargaining unit employees are generally based on a final five-year average pay formula.

In accordance with SFAS No. 87, "Employers' Accounting for Pensions," the Company uses the projected unit credit method for determining pension cost. Pension costs for 1996, 1995 and 1994 amounted to $73.2 million, $11.4 million and $38.7 million, respectively, of which $57.8 million for 1996, $8.9 million for 1995 and $30.3 million for 1994 was charged to operating expense. Pension costs reflect the amortization of a regulatory asset established pursuant to SFAS No. 71 to offset the $33.3 million increase in pension obligations from a special retirement program the Company offered in 1993, which provided special termination benefits as described in SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." Pension cost for 1995 also includes an actuarially determined credit of $7.3 million representing a prepayment on one of the plans. This credit reduced pension funding in 1996.

The Company is subject to the PSC's "Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and Postretirement Benefits Other Than Pensions" (the PSC Policy). The PSC Policy requires actuarial recognition of investment gains and losses over five years and a 10-year period for amortization of unrecognized actuarial gains and losses.

The components of net periodic pension cost for 1996, 1995 and 1994 were as follows:

(Millions of Dollars)	1996	1995	1994
Service cost - benefits earned during the period	$120.2	$ 98.2	$ 103.9
Interest cost on projected benefit obligation	320.1	296.7	278.2
Actual return on plan assets	(593.6)	(865.8)	(3.4)
Unrecognized investment gain (loss) deferred	217.6	521.6	(322.6)
Net amortization	6.7	(41.5)	(17.4)
Net periodic pension cost	71.0	9.2*	38.7
Amortization of regulatory asset	2.2	2.2	--
Total pension cost	$ 73.2	$ 11.4	$ 38.7

* Includes a prepayment credit of $7.3 million.

The funded status of the pension plans as of December 31, 1996, 1995 and 1994 was as follows:

(Millions of Dollars)	1996	1995	1994
Actuarial present value of benefit obligation:			
Vested	$3,525.9	$3,319.2	$2,813.0
Nonvested	190.5	267.9	189.6
Accumulated to date	3,716.4	3,587.1	3,002.6
Effect of projected future compensation levels	986.6	1,070.3	786.0
Total projected obligation	4,703.0	4,657.4	3,788.6
Plan assets at fair value	5,269.3	4,775.8	4,046.7
Plan assets less projected benefit obligation	566.3	118.4	258.1
Unrecognized net gain	(703.8)	(240.3)	(401.1)
Unrecognized prior service cost*	100.1	85.3	93.9
Unrecognized net transition liability at January 1, 1987*	14.3	17.2	20.2
Accrued pension cost**	$ (23.1)	$ (19.4)	$ (28.9)

* Being amortized over approximately 15 years.
**Accrued liability primarily for special retirement program, reduced in 1995 by a prepayment credit and increased in 1996 by the application of that credit.

To determine the present value of the projected benefit obligation in 1996, 1995 and 1994, discount rates of 7.25 percent, 7 percent and 8 percent, respectively, were assumed. A weighted average rate of increase in future compensation levels of 5.8 percent and long-term rate of return on plan assets of 8.5 percent were assumed for all years.

The pension plan assets consist primarily of corporate common stocks and bonds, group annuity contracts and debt of the United States government and its agencies.

Note E Postretirement Benefits Other Than Pensions (OPEB)

The Company has a contributory comprehensive hospital, medical and prescription drug program for all retirees, their dependents and surviving spouses. The Company also provides life insurance benefits for approximately 6,400 retired employees. All of the Company's employees become eligible for these benefits upon retirement except that the amount of life insurance is limited and is available only to management employees and to those bargaining unit employees who participated in the optional program prior to retirement. The Company has reserved the right to amend or terminate these programs. The Company's policy is to fund in external trusts the actuarially determined annual costs for retiree health and life insurance subject to statutory maximum limits.

The Company is subject to the PSC Policy (see Note D) which requires actuarial recognition of investment gains and losses over five years and a 10-year period for amortization of unrecognized actuarial gains and losses.

The cost to the Company for retiree health benefits for 1996, 1995 and 1994 amounted to $89.2 million, $65.5 million and $67.1 million, respectively, of which $70.5 million for 1996, $51.6 million for 1995 and $52.7 million for 1994 was charged to operating expense. The cost of the retiree life insurance plan for 1996, 1995 and 1994 amounted to $22.8 million, $18.0 million and $21.6 million, respectively, of which $18.0 million for 1996, $14.2 million for 1995 and $17.0 million for 1994 was charged to operating expense.

The components of postretirement benefit (health and life insurance) costs for 1996, 1995 and 1994 were as follows:

(Millions of Dollars)	1996	1995	1994
Service cost - benefits earned during the period	$ 17.4	$10.7	$11.5
Interest cost on accumulated postretirement benefit obligation	68.9	61.2	56.9
Actual return on plan assets	(51.3)	(60.8)	(8.4)
Unrecognized investment gain (loss) deferred	23.5	40.4	(5.7)
Amortization of transition obligation and unrecognized net loss	53.5	32.0	34.4
Net periodic postretirement benefit cost	$112.0	$83.5	$88.7

The following table sets forth the program's funded status at December 31, 1996, 1995 and 1994:

(Millions of Dollars)	1996	1995	1994
Accumulated postretirement benefit obligation:			

Retirees	$471.1	$ 447.7	$413.9
Employees eligible to retire	248.8	250.7	167.2
Employees not eligible to retire	279.2	305.6	204.5
Total projected obligation	999.1	1,004.0	785.6
Plan assets at fair value	444.2	322.2	219.1
Plan assets less accumulated postretirement benefit obligation	(554.9)	(681.8)	(566.5)
Unrecognized net loss	139.9	240.8	11.1
Unrecognized net transition liability at January 1, 1993*	415.0	441.0	555.4
Accrued postretirement benefit cost	$ 0	$ 0	$ 0

* Being amortized over a period of 20 years.

To determine the accumulated postretirement benefit obligation in 1996, 1995 and 1994, discount rates of 7.25 percent, 7 percent and 8 percent, respectively, were assumed. The assumed long-term rate of return on plan assets was 8.5 percent for these years. The health care cost trend rate assumed for 1996 was 9 percent, for 1997, 8.5 percent, and then declining one-half percent per year to 5 percent for 2004 and thereafter. If the assumed health care cost trend rate were to be increased by one percentage point each year, the accumulated postretirement benefit obligation would increase by approximately $125.7 million and the service cost and interest component of the net periodic postretirement benefit cost would increase by $13.2 million.

Postretirement plan assets consist of corporate common stocks and bonds, group annuity contracts, debt of the United States government and its agencies and short-term securities.

Note F Contingencies

Indian Point. Nuclear generating units similar in design to the Company's Indian Point 2 unit have experienced problems that have required steam generator replacement. Inspections of the Indian Point 2 steam generators since 1976 have revealed various problems, some of which appear to have been arrested, but the remaining service life of the steam generators is uncertain and may be shorter than the unit's life. The projected service life of the steam generators is reassessed periodically in the light of the inspections made during scheduled outages of the unit. Based on the latest available data and current Nuclear Regulatory Commission criteria, the Company estimates that steam generator replacement will not be required before 1999, and possibly not until some years later. To avoid procurement delays in the event replacement is necessary, the Company purchased replacement steam generators, which are stored at the site. If replacement of the steam generators is required, such replacement is presently estimated (in 1996 dollars) to require additional expenditures of approximately $110 million (exclusive of replacement power costs) and an outage of approximately four months. However, securing necessary permits and approvals or other factors could require a substantially longer outage if steam generator replacement is required on short notice.

Nuclear Insurance. The insurance policies covering the Company's nuclear facilities for property damage, excess property damage, and outage costs permit assessments under certain conditions to cover insurers' losses. As of December 31, 1996 the highest amount which could be assessed for losses during the current policy year under all of the policies was $29 million. While assessments may also be made for losses in certain prior years, the Company is not aware of any losses in such years which it believes are likely to result in an assessment.

Under certain circumstances, in the event of nuclear incidents at facilities covered by the federal government's third-party liability indemnification program, the Company could be assessed up to $79.3 million per incident of which not more than $10 million may be assessed in any one year. The per-incident limit is to be adjusted for inflation not later than 1998 and not less than once every five years thereafter.

The Company participates in an insurance program covering liabilities for injuries to certain workers in the nuclear power industry. In the event of such injuries, the Company is subject to assessment up to an estimated maximum of approximately $3.1 million.

Environmental Matters. The normal course of the Company's operations necessarily involves activities and substances that expose the Company to potential liabilities under federal, state and local laws protecting the environment. Such liabilities 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. Sources of such potential liabilities include (but are not limited to) the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("Superfund"), a 1994 settlement with the New York State Department of Environmental Conservation (DEC), asbestos, and electric and magnetic fields (EMF).

Superfund. By its terms Superfund imposes joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages. The Company has received process or notice concerning possible claims under Superfund or similar state statutes relating to a number of sites at which it is alleged that hazardous substances generated by the Company (and, in most instances, a large number of other potentially responsible parties) were deposited. Estimates of the investigative, removal, remedial and environmental damage costs (if any) the Company will be obligated to pay with respect to each of these sites range from extremely preliminary to highly refined. Based on these estimates, the Company had accrued a liability at December 31, 1996 of approximately $23.1 million. There will be additional costs with respect to these and possibly other sites, the materiality of which is not presently determinable.

DEC Settlement. In 1994 the Company agreed to a consent order settling a civil administrative proceeding instituted by the DEC alleging environmental violations by the Company. Pursuant to the consent order, the Company has conducted an environmental management systems evaluation and is conducting an environmental compliance audit. The Company also must implement "best management practices" plans for certain facilities and undertake a remediation program at certain sites. At December 31, 1996 the Company had an accrued liability of $17.3 million for these sites. Expenditures for environment-related projects in the five years 1997-2001, including expenditures to comply with the consent order, are currently estimated at $147 million. There will be additional costs, including costs arising out of the compliance audit, the materiality of which is not presently determinable.

Asbestos Claims. Suits have been brought in New York State and federal courts against the Company and many other defendants, wherein several hundred 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 the Company, 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 is the opinion of the Company that these suits will not have a material adverse effect on the Company's financial position.

EMF. Electric and magnetic fields are found wherever electricity is used. The Company is the defendant in several suits claiming property damage or personal injury allegedly resulting from EMF. In the event that a causal relationship between EMF and adverse health effects is established, or independently of any such causal determination, in the event of adverse developments in related legal or public policy doctrines, there could be a material adverse effect on the electric utility industry, including the Company.

Note G Non-Utility Generators (NUGs)

The Company has contracts with NUGs for approximately 2,100 MW of electric generating capacity. Under the 1995 electric rate agreement, payments by the Company under the contracts are reflected in rates. Assuming performance by the NUGs, the Company is obligated over the terms of these contracts (which extend for various periods, up to 2036) to make capacity and other fixed (non-energy) payments. In addition, for energy delivered under certain of these contracts, the Company is obligated to pay variable prices that will exceed market prices for energy.

Capacity and other fixed (non-energy) payments under these contracts are estimated for 1997-2001 to be $336 million, $340 million, $356 million, $413 million and $419 million. Such payments gradually increase to approximately $500 million in 2013, and thereafter decline significantly.

Energy payments under the contracts for 1997-1999 (assuming performance by the NUGs) will exceed market prices by an average estimated $200 million each year. Beginning in the year 2000, the prices that the Company will be obligated to pay for energy will approximate market levels.

Note H Stock-Based Compensation

Under the 1996 Stock Option Plan, options may be granted to officers and key employees for up to 10,000,000 shares of the Company's common stock. In May 1996 the Company granted options for 704,200 shares at an exercise price of $27.875 per share. These options become exercisable three years after the grant date and generally remain exercisable until ten years from the grant date.

As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation," the Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its employee stock options. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Disclosure of pro-forma information regarding net income and earnings per share is required by SFAS No. 123. This information has been determined as if the Company had accounted for its employee stock options under the fair value method of that statement. The fair value of these options, $2.49 per share, was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for grants in 1996: risk-free interest rate of 6.74%; expected life of eight years; expected volatility of 16.28%; and a dividend yield of 7.46%.

Had the Company used SFAS No. 123, earnings per share for 1996 would be unaffected and pro-forma net income for common stock would be $687,938,000, or $231,000 less than the amount reported.

Note I Federal Income Tax

The net revenue requirements for the future federal income tax component of accumulated deferred federal income taxes (see Note A) at December 31, 1996 and 1995 are shown on the following table:

(Millions of Dollars)	1996	1995
Future federal income tax liability		
Temporary differences between the book and tax bases of assets and liabilities:		
Property related	$5,595.0	$ 5,513.3
Reserve for injuries and damages	(55.7)	(49.2)
Other	16.7	54.5
Total	5,556.0	5,518.6
Future federal income tax computed at statutory rate - 35%	1,944.6	1,931.5
Less: Accumulated deferred federal income taxes previously recovered	1,304.8	1,254.0
Net future federal income tax expense to be recovered	639.8	677.5
Net revenue requirements for above (Regulatory asset-future federal income taxes)*	984.3	1,042.3
Add: Accumulated deferred federal income taxes previously recovered		
Depreciation	1,115.5	1,046.8
Unbilled revenues	(94.6)	(87.1)
Advance refunding of long-term debt	32.7	32.4
Other	251.2	261.9
Subtotal	1,304.8	1,254.0
Total accumulated deferred federal income tax	$2,289.1	$2,296.3

* Net revenue requirements will be offset by the amortization to federal income tax expense of accumulated deferred investment tax credits, the tax benefits of which the Company has already realized. Including the full effect therefrom, the net revenue requirements related to future federal income taxes at December 31, 1996 and 1995 are $811.8 million and $860.8 million, respectively.

Note I Federal Income Tax, continued

Year Ended December 31 (Thousands of Dollars)	1996	1995	1994
Charged to: Operations	$ 397,160	$ 396,560	$ 438,160
Other Income	(970)	1,060	430
Total federal income tax	396,190	397,620	438,590
Reconciliation of reported net income with taxable income			
Federal income tax - current	355,590	328,600	374,500
Federal income tax - deferred	49,510	78,330	73,710
Investment tax credits deferred	(8,910)	(9,310)	(9,620)
Total federal income tax	396,190	397,620	438,590
Net income	694,085	723,850	734,270
Income before federal income tax	1,090,275	1,121,470	1,172,860
Effective federal income tax rate	36.3%	35.5%	37.4%
Adjustments decreasing (increasing) taxable income			
Tax depreciation in excess of book depreciation:			
Amounts subject to normalization	201,760	202,230	218,181
Other	(99,576)	(85,538)	(94,813)
Deferred recoverable fuel costs	42,008	61,937	(20,132)
Regulatory accounts receivable	51,878	(32,827)	(70,771)
Excess research and development	(13,025)	(2,969)	(1,284)
Pension and other postretirement benefit	(34,136)	38,102	3,535
Power contract termination costs	(38,759)	(56,397)	77,699
Other - net	(45,729)	25,356	(12,824)
Total	64,421	149,894	99,591
Taxable income	1,025,854	971,576	1,073,269
Federal income tax - current			
Amount computed at statutory rate - 35%	359,049	340,052	375,644
Tax credits	(3,459)	(11,452)	(1,144)
Total	355,590	328,600	374,500
Charged to: Operations	357,000	328,200	374,160
Other Income	(1,410)	400	340
Total	355,590	328,600	374,500
Federal income tax - deferred			
Charged to: Operations	49,070	77,670	73,620
Other Income	440	660	90
Total	$ 49,510	$ 78,330	$ 73,710

Note J Financial Information by Business Segments (a)

(Thousands of Dollars)	Electric 1996	1995	1994	Steam 1996	1995	1994
Operating revenues	$5,552,247	$5,401,524	$5,152,351	$ 405,040	$ 335,694	$ 343,916
Operating expenses						
Purchased power	1,269,092	1,107,223	787,455	3,762	--	--
Fuel	377,351	354,086	410,173	195,924	150,018	157,591
Other operations and maintenance* ...	1,331,801	1,372,715	1,372,865	83,837	79,929	80,035
Depreciation and amortization	425,397	393,382	364,988	15,900	13,064	10,961
Taxes, other than federal income	980,309	951,095	955,850	51,361	45,788	46,178
Federal income tax	330,103	339,863	379,584	14,131	12,598	11,577
Total operating expenses*	4,714,053	4,518,364	4,270,915	364,915	301,397	306,342
Operating income	838,194	883,160	881,436	40,125	34,297	37,574
Construction expenditures	515,006	538,454	587,189	38,290	27,559	44,957
Net utility plant**	9,150,261	9,027,031	8,874,341	458,019	399,028	378,748
Fuel	64,231	40,444	50,821	478	62	62
Other identifiable assets	1,703,906	1,724,005	1,899,182	42,817	51,969	48,141

*Intersegment rentals included in segments' income but eliminated for total Company

	1996	1995	1994	1996	1995	1994
Operating revenues	$ 11,130	$ 12,116	$ 11,879	$ 1,491	$ 1,561	$ 1,409
Operating expenses	2,472	2,513	2,331	12,190	13,102	12,733

	Gas 1996	1995	1994	Total Company 1996	1995	1994
Operating revenues*	$1,017,124	$ 815,307	$ 891,897	$ 6,959,736	$ 6,536,897	$ 6,373,086
Operating expenses						
Purchased power	--	--	--	1,272,854	1,107,223	787,455
Fuel	--	--	--	573,275	504,104	567,764
Gas purchased for resale	418,271	259,789	341,204	418,271	259,789	341,204
Other operations and maintenance* ..	221,011	214,818	214,451	1,621,974	1,651,834	1,652,273
Depreciation and amortization	55,115	49,330	46,407	496,412	455,776	422,356
Taxes, other than federal income	134,529	123,349	125,663	1,166,199	1,120,232	1,127,691
Federal income tax	52,926	44,099	46,999	397,160	396,560	438,160
Total operating expenses*	881,852	691,385	774,724	5,946,145	5,495,518	5,336,903
Operating income	135,272	123,922	117,173	1,013,591	1,041,379	1,036,183
Construction expenditures	121,937	126,790	125,384	675,233	692,803	757,530
Net utility plant** ...	1,459,030	1,388,344	1,308,119	11,067,310	10,814,403	10,561,208
Fuel and gas in storage	44,979	26,452	50,698	109,688	66,958	101,581
Other identifiable assets	197,033	177,374	151,628	1,943,756	1,953,348	2,098,951
Other corporate assets				936,431	1,115,181	966,624
Total assets				$14,057,185	$13,949,890	$13,728,364

* Intersegment rentals included in segments' income but eliminated for total Company

	1996	1995	1994	1996	1995	1994
Operating revenues	$ 2,054	$ 1,951	$ 1,790	$ 14,675	$ 15,628	$ 15,078
Operating expenses	13	13	14	14,675	15,628	15,078

**General Utility Plant was allocated to Electric and Gas on the basis of the departmental use of such plant. Pursuant to PSC requirements the Steam department is charged an interdepartmental rent for General Plant used in Steam operations which is credited to the Electric and Gas departments.

(a) The Company supplies electric service in all of New York City (except part of Queens) and most of Westchester County. It also supplies gas in Manhattan, The Bronx and parts of Queens and Westchester, and steam in part of Manhattan.

SCHEDULE VIII

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

VALUATION AND QUALIFYING ACCOUNTS
YEAR ENDED DECEMBER 31, 1996
(Thousands of Dollars)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
		Additions			
		(1)	(2)		
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Valuation Accounts deducted in the balance sheet from the assets to which they apply:					
Accumulated Provision for uncollectible accounts receivable:					
Electric, Gas and Steam Customers	$ 21,600	$ 30,771	-	$ 30,771*	$ 21,600
Other	-	-	-	-	-

*Accounts written off less cash collections, miscellaneous adjustments and amounts reinstated as receivables previously written off.

SCHEDULE VIII

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

VALUATION AND QUALIFYING ACCOUNTS
YEAR ENDED DECEMBER 31, 1995
(Thousands of Dollars)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
		Additions			
		(1)	(2)		
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Valuation Accounts deducted in the balance sheet from the assets to which they apply:					
Accumulated Provision for uncollectible accounts receivable:					
Electric, Gas and Steam Customers	$ 21,600	$ 32,589	-	$ 32,589*	$ 21,600
Other	-	-	-	-	-

*Accounts written off less cash collections, miscellaneous adjustments and amounts reinstated as receivables previously written off.

SCHEDULE VIII

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

VALUATION AND QUALIFYING ACCOUNTS
YEAR ENDED DECEMBER 31, 1994
(Thousands of Dollars)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
		Additions			
		(1)	(2)		
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Valuation Accounts deducted in the balance sheet from the assets to which they apply:					
Accumulated Provision for uncollectible accounts receivable:					
Electric, Gas and Steam Customers	$ 21,600	$ 30,256	-	$ 30,256*	$ 21,600
Other	-	-	-	-	-

*Accounts written off less cash collections, miscellaneous adjustments and amounts reinstated as receivables previously written off.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NONE.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by Part III is incorporated by reference from the Company's definitive proxy statement for its Annual Meeting of Stockholders to be held on May 19, 1997. The proxy statement is to be filed pursuant to Regulation 14A not later than 120 days after December 31, 1996, the close of the fiscal year covered by this report.

In accordance with General Instruction G(3) to Form 10-K, other information regarding the Company's Executive Officers may be found in Part I of this report under the caption "Executive Officers of the Registrant."

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report:

1. List of Financial Statements

   Consolidated Balance Sheet at December 31, 1996 and 1995

   Consolidated Income Statement for the years ended December 31, 1996, 1995 and 1994

   Consolidated Statement of Cash Flows for the years ended December 31, 1996, 1995 and 1994

   Consolidated Statement of Capitalization at December 31, 1996 and 1995

   Consolidated Statement of Retained Earnings for the years ended December 31, 1996, 1995 and 1994

   Notes to Consolidated Financial Statements

2. List of Financial Statement Schedules

   Valuation and Qualifying Accounts (Schedule VIII)

3. List of Exhibits

3.1.1 Restated Certificate of Incorporation filed with the Department of State of the State of New York on December 31, 1984. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 3(a).)

3.1.2 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on May 16, 1988. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 3(b).)

3.1.3 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on June 2, 1989. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 3(c).)

3.1.4 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on April 28, 1992. (Designated in the Company's Current Report on Form 8-K, dated April 24, 1992, (File No. 1-1217) as Exhibit 4(d).)

3.1.5 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on August 21, 1992. (Designated in the Company's Current Report on Form 8-K, dated August 20, 1992, (File No. 1-1217) as Exhibit 4(e).)

*3.2 By-laws of the Company, effective as of January 1, 1997.

4.1 Participation Agreement, dated as of August 15, 1985, between New York State Energy Research and Development Authority (NYSERDA) and the Company. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1990 (File No. 1-1217) as Exhibit 4(a)(1).)

4.2 The following Supplemental Participation Agreements supplementing the Participation Agreement, dated as of August 15, 1985, between NYSERDA and the Company, which are designated as follows:

Supplemental Participation Agreement Number	Date	Securities Exchange Act File No. 1-1217 Form	Date	Exhibit
1. First	11/15/86	10-Q	6/30/90	4(a)(2)
2. Second	4/15/87	10-Q	6/30/90	4(a)(3)
3. Third	9/15/87	10-Q	6/30/90	4(a)(4)
4. Fourth	1/1/89	10-Q	6/30/90	4(a)(5)
5. Fifth	7/1/89	10-Q	6/30/90	4(a)(6)
6. Sixth	11/1/89	10-Q	6/30/90	4(a)(7)
7. Seventh	7/1/90	10-Q	6/30/90	4(a)(8)
8. Eighth	1/1/91	10-K	12/31/90	4(e)(8)
9. Ninth	1/15/92	10-K	12/31/91	4(e)(9)

4.3 Participation Agreement, dated as of December 1, 1992, between NYSERDA and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 4(f).)

4.4 The following Supplemental Participation Agreements supplementing the Participation Agreement, dated as of December 1, 1992, between NYSERDA and the Company, which are designated as follows:

Supplemental Participation Agreement Number	Date	Securities Exchange Act File No. 1-1217 Form	Date	Exhibit
1. First	3/15/93	10-Q	6/30/93	4.1
2. Second	10/1/93	10-Q	9/30/93	4.3
3. Third	12/1/94	10-K	12/31/94	4.7.3
4. Fourth	7/1/95	10-Q	6/30/95	4.2

4.5 Indenture of Trust, dated as of August 15, 1985, between NYSERDA and Morgan Guaranty Trust Company of New York, as Trustee (Morgan Guaranty). (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1990 (File No. 1-1217) as Exhibit 4(b)(1).)

4.6 The following Supplemental Indentures of Trust supplementing the Indenture of Trust, dated as of August 15, 1985, between NYSERDA and Morgan Guaranty.

Supplemental Indenture of Trust Number	Date	Securities Exchange Act File No. 1-1217 Form	Date	Exhibit
1 . First	11/15/86	10-Q	6/30/90	4(b)(2)
2. Second	4/15/87	10-Q	6/30/90	4(b)(3)
3. Third	9/15/87	10-Q	6/30/90	4(b)(4)
4. Fourth	1/1/89	10-Q	6/30/90	4(b)(5)
5. Fifth	7/1/89	10-Q	6/30/90	4(b)(6)
6. Sixth	11/1/89	10-Q	6/30/90	4(b)(7)
7. Seventh	7/1/90	10-Q	6/30/90	4(b)(8)
8. Eighth	1/1/91	10-K	12/31/90	4(g)(8)
9. Ninth	1/15/92	10-K	12/31/91	4(g)(9)

4.7 Indenture of Trust, dated as of December 1, 1992, between NYSERDA and Morgan Guaranty. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 4(i).)

4.8 The following Supplemental Indentures of Trust supplementing the Indenture of Trust, dated as of December 1, 1992, between NYSERDA and Morgan Guaranty.

Supplemental Indenture of Trust Number	Date	Securities Exchange Act File No. 1-1217 Form	Date	Exhibit
1. First	3/15/93	10-Q	6/30/93	4.2
2. Second	10/1/93	10-Q	9/30/93	4.4
3. Third	12/1/94	10-K	12/31/94	4.11.3
4. Fourth	7/1/95	10-Q	6/30/95	4.3

4.9 Indenture, dated as of December 1, 1990, between the Company and The Chase Manhattan Bank (National Association), as Trustee (the "Debenture Indenture"). (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1990 (File No. 1-1217) as Exhibit 4(h).)

4.10 First Supplemental Indenture (to the Debenture Indenture), dated as of March 6, 1996, between the Company and The Chase Manhattan Bank (National Association), as Trustee. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-1217) as Exhibit 4.13.)

4.11 The following Forms of the Company's Debentures:

Debenture	Securities Exchange Act File No. 1-1217 Form	Date	Exhibit
7 3/8%, Series 1992 A	8-K	2/5/92	4(a)
7 5/8%, Series 1992 B	8-K	2/5/92	4(b)
7.60%, Series 1992 C	8-K	2/25/92	4
6 1/2%, Series 1992 D	8-K	8/26/92	4(a)
7 3/8%, Series 1992 E	8-K	8/26/92	4(b)
8.05%, Series 1992 F	8-K	12/15/92	4
6 1/4%, Series 1993 A	8-K	1/13/93	4
6 1/2%, Series 1993 B	8-K	2/4/93	4(a)
6 5/8%, Series 1993 C	8-K	2/4/93	4(b)
6 3/8%, Series 1993 D	8-K	4/7/93	4
5.30%, Series 1993 E	8-K	5/19/93	4(a)
5.70%, Series 1993 F	8-K	5/19/93	4(b)
7 1/2%, Series 1993 G	8-K	6/7/93	4
7 1/8%, Series 1994 A	8-K	2/8/94	4
Floating Rate Series 1994 B	8-K	6/29/94	4
6 5/8%, Series 1995 A	8-K	6/21/95	4
7 3/4%, Series 1996 A	8-K	4/24/96	4
Floating Rate Series 1996 B	8-K	11/25/96	4

4.12 Form of the Company's 7 3/4% Quarterly Income Capital Securities (Series A Subordinated Deferrable Interest Debentures). (Designated in the Company's Current Report on Form 8-K, dated February 29, 1996, (File No. 1-1217) as Exhibit 4.)

10.1 Agreement dated as of October 31, 1968 among Central Hudson Gas & Electric Corporation, the Company and Niagara Mohawk Power Corporation. (Designated in Registration Statement No. 2-31884 as Exhibit 7.)

10.2 Amendment dated November 23, 1976 to Agreement dated as of October 31, 1968 among Central Hudson Gas & Electric Corporation, the Company and Niagara Mohawk Power Corporation and Additional Agreement dated as of November 23, 1976 between Central Hudson and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 (File No.1-1217) as Exhibit 10(b).)

10.3 General Agreement between Orange and Rockland Utilities, Inc. and the Company dated October 10, 1969. (Designated in Registration Statement No. 2-35734 as Exhibit 7-1.)

10.4 Letters, dated November 18, 1970 and November 23, 1970, between Orange and Rockland Utilities, Inc. and the Company pursuant to Article 14(a) of the aforesaid General Agreement. (Designated in Registration Statement No. 2-38807 as Exhibit 5-3.)

*10.5 The Con Edison Thrift Savings Plan for Management Employees and Tax Reduction Act Stock Ownership Plan, as amended and restated.

10.6 Deferred Compensation Plan for the Benefit of Trustees of the Company, dated February 27, 1979, and amendments thereto, dated September 19, 1979 (effective February 27, 1979), February 26, 1980, and November 24, 1992 (effective January 1, 1993). (Designated in Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(i).)

10.7 Employment contract, dated August 24, 1982, between the Company and Arthur Hauspurg, as amended. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991(File No. 1-1217) as Exhibit 10(i).)

10.8 Agreement, dated January 24, 1991, between the Company and Arthur Hauspurg. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1990 (File No. 1-1217) as Exhibit 10(l).)

10.9 Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1990 (File No. 1-1217) as Exhibit 10.)

10.10 Amendment, dated August 27, 1991, to Employment Contract dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1991 (File No. 1-1217) as Exhibit 19.)

10.11 Amendment, dated August 25, 1992, to Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1992 (File No. 1-1217) s Exhibit 19.)

10.12 Amendment, dated February 18, 1993, to Employment Contract dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(o).)

10.13 Amendment, dated August 24, 1993, to Employment Contract dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1993 (File No. 1-1217) as Exhibit 10.1.)

10.14 Amendment, dated August 24, 1994, to Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1994 (File No. 1-1217) as Exhibit 10.1.)

10.15 Amendment, dated August 22, 1995, to Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated as in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1995 (File No. 1-1217) as Exhibit 10.3.)

10.16 Amendment, dated July 23, 1996, to Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated as in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (File No. 1-1217) as Exhibit 10.2.)

10.17 The Consolidated Edison Company of New York, Inc. Executive Incentive Plan adopted by the Company's Board of Trustees on March 23, 1982 as amended through March 30, 1989. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, (File No. 1-1217) as Exhibit 10(q).)

10.18 Amendment and Restatement, dated August 26, 1991 and effective as of April 30, 1991, of The Consolidated Edison Company of New York, Inc. Executive Incentive Plan. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 (File No. 1-1217) as Exhibit 10(r).)

10.19 Amendment and Restatement, dated January 29, 1992 and effective as of December 1, 1991, of The Consolidated Edison Company of New York, Inc. Executive Incentive Plan. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 (File No. 1-1217) as Exhibit 10(s).)

10.20 The Consolidated Edison Retirement Plan for Management Employees, as amended and restated. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1995 (File No. 1-1217) as Exhibit 10.1.)

10.21 Amendment No. 1, dated December 29, 1995, to the Consolidated Edison Retirement Plan for Management Employees. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-1217) as Exhibit 10.29.)

*10.22 Amendment No. 2, dated July 1,1996, to the Consolidated Edison Retirement Plan for Management Employees.

10.23 Con Edison Supplemental Retirement Income Plan, adopted July 22, 1987, effective January 1, 1987. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(cc).)

*10.24 Amendment No. 1, dated March 21,1997, to the Con Edison Supplemental Retirement Income Plan.

10.25 Consolidated Edison Company of New York, Inc. Retirement Plan for Trustees, effective as of July 1, 1988. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(ee).)

10.26 Amendment No. 1, dated September 28, 1990, to the Consolidated Edison Company of New York, Inc. Retirement Plan for Trustees. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1990 (File No. 1-1217) as Exhibit 19(c).)

10.27 Planning and Supply Agreement, dated March 10, 1989, between the Company and the Power Authority of the State of New York. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(gg).)

10.28 Delivery Service Agreement, dated March 10, 1989, between the Company and the Power Authority of the State of New York. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(hh).)

10.29 Supplemental Medical Plan for the Benefit of the Company's officers. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 (File No. 1-1217) as Exhibit 10(aa).)

10.30 The Con Edison Discount Stock Purchase Plan. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 (File No. 1-1217) as Exhibit 10(bb).)

10.31 Amendment, dated December 29, 1995, to the Con Edison Discount Stock Purchase Plan. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-1217) as Exhibit 10.38.)

10.32 Employment Agreement, dated June 25, 1991, between the Company and J. Michael Evans. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1991 (File No. 1-1217) as Exhibit 19.)

10.33 Amendment, dated March 29, 1993, to Employment Agreement, dated June 25, 1991, between the Company and J. Michael Evans. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1993 (File No. 1-1217) as Exhibit 10.)

10.34 Amendment, dated November 8, 1993, to Employment Agreement, dated June 25, 1991, between the Company and J. Michael Evans. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1993 (File No. 1-1217) as Exhibit 10.2.)

10.35 The Consolidated Edison Retiree Health Program for Management Employees, effective as of January 1, 1993. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(ll).)

10.36 Amendment No. 1, dated October 31, 1994, to the Consolidated Edison Retiree Health Program for Management Employees. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1994(File No. 1-1217) as Exhibit 10.3.)

10.37 Amendment No. 2, dated December 28, 1994, to the Consolidated Edison Retiree Health Program for Management Employees. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-1217) as Exhibit 10.44.)

10.38 Amendment No. 3, dated December 29, 1995, to the Consolidated Edison Retiree Health Program for Management Employees. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-1217) as Exhibit 10.45.)

*10.39 Amendment No. 4, dated July 1, 1996, to the Consolidated Edison Retiree Health Program for Management Employees.

10.40 Employment Agreement, dated November 28, 1995, between the Company and Peter J. O'Shea, Jr. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-1217) as Exhibit 10.46.)

10.41 Consolidated Edison Company of New York, Inc. 1996 Stock Option Plan. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-1217) as Exhibit 10.47.)

10.42 Agreement and Settlement, dated March 12, 1997, between the Company and the Staff of the New York State Public Service Commission (without Appendices). (Designated in the Company's Current Report on Form 8-K, dated March 13, 1997, (File No. 1-1217) as Exhibit 10.)

*12 Statement of computation of ratio of earnings to fixed charges for the years ended December 31, 1996, 1995, 1994, 1993 and 1992.

*23 Consent of Price Waterhouse LLP.

*24 Powers of Attorney of each of the persons signing this report by attorney-in-fact.

*27 Financial Data Schedule. (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.)

Exhibits listed above which have been filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934, and which were designated as noted above, are hereby incorporated by reference and made a part of this report with the same effect as if filed with the report.

- --------------------
* Filed herewith

(b) Reports on Form 8-K:

The Company filed Current Reports on Form 8-K, dated October 1, 1996 and March 13, 1997, reporting (under Item 5) matters discussed under "Liquidity and Capital Resources - Competition and Industry Restructuring and PSC Settlement Agreement" in Item 7. The Company filed a Current Report on Form 8-K, dated November 25, 1996, reporting (under Item 5) the December 12, 1996 sale of $150 million aggregate principal amount of its Floating Rate Debentures, Series 1996 B and the November 25, 1996 rejection by the Supreme Court of the State of New York, Albany County, of a challenge by the Company and other utilities to the May 1996 PSC order discussed under "Liquidity and Capital Resources Competition and Industry Restructuring and PSC Settlement Agreement" in Item 7. The Company filed no other Current Reports on Form 8-K during the quarter ended December 31, 1996.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Date: March 28, 1997 By Joan S. Freilich
Joan S. Freilich
Senior Vice President
and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date	Signature	Title
March 28, 1997	Eugene R. McGrath*	Chairman of the Board, President, Chief Executive Officer and Trustee (Principal Executive Officer)
March 28, 1997	Joan S. Freilich*	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
March 28, 1997	John F. Cioffi*	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)
	E. Virgil Conway*	Trustee
	Ruth M. Davis*	Trustee
	Ellen V. Futter*	Trustee
	Arthur Hauspurg*	Trustee
	Sally Hernandez-Pinero*	Trustee
	Peter W. Likins*	Trustee
	Donald K. Ross*	Trustee
	Robert G. Schwartz*	Trustee
	Richard A. Voell*	Trustee
	Myles V. Whalen, Jr.*	Trustee

March 28, 1997 *By Joan S. Freilich Attorney-in-Fact
Joan S. Freilich

BY-LAWS
OF

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

Effective as of January 1, 1997

SECTION 1. The annual meeting of stockholders of the Company for the election of Trustees and such other business as may properly come before such meeting shall be held on the third Monday in May in each year at such hour and at such place in the City of New York or the County of Westchester as may be designated by the Board of Trustees.

SECTION 2. Special meetings of the stockholders of the Company may be held upon call of the Chairman of the Board, the Vice Chairman of the Board, the President, the Board of Trustees, or stockholders holding one-fourth of the outstanding shares of stock entitled to vote at such meeting.

SECTION 3. Notice of the time and place of every meeting of stockholders, the purpose of such meeting and, in case of a special meeting, the person or persons by or at whose direction the meeting is being called, shall be mailed by the Secretary, or other officer performing his duties, at least ten days, but not more than fifty days, before the meeting to each stockholder of record, at his last known Post Office address; provided, however, that if a stockholder be present at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, or in writing waives notice thereof before or after the meeting, the mailing to such stockholder of notice of such meeting is unnecessary.

SECTION 4. The holders of a majority of the outstanding shares of stock of the Company, entitled to vote at a meeting, present in person or by proxy shall constitute a quorum, but less than a quorum shall have power to adjourn.

SECTION 5. The Chairman of the Board, or in his absence the Vice Chairman of the Board, or in his absence the President shall preside over all meetings of stockholders. In their absence one of the Vice Presidents shall preside over such meetings. The Secretary of the Board of Trustees shall act as Secretary of such meeting, if present. In his absence, the Chairman of the meeting may appoint any person to act as Secretary of the meeting.

SECTION 6. At each meeting of stockholders at which votes are to be taken by ballot there shall be at least two and not more than five inspectors of election and of stockholders' votes, who shall be either designated prior to such meeting by the Board of Trustees or, in the absence of such designation, appointed by the Chairman of the meeting.

SECTION 7. Transfer of shares of stock of the Company will be registered on the books of the Company maintained for that purpose upon presentation of share certificates appropriately endorsed. The Board of Trustees may, in their discretion, appoint one or more registrars of the stock.

SECTION 8. The affairs of the Company shall be managed under the direction of a Board consisting of thirteen Trustees, who shall be elected annually by the stockholders by ballot and shall hold office until their successors are elected and qualified. Vacancies in the Board of Trustees may be filled by the Board at any meeting, but if the number of Trustees is increased or decreased by the Board by an amendment of this section of the By-laws, such amendment shall require the vote of a majority of the whole Board. Members of the Board of Trustees shall be entitled to receive such reasonable fees or other forms of compensation, on a per diem, annual or other basis, as may be fixed by resolution of the Board of Trustees or the stockholders in respect of their services as such, including attendance at meetings of the Board and its committees; provided, however, that nothing herein contained shall be construed as precluding any Trustee from serving the Company in any capacity other than as a member of the Board or a committee thereof and receiving compensation for such other services.

SECTION 9. Meetings of the Board of Trustees shall be held at the time and place fixed by resolution of the Board or upon call of the Chairman of the Board, the Vice Chairman of the Board, the President, or a Vice President or any two Trustees. The Secretary of the Board or officer performing his duties shall give 24 hours' notice of all meetings of Trustees; provided that a meeting may be held without notice immediately after the annual election of Trustees, and notice need not be given of regular meetings held at times fixed by resolution of the Board. Meetings may be held at any time without notice if all the Trustees are present and none protests the lack of notice either prior to the meeting or at its commencement, or if those not present waive notice either before or after the meeting. Notice by mailing or telegraphing, or delivering by hand, to the usual business address or residence of the Trustee not less than the time above specified before the meeting shall be sufficient. A Majority of the Trustees in office shall constitute a quorum, but less than such quorum shall have power to adjourn. The Chairman of the Board or, in his absence the Vice Chairman of the Board or, in his absence a Chairman pro tem elected by the meeting from among the Trustees present shall preside at all meetings of the Board. Any one or more members of the Board may participate in a special meeting of the Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other

at the same time. Participation

by such means shall constitute presence in person at such special meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board consent in writing to the adoption of a resolution authorizing the action; provided, however, that no action taken by the Board by unanimous written consent shall be taken in lieu of a regular monthly meeting of the Board. Each resolution so adopted and the written consents thereto by the members of the Board shall be filed with the minutes of the proceedings of the Board.

SECTION 10. The Board of Trustees, as soon as may be after the election of Trustees in each year, shall elect from their number a Chairman of the Board, who shall be the chief executive officer of the Company, and shall elect a Vice Chairman of the Board and a President. The Board shall also elect one or more Vice Presidents, a Secretary and a Treasurer, and may from time to time elect such other officers as they may deem proper. Any two or more offices may be held by the same person, except the offices of President and Secretary.

SECTION 11. The term of office of all officers shall be until the next election of Trustees and until their respective successors are chosen and qualify, but any officer may be removed from office at any time by the Board of Trustees. Vacancies among the officers may be filled by the Board of Trustees at any meeting.

SECTION 12. The Chairman of the Board and the President shall have such duties as usually pertain to their respective offices, except as otherwise directed by the Board of Trustees or the Executive Committee, and shall also have such powers and duties as may from time to time be conferred upon them by the Board of Trustees or the Executive Committee. The Vice Chairman of the Board shall have such powers and duties as may from time to time be conferred upon him by the Board of Trustees, the Executive Committee or the Chairman of the Board. In the absence or disability of the Chairman of the Board, the Vice Chairman of the Board shall perform the duties and exercise the powers of the Chairman of the Board. The Vice Presidents and the other officers of the Company shall have such duties as usually pertain to their respective offices, except as otherwise directed by the Board of Trustees, the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board or the President, and shall also have such powers and duties as may from time to time be conferred upon them by the Board of Trustees, the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board or the President.

SECTION 13. The Board of Trustees, as soon as may be after the election of Trustees in each year, may by a resolution passed by a majority of the whole Board, appoint an Executive Committee, to consist of the Chairman of the Board (and in his absence the Vice Chairman of the Board) and three or more additional Trustees as the Board may from time to time determine, which shall have and may exercise during the intervals between the meetings of the Board all the powers vested in the Board except that neither the Executive Committee nor any other committee appointed pursuant to this section of the By-laws shall have authority as to any of the following

matters: the submission to stockholders of any action as to which stockholders' authorization is required by law; the filling of vacancies on the Board or on any committee thereof; the fixing of compensation of any Trustee for serving on the Board or on any committee thereof; the amendment or repeal of these By-laws, or the adoption of new By-laws; and the amendment or repeal of any resolution of the Board which by its terms shall not be so amendable or repealable. The Board shall have the power at any time to change the membership of such Executive Committee and to fill vacancies in it. The Executive Committee may make rules for the conduct of its business and may appoint such committees and assistants as it may deem necessary. Four members of said Executive Committee shall constitute a quorum. The Chairman of the Board or, in his absence a Chairman pro tem elected by the meeting from among the members of the Executive Committee present shall preside at all meetings of the Executive Committee. The Board may designate one or more Trustees as alternate members of any committee appointed pursuant to this section of the By-laws who may replace any absent member or members at any meeting of such committee. The Board of Trustees may also from time to time appoint other committees consisting of three or more Trustees with such powers as may be granted to them by the Board of Trustees, subject to the restrictions contained in this section of the By-laws. Any one or more members of any committee appointed pursuant to this section may participate in any meeting of such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such meeting. Any action required or permitted to be taken by any committee appointed pursuant to this section may be taken without a meeting if all members of such committee consent in writing to the adoption of a resolution authorizing the action. Each resolution so adopted and the written consents thereto by the members of such committee shall be filed with the minutes of the proceedings of such committee.

SECTION 14. The Board of Trustees are authorized to select such depositories as they shall deem proper for the funds of the Company. All checks and drafts against such deposited funds shall be signed by such person or persons and in such manner as may be specified by the Board of Trustees.

SECTION 15. The Company shall fully indemnify in all circumstances to the extent not prohibited by law any person made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, including an investigative, administrative or legislative proceeding, and including an action by or in the right of the Company or any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, by reason of the fact that he, his testator or intestate, is or was a Trustee or officer of the Company, or is or was serving at the request of the Company any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, as a director, officer or in any other capacity against any and all judgments, fines, amounts paid in settlement, and expenses,

including attorneys' fees, actually and reasonably incurred as a result of or in connection with any such action or proceeding or related appeal; provided, however, that no indemnification shall be made to or on behalf of any Trustee, director or officer if a judgment or other final adjudication adverse to the Trustee, director or officer establishes that his acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled; and, except in the case of an action or proceeding specifically approved by the Board of Trustees, the Company shall pay expenses incurred by or on behalf of such a person in defending such a civil or criminal action or proceeding (including appeals) in advance of the final disposition of such action or proceeding promptly upon receipt by the Company, from time to time, of a written demand of such person for such advancement, together with an undertaking by or on behalf of such person to repay any expenses so advanced to the extent that the person receiving the advancement is ultimately found not to be entitled to indemnification for such expenses; and the right to indemnification and advancement of defense expenses granted by or pursuant to this by-law (i) shall not limit or exclude, but shall be in addition to, any other rights which may be granted by or pursuant to any statute, certificate of incorporation, by-law, resolution or agreement, (ii) shall be deemed to constitute contractual obligations of the Company to any Trustee, director or officer who serves in such capacity at any time while this by-law is in effect, (iii) are intended to be retroactive and shall be available with respect to events occurring prior to the adoption of this by-law and (iv) shall continue to exist after the repeal or modification hereof with respect to events occurring prior thereto. It is the intent of this by-law to require the Company to indemnify the persons referred to herein for the aforementioned judgments, fines, amounts paid in settlement and expenses, including attorneys' fees, in each and every circumstance in which such indemnification could lawfully be permitted by an express provision of a by-law, and the indemnification required by this by-law shall not be limited by the absence of an express recital of such circumstances. The Company may, with the approval of the Board of Trustees, enter into an agreement with any person who is, or is about to become, a Trustee or officer of the Company, or who is serving, or is about to serve, at the request of the Company, any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, as a director, officer or in any other capacity, which agreement may provide for indemnification of such person and advancement of defense expenses to such person upon such terms, and to the extent, as may be permitted by law.

SECTION 16. Wherever the expression "Trustees" or "Board of Trustees" is used in these By-laws the same shall be deemed to apply to the Directors or Board of Directors, as the case may be, if the designation of those persons constituting the governing board of this Company is changed from "Trustees" to "Directors".

SECTION 17. Either the Board of Trustees or the stockholders may alter or amend these By-laws at any meeting duly held as above provided, the notice of which includes notice of the proposed amendment.

EMERGENCY BY-LAWS

OF

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

As Amended
February 23, 1966

Effective May 16, 1966

SECTION 1. These Emergency By-laws may be declared effective by the Defense Council of New York as constituted under the New York State Defense Emergency Act in the event of attack and shall cease to be effective when the Council declares the end of the period of attack.

SECTION 2. In the event of attack and until the Defense Council declares the end of the period of attack the affairs of the Company shall be managed by such Trustees theretofore elected as are available to act, and a majority of such Trustees shall constitute a quorum. In the event that there are less than three Trustees available to act, then and in that event the Board of Trustees shall consist of such Trustees theretofore elected and available to act plus such number of senior officers of the Company not theretofore elected as Trustees as will make a Board of not less than three nor more than five members. The Board as so constituted shall continue until such time as the Defense Council declares the end of the period of attack and their successors are duly elected.

SECTION 3. The By-laws of the Company shall remain in effect during the period of emergency to the extent that said By-laws are not inconsistent with these Emergency By-laws.

Consolidated Edison Company of New York, Inc.

Con Edison Thrift Savings Plan for Management Employees and Tax Reduction Act Stock Ownership Plan

As Amended and Restated Effective as of December 1, 1996 Except as Otherwise Noted.

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12/27/96

CON EDISON THRIFT SAVINGS PLAN FOR MANAGEMENT EMPLOYEES AND TAX REDUCTION ACT STOCK OWNERSHIP PLAN

PURPOSE

The purpose of this Plan is to establish a convenient way for management employees of the Company to supplement their retirement income by saving on a regular and long-term basis and to provide additional financial security for emergencies, thereby offering these employees an additional incentive to continue their careers with the Company. This Plan is intended to satisfy the requirements of Sections 401(k) and 401(m) of the Code and to qualify under Section 401(a) of the Code, and the trust described in Article 5 of this Plan is an integral part of this Plan and is intended to qualify under Section 501(a) of the Code, so as to provide Participants an option to defer a portion of their compensation on a pre-tax and/or after-tax basis and to invest and reinvest their savings under the Plan on a tax-deferred basis. It is intended that a Participant's Pre-Tax Contributions, as defined in this Plan, shall constitute payments by the Company as contributions to the Trust Fund on behalf of the Participant, within the meaning of Section 401(k) of the Code.

Effective as of July 1, 1988, the Company's Tax Reduction Act Stock Ownership Plan ("TRASOP") for management employees has been included within this plan document, and all TRASOP Accounts and all transactions with respect to TRASOP and TRASOP Accounts shall be governed by this plan document, but this Plan and the TRASOP shall be separate plans. All TRASOP matters relating to the period up to June 30, 1988 shall be governed by TRASOP as amended to February 19, 1988. There shall be no transfers between TRASOP Accounts and other Plan Accounts and Subaccounts, and Plan Accounts and Subaccounts and TRASOP Accounts shall continue to be operated as separate entities, albeit within a single plan document and trust.

On December 28, 1994, the Plan was amended and restated in its entirety effective as of January 1, 1994 except as otherwise provided therein. The Plan, as so amended and restated, was submitted to the Internal Revenue Service for a determination of its qualified status. Following consideration of comments received from the Internal Revenue Service after its review of the Plan, the Company decided to change the effective date of the Plan. Accordingly, the Plan was amended and restated in its entirety, as amended through October 18, 1995, and this amendment and restatement waseffective as of January 1, 1989, except as otherwise provided therein and except that Sections 301(b), (c) and (d), 8.05 and 8.06 were effective as of January 1, 1987.

Effective as of December 1, 1996 the Plan is amended and restated in its entirety to make a transition to Vanguard Fiduciary Trust Company to provide trustee, recordkeeping, investment management and participant educational services for the Plan, to add new investment funds, to change to daily valuation and make certain other changes to the Plan.

ARTICLE 1
Definitions

The following words and phrases have the following meanings unless a different meaning is plainly required by the context:

1.01 "Account" means the record maintained pursuant to Section 5.04 by the Recordkeeper for each Participant relating to thrift savings contributions to the Plan.

1.02 "Act" means the Tax Reduction Act of 1975, as amended from time to time.

1.03 "Actual Contribution Percentage," or "ACP," means, with respect to a specified group of Employees, the average of the ratios, calculated separately for each Employee in the group, of (a) the sum of the Employee's After-Tax Contributions and Company Contributions for that Plan Year (excluding any Company Contributions forfeited under the provisions of Sections 3.01 and 8.01), to (b) his Statutory Compensation for that entire Plan Year; provided that, upon direction of the Plan Administrator, Statutory Compensation for a Plan Year shall only be counted if received during the period an Employee is, or is eligible to become, a Participant. The Actual Contribution Percentage for each group and the ratio determined for each Employee in the group shall be calculated to the nearest one one-hundredth of one percent.

1.04 "Actual Deferral Percentage," or "ADP," means, with respect to a specified group of Employees, the average of the ratios, calculated separately for each Employee in that group, of (a) the amount of Pre-Tax Contributions made pursuant to Section 3.01 for a Plan Year (including Pre-Tax Contributions returned to a Highly Compensated Employee under Section 3.01(c) and Pre-Tax Contributions returned to any Employee pursuant to Section 3.01(d)), to (b) the Employee's Statutory Compensation for that entire Plan Year, provided that, upon direction of the Plan Administrator, Statutory Compensation for a Plan Year shall only be counted if received during the period an Employee is, or is eligible to become, a Participant. The Actual Deferral Percentage for each group and the ratio determined for each Employee in the group shall be calculated to the nearest one one-hundredth of one percent. For purposes of determining the Actual Deferral Percentage for a Plan Year, Pre-Tax Contributions may be taken into account for a Plan Year only if they:

(a) relate to compensation that either would have been received by the Employee in the Plan Year but for the deferral election, or are attributable to services performed by the Employee in the Plan Year and would have been received by the Employee within 2 1/2 months after the close of the Plan Year but for the deferral election,

(b) are allocated to the Employee as of a date within that Plan Year and the allocation is not contingent on the participation or performance of service after such date, and

(c) are actually paid to the Trustee no later than 12 months after the end of the Plan Year to which the contributions relate.

1.05 "Adjustment Factor" means the cost of living adjustment factor prescribed by the Secretary of the Treasury under Section 415(d) of the Code for calendar years beginning on or after January 1, 1988, and applied to such items and in such manner as the Secretary shall provide.

1.06 "Affiliated Employer" means any company which is a member of a controlled group of corporations (as defined in Section 414(b) of the Code) which also includes as a member the Company; any trade or business under common control (as defined in Section 414(c) of the Code) with the Company; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Company; and any other entity required to be aggregated with the Company pursuant to regulations under Section 414(o) of the Code. Notwithstanding the foregoing, for purposes of Sections 1.31 and 8.05, the definitions in Sections 414(b) and (c) of the Code shall be modified by substituting the phrase "more than 50 percent" for the phrase "at least 80 percent" each place it appears in Section 1563(a)(1) of the Code.

1.07 "After-Tax Contribution" shall have the meaning set forth in Section 3.02.

1.08 "After-Tax Subaccount" shall have the meaning set forth in Section 5.04.

1.09 "Annual Dollar Limit" means for Plan Years beginning on or after January 1, 1989 and before January 1, 1994, $200,000 multiplied by the Adjustment Factor. Commencing with the 1994 Plan Year, the Annual Dollar Limit means $150,000, except that if for any calendar year after 1994 the Cost-of-Living Adjustment as hereafter defined is equal to or greater than $10,000, then the Annual Dollar Limit (as previously adjusted under this Section) for any Plan Year beginning in any subsequent calendar year shall be increased by the amount of such Cost-of-Living Adjustment, rounded to the next lowest multiple of $10,000. The Cost-of-Living Adjustment shall equal the excess of (i) $150,000 increased by the adjustments made under Section 415(d) of the Code for the calendar years after 1994 except that the base period for purposes of Section 415(d)(1)(A) of the Code shall be the calendar quarter beginning October 1, 1993 over (ii) the Annual Dollar Limit in effect for the Plan Year beginning in the calendar year.

1.10 "Annuity Starting Date" means the first day of the first period for which an amount is paid following a Participant's Retirement or other termination of employment.

1.11 "Beneficiary" means the person or persons determined in accordance with the provisions of Section 11.03 to succeed to a Participant's benefits under the Plan in the event of death of such Participant prior to the entire distribution of such benefits.

1.12 "Board" means the Board of Trustees of the Company.

1.13 "Break in Service" means an event affecting forfeitures, which shall occur to the extent that a Participant's nonforfeitable rights in his Company Contributions Subaccount are determined under the cliff vesting provisions of Section 6.02, as of the Participant's Severance Date if he is not reemployed by the Company or an Affiliated Employer within one year after a Severance Date. However, if an Employee is absent from work immediately following his or her active employment, irrespective of whether the Employee's employment is terminated, because of the Employee's pregnancy, the birth of the Employee's child, the placement of a child with the Employee in connection with the adoption of that child by the Employee or for purposes of caring for that child for a period beginning immediately following that birth or placement and that absence from work began on or after the first day of the Plan Year which

began in 1985, a Break in Service shall occur to the extent that a Participant's nonforfeitable rights in his Company Contributions Subaccount are determined under the cliff vesting provisions of Section 6.02 only if the Participant does not return to work within two years of his Severance Date. A Break in Service shall not occur during an approved leave of absence or during a period of military service which is included in the Employee's Vesting Service pursuant to Section 1.57.

1.14 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.15 "Company" means Consolidated Edison Company of New York, Inc. or any successor by merger, purchase or otherwise, with respect to its employees; or any other company participating in the Plan as provided in Section 11.09 with respect to its employees.

1.16 "Company Contribution" means any contributions to the Trust Fund by the Company pursuant to Section 3.03.

1.17 "Company Contribution Subaccount" shall have the meaning set forth in Section 5.04.

1.18 "Compensation" means base salary paid to an Employee for services rendered to the Company, determined prior to any reduction for Pre-Tax Contributions pursuant to Section 3.01 or amounts contributed on the Employee's behalf on a salary reduction basis to a cafeteria plan under Section 125 of the Code and excluding bonuses, overtime pay, incentive compensation, deferred compensation and all other forms of special pay. However, for Plan Years beginning after 1988, Compensation shall not exceed the Annual Dollar Limit. The Annual Dollar Limit applies to the aggregate Compensation paid to a Highly Compensated Employee referred to in Section 8.04, his spouse and his lineal descendants who have not attained age 19 before the end of the Plan Year. If, as a result of the application of the family aggregation rule, the Annual Dollar Limit is exceeded, then the Limit shall be prorated among the affected individuals in proportion to each such individual's Compensation as determined under this Section prior to the application of the Limit.

1.19 "Defined Benefit Plan" means a "defined benefit plan" as defined in Section 414(j) of the Code which is maintained by the Company or an Affiliated Employer for its employees.

1.20 "Defined Benefit Plan Fraction" means, for any Participant, for any calendar year, a fraction:

(a) The numerator of which is the Projected Annual Benefit of the Participant under all Defined Benefit Plans (determined as of the close of the year); and

(b) The denominator of which is the lesser of:

(i) The product of 1.25 multiplied by $90,000 as adjusted by the Adjustment Factor; or

(ii) The product of 1.4 multiplied by the average of the Participant's aggregate renumeration as defined in Section 8.05 for his highest three consecutive years.

1.21 "Defined Contribution Plan" means a "defined contribution plan" as defined in Section 414(i) of the Code which is maintained by the Company or an Affiliated Employer for its employees.

1.22 "Defined Contribution Plan Fraction" means, for any Participant, for any calendar year, a fraction:

(a) The numerator of which is the sum of the Participant's Annual Additions for the year determined as of the end of such year; and

(b) The denominator of which is the sum of the lesser of the following amounts determined for such year and for each prior year of Service:

(i) The product of 1.25 multiplied by $30,000, as adjusted by the Adjustment Factor; or

(ii) The product of 1.4 multiplied by 25% of the Participant's aggregate renumeration as defined in Section 8.05 for the year.

1.23 "Disability" means total and permanent physical or mental disability, as evidenced by (a) receipt of a Social Security disability pension or (b) receipt of disability payments under the Company's long-term disability program.

1.24 "Earnings" means the amount of income to be returned with any excess deferrals, excess contributions or excess aggregate contributions under Section 3.01, 8.01, 8.02 or 8.03. Earnings on excess deferrals and excess contributions shall be determined by multiplying the income earned on the Pre-Tax Subaccount for the Plan Year by a fraction, the numerator of which is the excess deferrals or excess contributions, as the case may be, for the Plan Year and the denominator of which is the Pre-Tax Subaccount balance at the end of the Plan Year, disregarding any income or loss occurring during the Plan Year. Earnings on excess aggregate contributions shall be determined in a similar manner by substituting the sum of the Company Contributions Subaccount and After-Tax Subaccount for the Pre-Tax Subaccount, and the excess aggregate contributions for the excess deferrals and excess contributions in the preceding sentence.

1.25 "Employee" means a salaried employee of the Company who is on the management payroll and receives stated compensation other than a pension, severance pay, retainer, or fee under contract; however, the term "Employee" excludes any Leased Employee and any person who is included in a unit of employees covered by a collective bargaining agreement which does not provide for his participation in the Plan.

1.26 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.27 "Highly Compensated Employee" means any employee of the Company or an Affiliated Employer (whether or not eligible for participation in the Plan) who satisfies the criteria of paragraph (a), (b), (c) or (d):

(a) During the look-back year the employee:

(i) received Statutory Compensation in excess of $75,000 multiplied by the Adjustment Factor;

(ii) received Statutory Compensation in excess of $50,000 multiplied by the Adjustment Factor and was among the highest 20 percent of employees for that year when ranked by Statutory Compensation paid for that year excluding, for purposes of determining the number of such employees, such employees as the Company may determine on a consistent basis pursuant to Section 414(q)(8) of the Code; or

(iii) was at any time an officer of the Company or an Affiliated Employer and received Statutory Compensation greater than 50 percent of the dollar limitation on maximum benefits under Section 415(b)(1)(A) of the Code for such Plan Year. The number of officers is limited to 50 (or, if lesser, the greater of 3 employees or 10 percent of employees excluding those employees who may be excluded in determining the top-paid group). If no officer has Statutory Compensation in excess of 50 percent of the dollar limitation on maximum benefits under Section 415(b)(1)(A) of the Code, the highest paid officer is treated as a Highly Compensated Employee.

(b) During the determination year, the employee satisfies the criteria under (i), (ii), or (iii) of (a) above and is one of the 100 highest paid employees of the Company or an Affiliated Employer.

(c) During the determination year or the look-back year the employee was at any time a five percent owner of the Company.

(d) For purposes of Section 8.04(a), a Highly Compensated Employee shall include a former employee who separated from service prior to the determination year and who was a five percent owner for either (i) the year he separated from service or (ii) any determination year ending on or after the employee's 55th birthday.

(e) Notwithstanding the foregoing, employees who are nonresident aliens and who receive no earned income from the Company or an Affiliated Employer which constitutes income from sources within the United States shall be disregarded for all purposes of this Section.

(f) For purposes of this Section, the "determination year" means the Plan Year and "look-back year" means the 12 month period immediately preceding the determination year. However, to the extent permitted under regulations, the Plan Administrator may elect to determine the status of Highly Compensated Employees on a current calendar year basis.

(g) The provisions of the Section shall be further subject to such additional requirements as shall be described in Section 414(q) of the Code and its applicable regulations, which shall override any aspects of this Section inconsistent therewith.

1.28 "Hour of Service" means each hour for which the employee is paid or entitled to payment for the performance of duties for the Company or an Affiliated Employer.

1.29 "Investment Fund" means an investment fund available under the Plan for investment of assets held in the Trust Fund.

1.30 "Investment Manager" means an investment manager as defined in Section 3(38)of ERISA, which is appointed by the Named Fiduciaries to manage the assets invested in an Investment Fund.

1.31 "Leased Employee" means any person performing services for the Company or an Affiliated Employer as a leased employee as defined in Section 414(n) of the Code. In the case of any person who is a Leased Employee before or after a period of service as an Employee, the entire period during which he has performed services as a Leased Employee shall be counted as service as an Employee for all purposes of the Plan, except that he shall not, by reason of that status, become a Participant of the Plan.

1.32 "Loan Reserve" shall have the meaning set forth in Section 9.08.

1.33 "Named Fiduciaries" means the persons designated as named fiduciaries of the Plan pursuant to Section 10.01.

1.34 "Nonparticipating Contribution" shall have the meaning set forth in Section 3.04.

1.35 "Participant" means any person who has a balance to his credit in the Trust Fund and/or shares beneficially owned under a TRASOP Account.

1.36 "Participating Contribution" shall have the meaning set forth in Section 3.04.

1.37 "Plan" means the Con Edison Thrift Savings Plan for Management Employees and, effective as of July 1, 1988, the TRASOP, as amended from time to time, as set forth herein.

1.38 "Plan Administrator" means the Plan Administrator appointed pursuant to Section 10.01 to administer the Plan.

1.39 "Plan Year" means the calendar year.

1.40 "Pre-Tax Contribution" shall have the meaning set forth in Section 3.01.

1.41 "Pre-Tax Subaccount" shall have the meaning set forth in Section 5.04.

1.42 "Projected Annual Benefit" means, for any Participant, for any calendar year, the annual benefit payable in the form of a straight life annuity to which the Participant would be entitled under a Defined Benefit Plan on the assumptions that he continues in the employment of the Company until the normal retirement age under the Defined Benefit Plan (or his current age, if later), that his compensation, as defined in such Defined Benefit Plan, continues at the same rate in effect for the year under consideration until such age, and that all other relevant factors used to determine benefits under the Defined Benefit Plan remain constant as of the year under consideration for all future years.

1.43 "Recordkeeper" means the individual(s) or firm selected by the Plan Administrator to provide recordkeeping and Participant accounting services for the Plan, including maintenance of separate accounts for Participants in accordance with the provisions of Section 5.04.

1.44 "Retirement" means a termination of service by a Participant either (a) by reason of disability, or (b) under circumstances in which he is entitled to receive a retirement pension under any Defined Benefit Plan, or (c) in the case of any Participant who is employed after age 60 and who is not entitled to receive a retirement pension under any Defined Benefit Plan, on or after his sixty-fifth birthday.

1.45 "Rollover Subaccount" means the account credited with the Rollover Contributions made by a Participant and earnings on those contributions.

1.46 Rollover Contributions" means amounts contributed pursuant to Section 3.05.

1.47 "Severance Date" means the earlier of (a) the date an employee quits, retires, is discharged or dies, or (b) the first anniversary of the date on which an employee is first absent from service, with or without pay, for any reason such as vacation, sickness, disability, layoff or leave of absence.

1.48 "Statutory Compensation" means the wages, salaries, and other amounts paid in respect of an employee for services actually rendered to the Company or an Affiliated Employer, including by way of example, overtime and bonuses, but excluding deferred compensation, stock options and other distributions which receive special tax benefits under the Code. For purposes of determining Highly Compensated Employees under Section 1.27 and key employees under Article 12, Statutory Compensation shall include Pre-Tax Contributions and amounts contributed on a Participant's behalf on a salary reduction basis to a cafeteria plan under Section 125 of the Code. For all other purposes, each Plan Year the Plan Administrator may direct that Statutory Compensation shall include Pre-Tax Contributions and amounts contributed on a Participant's behalf on a salary reduction basis to a cafeteria plan under Section 125 of the Code. For Plan Years beginning on or after January 1, 1989, Statutory Compensation shall not exceed the Annual Dollar Limit, provided that such Limit shall not be applied in determining Highly Compensated Employees under Section 1.27. The Annual Dollar Limit applies to the aggregate Statutory Compensation paid to a Highly Compensated Employee referred to in Section 8.04(a), his spouse and his lineal descendants who have not attained age 19 before the close of the Plan Year. If, as a result of the application of the family aggregation rule, the Annual Dollar Limit is exceeded, then the Limit shall be prorated among the affected individuals in proportion to each such individual's Statutory Compensation as determined under this Section prior to the application of the Limit.

1.49 "Shares" means issued and outstanding shares of common stock of the Company and shall include fractional shares of such common stock.

1.50 "Top-Heavy Plan" means any Defined Contribution Plan or Defined Benefit Plan under which more that 60% of the sum of (i) its aggregate account balances and (ii) the present value of its aggregate accrued benefits is allocated to key employees. For the purposes of this definition "present value" shall be determined on the basis of the applicable interest rate and applicable mortality table as set forth in the Company's Defined Benefit Plan.

1.51 "Top Heavy Group" means any "required aggregation group" (as defined in Section 12.03) or any "permissive aggregation group" (as defined in Section 12.03) in which more than 60% of the sum of (i) the aggregate account balances under all plans in the group and (ii) the aggregate present value of accrued benefits under all plans in the group is allocated to key employees. For the purpose of this definition, "present value" shall be determined on basis of the applicable interest rate and applicable mortality table as set forth in the Company's Defined Benefit Plan.

1.52 "TRASOP" means the Tax Reduction Act Stock Ownership Plan of the Company, as included within this plan document effective as of July 1, 1988.

1.53 "TRASOP Account" means an account maintained on behalf of an Employee by the Trustee under the TRASOP, in which is held Shares beneficially owned thereunder by the Employee, as determined under the provisions and requirements of the TRASOP.

1.54 "Trust Fund" means the trust fund described in Article 5.

1.55 "Trustee" means the trustee at any time appointed and acting as trustee of the Trust Fund.

1.56 "Vested Portion" means the portion of the Account in which the Participant has a nonforfeitable interest as provided in Article 6 or, if applicable, Article 12.

1.57 "Vesting Service" means, with respect to any employee, his period of employment with the Company or any Affiliated Employer, whether or not as an Employee, beginning on the date he first completes an Hour of Service and ending on his Severance Date, provided that:

(a) if his employment terminates and he is reemployed within one year of the earlier of (i) his date of termination or (ii) the first day of an absence from service immediately preceding his date of termination, the period between his Severance Date and his date of reemployment shall be included in his Vesting Service;

(b) if he is absent from the service of the Company or any Affiliated Employer because of service in the Armed Forces of the United States and he returns to service with the Company or an Affiliated Employer having applied to return while his reemployment rights were protected by law, the absence shall be included in his Vesting Service;

(c) if he is on a leave of absence covered by the Family and Medical Leave Act of 1993, as it may be amended from time to time, the period of leave shall be included in his Vesting Service;

(d) if he is on leave of absence approved by the Company, under rules uniformly applicable to all Employees similarly situated, the Company may authorize the inclusion in his Vesting Service of any portion of that period of leave which is not included in his Vesting Service under (a), (b) or (c) above; and

(e) if his employment terminates and he is reemployed after he has incurred a Break in Service, his Vesting Service after reemployment shall be aggregated with his previous period or periods of Vesting Service if (i) he was vested in his Company Contribution Subaccount or (ii) the period from his Break in Service to his subsequent reemployment does not equal or exceed the greater of five years or his period of Vesting Service before his Break in Service.

1.58 "Weekly Plan"means the Con Edison Retirement Income Savings Plan for Weekly Employees as from time to time in effect.

1.59 The masculine pronoun wherever used includes the feminine pronoun.

ARTICLE 2

Eligibility and Participation

2.01 Eligibility. Any Employee shall be eligible for participation in the Plan, except that only an Employee who was a Participant in, and had an account under TRASOP on June 30, 1988, shall be eligible to continue to participate in TRASOP and have a TRASOP Account under this Plan, because applicable laws do not permit additional tax credit contributions to TRASOP.

2.02 Participation. An Employee may become a Participant by completing such enrollment process as may be prescribed by the Plan Administrator and by electing to make monthly contributions to the Trust Fund in an amount equal to any percentage of his Compensation permitted by Sections 3.01 and/or 3.02. An Employee may also become a Participant by electing to contribute to the Trust Fund amounts allocated to the Employee by the Company under a cafeteria plan of the Company under Section 125 of the Code and otherwise available under such plan to be contributed under this Plan. A Participant's contributions shall be made by regular payroll deductions authorized from time to time by such Participant in such manner and on such conditions as may be prescribed by the Plan Administrator, including a form furnished by the Company under a cafeteria plan of the Company under Section 125 of the Code. An Employee may become a Participant beginning with any calendar month by making such election on or before such day of the preceding calendar month as may be specified by the Plan Administrator.

2.03 Reemploymentof Former Employees and Former Participants. Any person reemployed by the Company as an Employee, who was previously a Participant or who was previously eligible to become a Participant, shall become a Participant upon completing the enrollment process and making an election in accordance with Section 2.02. Transferred Participants. A Participant who remains in the employ of the Company or an Affiliated Employer but ceases to be an Employee shall continue to be a Participant of the Plan but shall not be eligible to make After-Tax Contributions, Pre-Tax Contributions or to have Company Contributions made on his behalf while his employment status is other than as an Employee.

2.05 Termination of Participation. A Participant's participation shall terminate on the date he is no longer employed by the Company or any Affiliated Employer unless the Participant is entitled to benefits under the Plan, in which event his participation shall terminate when those benefits are distributed to him.

ARTICLE 3
Contributions

3.01 Pre-Tax Contributions.

(a) A Participant may elect in accordance with Section 2.02 to reduce his Compensation payable while a Participant by at least 1% and, effective January 1, 1994, not more than 18%, in multiples of 1% and have that amount contributed to the Plan by the Company as Pre-Tax Contributions. An amount contributed to the Plan pursuant to the election of a Participant under a cafeteria plan of the Company under Section 125 of the Code may be designated as a Pre-Tax Contribution by the Participant. Pre-Tax Contributions shall be further limited as provided below and in Sections 8.01, 8.04 and 8.05.

(b) In no event shall the Participant's Pre-Tax Contributions and similar contributions made on his behalf by the Company or an Affiliated Employer to all plans, contracts or arrangements subject to the provisions of Section 401(a)(30) of the Code in any calendar year exceed $7,000 multiplied by the Adjustment Factor. If a Participant's Pre-Tax Contributions in a calendar year reach that dollar limitation, his election of Pre-Tax Contributions for the remainder of the calendar year will be canceled and, if so elected by the Participant, then recharacterized as an election to make After-Tax Contributions under Section 3.02 at the same rate as was previously in effect for his Pre-Tax Contributions. Each Participant affected by this paragraph (b) may elect to change or suspend the rate at which he makes After-Tax Contributions. As of the first pay period of the calendar year following such cancellation, the Participant's election of Pre-Tax Contributions shall again become effective at the rate in accordance with his most recent election for Pre-Tax Contributions.

(c) In the event that the sum of the Pre-Tax Contributions and similar contributions to any other qualified Defined Contribution Plan maintained by the Company or an Affiliated Employer exceeds the dollar limitation in Section 3.01(b) for any calendar year, the Participant shall be deemed to have elected a return of Pre-Tax Contributions in excess of such limit ("excess deferrals") from this Plan. The excess deferrals, together with Earnings, shall be returned to the Participant no later than the April 15 following the end of the calendar year in which the excess deferrals were made. The amount of excess deferrals to be returned for any calendar year shall be reduced by any Pre-Tax Contributions previously returned to the Participant under Section 8.01 for that calendar year. In the event any Pre-Tax Contributions returned under the this paragraph (c) were matched by Company Contributions under Section 3.03, those Company Contributions, together with Earnings, shall be forfeited and used to reduce future Company contributions.

(d) If a Participant makes tax-deferred contributions under another qualified defined contribution plan maintained by an employer other than the Company or an Affiliated Employer for any calendar year and those contributions when added to his Pre-Tax Contributions exceed the dollar limitation under Section 3.01(b) for that calendar year, the Participant may allocate all or a portion of such excess deferrals to this Plan. In that event, such excess deferrals, together with Earnings, shall be returned to the Participant no later than the April 15 following the end of the calendar year in which such excess deferrals were made. However, the Plan shall not be required to return excess deferrals unless the Participant notifies the Plan Administrator, in writing, by March 1 of that following calendar year of the amount of the excess deferrals allocated to this Plan. The amount of such excess deferrals to be returned for any calendar year shall be reduced by any Pre-Tax Contributions previously returned to the Participant under Section 8.01 for that calendar year. In the event any Pre-Tax Contributions returned under this paragraph (d) were matched by Company Contributions under Section 3.03, those Company Contributions, together with Earnings, shall be forfeited and used to reduce future Company contributions.

3.02 After-Tax Contributions. Any Participant may make After-Tax Contributions under this Section whether or not he has elected to have Pre-Tax Contributions made on his behalf pursuant to Section 3.01. The amount of After-Tax Contributions shall be at least 1% and, effective January 1, 1994, not more than 18% of his Compensation while a Participant, in multiples of 1%. An amount contributed to the Plan pursuant to the election of a Participant under a cafeteria plan of the Company under Section 125 of the Code may be designated as any After-Tax Contribution by the Participant. If the Participant has made an election under Section 3.01, the maximum percentage of Compensation which the Participant may elect to contribute under this Section shall be equal to the excess of 18% over the percentage elected by the Participant under Section 3.01.

3.03 Company Contributions. The Company shall contribute on behalf of each of its Participants who elects to make Pre-Tax Contributions or After-Tax Contributions an amount equal to 50% of the sum of the Pre-Tax Contributions and After-Tax Contributions made on behalf of or by the Participant to the Plan during each month, not to exceed 6% of the Participant's Compensation for such month, in the following order of priority: (a) Pre-Tax Contributions, and then (b) After-Tax Contributions. In no event, however, shall the Company Contributions for a month pursuant to this Section exceed 3% of the Participant's Compensation for such month. The Company Contributions are made expressly conditional on the Plan satisfying the provisions of Sections 3.01, 8.01, 8.02 and 8.03. If any portion of the Pre-Tax Contribution or After-Tax Contribution to which the Company Contribution relates is returned to the Participant under Section 3.01, 8.01, 8.02 or 8.03, the corresponding Company Contribution shall be forfeited, and if any amount of the Company Contribution is deemed an excess aggregate contribution under Section 8.03, such amount shall be forfeited in accordance with the provisions of that Section. Company Contributions shall be paid to the Trustee each calendar month.

3.04 Participating and Nonparticipating Contributions. The portion of a Participant's Pre-Tax Contribution or After-Tax Contribution to which the Company Contribution relates shall be Participating Contributions, and the portion of a Participant's Pre-Tax Contribution or After-Tax Contribution in excess of the Participant's Participating Contributions shall be Nonparticipating Contributions.

3.05 Rollover Contributions and Trust to Trust Transfers.

(a) Subject to such terms and conditions as the Plan Administrator may

determine to be appropriate, applied in a uniform and non-discriminatory manner to all Participants, and without regard to any limitations on contributions set forth in this Article 3, the Plan may receive from a Participant for credit to his Rollover Subaccount, in cash, any amount previously distributed (or deemed to have been distributed) to him from a qualified plan. The Plan may receive such amount either directly from the Participant or in the form of a direct rollover from an individual retirement account or from a qualified plan. Notwithstanding the foregoing, the Plan shall not accept any amount unless such amount is eligible to be rolled over in accordance with applicable law and the Participant provides evidence satisfactory to the Plan Administrator that such amount qualifies for rollover treatment. Unless received by the Plan in the form of a direct rollover, the Rollover Contribution must be paid to the Trustee on or before the 60th day after the day it was received by the Participant or be rolled over through the medium of an individual retirement account that contains no assets other than those representing employer contributions to a qualified plan, any earnings thereon and any earnings from employee contributions to that plan. At the time received by the Plan, the Participant shall, in such manner and on such conditions as may be prescribed by the Plan Administrator, elect to invest the Rollover Contribution in the Investment Funds then available under the Plan to the Participant. If the Participant fails to make an investment election, 100% of the Rollover Contribution shall be invested in the Investment Fund that has the most conservative investment risk.

(b) Rollovers and direct rollovers shall only be accepted from a Participant who is an Employee except that the Plan shall accept a rollover or direct rollover from a former Employee who is a Participant of an amount received from either a Defined Benefit Plan or the TRASOP.

(c) Subject to such terms and conditions as the Plan Administrator may determine to be appropriate, applied in a uniform and non-discriminatory manner to all Participants, the Plan shall receive on behalf of a Participant a trust-to-trust transfer from the Weekly Plan of the Participant's benefits and liabilities under the Weekly Plan. Any Participant whose benefits are the subject of a trust-to-trust transfer from the Weekly Plan to this Plan will be entitled to receive benefits, rights and features from the Plan that are no less than the benefits, rights and features he would be entitled to receive from the Weekly Plan immediately preceding the transfer. Following the transfer, the Participant's rights to the non-vested portion of any benefits transferred from the Weekly Plan shall vest in accordance with Section 6.02 of this Plan. To the extent feasible, such transfer shall be made on an in-kind basis. To the extent that such transfer is made in the form of cash, at the time received by the Plan the Participant shall, in such manner and on such terms as may be prescribed by the Plan Administrator, elect to invest the cash in the Investment Funds then available under the Plan except that the Participant may elect to invest in the Company Stock Fund only cash derived from the sale of shares in the Company Stock Fund under the Weekly Plan.

3.06 Changes in Contributions. A Participant may increase or reduce his contributions within the limits prescribed by Sections 3.01 and 3.02, effective as of the first day of any calendar month, by making a new election on or before such day of the preceding calendar month in such manner and on such conditions as may be prescribed by the Plan Administrator. A Participant may make changes in contribution levels once a month.

3.07 Suspension in Contributions. A Participant may at any time suspend his contributions as of the last day of any calendar month by making an election on or before such day of such month, in such manner and on such conditions as may be prescribed by the Plan Administrator. A Participant may resume making contributions, effective as of any calendar month, by making an election on or before such day of the preceding calendar month, in such manner and as such conditions as may be prescribed by the Plan Administrator. A suspension or resumption of contributions is counted as one of the changes in contribution levels permitted within each Plan Year under the Plan.

3.08 Payment to Trust.

(a) Amounts contributed by Participants shall be paid by the Company to the Trustee promptly and credited by the Trustee to their Accounts in accordance with the certification of the Plan Administrator as to the names of the contributing Participants and the respective amounts contributed by each Participant as Participating Contributions, Nonparticipating Contributions, Pre-Tax Contributions and After-Tax Contributions.

(b) Each Company Contribution shall be paid by the Company promptly to the Trustee and shall be allocated among the Participants and credited to their respective Accounts in proportion to their Participating Contributions made during the calendar month for which the Company Contribution is being made.

3.09 No Contributions to TRASOP. No contributions to TRASOP by the Company or by Participants are permitted.

3.10 Transition Period. In order to carry out the transition to Vanguard Fiduciary Trust Company as Successor Trustee, Recordkeeper and Investment Manager, the Plan Administrator shall have authority to impose such rules and restrictions in the administration of the Plan as he may deem appropriate, so long as such rules and restrictions are applied on a uniform and nondiscriminatory basis.

ARTICLE 4

Company Contributions

4.01 Company Contributions Election. A Participant may elect to have Company Contributions allocated to his Account invested, in multiples of 1%, in any Investment Fund or Funds. If the Participant fails to make an election as to Company Contributions, 100% of such Contributions shall be invested in the Investment Fund that has the most conservative investment risk. Any such election shall be made in such manner and on such conditions as may be prescribed by the Plan Administrator.

4.02 Change of Election. A Participant may change his investment election regarding future Company Contributions once a month during a calendar year. Any such election shall be made in such manner and on such conditions as may be prescribed by the Plan Administrator.

4.03 Certification to Company. The Recordkeeper shall certify to the Company the amount of Company Contributions that each Participant has most recently elected, pursuant to Section 4.01 or 4.02, to have invested for his Account in the Investment Funds.

4.04 Forfeitures. The total amount of the Trust Fund forfeited by Participants pursuant to Section 7.02 or otherwise, shall be invested in the Investment Fund that has the most conservative investment risk and then shall be applied forthwith to reduce future Company Contributions due under the Plan. The Trustee shall promptly advise the Company of any such forfeiture and the amount thereof. ARTICLE 5 ARTICLE 5 The Trust Fund; Investmentshe Trust Fund; Investments

5.01 Trust Agreement. Contributions and TRASOP Accounts shall be held in a Trust Fund by the Trustee under a written trust agreement between the Company and the Trustee. No person shall have any rights to or interest in the Trust Fund except as provided in the Plan. The provisions of the trust agreement between the Company and the Trustee shall be considered an integral part of the Plan as if fully set forth herein.

5.02 Investment of Trust Fund.

(a) Except for that portion of the Trust Fund to be invested in a Participant's Loan Reserve pursuant to Section 9.08 or in TRASOP Shares pursuant to Section 13.02, the Trust Fund shall be invested and reinvested in Investment Funds in accordance with the Participants' investment directions. All such investment directions by Participants shall be made in accordance with rules and procedures prescribed by the Plan Administrator applied on a uniform and non-discriminatory basis. To the extent that any Participant fails to provide investment directions in accordance with such rules and procedures, the Named Fiduciaries shall be responsible for directing the investment of amounts allocated to the Participant's Account under the Plan. A Participant shall be permitted to change investment directions both as to his existing Account balance and future contributions by or on behalf of the Participant under the Plan. Any such change in investment directions shall be made in accordance with rules and procedures prescribed by the Plan Administrator applied on a uniform and non-discriminatory basis.

(b) Notwithstanding Section 5.02(a) above, to carry out the transition to Vanguard Fiduciary Trust Company as Successor Trustee, Recordkeeper and Investment Manager, contributions and loan repayments made after November 30, 1996 shall be invested by the Trustee in the mutual fund designated as the "Vanguard Money Market Reserves-U.S. Treasury Portfolio". As soon as practicable following establishment of Participant Accounts by the Recordkeeper, the contributions and loan repayments so invested, together with any earnings thereon, shall be transferred to the Investment Funds and allocated to a Participant's Account in accordance with the Participant's election.

(c) Notwithstanding Section 5.02(a) above, to carry out the transition to Vanguard Fiduciary Trust Company as Successor Trustee, Recordkeeper and Investment Manager, on December 31, 1996 the Trustee shall invest the assets of the Trust Fund in the following Investment Funds:

(i) Assets in the Treasury Bill Fund shall be invested in Vanguard Money Market Reserves-U.S. Treasury Portfolio;

(ii) Assets in the Fixed Income Fund shall be invested in the Fixed Income Fund, an investment contract fund that invests primarily in a diversified portfolio of traditional and alternative investments contracts issued by insurance companies and banks and other similar types of fixed principal investments;

(iii) Assets in the Balanced Fund shall be invested in Vanguard LifeStrategy Funds-Moderate Growth Portfolio, a balanced fund that invests in a combination of Vanguard funds with the overall objective of providing growth of capital and a reasonable level of current income;

(iv) Assets in the Equity Index Fund shall be invested in Vanguard Index Trust-500 Portfolio, a growth and income stock fund that holds 500 of the largest stocks in the U.S. in an attempt to match the performance and risk characteristics of Standard & Poor's 500 Composite Stock Price Index; and

(v) Assets in the Company Stock Fund shall be invested in the Company Stock Fund that invests in Company common stock to provide the possibility of long-term growth through increases in the value of the stock and reinvestments of dividends and in a short-term reserves to help accommodate daily transactions.

(d) As soon as practicable after December 31, 1996 as determined by the Plan Administrator, the following additional Investment Funds shall be established:

(i) Vanguard Bond Index Fund-Total Bond Market Portfolio, a bond fund that invests in a broad array of bonds from a variety of industries in an attempt to match the performance and risk characteristics of the Lehman Brothers Aggregate Bond Index;

(ii) Vanguard Index Trust-Extended Market Portfolio, a growth stock fund that invests in about 2000 companies in an attempt to match the performance and risk characteristics of the Wilshire 4500 Index; and

(iii) Vanguard STAR Fund-Total International Portfolio, an international stock fund that invests in stocks of about 1500 companies located

in approximately 30 countries around the world, excluding the U.S. and Canada. The Portfolio invests in a combination of three portfolios of Vanguard International Equity Index Fund in proportions that mirror the composition of two indices compiled by Morgan Stanley Capital International: the Europe, Australia and Far East Index and the Emerging Markets (Select) Index.

(e) The Named Fiduciaries may establish other Investment Funds (or modify the investment objectives or mix of Investment Funds), in addition to or in lieu of the Investment Funds described above. Such other Investment Funds shall be established without the necessity of an amendment to the Plan and shall have the objectives prescribed by the Named Fiduciaries. The Named Fiduciaries may eliminate one or more Investment Funds existing at any time without the necessity of an amendment to the Plan.

5.03 Company Stock Fund.

(a) Investments in Fund. The Trustee shall regularly purchase Shares for the Company Stock Fund in accordance with a nondiscretionary purchasing program. Such purchases may be made on any securities exchange where Shares are traded, in the over-the-counter market, or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as the Trustee may determine to be in the best interests of the Participants. Dividends, interest and other income received on assets held in the Company Stock Fund shall be reinvested in the Company Stock Fund. All funds to be invested in the Company Stock Fund shall be invested by the Trustee in one or more transactions promptly after receipt by the Trustee, subject to any applicable requirement of law affecting the timing or manner of such transactions. All brokerage commissions and other direct expenses incurred by the Trustee in the purchase or sale of Shares under the Plan will be borne by the Plan except to the extent the Company determines to pay such expenses.

(b) Units. The interests of Participants in the Company Stock Fund shall be measured in Units, the number and value of which shall be determined daily.

(c) Voting of Shares. Each Participant shall be entitled to direct the Trustee as to the manner in which any Shares or fractional Share represented by Units allocated to the Participant's Account are to be voted. Any such Shares or fractional Share for which the Participant does not give voting directions shall be voted by the Trustee in the same manner and proportions as all other Shares held by the Trustee for which voting directions are given by Participants. The Trustee shall keep confidential a Participant's voting instructions and information regarding a Participant's purchases, holdings and sales of Shares. The Plan Administrator shall be responsible for monitoring the Trustee's performance of its confidentiality obligations.

5.04 Accounts and Subaccounts. The Recordkeeper shall maintain in any equitable manner, which shall include a daily revaluation at current market values, as determined by the Trustee, a separate TRASOP Account for each Participant eligible therefor and a separate Account for each Participant, and within each such Account a Pre-Tax Subaccount, an After-Tax Subaccount, a Rollover Subaccount and a Company Contribution Subaccount, in which the Recordkeeper shall keep a separate record of the respective shares of such Participant in the Trust Fund, including each Investment Fund, and the Loan Reserve, attributable to amounts credited to his Pre-Tax Subaccount, his After-Tax Subaccount, his Rollover Subaccount and his Company Contribution Subaccount. A Participant's Pre-Tax Contributions shall be credited to his Pre-Tax Subaccount. A Participant's After-Tax Contributions shall be credited to his After-Tax Subaccount. A Participant's Rollover Contributions shall be credited to his Rollover Subaccount. A Participant's share of Company Contributions made on or after January 1, 1985 shall be credited to his Company Contribution Subaccount.

5.05 Pre-January 1, 1985 Contributions. Any contributions to the Trust Fund made by a Participant prior to January 1, 1985 shall, as of January 1, 1985, be credited to his After-Tax Subaccount. Any contributions to the Trust Fund made by the Company and allocated to a Participant's Account prior to January 1, 1985 shall be credited to the Participant's Company Contribution Subaccount.

5.06 Statements of Account. As soon as practicable after each calendar quarter the Recordkeeper shall cause to be sent to each Participant a written statement showing, as of such date, the respective amounts of the Trust Fund, including each investment Fund and the Loan Reserve, attributable to the Participant's Pre-Tax Subaccount, his After-Tax Subaccount, his Rollover Subaccount and his Company Contribution Subaccount and the Participant's balance in his TRASOP Account, if any. With respect to the Participant's After-Tax Subaccount, the statement shall show separately the amount of the Participant's own contributions (less any withdrawals) credited to his After-Tax Subaccount. The Plan Administrator may direct the Recordkeeper from time to time to issue comparable statements to Participants as of other dates during the calendar year.

5.07 Responsibility for Investments. Each Participant is solely responsible for the selection of his Investment Funds. The Trustee, the Recordkeeper, any Investment Manager, the Named Fiduciaries, the Plan Administrator, the Company and the trustees, officers and other employees of the Company, the Trustee, the Recordkeeper and any Investment Manager, are not empowered to advise a Participant as to the decision in which his Account shall be invested. The fact that an Investment Fund is available to Participants for investment under the Plan shall not be construed as a recommendation for a particular Participant to invest in that Investment Fund.

ARTICLE 6
Vesting

6.01 Participant Contributions. The amount to the credit of a Participant's Account which is attributable to his Pre-Tax Contributions, After-Tax Contributions and Rollover Contributions to the Trust Fund made by the Participant shall be 100% vested at all times.

6.02 Company Contributions. The amount to the credit of a Participant's Account which is attributable to Company Contributions, including contributions to the Trust Fund made by the Company prior to January 1, 1985, shall become 100% vested, subject to Article 8, on the later of (i) January 1, 1985, and (ii) the first day of the calendar month in which the Participant completes three years of Vesting Service; provided, however, that all amounts to the credit of a Participant's Account which are attributable to Company Contributions, shall become 100% vested upon the Participant's attainment of age 65, his Disability, termination of his service by reason of Retirement or death or by the Company for reasons other than cause. Except to the extent that they shall have become vested, amounts to the credit of a Participant's Account which are attributable to Company Contributions are subject to forfeiture as provided in Section 7.02.

6.03 TRASOP Account. A Participant's balance in his TRASOP Account, if any, shall always be 100% vested.

ARTICLE 7

Distributions, Withdrawals and Forfeitures

7.01 Retirement. If a Participant's service is terminated by reason of Retirement, the entire amount to the credit of his Account (including any amount due under any outstanding loan pursuant to Article 9) shall be distributed to him in accordance with Section 7.09.

7.02 Voluntary Termination or Termination by the Company; Forfeitures.

(a) If a Participant's service is terminated by the Company for cause or if the Participant voluntarily terminates his service otherwise than by reason of Retirement, the non-vested portion of the Participant's Company Contributions Subaccount shall not be forfeited until the Participant incurs a period of Break in Service of five years or receives a distribution of the Vested Portion of his Account, if earlier. The Vested Portion to the credit of such Participant's Account (including any amount due under any outstanding loan pursuant to Article 9) shall be distributed to such Participant in accordance with Section 7.09. Termination of service for cause shall be determined by the Plan Administrator under rules uniformly applied to all Participants. If the Participant is not reemployed by the Company or an Affiliated Employer before he incurs a period of Break in Service of five years or receives a distribution, the non-vested portion of his Company Contribution Subaccount shall be forfeited.

(b) If an amount to the credit of a Participant's Company Contributions Subaccount has been forfeited in accordance with paragraph (a) above, such amount shall subsequently be restored to his Company Contribution Subaccount by the Company provided (i) he is reemployed by the Company or an Affiliated Employer prior to incurring a period of Break in Service of five years and (ii) either he has elected or is deemed to have elected a deferred distribution in accordance with Section 7.09 or during his reemployment and within five years after his reemployment date he makes a lump sum payment to the Trust Fund in cash in an amount equal to that portion of the distribution received which represents the Participant's Participating Contributions relating directly to Company Contributions which were forfeited at the time of distribution. The forfeited amount so restored shall vest in accordance with Section 6.02 as a Company Contribution and shall be credited to the Participant's Company Contribution Subaccount. The lump sum payment by the Participant shall immediately be 100% vested and shall be credited to the Participant's Account.

(c) If any amounts to be restored by the Company to a Participant's Company Contributions Subaccount have been forfeited under paragraph (a) above, those amounts shall be taken first from any forfeitures which have not as yet been applied against Company contributions and if any amounts remain to be restored, the Company shall make a special Company contribution equal to those amounts.

(d) A Participant may elect, in such manner and on such terms as may be prescribed by the Plan Administrator, to invest a repayment in the Investment Funds available under the Plan to the Participant at the time of the repayment.

7.03 Death. Upon the death of a Participant the entire amount to the credit of his Account (including any amount due under any outstanding loan pursuant to Article 9) shall be distributed to his Beneficiary in accordance with Section 11.03 as soon as practicable (but in any event within 90 days) after the calendar month in which his death occurs.

7.04 Withdrawals. A Participant may request cash withdrawals from his Account by making a withdrawal application in such manner and on such conditions as may be prescribed by the Plan Administrator. Payment of the amount withdrawn shall be made as soon as practicable after such application has been completed and processed. Withdrawals shall be permitted not more than four times in any calendar year and only in accordance with the following terms:

(a) Withdrawals will be made on an average cost basis within each category below and pro rata from the Participant's balances available for withdrawal.

(b) A Participant may at any time withdraw an amount up to the entire amount to the credit of his After-Tax and Company Contribution Subaccounts, except that a Participant may not withdraw an amount attributable to a Company Contribution until December 31 of the second calendar year beginning after the calendar month for which the Company Contribution was made. A Participant shall not be permitted to make any such withdrawal amounting to less than $300 unless the maximum amount available under this paragraph (b) is less than $300 in which case the Participant shall only be permitted to withdraw such maximum amount. Withdrawals shall be made in the following order from a Participant's Account:

1. If the Participant requests a nontaxable withdrawal:
   (i) Nonparticipating After-Tax Contributions made before January 1, 1987, excluding any earnings thereon, and (ii) Participating After-Tax Contributions made before January 1, 1987, excluding any earnings thereon.

2. If the Participant requests a taxable withdrawal, without incurring a suspension as provided in (f) below:
   (i) Nonparticipating After-Tax Contributions made before January 1, 1987, excluding any earnings thereon;
   (ii) Participating After-Tax Contributions made before January 1, 1987, excluding earnings thereon;
   (iii) Nonparticipating After-Tax Contributions made on or after January 1, 1987, including any earnings thereon;
   (iv) Participating After-Tax Contributions made on or after January 1, 1987 that have been in the Account two full calendar years after the year contributed, including any earnings thereon;
   (v) Any earnings attributable to Nonparticipating After-Tax Contributions made before January 1, 1987;
   (vi) Any earnings attributable to Participating After-Tax Contributions made before January 1, 1987; and
   (vii) Company Contributions in the Account for two full calendar years after the contribution year, including any earnings thereon.

3. If the Participant requests a taxable withdrawal resulting in a suspension as provided in (f) below:
   (i) Nonparticipating After-Tax Contributions made before January 1, 1987, excluding any earnings thereon;
   (ii) Participating After-Tax Contributions made before January 1, 1987, excluding any earnings thereon;
   (iii) Nonparticipating After-Tax Contributions made on or after January 1, 1987, including any earnings thereon;
   (iv) Participating After-Tax Contributions made on or after January 1, 1987, including any earnings thereon;
   (v) Any earnings attributable to Nonparticipating After-Tax Contributions made before January 1, 1987;
   (vi) Any earnings attributable to Participating After-Tax Contributions made before January 1, 1987; and
   (vii) Company Contributions in the Account for two full calendar years after the contribution year, including any earnings thereon.

(c) A Participant who has withdrawn at least the entire amount available under (b) above without incurring a suspension may at any time withdraw an amount up to the entire amount to the credit of his Rollover Subaccount.

(d) A Participant who has attained the age of 59 years and six months and who has withdrawn at least the entire amounts available for withdrawal under paragraphs (b) and (c) above without incurring a suspension, may withdraw an amount up to the entire amount to the credit of his Pre-Tax Subaccount in the following order:

1. If the Participant requests a withdrawal, without resulting in a suspension under (f) below:
   (i) Nonparticipating Pre-Tax Contributions, including any earnings thereon, and
   (ii) Participating Pre-Tax Contributions that have been in the Account for two full calendar years after the year contributed, including any earnings thereon.

2. If the Participant requests a withdrawal resulting in a suspension under (f) below:

(i) Participating After-Tax Contributions, made on or after January 1, 1987 that have been in the Account for less than two full calendar years after the contribution year, including any earnings thereon;

(ii) Nonparticipating Pre-Tax Contributions, including any earnings thereon; and

(iii) Participating Pre-Tax Contributions including any earnings thereon. A Participant shall not be permitted to make any such withdrawal amounting to less than $300 unless the maximum amount available under this Section 7.04 is less than $300 in which case the Participant shall only be permitted to withdraw such maximum amount.

(e) Notwithstanding the preceding paragraphs (b), (c) and (d), a Participant may not withdraw any amount that would cause the balance of his Account to be less than the minimum amount required under Section 9.09.

(f) In the event a Participant withdraws any amounts which represent After-Tax Participating Contributions made at any time during the two full calendar years preceding the calendar year in which the withdrawal is made, the Participant's right to make any contributions to the Plan shall be suspended for the six full calendar months as soon as practicable following the withdrawal. To resume contributions following such suspension, the Participant must elect, on or before such day, in such manner and on such conditions as may be prescribed by the Plan Administrator, to resume making contributions.

7.05 Hardship Withdrawals. A Participant may, in the event of hardship, withdraw all or any part of the amount of Pre-Tax Contributions to the credit of the Account of the Participant (excluding any earnings after December 31, 1988 attributable to Pre-Tax Contributions) in excess of any minimum Account balance required under Section 9.09. A Participant may apply for a hardship withdrawal in such manner and on such conditions as may be prescribed by the Plan Administrator. For purposes of the Plan a Participant shall be deemed to have a hardship if the Participant has an immediate and heavy financial need and if the withdrawal is necessary to satisfy such financial need as set forth below. The Plan Administrator or his delegate shall determine whether the Participant satisfies the requirements for a hardship and the amount of any hardship withdrawal. Any withdrawal under this Section shall be made pro-rata from the Participant's balances in the Investment Funds from which withdrawal may be made as provided in Section 7.04. A withdrawal pursuant to this Section 7.05 shall not be subject to the limitations on number of withdrawals permitted under Section 7.04.

(a) Immediate and Heavy Financial Need - A Participant will be deemed to have an immediate and heavy financial need if the withdrawal is to be made on account of any of the following:

(1) Medical expenses described in Section 213(d) of the Code previously incurred by the Participant, the Participant's spouse or any dependent (as defined in Section 152 of the Code) of the Participant, or expenses necessary for those persons to obtain medical care described in Section 213(d) of the Code;

(2) Costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Participant;

(3) Payment of tuition and related educational fees for the next twelve-months of post- secondary education for the Participant, or the Participant's spouse, children or dependents;

(4) Payment of amounts necessary to prevent the eviction of the Participant from his principal residence or to avoid foreclosure on the mortgage of the Participant's principal residence; or

(5) Any other need added to the foregoing items of deemed immediate and heavy financial needs by the Commissioner of the Internal Revenue Service through the publication of revenue rulings, notices and other documents of general availability, rather than on an individual basis.

A Participant shall not be permitted to make a withdrawal in the event of a hardship on account of any reason other than as set forth above.

(b) Necessary to Satisfy Such Need - The requested withdrawal will not be treated as necessary to satisfy the Participant's immediate and heavy financial need to the extent that the amount of the requested withdrawal is in excess of the amount required to relieve the financial need or to the extent such need may be satisfied from other sources that are reasonably available to the Participant. The amount of an immediate and heavy financial need may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the hardship withdrawal. The Participant must request, on such form or otherwise as the Plan Administrator or his delegate may prescribe, that the Plan Administrator or his delegate make its determination of the necessity for the withdrawal solely on the basis of the Participant's certification, without any supporting documents. In that event, the Plan Administrator or his delegate shall make such determination, provided all of the following requirements are met: (1) the Participant has obtained all distributions and withdrawals, other than distributions available only on account of hardship, and all nontaxable loans currently available under all plans of the Company and Affiliated Employers, (2) the Participant is prohibited from making Pre-Tax Contributions and After-Tax Contributions to the Plan and all other plans of the Company and Affiliated Employers under the terms of such plans or by means of an otherwise legally enforceable agreement for at least 12 months after receipt of the distribution, and (3) the limitation described in Section 3.01(b) under all plans of the Company and Affiliated Employers for the calendar year following the year in which the distribution is made must be reduced by the Participant's elective deferrals made in the calendar year of the distribution for hardship. For purposes of clause (2), "all other plans of the Company and Affiliated Employers" means all qualified and non-qualified plans of deferred compensation maintained by the Company and Affiliated Employers and includes a stock option, stock purchase (including the Company's Discount Stock Purchase Plan though it isn't a deferred compensation plan) and such other plans as may be designated under regulations issued under Section 401(k) of the Code, but shall not include health and welfare benefit plans and the mandatory employee contribution portion of a Defined Benefit Plan.

7.06 Distribution from Company Stock Fund. Where an amount to be distributed pursuant to Section 7.01, 7.02, or 7.03 is represented in part by Units, the distributee may elect, in such manner and on such conditions as may be prescribed by the Plan Administrator, to have distributed the number of whole Shares represented by such Units, together with an amount of dollars representing the balance of the current value of such Units. In the absence of such an election, the distribution shall be made entirely in dollars. Withdrawals pursuant to Section 7.04 or 7.05 and loans pursuant to Article 9 to be made from the Company Stock Fund shall be made entirely in cash.

7.07 Leaves of Absence and Transfers to Weekly Payroll.

If a Participant shall be granted a leave of absence by the Company or shall transfer from the management payroll to the weekly payroll, neither such event shall be deemed a termination of service, but such Participant's Pre-Tax Contributions and After-Tax Contributions under this Plan shall be suspended as of the last day of the calendar month in which such leave commences, or transfer occurs, as the case may be. Such Participant may resume making Pre-Tax Contributions and After-Tax Contributions, as of the first day of any calendar month following the termination of such leave of absence or his return to the management payroll, as the case may be, by making a new payroll deduction authorization in such manner and on such conditions as may be prescribed by the Plan Administrator.

7.08 Age 70 1/2 Required Distribution

(a) In no event shall the provisions of this Article operate so as to extend the time by which a distribution is to be made under any other provision of the Plan or to allow the distribution of a Participant's Account to begin later than the April 1 following the calendar year in which he attains age 70 1/2, provided that such commencement in active service shall not be required with respect to a Participant (i) who does not own more than five percent of the outstanding stock of the Company (or stock possessing more than five percent of the total combined voting power of all stock of the Company), and (ii) who attained age 70 1/2 prior to January 1, 1988.

(b) In the event a Participant in active service is required to begin receiving payments while in service under the provisions of paragraph (a) above, the Plan shall distribute to the Participant in each distribution calendar year the minimum amount required to satisfy the provisions of Section 401(a)(9) of the Code provided, however, that the payment for the first distribution calendar year shall be made on or before April 1 of the following calendar year. Such minimum amount will be determined on the basis of the joint life expectancy of the Participant and his Beneficiary. Such life expectancy will be recalculated once each year; however, the life expectancy of the Beneficiary will not be recalculated if the Beneficiary is not the Participant's spouse. The amount of the withdrawal shall be allocated among the Investment Funds in proportion to the value of the Accounts as of the date of each withdrawal. The commencement of payments under this Section shall not constitute an Annuity Starting Date for purposes of Sections 72, 401(a)(11) and 417 of the Code. Upon the Participant's subsequent termination of employment, payment of the Participant's Account shall be made in accordance with the provisions of Section 7.09.

7.09 Form and Timing of Distributions.

(a) Distributions pursuant to Sections 7.01 and 7.02 shall be made as follows:

(i) the Vested Portion of the Participant's Account balance which equals $3500 or less shall be distributed in a single lump sum as soon as practicable, but not later than 60 days after the end of the calendar year in which the Participant's termination of employment occurs; or

(ii) unless the Participant makes an election under Section 7.09(b), the Vested Portion of the Participant's Account balance which exceeds $3500 shall be deferred until the

Participant attains age 65 and the amount to the credit of the Participant's Account as of the day he attains age 65 shall be distributed to him in a single lump sum as soon as practicable thereafter. If the Participant fails to make an election under Section 7.09(b), the Participant shall be deemed to have elected the deferred distribution under this Section 7.09(a)(ii).

(b) In lieu of the deferred distribution upon attaining age 65 provided in Section 7.09(a)(ii), the Participant may elect, in such manner and on such conditions as may be

prescribed by the Plan Administrator, one of the following:

(i) a distribution in a single lump sum as soon as practicable, but not later than 60 days after the end of the calendar year in which the Participant's termination occurs;

(ii) a distribution deferred until the last day of a calendar month not later than the calendar month in which the Participant attains age 70 as designated by the Participant, in which event distribution of the Participant's Account balance as of the last day of the calendar month so designated by the Participant shall be made in a single lump sum as soon as practicable after such calendar month; or

(iii) a distribution in five annual installments as promptly as practicable after the end of each calendar year commencing in the calendar year immediately following the calendar year in which the termination occurs, in which event each such annual installment shall be an amount equal to the Participant's Account balance as of December 31 of the previous year divided by the number of annual installments remaining to be made hereunder, except that the fifth such installment shall equal the entire balance in the Participant's Account as of the preceding December 31. Each such annual installment shall be taken pro rata from the Participant's balances in the Investment Funds under the Plan.

7.10 Status of Account Pending Distribution. Until completely distributed the Account of a Participant who is entitled to a distribution shall continue to be invested as part of the funds of the Plan.

7.11 Proof of Death and Right of Beneficiary or Other Person. The Plan Administrator may require and rely upon such proof of death and such evidence of the right of any Beneficiary or other person to receive the value of the Account of a deceased Participant as the Plan Administrator may deem proper and his determination of the right of that Beneficiary or other person to receive payment shall be conclusive.

7.12 Distribution Limitation. Notwithstanding any other provision of this Article 7, all distributions from this Plan shall conform to the regulations issued under Section 401(a)(9) of the Code, including the incidental death benefit provisions of Section 401(a)(9)(G) of the Code. Further, such regulations shall override any Plan provision that is inconsistent with Section 401(a)(9) of the Code.

7.13 Direct Rollover of Certain Distributions. This Section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, in such manner and on such conditions as may be prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. The following definitions apply to the terms used in this Section:

(a) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more, any distribution to the extent such distribution is required under Section 401(a)(9) of the Code, and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities);

(b) "Eligible retirement plan" means an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity;

(c) "Distributee" means an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse; and

(d) "Direct rollover" means a payment by the Plan to the eligible retirement plan specified by the distributee.

ARTICLE 8

Non-Discrimination and Limitation

8.01 Actual Deferral Percentage Test. The Actual Deferral Percentage for Highly Compensated Employees who are Participants or eligible to become Participants shall not exceed the Actual Deferral Percentage for all other Employees who are Participants or eligible to become Participants multiplied by 1.25. If the Actual Deferral Percentage for Highly Compensated Employees does not meet the foregoing test, the Actual Deferral Percentage for Highly Compensated Employees may not exceed the Actual Deferral Percentage for all other Employees who are Participants or eligible to become Participants by more than two percentage points, and the Actual Deferral Percentage for Highly Compensated Employees may not be more than 2.0 times the Actual Deferral Percentage for all other Employees (or such lesser amount as the Plan Administrator shall determine to satisfy the provisions of Section 8.03). The Plan Administrator may implement rules limiting the Pre-Tax Contributions which may be made on behalf of some or all Highly Compensated Employees so that this limitation is satisfied. If the Plan Administrator determines that the limitation under this Section 8.01 has been exceeded in any Plan Year, the following provisions shall apply:

(a) The amount of Pre-Tax Contributions made on behalf of some or all Highly Compensated Employees shall be reduced until the provisions of this Section are satisfied as follows. The actual deferral ratio of the Highly-Compensated Employee with the highest actual deferral ratio shall be reduced to the extent necessary to meet the test or to cause such ratio to equal the actual deferral ratio of the Highly Compensated Employee with the next highest ratio. This process will be repeated until the actual deferral percentage test is passed. Each ratio shall be rounded to the nearest one one-hundredth of one percent of the Participant's Statutory Compensation.

(b) Pre-Tax Contributions subject to reduction under this Section, together with Earnings thereon, ("excess contributions") shall be paid to the Participant before the close of the Plan Year following the Plan Year in which the excess contributions were made and, to the extent practicable, within 2 1/2 months of the close of the Plan Year in which the excess contributions were made. However, any excess contributions for any Plan Year shall be reduced by any Pre-Tax Contributions previously returned to the Participant under Section 3.01 for that Plan Year. In the event any Pre-Tax Contributions returned under this Section 8.01 were matched by Company Contributions, such corresponding Company Contributions, with Earnings thereon, shall be forfeited and used to reduce Company contributions. The Participant may elect, in lieu of a return of the excess contributions, to have the Plan treat all or a portion of the excess contributions to the Plan as After-Tax Contributions for the Plan Year in which the excess contributions were made, subject to the limitations of Section 3.02. Recharacterized excess contributions shall be considered After-Tax Contributions made in the Plan Year to which the excess contributions relate for purposes of Section 8.02 and shall be subject to the withdrawal provisions applicable to After-Tax Contributions under Article 7. The Participant's election to recharacterize Pre-Tax Contributions shall be made within 2 1/2 months of the close of the Plan Year in which the excess contributions were made, or within such shorter period as the Plan Administrator may prescribe. In the absence of a timely election by the Participant, the Plan shall return his excess contributions as provided in the paragraph (b).

8.02 Actual Contribution Percentage Test. The Actual Contribution Percentage for Highly Compensated Employees who are Participants or eligible to become Participants shall not exceed the Actual Contribution Percentage for all other Employees who are Participants or eligible to become Participants multiplied by 1.25. If the Actual Contribution Percentage for the Highly Compensated Employees does not meet the foregoing test, the Actual Contribution Percentage for Highly Compensated Employees may not exceed the Actual Contribution Percentage of all other Employees who are Participants or eligible to become Participants by more than two percentage points, and the Actual Contribution Percentage for Highly Compensated Employees may not be more than 2.0 times the Actual Contribution Percentage for all other Employees (or such lesser amount as the Plan Administrator shall determine to satisfy the provisions of Section 8.03). The Plan Administrator may implement rules limiting the After-Tax Contributions which may be made by some or all Highly Compensated Employees so that this limitation is satisfied. If the Plan Administrator determines that the limitation under this Section 8.02 has been exceeded in any Plan Year, the following provisions shall apply:

(a) The amount of After-Tax Contributions and Company Contributions made by or on behalf of some or all Highly Compensated Employees in the Plan Year shall be reduced until the provisions of this Section are satisfied as follows. The actual contribution ratio of the Highly Compensated Employee with the highest actual contribution ratio shall be reduced to the extent necessary to meet the test or to cause such ratio to equal the actual contribution ratio of the Highly-Compensated Employee with the next highest actual contribution ratio. This process will be repeated until the actual contribution percentage test is passed. Each ratio shall be rounded to the nearest one one-hundredth of one percent of a Participant's Statutory Compensation.

(b) Any After-Tax Contributions and Company Contributions subject to reduction under this Section, together with Earnings thereon ("excess aggregate contributions"), shall be reduced and allocated in the following order:

(i) Nonparticipating After-Tax Contributions, to the extent of the excess aggregate contributions, together with Earnings, shall be paid to the Participant; and then, if necessary,

(ii) so much of the Participating After-Tax Contributions and corresponding Company Contributions, together with Earnings, as shall be necessary to meet the test shall be reduced, with the After-Tax Contributions, together with Earnings, being paid to the Participant and the Company Contributions, together with Earnings, being reduced, with vested Company Contributions being paid to the Participant, and Company Contributions which are forfeitable under the Plan being forfeited and applied to reduce Company

contributions; then if necessary,

(iii) so much of the Company Contributions, together with Earnings, as shall be necessary to equal the balance of the excess aggregate contributions shall be reduced, with vested Company Contributions being paid to the Participant and Company Contributions which are forfeitable under the Plan being forfeited and applied to reduce Company contributions.

(c) Any repayment or forfeiture of excess aggregate contributions shall be made before the close of the Plan Year following the Plan Year for which the excess aggregate contributions were made and, to the extent practicable, any repayments or forfeiture shall be made within 2 1/2 months of the close of the Plan Year in which the excess aggregate contributions were made.

8.03 Aggregate Contribution Limitation.

Notwithstanding the provisions of Sections 8.01 and 8.02, in no event shall the sum of the Actual Deferral Percentage of the group of eligible Highly Compensated Employees and the Actual Contribution Percentage of such group, after applying the provisions of Sections 8.01 and 8.02, exceed the "aggregate limit" as provided in Section 401(m)(9) of the Code and the regulations issued thereunder. In the event the aggregate limit is exceeded for any Plan Year, the Actual Contribution Percentages of the Highly Compensated Employees shall be reduced to the extent necessary to satisfy the aggregate limit in accordance with the procedure set forth in Section 8.02.

8.04 Additional Discrimination Testing Provisions.

(a) If any Highly Compensated Employee is either (i) a five percent owner or (ii) one of the 10 highest paid Highly Compensated Employees, then any Statutory Compensation paid to or any contribution made by or on behalf of any member of his "family" shall be deemed paid to or made by or on behalf of such Highly Compensated Employee for purposes of Sections 8.01, 8.02 and 8.03, to the extent required under regulations prescribed by the Secretary of the Treasury or his delegate under Sections 401(k) and 401(m) of the Code. The contributions required to be aggregated under the preceding sentence shall be disregarded in determining the Actual Deferral Percentage and Actual Contribution Percentage for the group of non-highly compensated employees for purposes of Sections 8.01, 8.02 and 8.03. Any return of excess contributions or excess aggregate contributions required under Sections 8.01, 8.02 and 8.03 with respect to the family group shall be made by allocating the excess contributions or excess aggregate contributions among the family members in proportion to the contributions made by or on behalf of each family member that is combined. For purposes of this paragraph, the term "family" means, with respect to any employee, such employee's spouse, any lineal ascendants or descendants and spouses of such lineal ascendants or descendants.

(b) If any Highly Compensated Employee is a member of another qualified plan of the Company or an Affiliated Employer, other than an employee stock ownership plan described in Section 4975(e)(7) of the Code or any other qualified plan which must be mandatorily disaggregated under Section 410(b) of the Code, under which deferred cash contributions or matching contributions are made on behalf of the Highly Compensated Employee or under which the Highly Compensated Employee makes after-tax contributions, the Plan Administrator shall implement rules, which shall be uniformly applicable to all employees similarly situated, to take into account all such contributions for the Highly Compensated Employee under all such plans in applying the limitations of Section 8.01, 8.02 and 8.03. If any other such qualified plan has a plan year other than the Plan Year, the contributions to be taken into account in applying the limitations of Sections 8.01, 8.02 and 8.03 will be those made in the plan years ending with or within the same calendar year.

(c) In the event that this Plan is aggregated with one or more other plans to satisfy the requirements of Sections 401(a)(4) and 410(b) of the Code (other than for purposes of the average benefit percentage test) or if one or more other plans is aggregated with this Plan to satisfy the requirements of such sections of the Code, then the provisions of Sections 8.01, 8.02 and 8.03 shall be applied by determining the Actual Deferral Percentage and Actual Contribution Percentage of employees as if all such plans were a single plan. If this Plan is permissively aggregated with any other plan or plans for purposes of satisfying the provisions of Section 401(k)(3) of the Code , the aggregated plans must also satisfy the provisions of Section 401(a)(4) and 410(b) of the Code as though they were a single plan. For Plan Years beginning after December 31, 1989, plans may be aggregated under this paragraph (c) only if they have the same plan year.

(d) The Company may elect to use Pre-Tax Contributions to satisfy the tests described in Sections 8.02 and 8.03, provided that the test described in Section 8.01 is met prior to such election, and continues to be met following the Company's election to shift the application of those Pre-Tax Contributions from Section 8.01 to Section 8.02.

(e) The Company may authorize that special "qualified nonelective contributions" shall be made for a Plan Year, which shall be allocated in such amounts and to such Participants, who are not Highly Compensated Employees, as the Named Fiduciaries shall determine. The Plan Administrator, shall establish such separate accounts as may be necessary. Qualified nonelective contributions shall be 100% nonforfeitable when made. Any qualified nonelective contributions made on or after January 1, 1994 and any earnings credited on any qualified nonelective contributions after such date shall only be available for withdrawal under the provisions of Section 7.04(d). Qualified nonelective contributions made for the Plan Year may be used to satisfy the tests described in Sections 8.01, 8.02 and 8.03, where necessary.

(f) Notwithstanding any provision of the Plan to the contrary, employees included in a unit of employees covered by a collective bargaining agreement shall be disregarded in applying the provisions of Sections 8.01, 8.02 and 8.03 except that the provisions of Section 8.01 above shall be applicable to that group of employees on and after January 1, 1993 on the basis that those employees are included in a separate cash-or-deferred arrangement.

8.05 Maximum Annual Additions.

(a) The annual addition to a Participant's Account for any Plan Year, which shall be considered the "limitation year" for purposes of Section 415 of the Code, when added to the Participant's annual addition for that Plan Year under any other qualified Defined Contribution Plan of the Company or an Affiliated Employer, shall not exceed an amount which is equal to the lesser of (i) 25% of his aggregate remuneration for the Plan Year or (ii) the greater of $30,000 or one-quarter of the dollar limitation in effect under Section

415(b)(1)(A) of the Code.

(b) For purposes of this Section, the "annual addition" to a Participant's Account under this Plan or any other qualified Defined Contribution Plan maintained by the Company or an Affiliated Employer shall be the sum of:

(i) the total contributions, including Pre-Tax Contributions, made on the Participant's behalf by the Company and all Affiliated Employers,

(ii) all Participant contributions, exclusive of any Rollover Contributions, and

(iii) forfeitures, if applicable,

that have been allocated to the Participant's Account under this Plan or his accounts under any other such qualified Defined Contribution Plan. For purposes of this paragraph (b), any Pre-Tax Contributions distributed under Section 8.01 and any Company Contributions or After-Tax Contributions distributed or forfeited under the provisions of Section 3.01, 8.01, 8.02 or 8.03 shall be included in the annual addition for the year allocated.

(c) For purposes of this Section, the term "remuneration" with respect to any Participant shall mean the wages, salaries and other amounts paid in respect of the Participant by the Company or an Affiliated Employer for personal services actually rendered, determined after any reduction of Compensation pursuant to Section 3.01 or pursuant to a cafeteria plan as described in Section 125 of the Code, including (but not limited to) bonuses, overtime payments and commissions, but excluding deferred compensation, stock options and other distributions which receive special tax benefits under the Code.

(d) If the annual addition to a Participant's Account for any Plan Year, prior to the application of the limitation set forth in paragraph (a) above, exceeds that limitation due to a reasonable error in estimating a Participant's annual compensation or in determining the amount of Pre-Tax Contributions that may be made with respect to a Participant under Section 415 of the Code, or as the result of the allocation of forfeitures, the amount of contributions credited to the Participant's Account in that Plan Year shall be adjusted to the extent necessary to satisfy that limitation in accordance with the following order of priority:

(i) The Participant's Nonparticipating After-Tax Contributions under Section 3.02 shall be reduced to the extent necessary. The amount of the reduction shall be returned to the Participant, together with any earnings on the contributions to be returned.

(ii) The Participant's Nonparticipating Pre-Tax Contributions under Section 3.01 shall be reduced to the extent necessary. The amount of the reduction shall be returned to the Participant, together with any earnings on the contributions to be returned.

(iii) The Participant's Participating After-Tax Contributions and corresponding Company Contributions shall be reduced to the extent necessary. The amount of the reduction attributable to the Participant's Participating After-Tax Contributions shall be returned to the Participant, together with any earnings on those contributions to be returned, and the amount attributable to the Company Contributions shall be forfeited and used to reduce subsequent contributions payable by the Company.

(iv) The Participant's Participating Pre-Tax Contributions and corresponding Company Contributions shall be reduced to the extent necessary. The amount of the reduction attributable to the Participant's Participating Pre-Tax Contributions shall be returned to the Participant, together with any earnings on those contributions to be returned, and the amount attributable to the Company Contributions shall be forfeited and used to reduce subsequent contributions payable by the Company.

Any Pre-Tax Contributions returned to a Participant under this paragraph (d) shall be disregarded in applying the dollar limitation of Pre-Tax Contributions under Section 3.01(b), and in performing the Actual Deferral Percentage Test under Section 8.01. Any After-Tax Contributions returned under this paragraph (d) shall be disregarded in performing the Actual Contribution Percentage Test under Section 8.02.

8.06 Defined Benefit Plan Limitation. If a Participant is or ever was a participant in a Defined Benefit Plan then prior to restricting any Annual Addition under this Plan the rate of benefit accruals under such Defined Benefit Plan shall first be reduced so as to cause the sum, for any limitation year, of the Participant's Defined Benefit Plan Fraction and the Participant's Defined Contribution Plan Fraction not to exceed 1.0.

ARTICLE 9
Loans

9.01 Loans Permitted. A Participant who is not on a leave of absence and remains on the active payroll may, with the approval of the Plan Administrator under such uniform rules as the Plan Administrator may adopt, borrow from his Account upon terms and conditions set forth in this Article 9. Any loans made prior to October 19, 1989 shall be subject to this Article 9 and the rules in effect thereunder at the time such loans were made. Any loans made, renewed, renegotiated, modified or extended on or after October 19, 1989 shall be subject to this Article 9 as amended effective as of such date. Effective as of October 19, 1989 the Plan Administrator is authorized to administer the loan program under this Article 9. Any Participant who is an Employee, and any Participant who is a former Employee and a "party-in-interest" (as defined in Section 3(14) of ERISA) to the Plan, may borrow from his Account, upon application made in such manner and on such conditions as the Plan Administrator may prescribe and under such uniform and non-discriminatory rules as the Plan Administrator may adopt.

9.02 Amount of Loans. The minimum amount of any loan pursuant to this Article 9 shall be $1,000. The amount of any such loan to a Participant, together with the outstanding balance of all other such loans to the same Participant, shall not exceed the lesser of (a) or (b) where (a) is $50,000 reduced by the excess (if any) of (i) the highest outstanding balance of loans to the Participant from the Plan during the one year period ending on the day before the date on which such loan is made, over (ii) the outstanding balance of loans to the Participant from the Plan on the date on which such loan is made, and (b) is one-half of the Vested Portion of the Participant's Account balance. Outstanding balance of loans means the outstanding amount of all loans from the Plan and any other plans of the Company.

9.03 Source of Loans. Funds for loans from a Participant's Account shall be taken from the Participant's Subaccounts in the following order:

(i) Nonparticipating Pre-Tax Contributions and earnings thereon; (ii) Participating Pre-Tax Contributions and earnings thereon; (iii) Rollover Contributions and earnings thereon; (iv) Vested Company Contributions that have been in the Account for two full calendar years after the contribution year and earnings thereon;

(v) Vested Company Contributions that have been in the Account for less than two full calendar years after the contribution year and earnings thereon;

(vi) Nonparticipating After-Tax Contributions and earnings thereon; and

(vii) Participating After-Tax Contributions and earnings thereon. No loan shall be made from a Subaccount or a part of a Subaccount until exhaustion of the entire balance in the Subaccount or part of the Subaccount preceding it on the above list. Within each Subaccount or part thereof, funds for loans will be taken on an average cost basis and pro-rata from each Investment Fund within the Subaccount or part of the Subaccount and such pro-rata portion of each Investment Fund will be converted to cash for the loan based upon the market value of the investment on the date of conversion.

9.04 Interest Rate. The interest rate to be charged on loans pursuant to this Article 9 shall be a reasonable rate of interest determined from time to time by the Plan Administrator. In determining such rate the Plan Administrator shall seek to provide to the Plan a rate of return commensurate with the interest rates charged by persons in the business of lending money for loans that would be made under similar circumstances on the date the loan is approved. The interest rate will be fixed for the entire term of the loan.

9.05 Repayment. The Participant may select a period of one, two, three, four or five years for repayment of a loan, except that the Participant may, at his option, select a longer period of whole years, not exceeding ten, for repayment of a loan for the purpose of purchasing his principal residence. Repayment shall be made by level monthly payments in such amount as shall be sufficient to pay the principal and interest thereon over the period for repayment. Repayment shall be made by payroll deductions, except that in the case of a Participant who is not on the active payroll, repayment shall be made by check or other similar means as the Plan Administrator shall determine. Prepayment of a loan in full may be made without penalty at any time. Partial prepayment of a loan may be made at any time without penalty by a cash payment of not less than $1000.00 or by additional repayments of principal made by payroll deduction. The amount of each monthly payment shall be restored to the Participant's Subaccounts in the same proportion as the loan was taken from such Subaccounts. However, the amount of each such monthly payment shall be placed into Investment Funds, except the Company Stock Fund, in accordance with the most recent investment election made by the Participant with respect to the Participant's Contributions.

9.06 Multiple Loans. No more than one loan may be granted to a Participant in a calendar year unless all earlier loans made in the same calendar year to the Participant shall have been repaid in full.

9.07 Pledge. The Vested Portion of the Participant's Account balance shall be pledged as security for all loans to the Participant pursuant to this Article 9. The amount pledged shall not be greater than fifty percent of the Participant's Vested Portion. If a default shall occur in the repayment of a loan, the entire unpaid principal balance plus accrued interest if any: (i) shall be charged, when the Participant becomes eligible to receive a distribution, against that portion of the Participant's Vested Portion which serves as security for the loan; (ii) shall be deducted, if a distribution is to made, from the amount payable to the Participant or the Participant's Beneficiary; or (iii) if neither (i) nor (ii) applies, shall continue to encumber that portion of the Participant's Vested Plan Account balance Portion that serves as security for the loan.

9.08 Loan Reserve. The amount of each loan to a Participant shall be transferred from the portion of the Trust Fund held for the Participant's Account and invested pursuant to Section 5.02 to a special Loan Reserve maintained for such Participant's Account. Such Loan Reserve shall be invested solely in the loan or loans made to the Participant. Payments on any such loan will reduce the Participant's Loan Reserve and shall be reinvested for the Participant's Account in accordance with Section 9.05.

9.09 Minimum Account Balance. So long as any amount of a loan shall remain outstanding to a Participant, the Participant may not make any withdrawal from his Account that would reduce the value of his Vested Portion to less than his Loan Reserve.

9.10 Consent. No loan shall be made pursuant to this Article 9 without the prior consent of the Participant and the Participant's spouse, if any, at the time of application for the loan. Such consent shall be required for (1) the making of the loan from the Participant's Account and (2) the deduction of the full outstanding loan balance, including interest and principal, from the Participant's Account in the event of default, as provided in this Article 9. Such consent may not be revoked by the Participant or the Participant's spouse after the loan proceeds are paid to the Participant. Such consent shall be in writing on a form furnished by the Company and shall be witnessed by a Notary Public. Any renegotiation, extension, renewal or other revision of a loan shall also require prior consent by the Participant and the Participant's spouse, if any, in the manner described above. Spousal consent shall not be required for loans made after March 1, 1994.

9.11 Other Terms. Each loan made pursuant to this Article 9 shall be evidenced by a promissory note payable to the Trustee. Such loans shall be upon such additional terms and conditions as the Plan Administrator shall determine, applied in a uniform and non-discriminatory manner. The terms and conditions of any loan may be adjusted at any time, to the extent determined by the Plan Administrator to be necessary for compliance with law or to maintain the qualification of the Plan under the Code.

ARTICLE 10

Administration of the Plan

10.01 Named Fiduciaries and Plan Administrator. The following persons from time to time occupying the following offices of the Company are hereby designated as Named Fiduciaries: Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer. The Company may designate other persons who, upon acceptance of such designation, shall serve as Named Fiduciaries either instead of or in addition to those named above. Any such designation and acceptance shall be in writing and retained by the Plan Administrator. The Named Fiduciaries shall act by majority rule. The Named Fiduciaries shall appoint from among the officers of the Company a Plan Administrator who shall serve at the discretion of the Named Fiduciaries. The Plan Administrator shall serve without compensation for his services as such and shall act solely in the interest of the Participants and their Beneficiaries.

10.02 Authority of Plan Administrator. The Plan Administrator shall have discretionary authority to control and manage the operation and administration of the Plan; and, without limiting the generality of the foregoing, may interpret the Plan, determine eligibility for benefits under the Plan, determine any facts or resolve any questions relevant to the administration of the Plan and, in connection therewith, may remedy and correct any ambiguities, inconsistencies, or omissions in the Plan. Any such action taken by the Plan Administrator shall be conclusive and binding on all Participants, Beneficiaries and other persons. The Plan Administrator is authorized to make any changes to the Plan that he, in his sole discretion, determines are necessary or desirable to carry out the transition to Vanguard Fiduciary Trust Company as Trustee, Recordkeeper and Investment Manager for the Plan, the addition of new Investment Funds and the change to daily valuation of Accounts, and to make any other changes to facilitate administration of the Plan.

10.03 RReliance on Reports. The Named Fiduciaries and the Plan Administrator shall be entitled to rely upon any opinions, reports, or other advice which shall be furnished by specialists, subject to fiduciary responsibilities imposed by ERISA.

10.04 Delegation of Authority. With approval of the Named Fiduciaries, the Plan Administrator may designate one or more persons to exercise any power, or perform any duty, of the Plan Administrator. Any such designation shall be in writing and signed by the Plan Administrator and the Named Fiduciaries and a copy thereof shall be delivered to the Trustee.

10.05 Administration Expenses. All expenses arising in connection with the administration of the Plan shall be paid by the Plan, except to the extent that the Company decides to pay such expenses and except expenses arising from administration of TRASOP within the Trust which shall be paid in accordance with the following paragraph.

The expenses of administration of the TRASOP within the Trust shall include, without limitation, transfer taxes, postage, brokerage commissions and other direct selling expenses incurred by the Trustee in the sale of Shares pursuant to Section 13.04, losses incurred by the Trustee on funds invested pursuant to Section 13.02, and fees of the Trustee in connection with the

administration of TRASOP within this Trust, including fees for legal services rendered to the Trustee (whether or not rendered in connection with a judicial or administrative proceeding and whether or not incurred while it is acting as Trustee), but shall exclude brokerage fees and commissions for purchases of Shares pursuant to Section 13.02, which brokerage fees and commissions shall be paid out of the dividends being reinvested thereby. Such expenses of administration of TRASOP within the Trust shall, to the extent permitted by law, be paid:

first, out of any available income of TRASOP;

second, out of any available dividends received by the Trustee on Shares allocated to Participants pursuant to Section 13.02, which dividends have not then been applied to the purchase of additional Shares pursuant to Section 13.02; and
third, by the Company.
Provided, however, that in no event shall the amounts paid by the Trustee during such Plan Year pursuant to clauses "first" and "second" above, exceed the smaller of:
(a) the sum of 10 percent of the first $100,000 and 5 percent of any amount in excess of $100,000 of the income from dividends paid to the Trustee with respect to common stock of the Company during such Plan Year; or
(b) $100,000.
10.06 Fiduciary Insurance. The Company may purchase and carry fiduciary responsibility insurance under which each member of the Board, each Named Fiduciary, the Plan Administrator, or any person to whom there may be delegated any responsibility in connection with the administration of the Plan, including the Trustee, will be indemnified against any cost or expense (including counsel's fees) or liability which may be incurred arising out of any act or failure to act in the administration of this Plan, except for gross negligence or willful misconduct.
10.07Claim Review.
(a) Any denial by the Plan Administrator of a claim for benefits under the Plan by a Participant or Beneficiary shall be stated in writing by the Plan Administrator and delivered or mailed to the Participant or Beneficiary within 90 days following the date on which the claim is filed; and such notice shall set forth the specific reasons for the denial, written in a plain and understandable manner, specific reference to pertinent Plan provisions on which the denial is based, a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary and an explanation of the Plan's claim review procedure. If special circumstances require an extension of time for processing the claim, written notice of an extension shall be furnished to the claimant prior to the end of the initial period of 90 days following the date on which the claim was filed. Such an extension may not exceed a period of 90 days beyond the end of the initial period. If the claim has not been granted, and if written notice of the denial of the claim is not furnished within 90 days following the date on which the claim is filed, the claim shall be deemed denied for the purpose of proceeding to the claim review procedure.
(b) Claim Review Procedure. A Participant, Beneficiary, or the authorized representative of either shall have 60 days after receipt of written notification of denial of a claim to request a review of the denial by making written request to the Plan Administrator. Within 30 days following receipt of such requests for review, the Plan Administrator shall review his prior decision denying the claim. The Plan Administrator shall give the Participant, Beneficiary, or the authorized representative of either an opportunity to appear to review pertinent documents, to submit issues and comments in writing, and to present evidence supporting the claim.
Not later than 60 days after receipt of the request for review, the Plan Administrator shall render and furnish to the claimant a written decision which shall include specific reasons for the decision, and shall make specific references to pertinent Plan provisions on which it is based. If special circumstances require an extension of time for processing, the decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review, provided that written notice and explanation of the delay are given to the claimant prior to commencement of the extension. Such decision by the Plan Administrator shall not be subject to further review. If a decision on review is not furnished to a claimant within the specified time period, the claim shall be deemed to have been denied on review.
(c) Exhaustion of Remedy. No claimant shall institute any action or proceeding in any state or federal court of law or equity, or before any administrative tribunal or arbitrator, for a claim for benefits under the Plan, until he or she has first exhausted the procedures set forth in this section.
10.08 Appointment of Trustee. The Trustee and any successor thereto shall be appointed by the Board.
10.09 Limitation of Liability. The Company, the Board, the Named Fiduciaries, the Plan Administrator, and any officer, employee or agent of the Company shall not incur any liability individually or on behalf of any other individuals or on behalf of the Company for any act or failure to act, made in good faith in relation to the Plan or the funds of the Plan. However, this limitation shall not act to relieve any such individual or the Company from a responsibility or liability for any fiduciary responsibility, obligation or duty under Part 4, Title I, of ERISA.

ARTICLE 11

Miscellaneous

11.01 Exclusive Benefit; Amendments. It shall be impossible for any part of the corpus or income of the Trust Fund to be used for or diverted to purposes other than for the exclusive benefit of Participants, Beneficiaries and other persons entitled to benefits under the Plan and for paying the expenses of the Plan not paid by the Company, or to deprive any of them of his vested interest in the Trust Fund. No person shall have any interest in, or right to, any part of the Trust Fund except as and to the extent expressly provided in the Plan. Subject to the foregoing, the Plan may be amended, in whole or in part, at any time and from time to time by the Board or pursuant to authority granted by the Board and any amendment may be given such retroactive effect as the Board or its duly authorized delegate may determine.
11.02 Termination; Sale of Assets of Subsidiary.
(a) The Plan may be terminated or partially terminated or contributions under the Plan may be permanently discontinued for any reason at any time by the Board. In the event of termination or partial termination of the Plan or

permanent discontinuance of contributions under the Plan: (i) no contribution shall be made thereafter except for a month the last day of which coincides with or precedes such termination or discontinuance; (ii) no distribution shall be made except as provided in the Plan; (iii) the rights of all Participants to the entire amounts to the credit of their Accounts as of the date of such termination or partial termination or discontinuance shall become 100% vested; (iv) no person shall have any right or interest except with respect to the Trust Fund; and (v) the Trustee shall continue to act until the Trust Fund shall have been distributed in accordance with the Plan.

(b) Upon termination of the Plan, Pre-Tax Contributions, with earnings thereon, shall only be distributed to Participants if (i) neither the Company nor an Affiliated Employer establishes or maintains a successor defined contribution plan, and (ii) payment is made to the Participants in the form of a lump sum distribution (as defined in Section 402(d)(4) of the Code, without regard to clauses (i) through (iv) of subparagraph (A), subparagraph (B), or subparagraph (F) thereof). For purposes of this paragraph, a "successor defined contribution plan" is a defined contribution plan (other than an employee stock ownership plan as defined in Section 4975(e)(7) of the Code ("ESOP") or a simplified employee pension as defined in Section 408(k) of the Code ("SEP)) which exists at the time the Plan is terminated or within the 12 month period beginning on the date all assets are distributed. However, in no event shall a defined contribution plan be deemed a successor plan if fewer than two percent of the employees who are eligible to participate in the Plan at the time of its termination are or were eligible to participate under another defined contribution plan of the Company or an Affiliated Employer (other than an ESOP or a SEP) at any time during the period beginning 12 months before and ending 12 months after the date of the Plan's termination.

(c) Upon the disposition by the Company of at least 85 percent of the assets (within the meaning of Section 409(d)(2) of the Code) used by the Company in a trade or business or upon the disposition by the Company of its interest in a subsidiary (within the meaning of Section 409(d)(3) of the Code), Pre-Tax Contributions, with earnings thereon, may be distributed to those Participants who continue in employment with the employer acquiring such assets or with the sold subsidiary, provided that (a) the Company maintains the Plan after the disposition, (b) the buyer does not adopt the Plan or otherwise become a participating employer in the Plan and does not accept any transfer of assets or liabilities from the Plan to a plan it maintains in a transaction subject to Section 414(l)(1) of the Code, an (c) payment is made to the Participant in the form of a lump sum distribution (as defined in Section 402(d)(4) of the Code, without regard to clauses (i) through (iv) of subparagraph (A), subparagraph (B), or subparagraph (F) thereof).

11.03 Beneficiaries. Upon the death of a Participant his entire nonforfeitable accrued benefit under the Plan shall be payable in a lump sum to his surviving spouse unless there is no surviving spouse of the Participant or such surviving spouse has consented, in the manner provided in this Section 11.03, to a designation of a Beneficiary or Beneficiaries in addition to or instead of such spouse and such designation is in effect at the time of the Participant's death. Each Participant may designate a Primary and Contingent Beneficiary or Beneficiaries to receive the Participant's benefits under the Plan in a lump sum in the event of death of such Participant prior to distribution of such benefits, by filing prior to his death, a written designation with the Plan on a form furnished by the Plan Administrator or his delegate, provided that such designation shall be effective only if (1) such designation is accompanied by the written consent of the Participant's spouse which acknowledges the effect on the spouse of the designation and is witnessed by a Notary Public, or (2) the Participant is not married. Any such designation made by an unmarried Participant shall become null and void during any subsequent marriage (unless consented to in the manner described above by the spouse of that marriage) and any consent of a spouse shall be effective only with respect to such spouse. If, at the time of a Participant's death, there is no surviving spouse of the Participant and no designation of a Beneficiary by such Participant is in effect, then the Participant's benefits shall be payable in a lump sum to his estate or legal representative. A Participant may revoke a designation made pursuant to this Section 11.03 by signing and filing with the Plan Administrator a written instrument to that effect, in such manner and on such conditions as may be prescribed by the Plan Administrator, or by filing a new designation pursuant to this Section 11.03. The consent of a Participant's spouse may not be revoked, but such spouse's consent shall be required for every designation of a Beneficiary other than the Participant's spouse and for every change in any such designation. The requirement for spousal consent may be waived by the Plan Administrator if he believes there is no spouse, or the spouse cannot be located, or because of such other circumstances as may be established by applicable law.

11.04 Assignment of Benefits.

(a) No Participant or Beneficiary shall have the right to assign, transfer, alienate, pledge, encumber or subject to lien any benefits to which he is entitled under the Plan, and benefits under the Plan shall not be subject to adverse legal process of any kind, except that nothing in this Section shall preclude payment of Plan benefits pursuant to a qualified domestic relations order as defined in Section 414(p) of the Code and Section 206(d) of ERISA. The Plan Administrator shall establish a written procedure to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders.

(b) Notwithstanding anything herein to the contrary, if the amount payable to the alternate payee under the qualified domestic relations order is $3,500 or less, such amount shall be paid in one lump sum as soon as practicable following the qualification of the order. If the amount exceeds $3,500, it may be paid as soon as practicable following the qualification of the order if the alternate payee consents thereto; otherwise it may not be payable before the earliest of (i) the Participant's termination of employment, (ii) the time such amount could be withdrawn under Article 7 or (iii) the Participant's attainment of age 50.

11.05 Merger. The Plan may not be merged or consolidated with, or its assets or liabilities may not be transferred to any other plan unless each person entitled to benefits under the Plan would, if the resulting plan were then terminated, receive immediately after the merger or consolidation, or transfer of assets or liabilities, a benefit which is equal to or greater than the benefit he would have been entitled to receive immediately before the

merger, consolidation or transfer if the Plan had then terminated.

11.06 Conditions of Employment Not Affected by Plan. The establishment and maintenance of the Plan shall not confer any legal rights upon any Employee or other person for a continuation of employment, nor shall it interfere with the rights of the Company to discharge any Employee and to treat him without regard to the effect which that treatment might have upon him as a Participant or potential Participant of the Plan.

11.07 Facility of Payment. If the Plan Administrator shall find that a Participant or other person entitled to a benefit is unable to care for his affairs because of illness or accident or is a minor, the Plan Administrator may direct that any benefit due him, unless claim shall have been made for the benefit by a duly appointed legal representative, be paid to his spouse, a child, a parent or other blood relative, or to a person with whom he resides. Any payment so made shall be a complete discharge of the liabilities of the Plan for that benefit.

11.08 IInformation. Each Participant, Beneficiary or other person entitled to a benefit, before any benefit shall be payable to him or on his account under the Plan, shall file with the Plan Administrator the information that the Plan Administrator shall require to establish his rights and benefits under the Plan.

11.09 Additional Participating Employers.

(a) If any company is or becomes a subsidiary of or associated with the Company, the Board may include the employees of that subsidiary or associated company in the participation of the Plan upon appropriate action by that company necessary to adopt the Plan. In that event, or if any persons become Employees of the Company as the result of merger or consolidation or as the result of acquisition of all or part of the assets or business of another company, the Board shall determine to what extent, if any, previous service with the subsidiary, associated or other company shall be recognized under the Plan, but subject to the continued qualification of the trust for the Plan as tax-exempt under the Code.

(b) Any subsidiary or associated company may terminate its participation in the Plan upon appropriate action by it. In that event the funds of the Plan held on account of Participants in the employ of that company, and any unpaid balances of the Account of all Participants who have separated from the employ of that company, shall be determined by the Plan Administrator. Those funds shall be distributed as provided in Section 11.02 if the Plan should be terminated, or shall be segregated by the Trustee as a separate trust, pursuant to certification to the Trustee by the Plan Administrator, continuing the Plan as a separate plan for the employees of that company under which the board of directors of that company shall succeed to all the powers and duties of the Board, including the appointment of the Named Fiduciaries and Plan Administrator.

11.10IRS Determination. All contributions made to the Trust Fund after December 31, 1984, and all loans made pursuant to Article 9, which are made prior to the receipt by the Company of a determination from the Internal Revenue Service to the effect that the Plan, as amended, is a qualified plan under Sections 401(a) and 401(k) of the Code or the refusal of the IRS in writing to issue such a determination, shall be made on the express condition that such determination is received. In the event the Internal Revenue Service determines that the Plan is not so qualified or refuses in writing to make such determination, such contributions, increased by any earnings thereon, and reduced by any losses thereon and by the outstanding balance (principal and interest) on any loans made under Article 9, shall be returned to the Company and Participants, as appropriate, as promptly as practicable after such determination. In the event the Internal Revenue Service requires reductions in such contributions and/or changes in the terms and conditions of such loans as a condition of its determination that the Plan is so qualified, the required reductions in contributions, increased by any earnings and reduced by any losses attributable thereto, shall be returned to the Company and Participants, as appropriate, and/or the amounts and terms and conditions of any such outstanding loans shall be modified to meet Internal Revenue Service requirements, as promptly as practicable after notification from the Internal Revenue Service. If all or part of the Company's deductions under Section 404 of the Code for Company Contributions to the Plan are disallowed by the Internal Revenue Service, the portion of the Company Contributions to which the disallowance applies shall be returned to the Company without earnings thereon, but reduced by any losses attributable thereto. The return shall be made within one year after the denial of qualification or disallowance of deduction, as the case may be.

11.11 Mistaken Contributions. Any contribution made by mistake of fact shall be returnable, without any earnings thereon but reduced by any losses attributable thereto, to the Company and/or Participants, as appropriate within one year after the payment of the contribution.

11.12 PrPrevention of Escheat. If the Plan Administrator cannot ascertain the whereabouts of any person to whom a payment is due under the Plan, the Plan Administrator may, no earlier than three years from the date such payment is due, mail a notice of such due and owing payment to the last known address of such person, as shown on the records of the Plan or Company. If such person has not made written claim therefor within three months of the date of the mailing, the Plan Administrator may, if he so elects and upon receiving advice from counsel to the Plan, direct that such payment and all remaining payments otherwise due such person be canceled on the records of the Plan and the amount thereof applied to reduce the contributions of the Company. Upon such cancellation, the Plan and the Trust shall have no further liability therefor except that, in the event such person or his beneficiary later notifies the Plan Administrator of his whereabouts and requests the payment or payments due to him under the Plan, the amount so applied shall be paid to him in accordance with the provisions of the Plan.

11.13 Limitations Imposed on Insider Participants. Notwithstanding any other provision of the Plan to the contrary, an Insider Participant's right to direct investments under the Plan, and his right to withdrawals and loans under Articles 7 and 9 shall be subject to such limitations and restrictions as may be imposed by the Plan Administrator from time to time to comply with the conditions for the employee benefit plan exemptions to the short-swing trading liability rules of Section 16(b) of the Securities Exchange Act of 1934.

11.14 Construction. The Plan shall be construed, regulated and administered under ERISA and the laws of the State of New York, except where ERISA controls.

ARTICLE 12

Top-Heavy Provisions

12.01 Application of Top-Heavy Provisions. For any Plan Year beginning on or after January 1, 1984 in which the Plan shall on the last day of such Plan Year ("Determination Date"), be either (i) a Top-Heavy Plan or (ii) a part of a "required aggregation group" (as defined in Section 12.03) that is a Top-Heavy Group and not also a part of a "permissive aggregation group" (as defined in Section 12.03) that is not a Top-Heavy Group, the provisions of Article 12 shall apply, notwithstanding any other conflicting provisions of the Plan.

12.02 Minimum Benefit for Top-Heavy Year. For any Plan Year for which this Article 12 is applicable, each Participant, who is employed by the Company on the last day of such year and who is not a Key Employee, shall accrue the Minimum Benefit for Top-Heavy year provided under paragraph 22 of the Consolidated Edison Retirement Plan for Management Employees. For purposes of this Article 12, "Key Employee" means an employee who is in the category of employees determined in accordance with the provisions of Sections 416(i)(l) and (5) of the Code and any regulations thereunder, and where applicable, on the basis of the Employee's Statutory Compensation from the Company or an Affiliated Employer.

12.03 Aggregation Groups.

(a) Notwithstanding anything to the contrary herein, this Plan shall not be a Top-Heavy Plan if it is part of either a "required aggregation group" or a "permissive aggregation group" that is not a Top-Heavy Group.

(b) The "required aggregation group" consists of:

(i) each Defined Contribution Plan or Defined Benefit Plan in which at least one Key Employee participates; and

(ii) each other Defined Contribution Plan or Defined Benefit Plan which enables a plan referred to in the preceding subparagraph (i) to meet the nondiscrimination requirements of Section 401(a)(4) or 410 of the Code.

(c) A "permissive aggregation group" consists of the plans included in the "required aggregation group" plus any one or more other Defined Contribution Plans or Defined Benefit Plans which, when considered as a group with the "required aggregation group", would continue to meet the nondiscrimination requirements of Section 401(a)(4) and 410 of the Code.

12.04 Special Benefit Limits. For any Plan Year for which this Article 12 is applicable the definitions of "Defined Benefit Plan Fraction" and "Defined Contribution Plan Fraction" in Sections 1.20 and 1.22, respectively, shall be modified in each case by substituting "1.0" for "1.25".

12.05 Special Distribution Rule. For any Plan Year for which this Article 12 is applicable, Section 7.08(a) shall apply to Key Employees.

ARTICLE 13

Tax Reduction Act Stock Ownership Plan

13.01 Purpose; Separate Entity.

(a) TRASOP, which is a stock bonus plan established under the Act, is intended to give eligible participants an equity interest in the Company and to encourage them to remain in the employ of the Company. TRASOP is designed to invest primarily in Shares. Applicable laws do not permit additional contributions to TRASOP by the Company or by Employees, but the Company desires to continue the TRASOP Accounts of Participants having such accounts. Accordingly, effective as of July 1, 1988, all TRASOP Accounts were transferred to this Plan, and all TRASOP provisions which continue to be applicable were added to this Plan and shall, together with other applicable provisions of this Plan, govern TRASOP Accounts.

(b) Accounts and TRASOP Accounts shall be administered separately, although they shall be held as part of the same Trust Fund. There shall be no transfers between TRASOP Accounts and Accounts and Sub-Accounts.

(c) All matters relating to TRASOP which relate to or arise out of facts, circumstances or conditions in effect prior to July 1, 1988, shall be governed by the provisions of TRASOP as in effect on June 30, 1988 prior to the merger, unless expressly otherwise provided in this Plan.

13.02 TRASOP Accounts; Application of Dividends.

(a) The TRASOP Account of each Participant in TRASOP who remained in the employ of the Company on July 1, 1988 was transferred to this Plan effective as of July 1, 1988. Each such Participant shall continue to have a nonforfeitable right to all Shares allocated and all amounts credited to such Participant's TRASOP Account.

(b) All dividends received by the Trustee with respect to Shares allocated to the TRASOP Accounts of Participants shall be applied to the purchase of additional Shares. Such purchases shall be made promptly after the receipt of each such dividend. The Trustee shall purchase, in one or more transactions, the maximum number of whole Shares obtainable at then prevailing prices, including brokerage commissions and other reasonable expenses incurred in connection with such purchases. Such purchases may be made on any securities exchange where Shares are traded, in the over-the-counter market, or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as the Trustee may determine to be in the best interest of the Participants. The Trustee shall complete such purchases as soon as practical after receipt of such dividends, having due regard for any applicable requirements of law affecting the timing or manner of such purchases. The additional Shares so purchased shall be allocated among the respective TRASOP Accounts of the Participants in proportion to the number of Shares in each TRASOP Account at the record date for the payment of the dividend so applied. Such allocation shall be made as promptly as practicable but for purposes of determining the time at which such additional Shares shall become distributable pursuant to Section 13.04, the additional Shares so allocated to each Participant's TRASOP Account shall be deemed to have been allocated as of the respective allocation dates of the Shares in such TRASOP Account at such record date, in proportion to the number of such Shares previously allocated as of each such allocation date.

13.03 Voting Rights; Options; Rights; Warrants.

(a) Each Participant shall be entitled to direct the Trustee as to the manner in which any Shares or fractional Shares allocated to the Participant's TRASOP Account are to be voted.

(b) In the event that any option, right, or warrant shall be granted or issued with respect to any Shares allocated to the Participant's TRASOP Account, each Participant shall be entitled to direct the Trustee whether to exercise, sell, or deal with such option, right, or warrant.

(c) The Trustee shall keep confidential the Participant's voting instructions and instructions as to any option, right or warrant and any information regarding a Participant's purchases, holdings and sales of Shares.

13.04 Distribution of Shares.

A. Each Share allocated to a Participant's TRASOP Account shall be available for distribution to such Participant promptly after the earlier of (i) the end of the 84th month beginning after the month in which such Share was allocated to such Participant's TRASOP Account, and (ii) the death, disability or termination of employment of such Participant. No Shares may be distributed from a TRASOP Account before the end of the 84th month beginning after the month in which Shares were allocated to the TRASOP Account, except in the case of termination of employment, death or disability, and in accordance with this Section 13.04.

B. Each Share which shall become distributable to a Participant by reason of clause A.(i) above is herein called, from the time such Share shall become so distributable, an "Unrestricted Share". Notwithstanding the provisions of the aforesaid clause A.(i), Unrestricted Shares shall be distributed to Participants as follows:

(a) From time to time, a Participant may request, in such manner and on such conditions as may be prescribed by the Company, that Unrestricted Shares held in the Participant's TRASOP Account be distributed to the Participant. If such Participant is married, the written application shall include written consent of the Participant's spouse witnessed by a Notary Public. Spousal consent shall not be required with respect to withdrawal requests made on or after March 1, 1994. Applications made in a calendar month shall be effective as of the last day of such calendar month. Any such request must be for whole Shares only and must be for at least ten Shares or the number of whole Unrestricted Shares in the TRASOP Account, whichever is less.

(b) Certificates for Unrestricted Shares requested in accordance with the preceding paragraph B(a) shall be delivered, or a cash distribution in respect of such Unrestricted Shares if elected by the Participant pursuant to Section 13.04D below shall be made, to the Participant as soon as practicable after the effective date of the application.

(c) Any Unrestricted Share which shall become distributable by reason of any provision of this Plan other than clause A.(i) above (including, without limitation, provision for distribution upon the death, disability or termination of employment of the Participant) shall be distributed in accordance with such provision.

C. In the case of death of a Participant, distributions in respect of Shares allocated to the Participant's TRASOP Account shall be made to the Participant's Beneficiary. In the case of disability or termination of employment with the Company of a Participant, distributions in respect of Shares allocated to the Participant's TRASOP Account shall be made to the Participant.

All distributions under TRASOP will begin, subject to Section 7.08 and Subsection 13.04.F, not later than the 60th day after the close of the Plan Year in which the latest of the following events occurs: (1) the Participant attains age 65, (2) the 10th anniversary of the year in which the Participant commenced participation in TRASOP, or (3) the Participant becomes disabled, dies or terminates service with the Company.

D. All distributions from a Participant's TRASOP Account shall be made in Shares; provided, however, that a Participant or Beneficiary shall have the right to elect, on a form furnished by and submitted to the Company, to receive a distribution, other than a distribution upon termination of TRASOP, in cash. Except in the case of a final distribution from a Participant's TRASOP Account and a distribution of the Participant's entire TRASOP Account balance after such time as all Shares in a Participant's TRASOP Account have become Unrestricted Shares, all distributions from such TRASOP Account shall be made in respect of whole Shares only, and any fractional Share which is otherwise distributable shall be retained in such TRASOP Account until it can be combined, in whole or in part, with another fractional Share which shall subsequently become distributable, so as to make up a whole Share. In the case of a final distribution from a Participant's TRASOP Account (except a distribution upon termination of TRASOP) or in the case of a distribution of the Participant's entire TRASOP Account balance after such time as all of the Shares in the Participant's TRASOP Account have become Unrestricted Shares, such distribution shall be made in respect of the number of whole Shares then remaining in the Participant's TRASOP Account, together with a cash payment in respect of any fractional Share based on the closing price of a Share as reported on the New York Stock Exchange consolidated tape on the last trading day of the month immediately preceding the month in which such final distribution is made. The Trustee, in each such case, shall purchase such fractional Share from the Participant at a price equal to the cash payment to be made to the Participant. Whenever the Trustee requires funds for the purchase of fractional Shares, such funds shall be drawn from the accumulated income of the Trust, if any, and otherwise shall be advanced by the Company upon the Trustee's request, subject to reimbursement from future income of the Trust. All fractional Shares so purchased by the Trustee shall be allocated to the TRASOP Accounts of the remaining Participants at such intervals as shall be determined by the Plan Administrator, but no later than the end of the next succeeding Plan Year. The Trustee shall sell any Shares in respect of which a cash distribution is to be made. The Trustee may make such sales on any securities exchange where Shares are traded, in the over-the-counter market, or in negotiated transactions. Such sales may be on such terms as to price, delivery and otherwise as the Trustee may determine to be in the best interests of the Participants. The Trustee shall complete such sales as soon as practical under the circumstances having due regard for any applicable requirements of law affecting the timing or manner of such sales. All brokerage commissions and other direct selling expenses incurred by the Trustee in the sale of Shares under this Subsection 13.04D shall be paid as provided in Section 10.05.

E. Upon any termination of TRASOP pursuant to Section 11.02, the Trust shall continue until all Shares which have been allocated to Participants' TRASOP Accounts have been distributed to the Participants, unless the Board directs an earlier termination of the Trust. Upon the final distribution of Shares, or at such earlier time as the Board shall have fixed for the termination of the Trust, the Plan Administrator shall direct the Trustee to allocate to the Participants any Shares then held by the Trustee and not yet allocated, and the Trustee shall distribute to the Participants any whole Shares which have been allocated to their TRASOP Accounts but which have not been distributed, shall sell all fractional Shares and distribute the proceeds to the respective Participants entitled to such fractional Shares, shall liquidate any remaining assets (other than Shares) held by the Trust, and shall apply the proceeds of such liquidation and any remaining funds held by the Trustee, the disposition of which is not otherwise provided for, to a distribution to all Participants then receiving a final distribution of Shares, in proportion to the whole and fractional Shares to which each is entitled; and the Trust shall thereupon terminate.

F. Notwithstanding any other provision of this Plan, unless a Participant otherwise elects in writing on a form furnished by the Company:

(a) Distribution of a Participant's TRASOP Account balance will commence not later than one (1) year after the close of the Plan Year - (i) in which the Participant terminates employment with the Company by reason of Retirement upon or after attainment of Normal Retirement Age, death, or disability, or

(ii) which is the fifth Plan Year following the Plan Year in which the Participant terminates employment with the Company for any other reason, and the Participant is not reemployed by the Company before such Plan Year.

AND

(b) Distribution of the Participant's TRASOP Account balance will be in five (5) annual distributions as promptly as practicable after the end of each Plan Year; provided, however, that a TRASOP Account balance that equals $3500 or less shall be distributed in a single distribution as soon as practicable, but not later than 60 days after the close of the Plan Year in which the Participant's termination of employment occurs. Each such annual distribution shall be in respect of the number of Shares, rounded down to the nearest number of whole Shares, which most closely approximates the entire balance in the Participant's TRASOP Account as of December 31 of the previous year divided by the number of annual distributions remaining to be made under this subsection, except that the fifth such distribution shall be respect of the entire balance in the Participant's TRASOP Account as of the preceding December 31. Each such annual distribution shall be taken pro rata from all contribution years in Participant's TRASOP Account.

G. A Participant whose employment with the Company is terminated by reason of Retirement, disability or any other reason (other than death) may elect in such a manner and on such conditions as may be prescribed by the Company to have his TRASOP Account balance distributed in one of the following forms:

(i) a single lump sum distribution as soon as practicable, but not later than 60 days after the end of the Calendar Year in which the Participant's termination of employment occurs; or

(ii) a distribution deferred until the last day of a calendar month not later than the calendar month in which the Participant attains age 70, as designated by the Participant, in which event the distribution of the Participant's TRASOP Account balance as of the last day of the calendar month so designated by the Participant shall be made in a single lump sum as soon as practicable after such calendar month.

13.05 Diversification of TRASOP Accounts.

A. Definitions

The following terms shall have the following meanings for purposes of this Section 13.05:

(a) "Qualified Participant" shall mean a Participant who has a TRASOP Account and has attained at least age 55 and completed at least 10 years of participation in TRASOP.

(b) "Qualified Election Period" shall mean the first ninety (90) days following the end of Plan Year 1987 and of each Plan Year thereafter.

(c) "Eligible Shares" shall mean Shares added to a Participant's TRASOP Account after December 31, 1986.

(d) "Diversifiable Amount" shall, with respect to any Qualified Election Period, mean twenty-five percent (25%) of the number of Eligible Shares in the Participant's TRASOP Account as of the end of the preceding Plan Year. However, if the Diversifiable Amount for any Qualified Election Period shall have a value which may be deemed "de minimis" under regulations issued by the Secretary of the United States Department of the Treasury, then there shall be no Diversifiable Amount available for such Qualified Election Period.

B. Eligibility for Diversification

Each Qualified Participant shall, beginning with the Qualified Election Period in 1988, have the right to elect to diversify, by means of a distribution of whole Eligible Shares only, all or some portion of the Diversifiable Amount in his TRASOP Account during each of the six (6) consecutive Qualified Election Periods following the 1987 Plan Year or the later Plan Year in which such Participant first became a Qualified Participant, provided, however, that, notwithstanding subsection 13.05.A.(d), the Diversifiable Amount in the sixth Qualified Election Period for each Qualified Participant shall be fifty percent (50%) of the number of Eligible Shares in his TRASOP Account as to the end of the preceding Plan Year. A distribution pursuant to this Article 13.05 must be a minimum of ten (10) Shares, or all Whole Shares comprising the Diversifiable Amount for such Qualified Election Period if less than 10. Each Qualified Participant who desires to elect diversification under this Section shall, during the Qualified Election Period, complete and execute a diversification election and consent form provided by the Company. Such election may be revoked or modified or a new election may be made in its stead within the Qualified Election Period, upon the expiration of which the diversification election shall be irrevocable.

Diversification Procedure

(i) TRASOP shall, within the 90 day period following each Qualified Election Period, distribute to each Qualified Participant who has elected to diversify under this Section, the number of whole Eligible Shares which most closely approximates, but does not exceed, the number of Eligible Shares duly elected to be diversified by each such Qualified Participant. Failure by a Qualified Participant to provide required consents to distribution of any Diversifiable Amount, shall relieve TRASOP of all obligation to make any such distribution.

(ii) To the extent a Qualified Participant has Eligible Shares which are Unrestricted Shares in his TRASOP Account, such Unrestricted Shares shall be distributed pursuant to this Section 13.05. Only upon exhaustion of all such Unrestricted Shares may additional Eligible Shares then be distributed hereunder.

AMENDMENT NO. 2

TO

THE CONSOLIDATED EDISON RETIREMENT PLAN

FOR MANAGEMENT EMPLOYEES

Dated: July 1, 1996

Effective: July 1, 1996

Pursuant to resolutions adopted on November 28, 1995 by the Board of Trustees of Consolidated Edison Company of New York, Inc., the undersigned hereby approves the amendments to The Consolidated Edison Retirement Plan for Management Employees set forth below, effective July 1, 1996.

1. A new subdivision (e), which shall read as follows, shall be added to Paragraph 23 E:

"(e) Effective July 1, 1996, a health maintenance organization (HMO) option, including coverage for Medicare eligible persons on a Medicare risk basis and coverage for non-Medicare eligible persons, shall be available as an alternative to participation in the Program. The Plan Administrator shall select one or more HMOs that will be available under the HMO option, fix the contributions to be made by participants who elect to enroll in the HMO option, and determine the terms and conditions for participation in the HMO option, including but not limited to a participant's rights to switch from one HMO to another and from an HMO to the Program or vice versa."

2. The second paragraph in subdivision (b) of Paragraph 23 E shall be amended to read as follows:

"FAILURE BY AN ELIGIBLE PERSON TO ELECT TO PARTICIPATE IN THE PROGRAM OR THE HMO OPTION SHALL BE DEEMED TO BE DECLINATION BY SUCH PERSON. IF AN ELIGIBLE PERSON DECLINES TO PARTICIPATE IN THE PROGRAM OR THE HMO OPTION OR IS DEEMED TO HAVE DECLINED TO PARTICIPATE, SUCH PERSON AND SUCH PERSON'S SURVIVING SPOUSE AND DEPENDENTS SHALL NOT PARTICIPATE IN THE PROGRAM OR THE HMO OPTION AND SHALL NOT BE ELIGIBLE TO PARTICIPATE AT A LATER DATE."

3. The following words shall be added after the word "customary" at the end of the first sentence in the first paragraph of Paragraph 23 B:

"or required by applicable law and, effective July 1, 1996, to change from time to time copayments, deductibles and out-of-pocket and other limits as he may deem appropriate."

4. The following sentence shall be added after the first sentence in Paragraph 23 G and in Paragraph IV in Appendix I, Part A Benefits:

"PURSUANT TO AUTHORITY GRANTED BY THE BOARD OF TRUSTEES, EFFECTIVE JULY 1, 1996 THE PLAN ADMINISTRATOR SHALL HAVE THE AUTHORITY TO AMEND THE PROGRAM, INCLUDING THE HMO OPTION, AS HE DEEMS APPROPRIATE TO FACILITATE ADMINISTRATION OF THE PROGRAM OR THE HMO OPTION."

5. A new paragraph "E" shall be added to Appendix I, Part A Benefits, Hospital/Medical Benefits, under the heading, "MEDICAL", to read as follows:

"E. Effective July 1, 1996, provide a participating provider organization (PPO) for participants in the Program not eligible for Medicare, under which each visit to a participating physician or other provider will require a $10 copayment. The benefit limitations stated above shall apply to the following services provided by a PPO provider: chiropractic services other than spinal manipulation or x-rays; outpatient treatment of alcohol and substance abuse; mental and nervous disorders; routine ear exams to fit hearing aids; routine mammography screening; routine foot care; second surgical opinions and outpatient surgery. If the PPO is used, deductible and coinsurance provisions do not apply, and the PPO copayment is not counted toward the annual deductible or out-of-pocket maximum."

6. The second sentence under the heading "Required Deductible and Copayment for Prescription Drugs" in Appendix I, Part B - Costs, is amended to read as follows:

> "Effective July 1, 1996, the required copayment for basic coverage shall be $8.00 for brand name drugs and $5.00 for generic drugs, and there shall be no copayment for prescription drugs obtained under the mail service program."

7. The following sentence shall be added after the second sentence under the heading "Effective Dates" in Appendix I, Part B Costs:

> "Effective July 1, 1996, from time to time the Plan Administrator may change such contribution, deductible and copayment amounts, and the Plan Administrator shall notify participants in advance of the effective date of any such change."

IN WITNESS WHEREOF, the undersigned has executed this instrument this 1st day of July, 1996.

RICHARD P. COWIE
Richard P. Cowie
Vice President-Employee Relations
Consolidated Edison Company
of New York, Inc.

AMENDMENT NO. 1

TO THE

CON EDISON SUPPLEMENTAL

RETIREMENT INCOME PLAN

Effective as of January 1, 1997

Pursuant to resolutions adopted by the Board of Trustees of Consolidated Edison Company of New York, Inc. on November 26, 1996, the undersigned hereby approves the amendments to The Con Edison Supplemental Retirement Income Plan set forth below, effective as of January 1, 1997.

1. Paragraph B of ARTICLE FOUR shall be designated as Paragraph B (1), and the following new provision shall be added and designated as Paragraph B (2):

"(2) Notwithstanding subdivision (1) above, for purposes of determining the benefits payable under this Plan for any Participant in the Company's Executive Incentive Plan ("EIP") whose termination of employment with the Company occurs on or after January 1, 1997, in calculating the Participant's Final Average Salary under the Final Average Salary Formula in the Basic Plan there shall be added to the portion of such Participant's Annual Basic Straight-Time Compensation allocable to a calendar year the amount of the Participant's Incentive Award (including the Mandatory Deferral Portion unless such Portion is forfeited as provided in the EIP) granted under the EIP in such calendar year; provided, however, that not more than five Incentive Awards shall be included in calculating the Participant's Final Average Salary."

IN WITNESS WHEREOF, the undersigned has executed this instrument this 21 day of March, 1997.

RICHARD P.COWIE
Richard P. Cowie
Vice President-Employee Relations
Consolidated Edison Company
of New York, Inc.

AMENDMENT NO. 4

TO

THE CONSOLIDATED EDISON

RETIREE HEALTH PROGRAM

FOR MANAGEMENT EMPLOYEES

Dated: July 1, 1996

Effective: July 1, 1996

Pursuant to resolutions adopted on November 28, 1995 by the Board of Trustees of Consolidated Edison Company of New York, Inc., the undersigned hereby approves the amendments to the Consolidated Edison Retiree Health Program for Management Employees set forth below, effective July 1, 1996.

1. Subdivision (c) of Section 3.01 shall be renumbered as subdivision (d), and a new subdivision (c), which shall read as follows, shall be added to Section 3.01:

"(c) Effective July 1, 1996, a health maintenance organization (HMO) option, including coverage for Medicare eligible persons on a Medicare risk basis and coverage for non-Medicare eligible persons, shall be available as an alternative to participation in the Program. The Plan Administrator shall select one or more HMOs that will be available under the HMO option, fix the contributions to be made by participants who elect to enroll in the HMO option, and determine the terms and conditions for participation in the HMO option, including but not limited to a participant's rights to switch from one HMO to another and from an HMO to the Program or vice versa."

2. Renumbered subdivision (d) shall be amended to read as follows:

"(d) FAILURE BY AN ELIGIBLE PERSON TO ELECT TO PARTICIPATE IN THE PROGRAM OR THE HMO OPTION SHALL BE DEEMED TO BE DECLINATION BY SUCH PERSON. IF AN ELIGIBLE PERSON DECLINES TO PARTICIPATE IN THE PROGRAM OR THE HMO OPTION OR IS DEEMED TO HAVE DECLINED TO PARTICIPATE, SUCH PERSON AND SUCH PERSON'S SURVIVING SPOUSE AND DEPENDENTS SHALL NOT PARTICIPATE IN THE PROGRAM OR THE HMO OPTION AND SHALL NOT BE ELIGIBLE TO PARTICIPATE AT A LATER DATE."

3. The following words shall be added after the word "law" at the end of the first sentence in Section 4.01:

"and, effective July 1, 1996, to change from time to time copayments, deductibles and out-of-pocket and other limits as he may deem appropriate."

4. The second sentence in Section 5.01(b) is amended to read as follows:

"Effective July 1, 1996, the required copayment for basic coverage shall be $8.00 for brand name drugs and $5.00 for generic drugs."

5. The following sentence shall be added after the second sentence in Section 5.01(c):

"Effective July 1, 1996, from time to time the Plan Administrator may change such contribution, deductible and copayment amounts, and the Plan Administrator shall notify participants in advance of the effective date of any such change."

6. The words, "Except as otherwise provided herein," shall be added to the beginning of the last sentence in Section 7.03(c).

7. The following sentence shall be added after the first

sentence in Section 8.01:

"Pursuant to authority granted by the Board of Trustees, effective July 1, 1996 the Plan Administrator shall have the authority to amend the Program, including the HMO option, as he deems appropriate to facilitate administration of the Program or the HMO option."

8. A new paragraph "E" shall be added to Appendix I, Hospital/Medical Benefits, under the heading, "MEDICAL", to read as follows:

"E. Effective July 1, 1996, provide a participating provider organization (PPO) for participants in the Program not eligible for Medicare, under which each visit to a participating physician or other provider will require a $10 copayment. The benefit limitations stated above shall apply to the following services provided by a PPO provider: chiropractic services other than spinal manipulation or x-rays; outpatient treatment of alcohol and substance abuse; mental and nervous disorders; routine ear exams to fit hearing aids; routine mammography screening; routine foot care; second surgical opinions and outpatient surgery. If the PPO is used, deductible and coinsurance provisions do not apply, and the PPO copayment is not counted toward the annual deductible or out-of-pocket maximum."

IN WITNESS WHEREOF, the undersigned has executed this instrument this 1st day of July, 1996.

RICHARD P. COWIE
Richard P. Cowie
Vice President-Employee Relations
Consolidated Edison Company
of New York, Inc.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Computation in Support of
Ratio of Earnings to Fixed Charges
Years 1992 to 1996
(Thousands of Dollars)

	1996	1995	1994	1993	1992
Earnings					
Net Income	$ 694,085**	$ 723,850	$ 734,270	$ 658,522	$ 604,088
Federal Income Tax	355,590	328,600	374,500	270,800	252,600
Federal Income Tax Deferred	49,510	78,330	73,710	106,470	81,670
Investment Tax Credits Deferred .	(8,910)	(9,310)	(9,620)	(12,260)	(13,800)
Total Earnings Before Federal Income Tax	1,090,275	1,121,470	1,172,860	1,023,532	924,558
Fixed Charges*	343,308	350,254	327,353	320,554	315,305
Total Earnings Before Federal Income Tax and Fixed Charges	1,433,583	$1,471,724	$1,500,213	$1,344,086	$1,239,863
***Fixed Charges**					
Interest on Long-Term Debt	$ 296,443	$ 287,842	$ 277,685	$ 272,781	$ 270,469
Amortization of Debt Discount, Premium and Expense	11,376	14,075	11,376	8,975	3,974
Interest on Component of Rentals	18,157	19,383	18,439	19,077	19,175
Other Interest	17,332	28,954	19,853	19,721	21,687
Total Fixed Charges	$ 343,308	$ 350,254	$ 327,353	$ 320,554	$ 315,305
Ratio of Earnings to Fixed Charges	4.18	4.20	4.58	4.19	3.93

** Reflects increased depreciation expense, but not the net gain, resulting from refunding of preferred stock. See "Note B Capitalization - Preferred Stock Refunding" to the financial statements in Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

Consent of Independent Accountants

We hereby consent to the incorporation by reference of our report dated March 13, 1997, appearing on page 49 of this Annual Report on Form 10-K, in (i) the Prospectus constituting part of the Registration Statement on Form S-8 (No. 33-15725) relating to the Consolidated Edison Discount Stock Purchase Plan, (ii) the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-64657) relating to $540 million principal amount of the Company's unsecured debt securities, (iii) the Prospectus, dated March 14, 1996, and the Prospectus, dated November 23, 1993, as amended by the Prospectus Supplement, dated March 14, 1996 constituting part of the Registration Statement on Form S-3 (No. 333-01717) relating to the Consolidated Edison Company of New York, Inc. Automatic Dividend Reinvestment and Cash Payment Plan, and (iv) the Prospectus constituting part of the Registration Statement on Form S-8 (No. 333-04463) relating to the Consolidated Edison Company of New York, Inc. 1996 Stock Option Plan.

PRICE WATERHOUSE LLP

New York, New York
March 28, 1997

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1996 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

NOW, THEREFORE,

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, does hereby constitute and appoint Joan S. Freilich, Peter J. O'Shea, Jr. and Peter A. Irwin, and each of them severally, his or her true and lawful attorneys-in-fact, with power to act with or without the others and with full power of substitution and resubstitution, to execute in his or her name, place and stead, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, said Annual Report on Form 10-K, and any and all amendments thereto, and all instruments necessary or incidental in connection therewith, and to file or cause to be filed the same, with all exhibits thereto and other documents having relation thereto, with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform, in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and confirming all that said attorneys-in-fact or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 24th day of March, 1997.

Eugene R. McGrath

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 27 day of March, 1997.

Joan S. Freilich

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 27 day of March, 1997.

John F. Cioffi

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1996 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 24th day of March, 1997.

E. Virgil Conway

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1996 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 25th day of March, 1997.

Ruth M. Davis

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1996 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 25th day of March, 1997.

Ellen V. Futter

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 25th day of March, 1997.

Arthur Hauspurg

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 25th day of March, 1997.

Sally Hernandez-Pinero

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 22 day of March, 1997.

Peter W. Likins

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1996 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 24 day of March, 1997.

Donald K. Ross

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1996 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 24 day of March, 1997.

Robert G. Schwartz

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 24th day of March, 1997.

Richard A. Voell

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 24th day of March, 1997.

Myles V. Whalen, Jr.

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INFORMATION EXTRACTED
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PER-BOOK

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