

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended DECEMBER 31, 2000

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

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

Title of each class	Name of each exchange on which registered
Consolidated Edison, Inc., Common Shares (\$.10 par value)	New York Stock Exchange
Consolidated Edison Company of New York, Inc., 7 3/4% Quarterly Income Capital Securities (Series A Subordinated Deferrable Interest Debentures)	New York Stock Exchange
7.35% Public Income NotES (7.35% Debentures, Series 1999A) due 2039	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

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)

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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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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.

The aggregate market value of the common equity of Consolidated Edison, Inc. ("Con Edison") held by non-affiliates of Con Edison, as of January 31, 2001, was approximately \$7.4 billion. Not reflected in this amount are the 60,606 Con Edison Common Shares (\$.10 par value) held by Con Edison's Directors who are the only stockholders of Con Edison, known to Con Edison, who might be deemed "affiliates" of Con Edison. As of February 28, 2001, Con Edison had outstanding 212,031,531 Common Shares (\$.10 par value).

All of the outstanding common equity of Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") is held by Con Edison.

O&R MEETS THE CONDITIONS SPECIFIED IN GENERAL INSTRUCTION (I)(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.

Documents Incorporated By Reference

Portions of Con Edison's definitive joint proxy statement for its 2000 Annual Meeting of Stockholders, to be filed with the Commission pursuant to Regulation 14A not later than 120 days after December 31, 2000, are incorporated in Part III of this report.

FILING FORMAT

This Annual Report on Form 10-K is a combined report being filed separately by three different registrants: Con Edison, Con Edison of New York and O&R. Neither Con Edison of New York nor O&R makes any representation as to the information contained in this report relating to Con Edison or the subsidiaries of Con Edison other than itself.

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** Incorporated by reference from Con Edison's definitive proxy statement for its Annual Meeting of Stockholders to be held on May 21, 2001.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements, which are statements of future expectations and not facts. Words such as "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 those discussed under the caption "Forward-Looking Statements" in each of Con Edison's and Con Edison of New York's Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in Item 7.

PART I

ITEM 1. BUSINESS

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CON EDISON

Corporate Overview

Consolidated Edison, Inc. ("Con Edison"), incorporated in New York State in 1997, became the holding company for Consolidated Edison Company of New York, Inc. ("Con Edison of New York") on January 1, 1998 and acquired Orange and Rockland Utilities, Inc. ("O&R") in July 1999. Con Edison has no significant business operations other than those of its regulated utility subsidiaries, Con Edison of New York and O&R, and its unregulated subsidiaries.

For information about legal proceedings relating to Con Edison's October 1999 agreement to acquire Northeast Utilities, see Note P to the Con Edison financial statements in Item 8 (which information is incorporated herein by reference).

Operating Segments

Con Edison's principal business segments are its regulated electric, gas and steam utility businesses. In 2000, electric, gas and steam utility operating revenues were 73.5 percent, 13.3 percent and 4.8 percent, respectively, of Con Edison's operating revenues. For a discussion of operating revenues and operating income for each segment, see "Results of Operations" in Con Edison's MD&A in Item 7 (which information is incorporated herein by reference). For additional information about the segments, see Note N to the Con Edison financial statements in Item 8 (which information is incorporated herein by reference) and the discussions of the businesses of Con Edison of New York and O&R below in this Item 1.

Regulation

Con Edison's utility subsidiaries are subject to extensive federal and state regulation, including by state utility commissions, the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission. Con Edison, itself, is not subject to such regulation except to the extent that the rules or orders of these agencies impose restrictions on relationships between Con Edison and its utility subsidiaries.

Con Edison is a "holding company" under the Public Utility Holding Company Act of 1935 ("PUHCA"). Con Edison is exempt from all provisions of PUHCA, except Section 9(a)(2) (which requires SEC approval for a direct or indirect acquisition of 5 percent or more of the voting securities of any other electric or gas utility company) on the basis that Con Edison, Con Edison of New York and O&R are each organized and carry on their utility businesses substantially in the State of New York and that neither derives any material part of its income from a public utility company organized outside of the State of New York. This exemption is available even though Con Edison subsidiaries that are neither an "electric utility company" nor a "gas utility company" under PUHCA will engage in interstate activities.

Con Edison has been and is expected to continue to be impacted by legislative and regulatory developments. The electric and gas utility industries are undergoing restructuring, deregulation and increased competition. Con Edison's utility subsidiaries are subject to extensive regulation in New York, New Jersey and Pennsylvania. Changes in regulation or legislation applicable to the company's utility subsidiaries could have a material adverse effect on the company. For information about such changes, see "State Regulatory Matters" in the MD&As of Con Edison and Con Edison of New York in Item 7 (which information is incorporated herein by reference).

Competition

Legislative and regulatory developments are promoting increased competition in Con Edison's businesses. For information about competition, see "Competition," below in the discussion of Con Edison of New York's business in this Item 1 and "Unregulated Subsidiaries," below.

Unregulated Subsidiaries

Con Edison has unregulated subsidiaries that are subject to competition and different business risks than Con Edison's utility subsidiaries. In March 2001, a competitor of Consolidated Edison Communications, Inc. petitioned the New York State Public Service Commission ("NYPSC") to revoke the Con Edison subsidiary's authority to provide fiber-optic transport services in New York City. The petition, which alleges anti-competitive conduct and practices by the subsidiary and Con Edison of New York, also seeks commencement of a penalty action. The NYPSC has established procedures "to resolve the issues presented efficiently and expeditiously." Con Edison believes that the petition is without merit. For information about Con Edison's unregulated subsidiaries, see "Liquidity and Capital Resources - Unregulated Subsidiaries" and "Results of Operations" in Con Edison's MD&A in Item 7 (which information is incorporated herein by reference).

Capital Requirements and Financing

For information about Con Edison's capital requirements, financing and securities ratings, see "Liquidity and Capital Resources - Capital Resources, Capital Requirements" and "Financial Market Risks" in Con Edison's MD&A in Item 7 (which information is incorporated herein by reference). 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.

State Antitakeover Law

New York State law provides that a "resident domestic corporation," such as Con Edison, 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

Con Edison has no employees other than those of Con Edison of New York, O&R and Con Edison's unregulated subsidiaries (which at December 31, 2000 had 13,231, 999 and 233 employees, respectively).

CON EDISON OF NEW YORK

Corporate Overview

Con Edison of New York, incorporated in New York State in 1884, is a subsidiary of Con Edison which has no significant subsidiaries of its own. Con Edison of New York provides 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 provides gas service in Manhattan, The Bronx and parts of Queens and Westchester, and steam service in part of Manhattan.

Operating Segments

Con Edison of New York's principal business segments are its regulated electric, gas and steam utility businesses. In 2000, electric, gas and steam operating revenues were 80.8 percent, 13.5 percent and 5.7 percent, respectively, of its operating revenues. For a discussion of the company's operating revenues and operating income for each segment, see "Results of Operations" in its MD&A in Item 7 (which information is incorporated herein by reference). For additional information about the segments, see Note L to the company's financial statements in Item 8 (which information is incorporated herein by reference).

Electric Operations

There have been and are continuing to be significant changes in Con Edison of New York's electric operations, including the establishment of the company's electric Retail Choice program (under which all of the company's electric customers are able to purchase electricity from other suppliers) and the company's sale of most of its electric generating capacity. See "State Regulatory Matters - Electric" in the MD&As of Con Edison and Con Edison of New York in Item 7 and "Rate and Restructuring Agreements" in Note A to the Con Edison and Con Edison of New York financial statements in Item 8 (which information is incorporated herein by reference).

Electric Sales. Electric operating revenues were \$6.5 billion in 2000 or 80.8 percent of Con Edison of New York's operating revenues. The percentages were 81.5 and 81.7, respectively, in the two preceding years. In 2000, 62.1 percent of the electricity delivered by Con Edison of New York in its service area was sold by Con Edison of New York to its full-service customers, 18.1 percent was sold by other suppliers, including Consolidated Edison Solutions, Inc., an unregulated subsidiary of Con Edison, to the company's customers under its electric Retail Choice program and the balance was delivered to the state and municipal customers of the New York Power Authority ("NYPA") and the customers of municipal electric agencies. The company charges for the delivery of electricity sold by other suppliers to customers in its service area.

For additional information about electricity sales, see "Operating Statistics," below, and "Results of Operations - Electric" in the MD&As of Con Edison and Con Edison of New York in Item 7 (which information is incorporated herein by reference).

Electric Peak Load. The electric peak load in Con Edison of New York's service area occurs during the summer air conditioning season. The record one-hour service area peak load, which occurred on July 6, 1999, was 11,850 thousand kilowatts ("MW"). The 2000 peak load, which occurred on June 26, 2000, was 11,231 MW, including an estimated 7,503 MW for Con Edison of New York's full-service customers, 1,903 MW for the company's customers participating in its electric Retail Choice program and 1,825 MW for NYPA's customers and municipal electric agency customers. The 2000 peak, if adjusted to historical design weather conditions, would have been 11,825 MW, 175 MW higher than the record peak in 1999 when similarly adjusted. Con Edison of New York estimates that, under design weather conditions, the summer 2001 service peak load would be 12,025 MW, including an estimated 7,555 MW for the company's full-service customers, 2,500 for its electric Retail Choice program customers and 1,970 MW for NYPA's customers and municipal electric agency customers. "Design weather" for the electric system is a standard to which the actual peak load is adjusted for evaluation.

Electric Supply. Most of the electricity sold by Con Edison of New York to its customers in 2000 was purchased under firm power contracts or through the wholesale electricity market administered by the New York State Independent System Operator (the "NYISO"). The firm power contracts were with non-utility generators ("NUGs") and utilities (including Hydro-Quebec). The company sold most of its electric generating capacity in 1999 (see Note I to the Con Edison and Con Edison of New York financial statements in Item 8).

The company plans to meet its continuing obligation to supply electricity to its customers with electric energy purchased under contracts with NUGs or others, generated from its remaining electric generating facilities (which, including Indian Point 2, have a capacity of approximately 1,500 MW) or purchased through the NYISO's wholesale electricity market. The company is entering into financial arrangements to mitigate market price volatility for a portion of its expected electric energy purchases in 2001. For additional information about electric power purchases, see "Electric Power Purchases" in Con Edison and Con Edison of New York's MD&As in Item 7 and "Recoverable Energy Costs" in Note A to the Con Edison and Con Edison of New York financial statements in Item 8 (which information is incorporated herein by reference).

For information about the company's contracts with NUGs for approximately 2,100 MW of electric generating capacity, see Note H to the Con Edison and Con Edison of New York financial statements in Item 8 (which information is incorporated herein by reference).

Con Edison of New York has an agreement with Hydro-Quebec (a government-owned Canadian electric utility) for the five-year period ending March 2004 to purchase 400 MW of firm capacity during the months of April through October. The amount and price of a "basic amount" of energy the company is entitled to purchase in each year is subject to negotiation with Hydro-Quebec. In accordance with the agreement, the company can also purchase additional energy during the summer, which it would be obligated to return to Hydro-Quebec during the following winter.

The company's Indian Point 2 nuclear generating unit, which has a capacity of approximately 1,000 MW, was out of service for most of 2000 but returned to service in January 2001 following replacement of its steam generators. In November 2000, the company agreed to sell Indian Point 2 and enter into a power purchase agreement for the output from Indian Point 2 through the end of 2004. For more information about Indian Point 2, see Note G to the Con Edison and Con Edison of New York financial statements in Item 8 (which information is incorporated herein by reference). For additional information about the company's remaining electric generating facilities, see Item 2 (which information is incorporated herein by reference).

The NYISO is a not-for-profit organization which controls and operates most of the electric transmission facilities in New York State as an integrated system and administers a wholesale market for electricity in New York State. The NYISO, for reliability reasons, requires that entities supplying electricity to customers in New York State have generating capacity (either owned or contracted for) in an amount that is 18 percent or more above the expected peak load for their customers. In addition, entities that serve customers in New York City must have enough New York City-located capacity to cover 80 percent of their New York City customer peak load. Con Edison of New York met these requirements in 2000 with respect to its full-service customers and expects to meet them in 2001.

In February 2001, the NYISO issued a study which found that approximately 300 MW of additional capacity, or a similar reduction in electricity demand, will be needed in New York City to meet reliability standards in summer 2001. Additional capacity that would meet this requirement is currently under construction. In March 2001, the NYISO issued a report recommending the addition of 8,600 MW of new installed electric generating capacity in New York State by 2005, a substantial portion of which would need to be located in New York City, in order to avoid serious electricity shortages, improve air quality, continue New York's economic growth, and avert strong upward pressure on prices.

Gas Operations

There have been and are continuing to be significant changes in Con Edison of New York's gas operations in recent years, including the establishment of the company's gas Retail Choice program under which all of the company's gas customers are able to purchase gas from other suppliers.

Gas Sales. Gas operating revenues in 2000 were \$1.1 billion or 13.5 percent of Con Edison of New York's operating revenues. The percentages were 13.6 and 13.7, respectively, in the two preceding years. In 2000, 41 percent of the gas delivered by the company in its service area was sold by the company to its full-service (firm and interruptible) customers and 59 percent was sold by other suppliers, including Consolidated Edison Solutions, Inc., to their supply customers. For additional information about gas sales, see "Operating Statistics," below, and "Results of Operations - Gas" in the MD&As of Con Edison and Con Edison of New York in Item 7 (which information is incorporated herein by reference).

Gas Requirements. Firm demand for gas in Con Edison of New York'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 service area since 1934. Under these criteria, the company estimates that the requirements to supply its firm gas customers would amount to 64,800 thousand dekatherms (mdth) of gas during the November 2000/March 2001 winter heating season and that gas available to the company would amount to 85,000 mdth. For the November 2001/March 2002 winter heating season, the company estimates that the requirements would amount to approximately 65,100 mdth and that the gas available to the company would amount to approximately 85,000 mdth. As of March 15, 2001, the November 2000/March 2001 winter heating season peak day sendout to the company's customers was 880 mdth, which occurred on December 28, 2000. The company estimates that, under the design criteria, the peak day requirements for firm customers during the November 2001/March 2002 winter heating season would amount to approximately 877 mdth and expects that it would have sufficient gas available to meet these requirements.

Gas Supply. Con Edison of New York has contracts with suppliers for the firm purchase of natural gas. Charges under these contracts, which are based on formulas or indexes or are subject to negotiation, are generally designed to approximate market prices. The contracts are for various terms extending to 2006. The company also has contracts with interstate pipeline companies for the purchase of firm transportation and storage services. Charges under these contracts are approved by the Federal Energy Regulatory Commission. The contracts are for various terms extending to 2013. The company is required to pay certain charges under the supply, transportation and storage contracts whether or not it actually uses the contracted capacity. These fixed charges amounted to approximately \$122 million in 2000.

In addition, Con Edison of New York purchases gas on the spot market and has interruptible gas transportation contracts. The company has no obligation to make any such purchases and any such purchases are at market prices.

Con Edison of New York recovers its gas supply, transportation and storage costs, less net proceeds of sales of excess capacity (excluding any incentives earned by the company for such sales), from customers pursuant to rate provisions approved by the NYPSC. See "Recoverable Energy Costs" in Note A to the Con Edison and Con Edison of New York financial statements in Item 8 (which information is incorporated herein by reference).

In 1998, the NYPSC issued a policy statement recommending that all New York State gas utilities terminate their gas supply or "merchant" functions within three to seven years. The policy statement provides that utilities will have a reasonable opportunity to recover any stranded costs. A NYPSC proceeding to address the company's plans and rate issues resulted in a November 2000 agreement extending the company's 1996 gas settlement agreement through September 2001. See "Rate and Restructuring Agreements" in Note A to the Con Edison of New York financial statements in Item 8. Discussions are continuing on a longer-term rate agreement and reliability, provider of last resort and market power issues.

Steam Operations

Steam Sales. Con Edison of New York sells steam in Manhattan south of 96th Street, mostly to large office buildings, apartment houses and hospitals. In 2000, steam operating revenues were \$452 million or 5.7 percent of the company's operating revenues. The percentages were 4.9 and 4.6, respectively, in the two preceding years.

For information about Con Edison of New York's steam operations, see "State Regulatory Matters - Steam" and "Results of Operations - Steam" in the MD&As of Con Edison and Con Edison of New York in Item 7, the discussion of Con Edison of New York's steam facilities in Item 2 and "Operating Statistics," below (which information is incorporated herein by reference).

Steam Peak Load and Capacity. Demand for steam in Con Edison of New York's service area peaks during the winter heating season. The one-hour peak load during the winter of 2000/2001 (through March 15, 2001) occurred on December 26, 2001 when the load reached 9.2 million pounds. The company's estimate for the winter of 2001/2002 peak demand of its steam customers is approximately 12.0 million pounds per hour under design criteria, which assume severe weather.

On December 31, 2000, the steam system had the capability of delivering about 13.4 million pounds of steam per hour. This figure does not reflect the unavailability or reduced capacity of generating facilities resulting from repair or maintenance. Con Edison of New York estimates that, on a comparable basis, the system will have the capability to deliver approximately 13.4 million pounds of steam per hour in the 2001/2002 winter.

Steam Supply. 37 percent of the steam sold by Con Edison of New York in 2000 was produced in the company's steam/electric generating stations, where it is first used to generate electricity. 15 percent of the steam sold by the company in 2000 was purchased from a NUG. The remainder was produced in the company's steam-only generating units. See Item 2 for a discussion of Con Edison of New York's steam facilities (which information is incorporated herein by reference).

Regulation

The NYPSC regulates, among other things, Con Edison of New York's electric, gas and steam rates, the siting of its transmission lines and the issuance of its securities. Certain activities of Con Edison of New York are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Nuclear Regulatory Commission regulates Con Edison of New York's Indian Point 2 and its retired Indian Point 1 nuclear units. In addition, various matters relating to the construction and operation of Con Edison of New York's facilities are subject to regulation by other governmental agencies. Changes in regulation or legislation applicable to Con Edison of New York could have a material adverse effect on the company. For additional information, including information about the company's electric, gas and steam rates, see "State Regulatory Matters" in Con Edison of New York's MD&A in Item 7 (which information is incorporated herein by reference).

Competition

For information about federal and state initiatives promoting the development of competition in the supply of electricity and gas, see "State Regulatory Matters" in the MD&As of Con Edison and Con Edison of New York in Item 7 (which information is incorporated herein by reference). In addition, competition from other suppliers of electricity or gas, suppliers of oil and other sources of energy, including distributed generation (such as fuel cells and micro-turbines) may provide alternatives for Con Edison of New York customers. The company's electric, gas and steam rates are among the highest in the country.

Capital Requirements and Financing

For information about Con Edison of New York's capital requirements, financing and securities ratings, see "Liquidity and Capital Resources - Capital Resources" and "Capital Requirements and Financial Market Risks" in Con Edison of New York's MD&A in Item 7 (which information is incorporated herein by reference).

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.

Environmental Matters

General. Con Edison of New York's capital expenditures for environmental protection facilities and related studies were approximately \$14 million in 2000 and are estimated to be approximately \$29 million in 2001.

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 Con Edison of New York'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 Con Edison of New York's operations or may be present at company locations. Also, hazardous substances were generated at the manufactured gas plants that the company and its predecessor companies used to operate. See "Superfund" in the discussion of Con Edison of New York's legal proceedings in Item 3 and Note F to the Con Edison and Con Edison of New York financial statements in Item 8 (which information is incorporated herein by reference).

Asbestos. Asbestos is present in numerous Con Edison of New York facilities. For information about asbestos, see "Asbestos Litigation" in the discussion of the company's legal proceedings in Item 3 and Note F to the Con Edison and Con Edison of New York financial statements in Item 8 (which information is incorporated herein by reference).

Toxic Substances Control Act. Virtually all electric utilities, including Con Edison of New York, 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.

Indian Point. Con Edison of New York 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 additional information about Indian Point 2 and the company's retired Indian Point 1 nuclear unit, including their pending sale, see Note G to the Con Edison and Con Edison of New York financial statements in Item 8 (which information is incorporated herein by reference).

Water Quality. 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, Con Edison of New York entered into a 10-year agreement with the United States Environmental Protection Agency ("EPA") and others with respect to Indian Point 2 (which is located adjacent to the Hudson River) in which the company agreed to certain plant modifications, operating restrictions and other measures. In 1991, three environmental interest groups commenced litigation challenging Indian Point 2's permit status pending renewal of its discharge permits, which expired in October 1992. Under a consent order settling this litigation, certain restrictions on Indian Point 2's usage of Hudson River water were imposed on an interim basis. Permit renewal applications were filed in April 1992, after which the New York State Department of Environmental Conservation ("DEC") determined that the company must submit a draft environmental impact statement ("DEIS") to provide a basis for determining new permit conditions. A preliminary DEIS, which includes an evaluation of the costs and environmental benefits of potential mitigation alternatives (one of which is the installation of cooling towers), has been released for public comment. Pending issuance of final renewal permits, the terms and conditions of the expired permits continue in effect.

Certain governmental authorities are investigating contamination in the Hudson River and the New York Harbor. These waters are along the shoreline of Con Edison of New York's service area. Governmental authorities could require entities that generated hazardous substances that contaminated these waters to bear the costs of investigation and remediation, which could be substantial.

OPERATING STATISTICS - CON EDISON OF NEW YORK

Year Ended December 31	2000	1999	1998	1997	1996
ELECTRIC ENERGY (MWhrs)					
Generated (a)	3,259,790	15,266,628	16,541,078	15,877,467	17,823,778
Purchased from others (a)	35,780,429	29,303,386	26,372,576	27,105,143	26,178,042
Total Generated and Purchased	39,040,219	44,570,014	42,913,654	42,982,610	44,001,820
Less: Supplied without direct charge	--	38	68	71	71
Used by Company	191,445	151,090	155,172	155,934	164,206
Distribution losses and other variances	2,768,249	2,682,594	2,429,301	2,799,039	2,716,235
Net Generated and Purchased	36,080,525	41,736,292	40,329,113	40,027,566	41,121,308
Electric Energy Sold					
Residential	11,637,167	11,854,995	11,282,669	11,002,745	10,867,085
Commercial and Industrial	19,930,376	20,238,777	24,455,265	25,911,199	25,725,502
Railroads and Railways	95,457	71,447	87,514	75,392	47,004
Public Authorities	257,706	465,287	548,569	538,643	564,363
Total Sales to Con Edison of New York Customers	31,920,706	32,630,506	36,374,017	37,527,979	37,203,954
Off-System Sales (a)(b)	4,159,819	9,105,786	3,955,096	2,499,587	3,917,354
Total Electric Energy Sold	36,080,525	41,736,292	40,329,113	40,027,566	41,121,308
Total Sales to Con Edison of New York Customers					
Delivery Service for Retail Choice	9,321,630	7,935,827	2,417,321	--	--
Delivery Service to NYPA Customers and Others	9,631,618	9,335,230	9,039,674	8,793,378	8,816,873
Service for Municipal Agencies	526,816	624,229	814,575	845,895	617,293
Total Sales in Franchise Area	51,400,770	50,525,792	48,645,587	47,167,252	46,638,120
Average Annual kWhr Use Per Residential Customer (c)					
	4,372	4,487	4,303	4,225	4,184
Average Revenue Per kWhr Sold (cents)					
Residential (c)	18.5	15.9	16.2	16.6	16.5
Commercial and Industrial (c)	15.5	12.7	12.7	13.0	12.9

(a) For 1997, 1996 and 1995, amounts generated include 973,483, 1,672,603 and 3,159,047 MWhrs., respectively, that Con Edison of New York, for a fee, generated for others using as boiler fuel the gas that they provided. These amounts are also included in off-system sales. For 1997, 1996 and 1995, amounts purchased include 929,483, 1,553,764 and 2,666,837 MWhrs., respectively, of such electric energy that was subsequently purchased by Con Edison.

(b) For 2000, 1999 and 1998, includes sales to Consolidated Edison Solutions, Inc., an unregulated subsidiary of Con Edison.

(c) Includes Municipal Agency sales.

OPERATING STATISTICS - CON EDISON OF NEW YORK (continued)

Year Ended December 31	2000	1999	1998	1997	1996
GAS (Dth)					
Purchased	157,800,083	245,496,798	232,560,023	242,296,610	219,439,813
Storage - net change	774,660	1,964,581	(4,404,888)	(1,630,463)	(4,032,224)
Used as boiler fuel at Electric and Steam Stations	(27,674,312)	(67,331,325)	(109,240,109)	(109,508,555)	(84,849,049)
Gas Purchased for Resale	130,900,431	180,130,054	118,915,026	131,157,592	130,558,540
Less: Gas used by Company	294,937	369,938	376,577	239,359	272,040
Off-System Sales & NYPA	29,563,339	92,072,772	26,104,143	14,216,403	11,023,023
Distribution losses and other variances	7,060,117	1,998,637	(820,174)	104,531	176,930
Total Gas Sold to Con Edison of New York Customers	93,982,038	85,688,707	93,254,480	116,597,299	119,086,547
Gas Sold					
Firm Sales					
Residential	47,602,792	44,705,689	45,106,269	53,217,428	56,590,018
General	30,468,676	27,271,134	30,685,310	39,468,337	42,190,091
Total Firm Sales	78,071,468	71,976,823	75,791,579	92,685,765	98,780,109
Interruptible Sales	15,910,570	13,711,884	17,462,901	23,911,534	20,306,438
Total Gas Sold to Con Edison of New York Customers	93,982,038	85,688,707	93,254,480	116,597,299	119,086,547
Transportation of Customer-owned Gas					
Firm Transportation	18,215,120	17,382,490	8,634,659	808,026	--
NYPA	19,857,321	11,268,947	4,260,908	17,041,695	4,966,983
Other	97,155,425	22,560,029	14,478,269	7,656,874	5,011,124
Off-System Sales	23,067,713	32,942,436	25,982,200	13,958,984	11,293,425
Total Sales and Transportation	252,277,617	169,842,609	146,610,516	156,062,878	140,358,079
Average Revenue Per Dth Sold					
Residential	\$ 11.62	\$ 11.20	\$ 11.75	\$ 11.22	\$ 10.00
General	\$ 8.44	\$ 7.70	\$ 7.95	\$ 8.14	\$ 7.15
STEAM Sold (Mlbs)					
STEAM Sold (Mlbs)	26,733,260	26,532,797	24,995,694	27,422,561	29,995,762
Average Revenue Per Mlb Sold	\$ 16.37	\$ 12.80	\$ 12.83	\$ 14.23	\$ 13.34
CUSTOMERS - Average for year					
Electric	3,078,648	3,054,693	3,030,746	3,010,139	3,001,870
Gas	1,051,555	1,046,133	1,040,410	1,036,098	1,035,528
Steam	1,861	1,879	1,898	1,920	1,932

O&R

General Nature and Scope of Business

O&R, incorporated in New York State in 1926, is a subsidiary of Con Edison which has two wholly-owned utility subsidiaries, Rockland Electric Company ("RECO"), a New Jersey corporation, and Pike County Light & Power Company ("Pike"), a Pennsylvania corporation.

O&R and its utility subsidiaries provide electric service in southeastern New York and in adjacent sections of New Jersey and northeastern Pennsylvania, an approximately 1,350 square mile service area. They also provide gas service in southeastern New York and Pennsylvania. O&R's business is subject to regulation by the NYPSC, the New Jersey and Pennsylvania state utility commissions and the Federal Energy Regulatory Commission. Changes in regulation or legislation applicable to O&R could have a material adverse effect on the company's financial position, results of operations or liquidity.

O&R's principal business segments are its regulated electric and gas utility businesses. In 2000, electric and gas operating revenues were 73.2 percent and 26.2 percent, respectively, of its operating revenues.

For additional information about O&R's business, see O&R Management's Narrative Analysis of the Results of Operations in Item 7 and the notes to the O&R financial statements in Item 8 (which information is incorporated herein by reference).

OPERATING STATISTICS - O&R

Year Ended December 31	2000	1999	1998	1997	1996
ELECTRIC ENERGY (MWhrs)					
Generated	--	1,871,898	4,061,371	3,059,038	2,545,717
Purchased from others	4,879,400	3,153,359	1,198,709	1,786,381	2,539,710
Total Generated and Purchased	4,879,400	5,025,257	5,260,080	4,845,419	5,085,427
Less: Supplied without direct charge	20	23	166	--	--
Used by Company	19,337	134,587	251,947	211,023	187,558
Distribution losses and other variances	410,469	369,433	314,909	315,699	285,072
Net Generated and Purchased	4,449,574	4,521,214	4,693,058	4,318,697	4,612,797
Electric Energy Sold					
Residential	1,881,680	1,942,347	1,836,916	1,791,676	1,731,105
Commercial and Industrial	2,463,745	2,373,415	2,228,938	2,182,433	2,610,384
Public Authorities	104,150	96,294	70,525	39,143	80,914
Total Sales to Orange and Rockland Customers	4,449,574	4,412,056	4,136,379	4,013,252	4,422,403
Off-System Sales	--	109,158	556,679	305,445	190,394
Total Electric Energy Sold	4,449,574	4,521,214	4,693,058	4,318,697	4,612,797
Total Sales to Orange and Rockland Customers	4,449,574	4,412,056	4,136,379	4,013,252	4,422,403
Delivery Service for Retail Choice	606,793	589,223	691,891	617,280	182,859
Total Sales in Franchise Area	5,056,368	5,001,279	4,828,270	4,630,532	4,605,262
Average Annual kWhr Use Per Residential Customer	7,854	8,065	7,716	7,642	7,459
Average Revenue Per kWhr Sold (cents)					
Residential	12.22	11.84	12.01	12.32	12.19
Commercial and Industrial	9.93	8.18	8.38	8.54	8.84

OPERATING STATISTICS - O&R (continued)

Year Ended December 31	2000	1999	1998	1997	1996

GAS (Dth)					
Purchased	25,042,346	36,711,658	53,030,119	42,492,515	35,294,805
Storage - net change	(1,099,134)	890,604	(278,878)	(1,242,537)	(252,743)
Used as boiler fuel at Electric Stations	--	(15,252,652)	(31,757,453)	(16,567,916)	(8,903,618)

Gas Purchased for Resale	23,943,212	22,349,610	20,993,788	24,682,062	26,138,444
Less: Gas used by Company	57,828	77,612	54,392	163,089	74,015
Distribution losses and other variances	841,295	705,214	1,395,332	840,198	534,412

Total Gas Sold to Orange and Rockland Customers	23,044,089	21,566,784	19,544,064	23,678,775	25,530,017
Gas Sold					
Firm Sales					
Residential	14,281,013	13,702,735	12,913,578	15,477,043	16,154,948
General	4,473,533	4,389,977	3,410,481	4,561,624	5,258,857

Total Firm Sales	18,754,546	18,092,712	16,324,059	20,038,667	21,413,805
Interruptible Sales	3,260,329	3,474,072	3,220,005	3,640,108	4,116,212
Sales to Con Edison	1,029,214	--	--	--	--

Total Gas Sold to Orange and Rockland Customers	23,044,089	21,566,784	19,544,064	23,678,775	25,530,017
Transportation of Customer-owned Gas					
Firm Transportation	3,415,804	2,207,541	1,614,284	935,231	135,424
Other	4,222,835	1,905,807	4,059,829	3,660,687	3,233,442
Off-System Sales	4,984,794	264,277	--	--	--

Total Sales and Transportation	35,667,522	25,944,409	25,218,177	28,274,693	28,898,883
=====					
Average Revenue Per Dth Sold					
Residential	\$ 8.32	\$ 7.77	\$ 7.25	\$ 7.45	\$ 7.24
General	\$ 7.65	\$ 6.92	\$ 6.87	\$ 7.13	\$ 6.93
CUSTOMERS - Average for year					
Electric	278,851	275,640	272,111	268,233	264,877
Gas	118,707	117,283	115,708	113,852	112,588

ITEM 2. PROPERTIES

CON EDISON

Con Edison has no significant properties other than those of Con Edison of New York, O&R and Con Edison's unregulated subsidiaries. At December 31, 2000, the capitalized cost of Con Edison's utility plant, net of accumulated depreciation, was comprised as follows (in millions of dollars):

Electric	Con Edison of New York		O&R		Unregulated Subsidiaries		Con Edison	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Generation	\$ 497.5	4%	\$ --	--	--	--	\$ 497.5	4%
Transmission	1,075.6	10%	78.7	11%	--	--	1,154.3	10%
Distribution	5,862.1	54%	349.2	49%	--	--	6,211.3	52%
Gas	1,520.5	14%	190.1	26%	--	--	1,710.6	14%
Steam	528.8	5%	--	--	--	--	528.8	5%
General	868.3	8%	72.0	10%	--	--	940.3	8%
Held for Future Use	6.2	--	1.9	--	--	--	8.1	--
Unregulated generating assets	--	--	--	--	230.4	100%	230.4	2%
Construction Work in Progress	476.4	4%	28.1	4%	--	--	504.5	4%
Nuclear fuel assemblies and components, less accumulated amortization	107.6	1%	--	--	--	--	107.6	1%
Net Utility Plant	\$10,943.0	100%	\$720.0	100%	\$230.4	100%	\$11,893.4	100%

CON EDISON OF NEW YORK

Electric Facilities

Generating Facilities. Con Edison of New York has sold most of its electric generating facilities, and has agreed to sell its approximately 1,000 MW Indian Point 2 nuclear generating unit and related assets (located in Westchester County, New York). See Notes G and I to the Con Edison and Con Edison of New York financial statements in Item 8 (which information is incorporated herein by reference). The company expects to have sufficient amounts of fuel available in 2000 for use in its remaining electric generating facilities. Immediately following the sale of Indian Point 2, the company's remaining electric generating facilities will consist of plants located in New York City with an aggregate capacity of approximately 500 MW, including its approximately 300 MW East River and 160 MW Waterside steam-electric generating stations. The company intends to add incremental generating capacity of approximately 200 MW through the repowering of its East River station and the closing of its Waterside station. See "Liquidity and Capital Resources - Capital Requirements" in the MD&As of Con Edison and Con Edison of New York in Item 7 (which information is incorporated herein by reference).

Transmission Facilities. Con Edison of New York's transmission facilities, other than those located underground, are controlled and operated by the NYISO. See "Electric Operations- Electric Supply" in Item 1 (which information is incorporated herein by reference). At December 31, 2000, Con Edison of New York's transmission system had approximately 432 miles of overhead circuits operating at 138, 230, 345 and 500 kilovolts and approximately 381 miles of underground circuits operating at 138 and 345 kilovolts. There are approximately 267 miles of radial subtransmission circuits operating at 69 and 138 kilovolts. The company's 14 transmission substations, supplied by circuits operated at 69 kilovolts and above, have a total transformer capacity of approximately 15,731 megavolt amperes. The company's transmission facilities are located in New York City and Westchester, Orange, Rockland, Putnam and Dutchess counties in New York State.

Con Edison of New York has transmission interconnections with Niagara Mohawk, Central Hudson Gas & Electric Corporation, 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.

Distribution Facilities. Con Edison of New York owns various distribution substations and facilities located throughout New York City and Westchester County. At December 31, 2000, the company's distribution system had a transformer capacity of approximately 20,300 megavolt amperes, approximately 32,500 miles of overhead distribution lines and approximately 88,800 miles of underground distribution lines.

Gas Facilities

Natural gas is delivered by pipeline to Con Edison of New York at various points in its service territory and is distributed to customers by the company through approximately 4,200 miles of mains and 368, 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 28.8 percent owned by Con Edison of New York.

Steam Facilities

Con Edison of New York generates steam for distribution at two steam/electric generating stations and six steam-only generating stations and distributes steam to customers through approximately 87 miles of mains and 18 miles of service lines. For information about the planned repowering of the East River steam-electric station, see "Electric Facilities- Generating Facilities," above.

O&R

Electric Transmission and Distribution Facilities

O&R and its utility subsidiaries, RECO and Pike, own, in whole or in part, transmission and distribution facilities which include 601 circuit miles of transmission lines, 13 transmission substations (with a total transformer capacity of approximately 3,362 megavolt amperes), 58 distribution substations (with a total transformer capacity of 1,867 megavolt amperes), 88,892 in-service line transformers, 5,062 pole miles of overhead distribution lines and 2,519 miles of underground distribution lines.

Gas Facilities

O&R and Pike own their gas distribution systems, which include 1,765 miles of mains.

RECO & Pike Mortgages

Substantially all of the utility plant and other physical property of O&R's utility subsidiaries, RECO and Pike, is subject to the liens of the respective indentures securing first mortgage bonds of each company.

ITEM 3. LEGAL PROCEEDINGS

CON EDISON

For information about legal proceedings relating to Con Edison's October 1999 agreement to acquire Northeast Utilities, see Note P to the Con Edison financial statements in Item 8 (which information is incorporated herein by reference). Con Edison's only other material pending legal proceedings are those of Con Edison of New York and O&R discussed below.

CON EDISON OF NEW YORK

Superfund

The following is a discussion of significant proceedings pending under Superfund or similar statutes involving sites for which Con Edison of New York has been asserted to have a liability. Additional such proceedings may arise in the future. For a further discussion of claims and possible claims against Con Edison of New York under Superfund, the estimated liability accrued for certain Superfund claims and recovery from customers of site investigation and remediation costs, see "Environmental Matters - Superfund" in Item 1, and "Environmental Matters " in Note F to Con Edison of New York's financial statements in Item 8 (which information is incorporated herein by reference).

Maxey Flats Nuclear Disposal Site. In 1986, the EPA designated Con Edison of New York 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). In 1995, the United States, the State of Kentucky and various de minimis PRPs, large private party PRPs (including Con Edison of New York) and large federal agency PRPs entered into consent decrees with respect to the funding and implementation of the cleanup program required by EPA for the site. Under the consent decrees, the large private party PRPs are responsible for implementing phase one of the program and any corrective actions required during the first 10 years following completion of phase one. The costs of those activities are being shared 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 the State of Kentucky. The large private party PRPs are not responsible for any costs after the ten-year period expires. The State of Kentucky will implement and fund the remainder of the cleanup program. Con Edison of New York's share of the cleanup costs is estimated to be between \$500,000 and \$600,000.

Curcio Scrap Metal Site. In 1987, the EPA designated Con Edison of New York, a Superfund PRP for the Curcio Scrap Metal, Inc. Site in Saddle Brook, New Jersey, because Con Edison of New York had previously sold PCB-contaminated scrap electric transformers to a metal broker who in turn sold them to the owner of the site for salvaging. In 1991, the EPA issued a Unilateral Administrative Order which required Con Edison of New York and three other PRPs to implement a soil and sediment cleanup program at and around the site. In 1997, the EPA issued a Record of Decision in which it concluded that the soil and sediment cleanup had successfully remediated the principal threats associated with the site and required periodic groundwater monitoring at the site for five years. Con Edison of New York is conducting the required groundwater monitoring program, which is expected to cost about \$300,000, under an EPA Administrative Consent Order. Depending on the results of the monitoring, the EPA could extend the monitoring program for an additional five years or require remedial measures, such as groundwater treatment or cleanup work.

Metal Bank of America Site. In 1987, the EPA designated Con Edison of New York a Superfund PRP for the Metal Bank of America Site in Philadelphia. The site, a former metal recycling facility, was placed on the EPA's national priority list in 1983. PCBs have been found in the site soil and groundwater and in the sediment from areas of a tidal mudflat and the Delaware River along the site's shoreline. During the 1970s, Con Edison of New York sold approximately 125 transformers to scrap metal dealers who salvaged or may have salvaged the transformers at the site. In 1997, the EPA issued a Record of Decision that calls for, among other things, the removal and disposal of contaminated sediments in the areas of the tidal mudflat and the Delaware River along the site's shoreline. In 1998, the EPA ordered the electric utility PRPs to design and implement the cleanup program. The cost of the required cleanup program, estimated at between \$24 million and \$30 million, will be allocated among the utilities, with Con Edison of New York's share expected to be approximately one percent.

Narrowsburg Site. In 1987, the New York State Attorney General notified Con Edison of New York that it is a Superfund PRP for the Cortese Landfill Site in Narrowsburg, New York, because during 1974 the company had disposed of waste oil at the landfill. The Cortese Landfill is listed on the EPA's Superfund National Priorities List. In 1983, the Attorney General commenced an action under Superfund in the United States District Court for the Southern District of New York against the Cortese Landfill site owner and operator and SCA Services ("SCA"), an alleged transporter of hazardous substances to the site. In 1989, SCA commenced a third-party action for contribution against Con Edison of New York and various other parties whose chemical waste was allegedly disposed of at the site. Con Edison of New York and SCA have reached a settlement of the third-party action under which Con Edison of New York paid \$114,485 toward the cost of the site environmental studies and will pay 6 percent of the first \$25 million of remedial costs for the site. SCA has agreed to indemnify Con Edison of New York 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 and the court has approved a consent decree under which SCA, Con Edison of New York and various other site PRPs have agreed to implement the cleanup program, pay the EPA's oversight costs for the site and pay approximately \$220,000 for natural resource damages.

Carlstadt Site. In 1990, Con Edison of New York 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 in the action, which is pending before the United States District Court for the District of New Jersey, alleges that Con Edison of New York 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, Con Edison of New York's share of the cleanup costs is estimated at 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. Plaintiffs have completed an interim remedy, which plaintiffs claim cost more than \$10 million, to control releases from the site while the EPA evaluates and develops a final cleanup remedy.

Global Landfill Site. Con Edison of New York is a PRP under Superfund and the New Jersey Spill Compensation and Control Act (Spill Act) for the Global Landfill Site in Old Bridge, New Jersey. The site, a former sanitary landfill that was authorized to accept municipal refuse and industrial waste, 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. In 1993, a group of site PRP's, including Con Edison of New York, entered into a consent decree with the NJDEPE to implement, with partial funding from NJDEPE, a Phase I remedy, estimated to cost \$30 million. In 1997, the EPA issued a Record of Decision in which it selected a Phase II remedy. The site PRP group and the NJDEPE are currently negotiating a consent decree under which the site PRP group would also design and implement the Phase II remedy. Con Edison of New York's share of the costs of the Phase I and Phase II remedies is not expected to exceed \$150,000.

Chemsol Site. In 1991, the EPA advised Con Edison of New York 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 Con Edison of New York sent waste materials to the site during the period from 1960 through 1965. In response to the EPA's demand for records relating to the Con Edison of New York's dealings with the site and various specified companies, including Cenco Instruments Corporation, the company submitted to the EPA records of payments to Central Scientific Company, a Division of Cenco Instruments Corporation. Con Edison of New York 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 Con Edison of New York 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 1987, the DEC classified Con Edison of New York's former Echo Avenue substation site in New Rochelle, New York as an "Inactive Hazardous Waste Disposal Site" because of the presence of PCBs in the soil and in the buildings on the site. Remedial action has been taken under a consent order with the DEC. In 1993, the owners of Echo Bay Marina filed suit in the United States District Court for the Southern District of New York alleging that PCBs were being discharged into the Long Island Sound from the substation site. Plaintiffs sought \$24 million for personal injuries and property damages, a declaration that Con Edison of New York 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 1994, the court dismissed plaintiffs' claims for property damage, including loss of business. In July 1999, the court dismissed the remaining claims. In June 2000, the United States Court of Appeals for the Second Circuit affirmed the trial court's dismissal of plaintiffs' personal injury and property damage claims, but remanded the case to the trial court for further proceedings on plaintiffs' site clean up claims. In February 2001, the trial court granted summary judgment to the company and dismissed the claims that had been remanded.

PCB Treatment, Inc. Sites. In 1994, the EPA designated Con Edison of New York as a Superfund PRP for the PCB Treatment, Inc. (PTI) Sites in Kansas City, Kansas and Kansas City, Missouri, because during the mid-1980's it shipped almost 2.9 million pounds of PCB-containing oil and electric equipment to two buildings that PTI used at the sites for the storage, processing, and treatment of PCB-containing electric equipment, dielectric oils, and materials. Con Edison of New York is member of a PRP steering committee that, in May 2000, completed environmental studies and engineering evaluations for the sites under an EPA administrative consent order. The results of the studies indicate that portions of the buildings' floor slabs, support columns, and walls and the soil around the buildings' outdoor loading dock areas are contaminated with PCBs. In August 2000, EPA selected a removal action program for the contaminated buildings and soil at the sites. Under the program, which could cost as much as \$34 million to complete, the buildings will be demolished and the contaminated soil will be excavated and shipped to off-site disposal facilities. Based on allocation information recently developed by EPA, Con Edison of New York believes that its share of the investigation and remediation costs for the sites could range between \$2.5 and \$5 million.

Astoria Site. Con Edison of New York is required to conduct a site investigation and, where necessary, a remediation program as a condition to renewal by the DEC of Con Edison of New York's permit to store PCBs at Con Edison of New York's former Astoria generating station site in Queens, New York. The site investigation was completed in 1998 and reports, indicating PCB-contamination of portions of the site, have been submitted to the DEC and the New York State Department of Health. Depending on the remediation action required, the costs of remediation could be material. In 1999, Con Edison of New York completed the sale of its Astoria generating station pursuant to an agreement in which the buyer has generally agreed to assume all environmental liabilities relating to the assets sold other than those for prior offsite disposal of hazardous waste.

Borne Chemical Site. In 1997, Con Edison of New York was named as an additional third-party defendant in a private cost recovery action in the New Jersey Superior Court (Union County) under the New Jersey Spill Compensation and Control Act for the Borne Chemical site in Elizabeth, New Jersey. Borne Chemical used the site for the processing and blending of various types of petroleum, dyes and chemical products from approximately 1917 until 1985 when it became bankrupt and abandoned the site. Between 1971 and 1981, a portion of the site was occupied by a waste transporter and oil spill cleanup contractor that did work for Con Edison of New York at various times. Con Edison of New York and four other third-party defendants in the lawsuit have entered into a settlement with the third-party plaintiffs under which Con Edison of New York paid \$70,434 towards the cost of certain work that plaintiffs had already completed and agreed to assume responsibility for approximately 0.67% of the expenses that the third-party plaintiffs incurred conducting the site investigation study ordered by the NJDEPE and any soil or groundwater cleanup program that the NJDEPE may require after the site investigation study is completed.

Capasso Site. In 1997, Con Edison of New York was served with a complaint by DMJ Associates seeking to compel Con Edison of New York and 16 other defendants to clean up contamination at the Capasso property located in Long Island City, New York. The complaint alleges that Con Edison of New York sent waste to the Quanta Resources facility (Quanta) and that contamination, including PCB contamination, has migrated from Quanta to the Capasso property and is contributing to the contamination on or about the Capasso property. Con Edison of New York is continuing to investigate whether it sent any waste to Quanta. Con Edison of New York is defending this action pursuant to a joint defense agreement with the other generator defendants.

Arthur Kill Transformer Site. Following a September 1998 transformer fire at Con Edison of New York's former Arthur Kill generating station, it was determined that oil containing high levels of PCBs was released to the environment during the incident. Con Edison of New York is cooperating with the investigations and has completed DEC-approved cleanup programs for the station's facilities and various soil and pavement areas of the site affected by the PCB release. Pursuant to a July 1999 DEC consent order, Con Edison of New York is carrying out a DEC-approved Remedial Investigation/Feasibility Program to assess the nature and extent of the contamination in, and to recommend a proposed remediation program for, the waterfront area of the station. After soliciting public comment, the DEC will select a remedial alternative to be implemented by Con Edison of New York. In 1999, Con Edison of New York completed the sale of its Arthur Kill generating station pursuant to an agreement in which the buyer generally agreed to assume all environmental liabilities relating to the assets sold other than those for prior offsite disposal of hazardous waste and liabilities arising out of the transformer fire. In April 2000, Con Edison of New York entered into a Stipulation and Order of Consent with the United States Attorney for the Southern District of New York pursuant to which the United States Attorney agreed not to prosecute the company in connection with its response to the release of PCBs during the September 1998 transformer fire and, among other things, the company agreed to continue to develop, implement and maintain an effective environmental compliance program and to submit the program to an examination and evaluation by a person selected by the United States Attorney.

BCF Oil Refining Site. In May 2000, the EPA designated Con Edison of New York and numerous other parties as PRPs for the BCF oil refining site in Brooklyn, New York. The site was operated as a waste oil reprocessing facility from the late 1970's until August 1994, when the facility was forced to close down because its storage and processing tanks had become contaminated with elevated concentrations of PCBs. In November 1994, the owners of the site sued Con Edison of New York, alleging that its shipments of waste oil and oily wastewater to the facility were the source of the high concentration of PCBs that had contaminated the facility's tanks. The action was dismissed after a jury verdict in Con Edison of New York's favor. However, the facility's tanks still contain significant quantities of PCB-contaminated oil and EPA has determined that an emergency cleanup program estimated to cost \$2.1 million is required for them. EPA is currently attempting to negotiate with the owners of the facility for the implementation of the required emergency cleanup program, but has indicated that it may order PRPs who shipped waste oil to the facility to implement or to fund the program if the facility owners do not agree to carry out the program.

Mattiace Petrochemical Company Site. In July 2000, Con Edison of New York was served with an EPA Superfund information request for the Mattiace Petrochemical Company Superfund site in Glen Cove, New York. According to EPA, the Mattiace Petrochemical Company processed, blended, repacked, and distributed solvents at the site from the mid-1960's until 1987. Between 1974 and 1982, Mattiace Petrochemical's affiliate, the M&M Drum Company, cleaned and refurbished metal drums at the site. EPA has reportedly incurred expenses totaling approximately \$21 million since 1988, conducting emergency removal and cleanup work and other response actions at the site, including the portions of the site used by the M&M Drum Company. During the late 1970's and early 1980's, Con Edison of New York purchased naphta and a mineral spirit-based solvent product from Mattiace Petrochemical and sold empty scrap drums to Mattiace Petrochemical and M&M Drum. Based on Con Edison of New York's response to the information request for the site and M&M Drum Company records that EPA recently obtained from the Nassau County District Attorney's office, EPA claims that Con Edison of New York is responsible for about 53% of the scrap drums that Mattiace Petrochemical and M&M Drums handled at site. EPA has indicated that it is developing an allocation proposal for its past site costs and that it will begin settlement negotiations with site PRPs as soon as its allocation proposal has been approved by the United States Department of Justice.

Croton Point Sanitary Landfill Site. The New York Attorney General has alleged that Con Edison of New York and numerous other businesses with commercial and industrial facilities within Westchester County, New York are Superfund PRPs for the County of Westchester's Croton Point Sanitary Landfill in Croton on the Hudson, New York, because they formerly used the landfill for the disposal of refuse and waste materials that contained hazardous substances. According to the New York Attorney General, the State of New York has spent over \$27 million since 1993 assisting the County of Westchester in implementing response actions needed to prevent releases of hazardous substances from the landfill and to properly close the landfill. Con Edison of New York intends to join a group of other designated site PRPs that is currently attempting to negotiate with the Attorney General a settlement under which the State of New York's past response costs would be equitably allocated among all known site PRPs, including the County of Westchester and various municipalities within Westchester County that disposed of incinerator ash and other materials containing hazardous substances at the landfill.

Manufactured Gas Sites. In 1999, Con Edison of New York submitted a report to the DEC identifying 32 sites where Con Edison of New York or its predecessors manufactured gas many years ago and 17 sites where the company or its predecessors maintained storage holders for manufactured gas in the past. The company may be required to investigate and, if necessary, remediate each of the sites, the cost of which is not presently determinable but may be material to its financial position, results of operations or liquidity. Coal tar and other manufactured gas plant-related environmental contaminants have been detected at several of the sites, including lower Manhattan and the Hunts Point section of New York City and in Tarrytown, Pelham Manor and White Plains in Westchester County.

As to the lower Manhattan site, located near the Hudson River, the cost of the DEC-approved cleanup work is estimated at \$10 million, and the DEC has demanded that the company conduct off-site testing to determine whether the contamination has migrated.

As to the Hunts Point site, which was sold to New York City in the 1960's, the New York City Economic Development Corporation ("EDC") is implementing DEC-approved investigation programs for five vacant parcels at the site for which development is planned and will implement DEC-approved remediation programs for the five parcels. Con Edison of New York and the City have negotiated a settlement agreement under which the company would reimburse the City for up to \$14.2 million of the expenses it incurs to implement the remediation programs for the four vacant parcels for which it has already completed the required DEC-approved investigation programs. The proposed settlement agreement is currently being reviewed by the New York City Controller. DEC has demanded that the company assess the current environmental conditions of the remaining parcels at the site.

As to the Tarrytown site, which is adjacent to the Hudson River, the company recently completed a DEC-approved supplemental investigation program to compile the additional data needed by the DEC to determine the scope of the required cleanup program for the contaminated sections of the site and the Hudson River. Depending on DEC requirements, the costs of the remediation programs could exceed \$20 million.

As to the Pelham Manor site, now used as a shopping center, the company is funding site studies and has agreed to participate with the site ground lessee in the development and implementation of a cleanup plan that is acceptable to the DEC, the costs of which have not yet been determined.

As to the White Plains site, based on the limited testing conducted to date, it appears that the contamination extends to at least one neighboring property and possibly others. Additional studies are planned to delineate the full extent of the contamination. Depending on the results of those studies and the cleanup requirements imposed by the DEC, the costs of cleaning up the contamination could exceed \$10 million.

Asbestos Litigation

Asbestos is present in numerous Con Edison of New York facilities. The following is a discussion of the significant suits involving asbestos in which Con Edison of New York has been named a defendant. The listing is not exhaustive and additional suits may arise in the future. See "Environmental Matters" in Note F to the Con Edison of New York financial statements in Item 8 (which information is incorporated herein by reference).

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

Moran, et al. v. Vacarro, et al. In 1988, Con Edison of New York was served with a complaint and an amended complaint in an action in the New York State Supreme Court, New York County, in which approximately 188 Con Edison of New York 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 sought \$1 million in punitive damages, \$1 million in damages for mental distress, unspecified additional compensatory damages, and to enjoin Con Edison of New York from violating EPA regulations and exposing employees to asbestos without first taking certain safety measures. In 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. In 1995, the court dismissed the claims of the employee plaintiffs, leaving employee spouses as the only plaintiffs.

Employees' Class Action

In January 1998, seven current employees and one former employee of Con Edison of New York sought class certification in a proceeding, entitled Sheppard, et al. v. Con Edison of New York, that had been initiated 1994 in the United States District Court for the Eastern District of New York. Plaintiffs allege denial of promotions or transfer because of their race and seek back-pay, compensatory and punitive damages, injunctive relief (including promotions for those allegedly improperly denied promotions), and reformation of Con Edison of New York's personnel practices. In December 2000, the court issued a decision in which it disapproved a settlement with the plaintiffs (that the court had preliminarily approved in June 2000) pursuant to which company was to pay an estimated aggregate \$10 million (including attorneys' fees) and take certain actions with respect to its personnel practices. At December 31, 2000, the company had accrued an approximately \$12.1 million liability with respect to this action.

Nuclear Fuel Disposal

Reference is made to the discussion of nuclear fuel in Note G to the Con Edison and Con Edison of New York financial statements in Item 8 for information concerning proceedings brought by Con Edison of New York and a number of other utilities against the United States Department of Energy (which information is incorporated herein by reference). The proceedings are entitled Northern States Power Co., et al. v. Department of Energy, et al.

Washington Heights Power Outage

Lawsuits relating to a July 1999 interruption of electric service to customers served by Con Edison of New York's Washington Heights distribution network are pending in New York State Supreme Court, New York County. The plaintiffs are seeking aggregate damages in excess of in excess of \$100 million compensatory damage and injunctive relief. In August 2000, the court denied plaintiffs' motion to certify a class action. In September 2000, plaintiffs appealed the court's denial to the Appellate Division of the New York State Supreme Court, First Department. The City of New York has petitioned the NYPSC to impose a \$3 million penalty on the company. The NYPSC may sue the company for penalties relating to the outage. The company does not expect that the outage will have a material adverse effect on its financial position, results of operation or liquidity.

Ronel Bennett

In December 1999, Ronel Bennett, Inc. and its president commenced an action in the Supreme Court of the State of New York, County of Queens, against Con Edison of New York and six of its employees seeking \$300 million in damages and alleging breach of contract and torts. Ronel Bennett performed work for the company at its former Ravenswood generating station from September 1996 through sometime in Spring 1997. Plaintiffs claim that the company failed to maintain a safe working environment, misrepresented conditions, failed to disclose information about hazardous and toxic substances, violated federal and New York laws regarding hazardous substances and retaliated against the plaintiffs. The company does not expect this proceeding to have a material adverse effect on its financial condition, results of operation or liquidity.

O&R

Superfund

The following is a discussion of significant proceedings pending under Superfund or similar statutes involving sites for which O&R has been asserted to have a liability. Additional such proceedings may arise in the future. For a further discussion of claims and possible claims against O&R under Superfund and the estimated liability accrued for certain Superfund claims, see "Environmental Matters " in Note F to the O&R financial statements in Item 8 (which information is incorporated herein by reference).

Metal Bank of America Site. O&R is a PRP with respect to the site described under "Superfund - Metal Bank of America Site" above in the description of Con Edison of New York's legal proceedings in this Item 3. O&R's share of the estimated \$24 million to \$30 million cost of the cleanup program is expected to be approximately 4.6 percent.

Borne Chemical Site. O&R is a PRP with respect to the site described under "Superfund - Borne Chemical Site" above in the description of Con Edison of New York's legal proceedings in this Item 3. In October 1995, various site PRPs, including O&R, entered into an administrative consent order with the NJDEPE which obligates them to perform a remedial investigation to determine what, if any, subsurface remediation at is required.

West Nyack Site. In 1994 and 1997, O&R entered into consent orders with DEC pursuant to which O&R agreed to conduct a remedial investigation and remediate certain property it owns in West Nyack, New York at which PCBs were discovered. Petroleum contamination related to a leaking underground storage tank was found as well. O&R has completed all remediation at the site that the DEC has to date required. The DEC is expected to determine whether any additional groundwater remediation will be required.

Orange County Landfill Site. In August 2000, the New York Attorney General informed O&R that it had been identified as a Superfund PRP for the Orange County Landfill Site in Goshen, New York. The site, a former sanitary landfill, was operated by the Orange County Department of Works between 1974 and January 1992 and was reportedly used for the disposal of approximately 7 million cubic yards of municipal waste as well as small quantities of waste oil, industrial waste, septic sludge, and hazardous waste. In March 1992, the DEC designated the landfill site a Class 2 Inactive Hazardous Waste Disposal Site after finding groundwater contamination in the vicinity of the site. Since then, the State of New York has incurred expenses totaling more than \$12 million in connection with various required response actions for the site, including the capping and proper closure of the landfill. Orange County has reportedly spent an additional \$5 million in connection with those actions. O&R's records indicate that during the period 1988 through 1990, it disposed of approximately 1.5 cubic yards of oil-soaked debris and four cubic yards of oil and/or solvent-contaminated metal at the landfill. O&R is investigating whether private refuse carters that picked up trash from its facilities may have used the landfill for the disposal of the trash.

Ramapo Landfill Site. In November 2000, the New York Attorney General informed O&R that it was considered a Superfund PRP for the Ramapo Landfill Site in the Town of Ramapo, New York, because a commercial carting company that had picked up trash from its facilities in Rockland County, New York during the early 1980's may have disposed of that material at the site. The site, a former municipal waste and construction and demolition debris landfill, is included on the Superfund National Priorities List and is being administered by the DEC. In 1992, the EPA issued a Record of Decision selecting a comprehensive cleanup program for the site which is estimated will cost between \$21 million and \$28 million to complete. The State of New York has reportedly spent more than \$19 million assisting the Town of Ramapo to implement the required cleanup program.

Manufactured Gas Sites. Coal tar and related environmental contaminants have been detected at the sites where the company or its predecessors manufactured gas many years ago. O&R and the DEC executed consent orders in 1996, 1998 and 1999 requiring O&R to investigate and remediate seven such sites, the aggregate cost of which is currently estimated at as much as \$64.8 million. Pursuant to a NYPSC order, O&R may defer as a regulatory asset the costs of investigating and remediating these sites. At December 31, 2000, O&R has paid \$2.3 million of such costs, accrued a liability of \$31.7 million for the sites, and recorded a related regulatory asset of \$34.0 million.

O&R Clean Air Act Proceeding

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

Asbestos Litigation

Asbestos is present in numerous O&R facilities. Numerous suits have been brought in New York State and Federal courts against O&R and many other defendants for death and injuries allegedly caused by exposure to asbestos at various O&R premises. Many of these suits have been disposed of without any payment by O&R, or for immaterial amounts. The amounts specified in the remaining suits total billions of dollars, but O&R believes that these amounts are greatly exaggerated, as were the claims already disposed of. See "Environmental Matters" in Note F to the O&R financial statements in Item 8 (which information is incorporated herein by reference).

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

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information about the executive officers of Con Edison and Con Edison of New York, as of March 1, 2001. Unless otherwise indicated, all positions and offices listed are at Con Edison of New York. Mr. McGrath has an employment agreement with Con Edison which provides that he will serve as Chairman of the Board and Chief Executive Officer of Con Edison and Con Edison of New York through August 31, 2005 (subject to one year extensions unless terminated on six months prior notice). Messrs. Burke and McMahon and Ms. Freilich have employment agreements with Con Edison which provide that they will serve in senior executive positions through August 31, 2005 (subject to one year extensions unless terminated on six months prior notice). The term of office of each other officer is until the next election of directors (trustees) of their company and until his or her successor is chosen and qualifies. Officers are subject to removal at any time by the board of directors (trustees) of their company.

Name	Age	Offices and Positions During Past Five Years
Eugene R. McGrath	59	10/97 to present - Chairman, President, Chief Executive Officer and Director of Con Edison 3/98 to present - Chairman, Chief Executive Officer and Trustee of Con Edison of New York 9/90 to 2/98 - Chairman, President, Chief Executive Officer and Trustee of Con Edison of New York
Kevin Burke	50	9/00 to present - President and Chief Operating Officer 7/99 to 8/00 - President of Orange and Rockland Utilities, Inc. 7/98 to 6/99 - Senior Vice President - Customer Service 3/98 to 6/98 - Senior Vice President - Corporate Planning 3/93 to 2/98 - Vice President - Corporate Planning
Joan S. Freilich	59	3/98 to present - Executive Vice President, Chief Financial Officer and Director (Trustee) of Con Edison and Con Edison of New York 10/97 to 2/98 - Senior Vice President, Chief Financial Officer and Director of Con Edison 3/97 to 2/98 - Trustee of Con Edison of New York 7/96 to 2/98 - Senior Vice President and Chief Financial Officer 9/94 to 7/96 - Vice President, Controller and Chief Accounting Officer
Charles F. Soutar	64	7/95 to present - Executive Vice President - Central Services
Robert W. Donohue, Jr.	58	8/99 to present - Senior Vice President - Electric Operations 1/98 to 7/99 - Vice President - Brooklyn & Queens Customer Service 2/94 to 12/97 - Vice President - Queens Customer Service
John F. Groth	63	7/99 to present - Senior Vice President - Nuclear Operations 5/93-6/99 - Vice President - Nuclear Generation, Houston Lighting & Power
Mary Jane McCartney	52	10/93 to present - Senior Vice President - Gas
John D. McMahon	49	8/98 to present - Senior Vice President and General Counsel of Con Edison and Con Edison of New York 10/97 to 8/98 - Deputy General Counsel, Corporate and Regulatory 2/96 to 10/97 - Associate General Counsel, Utility Affairs

Name	Age	Offices and Positions During Past Five Years
Luther Tai	52	9/00 to present - Senior Vice President - Central Operations 7/98 to 8/00- Vice President - Corporate Planning 7/94 to 6/98 - Director - Corporate Planning
Stephen B. Bram	58	9/00 to present - President of Orange and Rockland Utilities, Inc. 4/95 to 8/00 - Senior Vice President - Central Operations
Archie M. Bankston	63	12/97 to present - Secretary of Con Edison 6/89 to present - Secretary and Associate General Counsel
A. Alan Blind	47	6/98 to present - Vice President - Nuclear Power 1/98 to 5/98 - Vice President, Nuclear Engineering - American Electric Power 5/94 to 1/98 - Site Vice President, American Electric Power
James S. Baumstark	58	7/98 to present - Vice President - Nuclear Engineering 1/98 to 7/98 - Engineering Director, Crystal River Nuclear Plant, Florida Power Corp. 6/96 to 12/97 - Quality Programs Director, Crystal River Nuclear Plant, Florida Power Corp. 6/94 to 5/96 - Plant Manager, Sequoyah Nuclear Plant, Tennessee Valley Authority
Marilyn Caselli	46	8/98 to present - Vice President - Customer Operations 10/97 to 7/98 - Vice President - Staten Island Customer Service 5/96 to 9/97 - General Manager - Queens 3/96 to 4/96 - General Manager - Gas Operations
V. Richard Conforti	62	8/96 to present - Vice President - Central Field Services 7/92 to 7/96 - Assistant Vice President - Gas Operations
Richard P. Cowie	54	3/94 to present - Vice President - Employee Relations
David Davidowitz	54	12/00 to present - Vice President - Gas Engineering 4/00 to 11/00 - General Manager - Manhattan Gas Operations 7/99 to 10/99 - General Manager - Environmental, Health & Safety 12/95 to 6/99 - General Manager - Tunnel Maintenance
David F. Gedris	52	8/99 to present - Vice President - Brooklyn & Queens Customer Service 10/97 to 7/99 - Vice President - Fossil Power 2/96 to 9/97 - Vice President - Westchester Customer Service 2/94 to 1/96 - Vice President - Maintenance and Construction
George Greenwood	54	12/00 to present - Vice President - Emergency Management 1/00 to 11/00 - General Manager - Environmental Affairs 12/95 to 12/99 - General Manager - Customer Service
William A. Harkins	55	2/97 to present - Vice President - Energy Management 2/89 to 2/97 - Vice President - Planning and Inter-Utility Affairs

Name	Age	Offices and Positions During Past Five Years
Andrew L. Jacob	52	8/99 to present - Vice President - Steam Operations 1/93 to 7/99 - Chief Engineer
Paul H. Kinkel	56	9/98 to present - Vice President - Bronx and Westchester Customer Service 1/98 to 9/98 - Vice President - Nuclear Power 2/96 to 12/97 - Vice President - Maintenance and Construction
M. Peter Lanahan, Jr.	57	8/96 to present - Vice President - Environment, Health & Safety 5/95 to 8/96 - Vice President - Environmental Affairs
Thomas Newell	42	12/00 to present - Vice President - Gas Operations 10/97 to 11/00 - General Manager - Manhattan Gas Operations 1/95 to 9/97 - Department Manager - Steam
James P. O'Brien	53	3/99 to present - Vice President & General Auditor 1/98 to 2/99 - General Auditor 3/94 to 12/97 - Vice President - Information Resources
Stephen E. Quinn	54	1/98 to present - Vice President - Maintenance Services 9/94 to 12/97 - Vice President - Nuclear Power
Louis L. Rana	52	4/00 to present - Vice President - Manhattan Customer Service 3/98 to 3/00 - Vice President - System and Transmission Operations 10/97 to 2/98 - General Manager - System Operation 8/97 to 9/97 - General Manager - Manhattan Electric Operations 1/94 to 7/97 - Chief Distribution Engineer
Edward J. Rasmussen	52	12/00 to present - Vice President and Controller of Con Edison and Con Edison of New York 4/93 to 11/00 - Assistant Controller
Frances A. Resheske	40	5/99 to present - Vice President - Public Affairs 2/99 to 4/99 - Director - Public Affairs 6/95 to 2/99 - General Manager - Government Relations and Community Development, Brooklyn Union
Robert A. Saya	59	4/00 to present - Vice President - System and Transmission Operations 1/95-3/00 - Chief Engineer, Substation and Transmission Engineering
Hyman Schoenblum	52	12/00 to present - Vice President - Corporate Planning 12/97 to 11/00 - Vice President and Controller of Con Edison 10/97 to 11/00 - Vice President and Controller 3/97 to 9/97 - Vice President and Treasurer 6/96 to 2/97 - Director - Financial Restructuring 11/93 to 5/96 - Director - Corporate Planning
Edwin W. Scott	62	6/89 to present - Vice President and Deputy General Counsel

Name	Age	Offices and Positions During Past Five Years
Wanda Skalba	51	1/98 to present- Vice President - Information Resources 4/96 to 12/97 - Director - Information Resources
Minto L. Soares	64	1/98 to present - Vice President - Substation Operations 6/91 to 12/97 - Vice President - Bronx Customer Service
Saddie L. Smith	48	8/98 to present -Vice President - Staten Island Customer Service 7/97 to 7/98 - Director - Facilities and Office Services 7/95 to 7/97 - Director - Equal Employment Opportunity Affairs
Robert P. Stelben	58	12/97 to present - Vice President and Treasurer of Con Edison 10/97 to present - Vice President and Treasurer 8/97 to 9/97 - Vice President - Finance 11/95 to 8/97 - Vice President and Treasurer, Johnson & Higgins
Alfred R. Wassler	56	8/96 to present - Vice President - Purchasing 3/94 to 8/96 - Vice President - Purchasing, Transportation & Stores
Stephen F. Wood	48	7/00 to present - Vice President - Engineering Services 2/95 to 6/00 - President and Chief Executive Officer, Constellation Energy Projects & Services, Inc.

PART II

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

CON EDISON

Con Edison's Common Shares (\$.10 par value), the only class of common equity of Con Edison, are traded on the New York Stock Exchange. As of January 31, 2001, there were 108,999 holders of record of Con Edison's Common Shares.

The market price range for Con Edison's Common Shares during 2000 and 1999, as reported in the consolidated reporting system, and the dividends paid by Con Edison in 2000 and 1999 were as follows:

	2000			1999		
	High	Low	Dividends Paid	High	Low	Dividends Paid
1st Quarter	\$36.19	\$26.19	\$.545	\$53.44	\$45.13	\$.535
2nd Quarter	36.81	28.88	.545	49.88	43.88	.535
3rd Quarter	35.56	29.81	.545	46.63	40.00	.535
4th Quarter	39.50	32.06	.545	43.06	33.56	.535

On January 18, 2001, Con Edison's Board of Directors declared a quarterly dividend of \$.55 per Common Share which was paid on March 15, 2001.

Con Edison expects to pay dividends to its shareholders primarily from dividends and other distributions it receives from its subsidiaries. The payment of dividends, however, is subject to approval and declaration by Con Edison's Board of Directors, and will depend on a variety of factors, including business, financial and regulatory considerations. For additional information about the payment of dividends by Con Edison, see "Dividends" in Note B to the Con Edison financial statements in Item 8 (which information is incorporated herein by reference).

CON EDISON OF NEW YORK

The outstanding shares of Con Edison of New York's Common Stock (\$2.50 par value), the only class of common equity of Con Edison of New York, are held by Con Edison and are not traded.

The dividends declared by Con Edison of New York in 2000 and 1999 are shown in its Consolidated Statement of Retained Earnings included in Item 8 (which information is incorporated herein by reference). For additional information about the payment of dividends by Con Edison of New York, and restrictions thereon, see "Dividends" in Note B to the Con Edison of New York financial statements in Item 8 (which information is incorporated herein by reference).

O&R

The outstanding shares of O&R's Common Stock (\$5.00 par value), the only class of common equity of O&R, are held by Con Edison and are not traded.

The dividends declared by O&R in 2000 and 1999 are shown in its Consolidated Statement of Retained Earnings included in Item 8 (which information is incorporated herein by reference).

ITEM 6. SELECTED FINANCIAL DATA

CON EDISON*

Year Ended December 31 (Millions of Dollars)	2000	1999	1998	1997	1996
Operating revenues	\$ 9,431.4	\$ 7,491.3	\$ 7,093.0	\$ 7,196.2	\$ 7,133.1
Purchased power	3,642.9	1,824.0	1,253.8	1,349.6	1,272.9
Fuel	350.8	430.1	579.0	596.8	573.3
Gas purchased for resale	790.9	485.2	437.3	552.6	590.4
Operating income	1,016.1	1,019.8	1,053.3	1,035.3	1,012.5
Net income for common stock	582.8	700.6	712.7	694.5	688.2
Total assets	16,767.2	15,531.5	14,381.4	14,722.5	14,057.2
Long-term debt	5,415.4	4,524.6	4,050.1	4,188.9	4,238.6
Preferred stock subject to mandatory redemption	37.1	37.1	37.1	84.6	84.6
Common shareholders' equity	5,472.4	5,412.0	6,025.6	5,930.1	5,727.6
Basic earnings per share	\$ 2.75	\$ 3.14	\$ 3.04	\$ 2.95	\$ 2.93
Diluted earnings per share	\$ 2.74	\$ 3.13	\$ 3.04	\$ 2.95	\$ 2.93
Cash dividends per common share	\$ 2.18	\$ 2.14	\$ 2.12	\$ 2.10	\$ 2.08
Average common shares outstanding (millions)	212.2	223.4	234.3	235.1	235.0

* Con Edison, which was established as the parent holding company for Con Edison of New York effective January 1, 1998, owns all of Con Edison of New York's outstanding shares of common stock.

CON EDISON OF NEW YORK*

Year Ended December 31 (Millions of Dollars)	2000	1999	1998	1997	1996
Operating revenues	\$ 8,000.7	\$ 6,956.0	\$ 6,998.7	\$ 7,196.2	\$ 7,133.1
Purchased power	2,988.1	1,669.2	1,252.0	1,349.6	1,272.9
Fuel	322.1	430.2	579.0	596.8	573.3
Gas purchased for resale	490.6	351.8	370.1	552.6	590.4
Operating income	952.1	1,001.5	1,067.1	1,035.3	1,012.5
Net income for common stock	570.1	698.3	728.1	694.5	688.2
Total assets	14,547.9	13,682.2	14,172.8	14,722.5	14,057.2
Long-term debt	4,915.1	4,243.1	4,050.1	4,188.9	4,238.6
Preferred stock subject to mandatory redemption	37.1	37.1	37.1	84.6	84.6
Common shareholder's equity	4,479.6	4,393.8	5,842.7	5,930.1	5,727.6
Basic earnings per share	*	*	*	\$ 2.95	\$ 2.93
Diluted earnings per share	*	*	*	\$ 2.95	\$ 2.93
Cash dividends per common share	*	*	*	\$ 2.10	\$ 2.08
Average common shares outstanding (millions)	*	*	*	235.1	235.0

* Con Edison, which was established as the parent holding company for Con Edison of New York effective January 1, 1998, owns all of Con Edison of New York's outstanding shares of common stock.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis relates to the accompanying consolidated financial statements of Consolidated Edison, Inc. (Con Edison) and should be read in conjunction with the consolidated financial statements and the notes thereto.

CON EDISON'S BUSINESS

Con Edison is a holding company that provides a wide range of energy-related services to its customers through its regulated and unregulated subsidiaries. Con Edison's core business is energy distribution and it is also pursuing related growth opportunities in competitive businesses.

Con Edison's principal subsidiary is Consolidated Edison Company of New York, Inc. (Con Edison of New York), a regulated utility that provides electric service to over three million customers and gas service to over one million customers in New York City and Westchester County. It also provides steam service in parts of Manhattan.

Orange and Rockland Utilities, Inc. (O&R) is also a regulated utility subsidiary of Con Edison. O&R, along with its regulated utility subsidiaries, provides electric service to over 278,000 customers and gas service to over 118,000 customers in southeastern New York and in adjacent sections of New Jersey and northeastern Pennsylvania.

SIGNIFICANT DEVELOPMENTS

Con Edison's results of operations for 2000 were materially affected by electric rate reductions of (on an annual basis) \$103 million, effective April 2000, and \$170 million, effective October 2000, (see "State Regulatory Matters - Electric," below) and a \$130 million charge relating to the Indian Point 2 nuclear plant (see Note G to the financial statements). Indian Point 2 returned to service in January 2001 following installation of new steam generators.

Other significant developments in 2000 included agreements to sell, subject to approval of the New York State Public Service Commission (PSC) and other conditions, Indian Point 2 and related assets (including fuel) for approximately \$602 million, subject to certain adjustments, and a nine-acre development site in midtown Manhattan along the East River (the First Avenue Properties) for an expected price of \$576 million to \$680 million, depending on zoning and other adjustments.

Results of operations for 2000 reflect for the entire year Con Edison's ownership of O&R (which it acquired in July 1999) and Con Edison of New York's sales (in June and August 1999) of most of its electric generating capacity. See Notes I and K to the financial statements.

In March 2001 Con Edison and Northeast Utilities commenced litigation relating to their October 1999 merger agreement. (See Note P to the financial statements).

LIQUIDITY AND CAPITAL RESOURCES

Cash and Short-Term Borrowing

Cash and temporary cash investments decreased \$390.2 million at December 31, 2000 compared to December 31, 1999, reflecting repayment of notes payable (primarily commercial paper), including short-term borrowing done in December 1999 in

anticipation of January 2000 cash requirements, and the changes in cash flows from operating, investing and financing activities discussed below.

Con Edison's average daily commercial paper outstanding in 2000 was \$319 million compared to \$125 million in 1999. The weighted average interest rate was approximately 6.4 percent in 2000 compared to approximately 5.00 percent in 1999. For additional information about Con Edison's commercial paper programs, see Note C to the financial statements.

Cash Flows From Operating Activities

Net cash flows from operating activities in 2000 decreased \$245.1 million compared to 1999, due principally to lower net income (which included increased pension credits) and increased purchased power and gas costs. Net cash flows from operating activities in 1999 decreased \$184.5 million compared to 1998, due principally to higher charges for purchased electric generating capacity and other cash flow effects of generation divestiture.

Cumulative credits to pension expense for Con Edison of New York amounted to \$366.7 million at December 31, 2000, compared with \$116.0 million at December 31, 1999. Pension credits, which result from favorable performance by the company's pension plans in past years, increase net income but do not provide cash for the company's operations. See Note D to the financial statements.

Con Edison's accounts receivable - customer, less allowance for uncollectible accounts increased \$262.8 million at December 31, 2000 compared with year-end 1999, due primarily to increased customer billings by Con Edison's utility subsidiaries, reflecting higher purchased power and gas costs. Con Edison of New York's equivalent number of days of revenue outstanding (ENDRO) of customer accounts receivable was 29.7 days at December 31, 2000, compared with 28.8 days at December 31, 1999. For O&R, the ENDRO was 35.4 days at December 31, 2000 and 36.5 days at December 31, 1999.

Recoverable energy costs increased \$245.3 million at December 31, 2000 compared with year-end 1999, reflecting increased purchased power and gas costs, offset in part by the ongoing recovery of previously deferred amounts. See "Recoverable Energy Costs" in Note A to the financial statements.

Deferred charges for divestiture - capacity replacement reconciliation increased \$49.5 million at December 31, 2000 compared with year-end 1999, reflecting incremental electric capacity costs under contracts with the buyers of the generating assets sold by Con Edison of New York. See Note I to the financial statements.

Deferred environmental remediation costs increased \$35.7 million at December 31, 2000 compared with year-end 1999, reflecting site investigation and remediation costs for Con Edison's utility subsidiaries deferred under current rate agreements. See Note F to the financial statements.

Unfunded other post-employment benefit (OPEB) obligations (shown as pension and benefits reserve on the balance sheet) were \$181.3 million at December 31, 2000, compared to \$143.8 million at December 31, 1999. Con Edison of New York's policy is to fund its OPEB costs to the extent deductible under current tax limitations. O&R's policy is to fund its OPEB costs to the extent of its rate recovery. The reserve also includes a minimum liability for Con Edison of New York's and O&R's supplemental executive retirement programs. A portion of this minimum liability has been included in other comprehensive income. See Note E to the financial statements.

The accumulated provision for injuries and damages was \$160.7 million at December 31, 2000, compared to \$119.0 million at December 31, 1999. The increase resulted primarily from increased workers' compensation claims relating to alleged asbestos exposure.

Accounts payable increased \$404.4 million at December 31, 2000 compared with year-end 1999, due primarily to the higher costs of electric power and gas purchases.

Accrued taxes increased \$46.0 million at December 31, 2000 compared to year-end 1999, due principally to timing differences.

The New York State tax laws applicable to utility companies were changed, effective January 1, 2000. Certain revenue-based taxes were repealed or reduced and replaced by a net income-based tax. In addition, a compensating use tax was imposed on gas and electricity purchased outside New York State for use within the state. In December 2000 the PSC issued its requirements relating to the tax law changes. The amounts applicable to the provisions of the previous tax laws will continue to be collected through base rates and tariff surcharges, until the PSC directs otherwise, with the differences between those collections and the tax expense under the new law to be deferred, pending future disposition by the PSC. At December 31, 2000 Con Edison's utility subsidiaries had accrued a liability of \$59.5 million reflecting these differences.

Under Con Edison's 1997 Restructuring Agreement (see "State Regulatory Matters - Electric," below), \$50 million of the net after-tax gain on divestiture of most of Con Edison of New York's electric generating assets has been retained for shareholders (and is to be recognized in income during the 12 months ending March 2002), and the remaining net gain was deferred for future customer benefit. Under the electric agreement approved by the PSC in November 2000 (see "State Regulatory Matters - Electric," below), \$188.2 million was credited against electric distribution plant balances, \$107.3 million was used to offset a like amount of existing regulatory assets (including deferred power contract termination costs) and \$12 million has been set aside as a partial funding source for low-income customer programs.

Other regulatory liabilities increased \$48.0 million at December 31, 2000 compared with year-end 1999, reflecting primarily the deferral under Con Edison of New York's current gas rate agreement of \$12.1 million of earnings above a 13 percent threshold that are to be shared with customers (see "State Regulatory Matters - Gas," below) and deferral of a portion of the divestiture gain to partially fund retail access incentives and a low income program of \$19.8 million and \$12.0 million, respectively (see Note I to the financial statements), offset by the recognition of \$22.3 million of previously deferred revenues relating to Indian Point refueling and maintenance work. See Note G to the financial statements.

Cash Flows Used in Investing Activities

Cash flows used in investing activities, including construction, in 2000 increased \$991.1 million compared to 1999, primarily because 1999 cash flows included proceeds from generation divestiture. In addition, in 2000 there were higher utility construction expenditures and greater investments by unregulated subsidiaries than in 1999.

Utility construction expenditures during 2000 increased \$280.8 million compared to 1999, principally as a result of expenditures related to meeting load growth on Con Edison of New York's electric distribution system and replacement of the steam generators at its nuclear generating unit.

In June 2000 Con Edison Development purchased an 80 percent interest in a partnership that owns a 236-MW electric generating unit in Lakewood, New Jersey (the Lakewood Project) for \$98.1 million.

Deferred real estate sale costs were \$103 million at year-end 2000, reflecting costs related to the demolition and remediation of the First Avenue Properties, which the company has agreed to sell, subject to PSC approval and other conditions, for an expected price of \$576 million to \$680 million, depending on zoning and other adjustments. See "Capital Requirements," below. The buyer paid Con Edison of New York \$50 million as a down payment, which the company used to fund a portion of the demolition and remediation expenses. The down payment has been recorded as a regulatory liability.

Cash Flows Used in Financing Activities

Cash flows used in financing activities in 2000 decreased \$463.3 million compared to 1999, because of increased debt issuances and decreased repurchases of common stock.

During 2000, Con Edison of New York repaid at maturity \$275 million of debentures, with a weighted average annual interest rate of approximately 7.48 percent, and issued \$975 million of 5-year and 10-year debentures, with a weighted average annual interest rate of approximately 7.39 percent. During this period O&R repaid at maturity \$120 million of debentures, with a weighted average annual interest rate of 8.27 percent, and issued \$55 million of 10-year 7.5 percent debentures. Also during 2000 the Lakewood Project retired \$8.3 million of debt. In addition, the Lakewood Project had \$174.2 million of long-term debt outstanding at December 31, 2000, which has been included in Con Edison's consolidated financial statements.

During 1999, Con Edison of New York repaid at maturity \$150 million of floating rate taxable debentures and \$75 million of 6.5 percent debentures, and issued \$475 million of 40-year and 10-year debentures, with a weighted average annual interest rate of approximately 7.27 percent. In addition, it issued \$292.7 million of 35-year adjustable rate tax-exempt debt in July 1999, the proceeds of which, along with other funds, were used in August 1999 to redeem \$150 million of 7 1/4 percent Series 1989 C tax-exempt debt and \$150 million of 7 1/2 percent Series 1990 A tax-exempt debt.

Con Edison purchased approximately 1.9 million shares of its common stock, at an aggregate cost of \$60.7 million in 2000. Through December 31, 2000, a total of 23.2 million shares was purchased under a stock repurchase program begun in 1998, at an average price of \$43.13 per share, and a total cost of \$1.0 billion.

In addition, Con Edison purchased 432,400 shares of its common stock (at an aggregate cost of approximately \$19.8 million) in April and May 1999 to be used for exercise of options under its 1996 Stock Option Plan. At December 31, 2000, 250,263 of these shares remained available for future option exercises. Shares of Con Edison common stock to be issued upon the exercise of options may be either purchased in the market or newly issued shares. See Note M to the financial statements.

Capital Resources

Con Edison expects to finance its operations, capital requirements and the payment of dividends to its shareholders primarily from dividends and other distributions it receives from its subsidiaries and through external borrowings, including commercial paper. For information about restrictions on the payment of dividends by Con Edison of New York, see Note B to the financial statements.

Con Edison's ratio of earnings to fixed charges for 2000, 1999 and 1998 and common equity ratio at December 31, 2000, 1999 and 1998 were:

	2000	1999	1998
Earnings to fixed charges (SEC basis)	3.10	4.04	4.29
Common equity	49.1	53.1	58.4

The changes in interest coverage in these years reflect changes in pre-tax income and changes in interest charges due to debt issuances and refundings. Excluding the \$130 million charge for replacement power costs incurred in connection with an outage at the Indian Point nuclear plant (see Note G to the financial statements) and the charge for merger-related expenses (see Note P to the financial statements), Con Edison's ratio of earnings to fixed charges for 2000 would have been 3.47. The changes in the equity ratio reflect the issuance of debt and the repurchase of approximately \$1.0 billion of common stock.

The commercial paper of Con Edison and its utility subsidiaries is rated P-1 and A-1, respectively, by Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Rating Services (S&P). S&P has assigned an issuer rating of A to Con Edison, which has not yet issued any long-term debt. The senior unsecured debt of Con Edison's utility subsidiaries is rated A1 and A+, respectively, by Moody's and S&P.

Capital Requirements

The following table compares Con Edison's capital requirements relating to its regulated and unregulated subsidiaries for the years 1998 through 2000 and estimated amounts for 2001 and 2002:

(Millions of Dollars)	1998	1999	2000	2001*	2002*

Utility construction expenditures	\$ 619	\$ 678	\$ 959	\$ 993	\$ 943
Investment in unregulated subsidiaries	56	165	121	400	335

Sub-total	675	843	1,080	1,393	1,278
Nuclear decommissioning trust	21	21	21	21	21
Nuclear fuel	7	17	27	3	47

Sub-total	28	38	48	24	68
Retirement of long-term securities at maturity	200	225	395	300	337

Total	\$ 903	\$1,106	\$1,523	\$1,717	\$1,683

*Does not reflect the pending sale of Indian Point 2, which is expected to be completed in 2001.

The increased utility construction expenditures in 2001 and 2002 reflect expenditures to repower Con Edison of New York's East River steam-electric generating plant and expenditures related to meeting load growth on its electric distribution system, as well as the construction programs of O&R. The repowering will provide additional, cost efficient steam generating capacity and approximately 360 MW of electric capacity. The increased generating capacity will more than offset the 160 MW of electric capacity that will be lost upon the closing of the company's Waterside generating station, which is located on the First Avenue Properties.

Unregulated Subsidiaries

Con Edison's unregulated subsidiaries provide competitive gas and electric supply and energy-related products and services (Con Edison Solutions); invest in and manage energy infrastructure projects (Con Edison Development); market specialized energy supply services to wholesale customers (Con Edison Energy); and invest in telecommunications infrastructure (Con Edison Communications). These subsidiaries operate primarily in the New England and Mid-Atlantic states.

Con Edison's investment in these subsidiaries was \$405.6 million at December 31, 2000. See "Capital Requirements," above.

The unregulated subsidiaries participate in competitive energy supply and services businesses that are subject to different investment risks than those found in the businesses of the regulated utility subsidiaries.

ELECTRIC POWER PURCHASES

In December 1999, following approval by the Federal Energy Regulatory Commission, the New York State Independent System Operator (ISO) commenced operations. The ISO controls and operates most electric transmission facilities in New York State as an integrated system and administers a wholesale electricity market in the state. Con Edison's utility subsidiaries continue to own and maintain, but not operate, their transmission facilities and receive fees for use of the facilities by other parties.

In 2000 Con Edison's utility subsidiaries purchased substantially all of the energy they sold to customers pursuant to firm contracts with non-utility generators and others or through the ISO's wholesale electricity market.

Electric energy prices during summer 2000 increased significantly compared with summer 1999. The higher energy prices increased the working capital requirements of Con Edison's utility subsidiaries. Accounts receivable (and uncollectible bills) and recoverable energy costs increased in 2000 compared to 1999. See "Cash Flows From Operating Activities," above.

In general, Con Edison's utility subsidiaries recover prudently incurred purchased power costs pursuant

to rate provisions approved by the relevant state public utility commission. See "Financial MarketRisks," below and "Recoverable Energy Costs" in Note A to the financial statements. From time to time certain parties have petitioned the PSC to review these provisions. Con Edison believes that the petitions are without merit, but is unable to predict whether or not any related proceedings or other actions will have a material adverse effect on its financial position, results of operations or liquidity.

The PSC has established a proceeding to consider rate measures that could reduce the volatility of electric energy costs experienced during the months of peak usage. The Agreement (see "State Regulatory Matters - Electric," below) provides that such measures may neither be materially inconsistent with the Agreement nor adversely impact Con Edison of New York's financial integrity.

To reduce the volatility of electric energy costs, Con Edison's utility subsidiaries have firm contracts to purchase electric energy and have entered into derivative transactions to hedge expected purchases for a substantial portion of the electric energy expected to be sold to their customers in summer 2001 (see Note O to the financial statements). In addition, Con Edison of New York's Indian Point generating plant, which was out of service during summer 2000, is in service and expected to be available in summer 2001. Following completion of Indian Point's pending sale, Con Edison of New York, pursuant to a power purchase agreement with the buyer, will be allowed to purchase its output at an annual average price of 3.9 cents per kilowatthour, through the end of 2004.

To further mitigate price volatility, the company is seeking changes in the way the ISO administers its wholesale energy market. Those changes include a new "circuit breaker" mechanism to prevent unreasonable price volatility when the wholesale electric market is not competitive, which could occur when usage is high and power supplies are extremely tight, and making customers eligible for retroactive refunds if a power generator abuses the system and charges more than a competitive price.

Con Edison's utility subsidiaries do not expect to add long-term electric generation resources other than in connection with the repowering of Con Edison of New York's East River generating plant, which will add incremental electric capacity of approximately 200 MW. In a July 1998 order, the PSC indicated that it "agree(s) generally that Con Edison of New York need not plan on constructing new generation as the competitive market develops," but considers "overly broad" and did not adopt its request for a declaration that, solely with respect to providing generating capacity, it will no longer be required to engage in long-range planning to meet potential demand and, in particular, that it will no longer have the obligation to construct new generating facilities, regardless of the market price of capacity.

STATE REGULATORY MATTERS

Electric

In 1996 the PSC, 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.

In September 1997 the PSC approved a restructuring agreement among Con Edison of New York, the PSC staff and certain other parties (the 1997 Restructuring Agreement). Pursuant to the 1997 Restructuring Agreement, Con Edison of New York reduced electric rates by approximately \$129 million in 1998, \$80 million in 1999 and \$103 million in 2000, made available "retail choice" to all of its electric customers and divested most of its electric generation capacity. For additional information about the 1997 Restructuring Agreement, see Note A to the financial statements.

In November 2000 the PSC approved an October 2000 agreement (the Agreement) that, among other things, revises and extends the electric rate plan provisions of the 1997 Restructuring Agreement and addresses certain generation divestiture-related issues.

The electric rate plan provisions of the Agreement cover the five-year period ending March 2005. Pursuant to the Agreement Con Edison of New York reduced the distribution component of its electric rates by \$170 million on an annual basis, effective October 2000, and, in accordance with the 1997 Restructuring Agreement, will reduce the generation-related component of its electric rates by \$208.7 million on an annual basis, effective April 2001.

The Agreement continues the rate provisions pursuant to which Con Edison of New York recovers prudently incurred purchased power and fuel costs from customers. See "Recoverable Energy Costs" in Note A to the financial statements.

For additional information about the Agreement, see Note A to the financial statements.

O&R has entered into settlement agreements or similar arrangements with the PSC and the New Jersey and Pennsylvania public utility commissions, which provide for a transition to a competitive electric market, and address customer/shareholder sharing of net synergy savings from Con Edison's July 1999 acquisition of O&R. See "Restructuring Agreements" in Note A to the financial statements.

Gas

In November 2000 the PSC approved an agreement among Con Edison of New York, the PSC staff and certain other parties that extended the 1996 gas rate settlement agreement through September 2001. The 1996 agreement, with limited exceptions, continued base rates at September 1996 levels through September 2000.

In November 2000 the PSC also approved a gas rate settlement agreement among O&R, the PSC Staff, and certain other parties covering the three-year period November 2000 through October 2003.

For additional information about the new gas rate agreements, see Note A to the financial statements.

Steam

In November 2000 the PSC approved an agreement between Con Edison of New York, the PSC staff and certain other parties with respect to the steam rate plan filed by the company in November 1999. The agreement provides for a \$16.6 million steam rate increase, which took effect October 2000 and, with limited exceptions, no further changes in steam rates prior to October 2004.

For additional information about the agreement, see Note A to the financial statements.

NUCLEAR GENERATION

In January 2001 Con Edison of New York's Indian Point 2 nuclear generating station returned to service following an outage that commenced in February 2000. During the outage Indian Point's four steam generators were replaced and refueling and maintenance work was performed. For information about the recovery of replacement power costs incurred during the outage, the pending sale of Indian Point 2 and additional information about nuclear generation, see Note G to the financial statements.

FINANCIAL MARKET RISKS

Con Edison's primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, are interest rate risk and commodity price risk.

The interest rate risk relates primarily to new debt financing needed to fund capital requirements, including utility construction expenditures and maturing debt securities, and to variable rate debt. See "Capital Requirements," above.

In general, the rates Con Edison's utility subsidiaries charge customers for electric, gas and steam service are not subject to change for fluctuations in the cost of capital during the respective terms of the current rate agreements. The utility subsidiaries manage interest rate risk

through the issuance of mostly fixed-rate debt with varying maturities and through opportunistic refundings of debt through optional redemptions and tender offers. In addition, Con Edison and its subsidiaries, from time to time, have entered into derivative financial instruments to hedge interest rate risk.

In general, the rates Con Edison's utility subsidiaries charge customers for electric, gas and steam service are subject to change for fluctuations in the cost of purchased power or gas during the respective terms of the current rate agreements. See "Electric Power Purchases," above and "Recoverable Energy Costs" in Note A to the financial statements. Con Edison's subsidiaries have, from time to time, used derivative instruments to hedge purchases of electricity and gas and gas in storage.

At December 31, 2000 neither the fair value of the hedged positions outstanding nor potential, near-term derivative losses from reasonably possible near-term changes in market prices were material to the financial position, results of operations or liquidity of Con Edison. See Note O to the financial statements.

ENVIRONMENTAL MATTERS

For information concerning potential liabilities arising from laws and regulations protecting the environment, including the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund), and from claims relating to alleged exposure to asbestos, see Note F to the financial statements.

IMPACT OF INFLATION

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

FORWARD-LOOKING STATEMENTS

This discussion and analysis includes forward-looking statements, which are statements of future expectation and not facts. Words such as "estimates," "expects," "anticipates," "intends," "plans" and similar expressions identify forward-looking statements. Actual results or developments might differ materially from those included in the forward-looking statements because of factors such as competition and industry restructuring, developments relating to Indian Point 2 (see Note G to the financial statements), developments relating to Northeast Utilities (see Note P to the financial statements), developments in wholesale energy markets, technological developments, changes in economic conditions, changes in historical weather patterns, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, and other presently unknown or unforeseen factors.

RESULTS OF OPERATIONS

Con Edison's earnings per share in 2000 were \$2.75 (\$2.74 on a diluted basis). Earnings per share in 1999 and 1998 were \$3.14 (\$3.13 on a diluted basis) and \$3.04, respectively. Excluding a \$130 million charge relating to the Indian Point nuclear plant (see Note G to the financial statements) and a \$32.1 million charge for merger-related expenses (see Note P to the financial statements), earnings per share in 2000 would have been \$3.24 (\$3.23 on a diluted basis).

Earnings for the years ended December 31, 2000, 1999 and 1998 were as follows:

(Millions of Dollars)	2000	1999	1998
Con Edison of New York	\$570.1	\$698.3	\$728.1
O&R	39.1	22.2*	--
Unregulated subsidiaries	7.7	(10.9)	(18.4)
Other**	(34.1)	(9.0)	3.0
Con Edison	\$582.8	\$700.6	\$712.7

* O&R earnings are for the period subsequent to its acquisition in July 1999.

**Includes parent company expenses, goodwill amortization and inter-company eliminations.

Con Edison's earnings for 2000 decreased \$117.8 million compared to 1999, reflecting the effects of cooler than normal summer weather in 2000 as compared with warmer than normal summer weather in 1999, electric rate reductions of \$139.3 million, a \$130 million charge relating to the Indian Point nuclear plant (see Note G to the financial statements), \$41.3 million of higher transmission and distribution expenses, \$48.3 million of increased interest charges and \$32.1 million of merger-related expenses (see Note P to the financial statements), offset in part by increased revenues resulting from the favorable economy, \$157.1 million of increased pension credits, \$12.3 million of net increased unregulated earnings and parent company expenses (other than merger-related expenses), and \$16.9 million of increased O&R earnings.

Con Edison's earnings for 1999, compared to 1998, decreased \$12.1 million. The principal components of the decrease (net of tax) were: \$42.3 million of electric rate reductions; \$41.9 million of lost equity return on generating assets that were divested; and \$8.5 million of higher distribution expenses relating to Hurricane Floyd and a July 1999 heat wave, offset by \$22.2 million of O&R earnings reflecting the acquisition of O&R in July 1999 and approximately \$65.7 million of lower nuclear and pension expenses.

Earnings also reflect the levels of electric, gas and steam sales discussed below.

Con Edison estimates that the earnings per share impact in the 2000 period of the June and August 1999 divestiture of most of Con Edison of New York's electric generating capacity was substantially offset by reductions in property taxes, depreciation and other operating and maintenance costs, its July 1999 acquisition of O&R and its repurchase of approximately \$1 billion of common stock.

Con Edison's operating revenues in 2000, compared to 1999, increased by \$1.9 billion, and its operating income decreased by \$3.7 million. Operating revenues in 1999, compared to 1998, increased by \$398.3 million, and operating income increased by \$33.5 million.

A discussion of Con Edison's operating revenues and operating income by business segment follows. Con Edison's principal business segments are its electric, gas and steam utility businesses. For additional information about Con Edison's business segments, see Note N to the financial statements.

Electric

Con Edison's electric operating revenues in 2000 increased \$1.1 billion from 1999 and in 1999 increased \$118.2 million from 1998. The increases reflect increased purchased power costs (see "Recoverable Energy Costs" in Note A to the financial statements) and sales volumes, offset by electric rate reductions of approximately \$139.3 million in 2000 and \$65 million in 1999. The 2000 increase also reflects \$513.0 million of O&R's electric operating revenues for the 12 months ended December 31, 2000, compared to \$235.5 million of O&R's electric operating revenues recognized in the 1999 period following Con Edison's July 1999 acquisition of O&R.

Electricity sales volume in Con Edison of New York's service territory increased 1.7 percent in 2000 and 3.9 percent in 1999.

The increase in sales volume in 2000 reflects the continued strength of the New York City economy, offset in part by the cooler than normal summer weather. Con Edison's electric sales vary seasonally in response to weather, and peak in the summer.

After adjusting for variations, principally weather and billing days, in each period, electricity sales volume in Con Edison of New York's service territory increased 3.6 percent in 2000 and 2.7 percent in 1999. Weather-adjusted sales represent an estimate of the sales that would have been made if historical average weather conditions had prevailed.

Con Edison's electric operating income decreased \$57.6 million in 2000 compared to 1999, reflecting a decrease in Con Edison of New York's electric operating income of \$76.7 million. The decrease in Con Edison of New York's electric operating income was comprised of a reduction in net revenues (operating revenues less fuel and purchased power) of \$325.3 million (reflecting cooler than normal summer weather, \$139.3 million of electric rate reductions and a \$130 million charge relating to Indian Point 2), offset by increased pension credits (\$124.5 million) and decreased property taxes (\$18.1 million), dividend and subsidiary capital taxes (\$13.8 million) and income tax (\$100.6 million). Electric operating income also reflects an increase in O&R's electric operating income of \$19.2 million. O&R's electric operating income in 2000 was \$47.5 million compared to \$28.4 million recognized in the 1999 period following Con Edison's July 1999 acquisition of O&R.

Con Edison's electric operating income decreased \$47.3 million in 1999 compared to 1998. The principal components of the decrease (net of tax) were: \$41.9 million of lost equity return on generating assets that were divested, approximately \$8.5 million of increased distribution expenses relating to Hurricane Floyd and a July 1999 heat wave, and \$42.3 million of electric rate reductions; offset, in part, by approximately \$65.3 million of reduced expenses at Indian Point 2 (which had an extended maintenance outage in 1998), and decreased pension costs, and \$28.4 million of electric operating income attributable to O&R.

Gas

Con Edison's gas operating revenues and gas operating income increased \$261.9 million and \$32.3 million, respectively, in 2000 and increased \$40.5 million and \$10.5 million, respectively, in 1999. These changes reflect changes in gas sales and transportation volumes. The changes in gas operating revenues also reflect increases in the cost of gas (see "Recoverable Energy Costs" in Note A to the financial statements). In addition, the changes reflect O&R's gas operating revenues of approximately \$183.4 million and O&R's gas operating income of approximately \$11.1 million for 2000, compared to gas operating revenues of \$56.4 million and \$0.5 million of gas operating income recognized in the 1999 period following Con Edison's July 1999 acquisition of O&R.

Gas sales and transportation volume to firm customers of Con Edison of New York increased 7.8 percent in 2000 compared to 1999 and increased 5.8 percent in 1999 compared to 1998.

Con Edison's gas sales and transportation vary seasonally in response to weather, and peak in the winter. The increase in volumes from 1999 reflects the colder 2000 winter compared to 1999. The increase in 1999 compared to 1998 reflects the colder 1999 winter compared to 1998.

After adjusting for variations, principally weather and billing days, in each period, gas sales and transportation volume to firm customers increased 2.0 percent in 2000 and 1.3 percent in 1999.

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

Steam

Con Edison's steam operating revenues increased \$112.1 million in 2000 compared to 1999, reflecting primarily increased purchased steam and

fuel costs (see "Recoverable Energy Costs" in Note A to the financial statements). Steam operating income increased \$5.6 million in 2000 compared to 1999, reflecting an October 2000 rate increase. Steam operating revenues and operating income increased \$18.1 million and \$0.1 million, respectively, in 1999 compared to 1998, primarily because of changes in steam sales volume.

Steam sales volume increased 0.8 percent in 2000 and increased 6.1 percent in 1999. The increase in 1999 reflects the colder winter compared to 1998.

After adjusting for variations, principally weather and billing days, in each period, steam sales volume decreased 0.7 percent in 2000 and decreased 1.4 percent in 1999.

Taxes, Other Than Income Tax

At \$1.1 billion, taxes other than income tax remain one of Con Edison's utility subsidiaries' largest operating expenses.

The principal components of and variations in operating taxes were:

(Millions of Dollars)	2000 Amount	Increase / (Decrease)	
		2000 over 1999	1999 over 1998
Property taxes	\$ 616.2	\$ 10.1	\$ (12.2)
State and local taxes on revenues	421.6	(72.2)	4.9
Payroll taxes	60.8	1.1	2.9
Other taxes	23.2	3.0	(23.9)
Total	\$1,121.8*	\$ (58.0)	\$ (28.3)

*Including sales taxes on customers' bills, total taxes, other than income taxes, billed to customers in 2000 were \$1,480.1 million.

Other Income

Other income decreased \$44.2 million in 2000 compared with 1999, due principally to the recognition in 2000 of \$32.1 million of merger-related expenses (see Note P to the financial statements) and the recognition in 1999 of \$29 million of deferred federal income tax credits relating to generation divestiture (see Note I to the financial statements). Other income increased \$29.7 million in 1999 compared with 1998, due principally to the recognition in 1999 of the deferred federal income tax credits.

Net Interest Charges

Net interest charges increased \$69.9 million in 2000 compared to 1999, reflecting increased interest expense for Con Edison of New York related to short-term borrowings (\$11.3 million) and long-term borrowings (\$26.2 million), and \$10.6 million of interest accrued on the gain on generation divestiture prior to its disposition in 2000 pursuant to the Agreement. The increase also reflects \$9.6 million of interest expense related to long-term borrowing for the Lakewood Project (which was purchased in June 2000 by an unregulated subsidiary of Con Edison). The increase also reflects \$25.4 million of O&R's interest expense for 2000 compared to \$15.4 million of O&R's interest recognized in the 1999 period following Con Edison's July 1999 acquisition of O&R.

Net interest charges increased \$11.7 million in 1999 compared to 1998, reflecting the addition of O&R's debt expense and increased interest on short-term borrowing, offset in part by refunding of long-term debt and favorable tax audit adjustments.

Income Tax

Federal income tax decreased \$89.3 million in 2000 and decreased \$32.6 million in 1999, reflecting the changes each year in income before tax, deductions related to removal costs and tax credits. State income tax for 2000 was \$23.6 million. In 2000 certain New York State revenue-based taxes applicable to utilities were replaced by a net income-based tax. See Notes A and L to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis relates to the accompanying consolidated financial statements of Consolidated Edison Company of New York, Inc. (Con Edison of New York) and should be read in conjunction with the financial statements and the notes thereto.

CON EDISON OF NEW YORK'S BUSINESS

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

SIGNIFICANT DEVELOPMENTS

Con Edison of New York's results of operations for 2000 were materially affected by electric rate reductions of (on an annual basis) \$103 million, effective April 2000, and \$170 million, effective October 2000, (see "State Regulatory Matters - Electric," below) and a \$130 million charge relating to the Indian Point 2 nuclear plant (see Note G to the financial statements). Indian Point 2 returned to service in January 2001 following installation of new steam generators.

Other significant developments in 2000 included agreements to sell, subject to approval of the New York State Public Service Commission (PSC) and other conditions, Indian Point 2 and related assets (including fuel) for approximately \$602 million, subject to certain adjustments, and a nine-acre development site in midtown Manhattan along the East River (the First Avenue Properties) for an expected price of \$576 million to \$680 million, depending on zoning and other adjustments.

Results of operations for 2000 also reflect Con Edison of New York's sales (in June and August 1999) of most of its electric generating capacity. See Note I to the financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Short-Term Borrowing

Cash and temporary cash investments decreased \$278.8 million at December 31, 2000 compared to December 31, 1999, reflecting repayment of notes payable (primarily commercial paper), including short-term borrowing done in December 1999 in anticipation of January 2000 cash requirements, and the changes in cash flows from operating, investing and financing activities discussed below.

Con Edison of New York's average daily commercial paper outstanding in 2000 was \$264 million compared to \$100 million in 1999. The weighted average interest rate was approximately 6.4 percent in 2000 compared to approximately 5.0 percent in 1999. For additional information about Con Edison of New York's commercial paper program, see Note C to the financial statements.

Cash Flows From Operating Activities

Net cash flows from operating activities in 2000 decreased \$412.0 million compared to 1999, due principally to lower net income (which included increased pension credits) and increased purchased power and gas costs. Net cash flows from operating activities in 1999 decreased \$130.0 million compared to 1998, due principally to higher charges for purchased electric generating capacity and other cash flow effects of the generation divestiture.

Cumulative credits to pension expense amounted to \$366.7 million at December 31, 2000, compared with \$116.0 million at December 31, 1999. Pension credits, which result from favorable performance by the company's pension plans in past years, increase net income but do not provide cash for the company's operations. See Note D to the financial statements.

Con Edison of New York's accounts receivable - customer, less allowance for uncollectible accounts increased \$201.9 million at December 31, 2000 compared with year-end 1999, due primarily to

increased customer billings, reflecting higher purchased power and gas costs. Con Edison of New York's equivalent number of days of revenue outstanding (ENDRO) of customer accounts receivable was 29.7 days at December 31, 2000, compared with 28.8 days at December 31, 1999.

Recoverable energy costs increased \$195.6 million at December 31, 2000 compared with year-end 1999, reflecting increased purchased power and gas costs, offset in part by the ongoing recovery of previously deferred amounts. See "Recoverable Energy Costs" in Note A to the financial statements.

Deferred charges for divestiture - capacity replacement reconciliation increased \$49.5 million at December 31, 2000 compared with year-end 1999, reflecting incremental electric capacity costs under contracts with the buyers of the generating assets sold by Con Edison of New York. See Note I to the financial statements.

Unfunded other post-employment benefit (OPEB) obligations (shown as pension and benefits reserve on the balance sheet) were \$105.1 million at December 31, 2000, compared to \$76.8 million at December 31, 1999. Con Edison of New York's policy is to fund its OPEB costs to the extent deductible under current tax limitations. The reserve also includes a minimum liability for Con Edison of New York's supplemental executive retirement program. A portion of this minimum liability has been included in other comprehensive income. See Note E to the financial statements.

The accumulated provision for injuries and damages was \$148.0 million at December 31, 2000, compared to \$110.1 million at December 31, 1999. The increase resulted primarily from increased workers' compensation claims relating to alleged asbestos exposure.

Accounts payable increased \$374.2 million at December 31, 2000 compared with year-end 1999, due primarily to the higher costs of electric power and gas purchases.

Accrued taxes increased \$26.2 million at December 31, 2000 compared to year-end 1999, due principally to timing differences.

The New York State tax laws applicable to utility companies were changed, effective January 1, 2000. Certain revenue-based taxes were repealed or reduced and replaced by a net income-based tax. In addition, a compensating use tax was imposed on gas and electricity purchased outside New York State for use within the state. In December 2000 the PSC issued its requirements relating to the tax law changes. The amounts applicable to the provisions of the previous tax laws will continue to be collected through base rates and tariff surcharges, until the PSC directs otherwise, with the differences between those collections and the tax expense under the new law to be deferred, pending future disposition by the PSC. At December 31, 2000 Con Edison of New York had accrued a liability of \$59.5 million reflecting these differences.

Under Con Edison of New York's 1997 Restructuring Agreement (see "State Regulatory Matters - Electric," below), \$50 million of the net after-tax gain on divestiture of most of Con Edison of New York's electric generating assets has been retained for shareholders (and is to be recognized in income during the 12 months ending March 2002), and the remaining net gain was deferred for future customer benefit. Under the electric agreement approved by the PSC in November 2000 (see "State Regulatory Matters- Electric," below), \$188.2 million was credited against electric distribution plant balances, \$107.3 million was used to offset a like amount of existing regulatory assets (including deferred power contract termination costs) and \$12 million has been set aside as a partial funding source for low-income customer programs.

Other regulatory liabilities increased \$30.9 million at December 31, 2000 compared with year-end 1999, reflecting primarily the deferral under Con Edison of New York's current gas rate agreement of \$12.1 million of earnings above a 13 percent threshold that are to be shared with customers (see "State Regulatory Matters - Gas," below) and deferral of a portion of the divestiture gain to partially fund retail access incentives and a low income program of \$19.8 million and \$12.0 million, respectively (see Note I to the financial statements), offset by the recognition of \$22.3 million of previously deferred revenues relating to Indian

Point refueling and maintenance work. See Note G to the financial statements.

Cash Flows Used in Investing Activities

Cash flows used in investing activities, including construction, in 2000 increased \$1.5 billion compared to 1999, primarily because 1999 cash flows included proceeds from generation divestiture. In addition, in 2000 there were higher construction expenditures.

Construction expenditures during 2000 increased \$252.2 million compared to 1999, principally as a result of expenditures related to meeting load growth on Con Edison of New York's electric distribution system and replacement of the steam generators at its nuclear generating unit.

Deferred real estate sale costs were \$103 million at year-end 2000, reflecting costs related to the demolition and remediation of the First Avenue Properties, which Con Edison of New York has agreed to sell, subject to PSC approval and other conditions, for an expected price of \$576 million to \$680 million, depending on zoning and other adjustments. See "Capital Requirements," below. The buyer paid Con Edison of New York \$50 million as a down payment, which the company used to fund a portion of the demolition and remediation expenses. The down payment has been recorded as a regulatory liability.

Cash Flows Used in Financing Activities

Cash flows used in financing activities in 2000 decreased \$1.3 billion compared to 1999, because of increased debt issuances and decreased repurchases of common stock.

During 2000, Con Edison of New York repaid at maturity \$275 million of debentures, with a weighted average annual interest rate of approximately 7.48 percent, and issued \$975 million of 5-year and 10-year debentures, with a weighted average annual interest rate of approximately 7.39 percent.

During 1999, Con Edison of New York repaid at maturity \$150 million of floating rate taxable debentures and \$75 million of 6.5 percent debentures, and issued \$475 million of 40-year and 10-year debentures, with a weighted average annual interest rate of approximately 7.27 percent. In addition, it issued \$292.7 million of 35-year adjustable rate tax-exempt debt in July 1999, the proceeds of which, along with other funds, were used in August 1999 to redeem \$150 million of 7 1/4 percent Series 1989 C tax-exempt debt and \$150 million of 7 1/2 percent Series 1990 A tax-exempt debt.

Common stock dividends in 1999 included the dividend to Con Edison of generation divestiture proceeds of \$850 million.

Capital Resources

Con Edison of New York expects to finance its operations, capital requirements and the payment of dividends to its shareholders from internally-generated funds and external borrowings, including commercial paper. For information about restrictions on the payment of dividends by Con Edison of New York, see Note B to the financial statements.

Con Edison of New York's ratio of earnings to fixed charges for 2000, 1999 and 1998 and common equity ratio at December 31, 2000, 1999 and 1998 were:

	2000	1999	1998
Earnings to fixed charges (SEC basis)	3.23	4.17	4.36
Common equity	46.4	49.4	57.6

The changes in interest coverage in these years reflect changes in pre-tax income and changes in interest charges due to debt issuances and refundings. Excluding the \$130 million charge for replacement power costs incurred in connection with an outage at the Indian Point nuclear plant (see Note G to the financial statements), Con Edison of New York's ratio of earnings to fixed charges for 2000 would have been 3.56. The changes in the

equity ratio reflect the issuance of debt and the repurchase of approximately \$962 million of Con Edison common stock.

The commercial paper of Con Edison of New York is rated P-1 and A-1, respectively, by Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Rating Services (S&P). The senior unsecured debt of Con Edison of New York is rated A1 and A+, respectively, by Moody's and S&P.

Capital Requirements

The following table compares Con Edison of New York's capital requirements for the years 1998 through 2000 and estimated amounts for 2001 and 2002:

(Millions of Dollars)	1998	1999	2000	2001*	2002*
Utility construction expenditures	\$619	\$655	\$ 908	\$ 934	\$ 884
Nuclear decommissioning trust	21	21	21	21	21
Nuclear fuel	7	17	27	3	47
Retirement of long-term securities at maturity	200	225	275	300	337
Total	\$847	\$918	\$1,231	\$1,258	\$1,289

* Does not reflect the pending sale of Indian Point 2, which is expected to be completed in 2001.

The increased utility construction expenditures in 2001 and 2002 reflect expenditures to repower Con Edison of New York's East River steam-electric generating plant and expenditures related to meeting load growth on its electric distribution system. The repowering will provide additional, cost efficient steam generating capacity and approximately 360 MW of electric capacity. The increased generating capacity will more than offset the 160 MW of electric capacity that will be lost upon the closing of the company's Waterside generating station, which is located on the First Avenue Properties.

ELECTRIC POWER PURCHASES

In December 1999, following approval by the Federal Energy Regulatory Commission, the New York State Independent System Operator (ISO) commenced operations. The ISO controls and operates most electric transmission facilities in New York State as an integrated system and administers a wholesale electricity market in the state. Con Edison of New York continues to own and maintain, but not operate, its transmission facilities and receives fees for use of the facilities by other parties.

In 2000 Con Edison of New York purchased substantially all of the energy it sold to customers pursuant to firm contracts with non-utility generators and others or through the ISO's wholesale electricity market.

Electric energy prices in Con Edison of New York's service area during summer 2000 increased significantly compared with summer 1999. The higher energy prices increased the company's working capital requirements. Accounts receivable (and uncollectible bills) and recoverable energy costs increased in 2000 compared to 1999. See "Cash Flows From Operating Activities," above.

Con Edison of New York recovers prudently incurred purchased power costs pursuant to rate provisions approved by the PSC. See "Financial Market Risks," below and "Recoverable Energy Costs" in Note A to the financial statements. From time to time certain parties have petitioned the PSC to review these provisions. In the event that the provisions are changed or eliminated, there could be a material adverse effect on the company's financial position, results of operations or liquidity.

The PSC has established a proceeding to consider rate measures that could reduce the volatility of electric energy costs experienced during the months of peak usage. The Agreement (see "State Regulatory Matters - Electric," below) provides that such measures may neither be materially inconsistent with the Agreement nor adversely impact Con Edison of New York's financial integrity.

To reduce the volatility of electric energy costs, Con Edison of New York has firm contracts to purchase electric energy and has entered into derivative transactions to hedge expected purchases for a substantial portion of the electric energy

expected to be sold to its customers in summer 2001 (see Note M to the financial statements). In addition, Con Edison of New York's Indian Point generating plant, which was out of service during summer 2000, is in service and expected to be available in summer 2001. Following completion of Indian Point's pending sale, Con Edison of New York, pursuant to a power purchase agreement with the buyer, will be allowed to purchase its output at an annual average price of 3.9 cents per kilowatthour, through the end of 2004.

To further mitigate price volatility, the company is seeking changes in the way the ISO administers its wholesale energy market. Those changes include a new "circuit breaker" mechanism to prevent unreasonable price volatility when the wholesale electric market is not competitive, which could occur when usage is high and power supplies are extremely tight, and making customers eligible for retroactive refunds if a power generator abuses the system and charges more than a competitive price.

Con Edison of New York does not expect to add long-term electric generation resources other than in connection with the repowering of its East River generating plant, which will add incremental electric capacity of approximately 200 MW. In a July 1998 order, the PSC indicated that it "agree(s) generally that Con Edison of New York need not plan on constructing new generation as the competitive market develops," but considers "overly broad" and did not adopt its request for a declaration that, solely with respect to providing generating capacity, it will no longer be required to engage in long-range planning to meet potential demand and, in particular, that it will no longer have the obligation to construct new generating facilities, regardless of the market price of capacity.

STATE REGULATORY MATTERS

Electric

In 1996 the PSC, 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.

In September 1997 the PSC approved a restructuring agreement among Con Edison of New York, the PSC staff and certain other parties (the 1997 Restructuring Agreement). Pursuant to the 1997 Restructuring Agreement, Con Edison of New York reduced electric rates by approximately \$129 million in 1998, \$80 million in 1999 and \$103 million in 2000, made available "retail choice" to all of its electric customers and divested most of its electric generation capacity. For additional information about the 1997 Restructuring Agreement, see Note A to the financial statements.

In November 2000 the PSC approved an October 2000 agreement (the Agreement) that, among other things, revises and extends the electric rate plan provisions of the 1997 Restructuring Agreement and addresses certain generation divestiture-related issues.

The electric rate plan provisions of the Agreement cover the five-year period ending March 2005. Pursuant to the Agreement Con Edison of New York reduced the distribution component of its electric rates by \$170 million on an annual basis, effective October 2000, and, in accordance with the 1997 Restructuring Agreement, will reduce the generation-related component of its electric rates by \$208.7 million on an annual basis, effective April 2001.

The Agreement continues the rate provisions pursuant to which Con Edison of New York recovers prudently incurred purchased power and fuel costs from customers. See "Recoverable Energy Costs" in Note A to the financial statements.

For additional information about the Agreement, see Note A to the financial statements.

Gas

In November 2000 the PSC approved an agreement among Con Edison of New York, the PSC staff and certain other parties that extended the 1996 gas rate settlement agreement through September 2001. The 1996 agreement, with limited exceptions, continued base rates at September 1996 levels through September 2000.

For additional information about the agreement, see Note A to the financial statements.

Steam

In November 2000 the PSC approved an agreement between Con Edison of New York, the PSC staff and certain other parties with respect to the steam rate plan filed by the company in November 1999. The agreement provides for a \$16.6 million steam rate increase, which took effect October 2000 and, with limited exceptions, no further changes in steam rates prior to October 2004.

For additional information about the agreement, see Note A to the financial statements.

NUCLEAR GENERATION

In January 2001 Con Edison of New York's Indian Point 2 nuclear generating station returned to service following an outage that commenced in February 2000. During the outage Indian Point's four steam generators were replaced and refueling and maintenance work was performed. For information about the recovery of replacement power costs incurred during the outage, the pending sale of Indian Point 2 and additional information about nuclear generation, see Note G to the financial statements.

FINANCIAL MARKET RISKS

Con Edison of New York's primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, are interest rate risk and commodity price risk.

The interest rate risk relates primarily to new debt financing needed to fund capital requirements, including utility construction expenditures, maturing debt securities and to variable rate debt. See "Capital Requirements," above.

In general, the rates Con Edison of New York charges customers for electric, gas and steam service are not subject to change for fluctuations in the cost of capital during the respective terms of the current rate agreements. The company manages interest rate risk through the issuance of mostly fixed-rate debt with varying maturities and through opportunistic refundings of debt through optional redemptions and tender offers. In addition, Con Edison of New York, from time to time, has entered into derivative financial instruments to hedge interest rate risk.

In general, the rates Con Edison of New York charges customers for electric, gas and steam service are subject to change for fluctuations in the cost of purchased power or gas during the respective terms of the current rate agreements. See "Electric Power Purchases," above and "Recoverable Energy Costs" in Note A to the financial statements. Con Edison of New York has, from time to time, used derivative instruments to hedge purchases of electricity and gas and gas in storage.

At December 31, 2000 neither the fair value of the hedged positions outstanding nor potential, near-term derivative losses from reasonably possible near-term changes in market prices were material to the financial position, results of operations or liquidity of Con Edison of New York. See Note M to the financial statements.

ENVIRONMENTAL MATTERS

For information concerning potential liabilities arising from laws and regulations protecting the environment, including the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund), and from claims relating to alleged exposure to asbestos, see Note F to the financial statements.

IMPACT OF INFLATION

Con Edison of New York is affected by the decline in the purchasing power of the dollar caused by inflation. Regulation permits Con Edison of New York 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 costs. The impact is, however, partially offset by the repayment of the company's long-term debt in dollars of lesser value than the dollars originally borrowed.

FORWARD-LOOKING STATEMENTS

This discussion and analysis includes forward-looking statements, which are statements of future expectation and not facts. Words such as "estimates," "expects," "anticipates," "intends," "plans" and similar expressions identify forward-looking statements. Actual results or developments might differ materially from those included in the forward-looking statements because of factors such as competition and industry restructuring, developments in the wholesale energy markets, technological developments, changes in economic conditions, changes in historical weather patterns, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, and other presently unknown or unforeseen factors.

RESULTS OF OPERATIONS

Con Edison of New York's earnings for 2000 were \$570.1 million. Earnings for 1999 and 1998 were \$698.3 million and \$728.1 million, respectively. Excluding a \$130 million charge relating to the Indian Point 2 nuclear plant (see Note G to the financial statements), earnings in 2000 would have been \$654.6 million.

Con Edison of New York's earnings for 2000 decreased \$128.1 million compared to 1999, reflecting the effects of cooler than normal summer weather in 2000 as compared with warmer than normal summer weather in 1999, electric rate reductions of \$139.3 million, a \$130 million charge relating to the Indian Point 2 nuclear plant, \$41.3 million of higher transmission and distribution expenses and \$48.3 million of increased interest charges, offset in part by increased revenues resulting from the favorable economy and \$157.1 million of increased pension credits.

Con Edison of New York's earnings for 1999, compared to 1998, decreased \$29.9 million. The principal components of the decrease (net of tax) were: \$42.3 million of electric rate reductions; \$41.9 million of lost equity return on generating assets that were divested; and \$8.5 million of higher distribution expenses relating to Hurricane Floyd and a July 1999 heat wave, offset by \$71.0 million of lower nuclear and pension expenses.

Earnings also reflect the levels of electric, gas and steam sales discussed below.

Con Edison of New York's operating revenues in 2000, compared to 1999, increased by approximately \$1.0 billion, and its operating income decreased by \$49.4 million. Operating revenues in 1999, compared to 1998, decreased by \$42.6 million, and operating income decreased by \$65.6 million.

A discussion of Con Edison of New York's operating revenues and operating income by business segment follows. Con Edison of New York's principal business segments are its electric, gas and steam businesses. For additional information about Con Edison of New York's business segments, see Note L to the financial statements.

Electric

Con Edison of New York's electric operating revenues in 2000 increased \$794.7 million from 1999 and in 1999 decreased \$44.8 million from 1998. The increase in 2000 reflects increased purchased power costs (see "Recoverable Energy Costs" in Note A to the financial statements), offset by the effects of the cooler than normal summer weather compared to warmer than normal weather for the 1999 period and electric rate reductions of approximately \$139.3 million in 2000. The decrease in 1999 reflects primarily the effects of retail access and rate reductions of \$65 million, offset in part by increased sales resulting from the warmer summer weather.

Electricity sales volume in Con Edison of New York's service territory increased 1.7 percent in 2000 and 3.9 percent in 1999.

The increase in sales volume reflects the continued strength of the New York City economy, offset in part by the cooler than normal summer weather. Con Edison of New York's electric sales vary seasonally in response to weather, and peak in the summer.

After adjusting for variations, principally weather and billing days, in each period, electricity sales volume in Con Edison of New York's service territory increased 3.6 percent in 2000 and 2.7 percent in 1999. Weather-adjusted sales represent an estimate of the sales that would have been made if historical average weather conditions had prevailed.

Con Edison of New York's electric operating income decreased \$76.7 million in 2000 compared to 1999. The decrease in electric operating income was comprised of a reduction in net revenues (operating revenues less fuel and purchased power) of \$325.3 million (reflecting cooler than normal summer weather, \$139.3 million of electric rate reductions and a \$130 million charge relating to the Indian Point nuclear plant), offset by \$97.1 million of decreased other operations and maintenance expenses (discussed in the following paragraph), property taxes (\$18.1 million), dividend and subsidiary capital taxes (\$13.8 million) and Federal income tax (\$100.6 million).

The \$97.1 million decrease in other operations and maintenance expenses reflects decreased expenses related to Con Edison of New York's non-nuclear generating assets (most of which were sold in 1999) of \$88.0 million and increased pension credits of \$124.5 million, offset in part by increased transmission and distribution expenses of \$32.9 million and \$94.8 million of expenses related to the Indian Point nuclear plant (including expenditures attributable to refueling and maintenance work).

Indian Point refueling and maintenance expenses of \$56.4 million, offset by \$51.1 million of revenues, were recognized in income for 2000. See Note G to the financial statements. Approximately \$7.2 million of Indian Point refueling and maintenance charges have been deferred and will be matched against revenues of an equal amount which will be realized in the first quarter of 2001.

Con Edison of New York's electric operating income decreased \$75.6 million in 1999 compared to 1998. The principal components of the decrease (net of tax) were: \$42.3 million of electric rate reductions, \$41.9 million of lost equity return on generating assets that were divested, \$32.2 million of unavoided costs related to divestiture (administrative support costs previously incurred by generation not eliminated with divestiture, but expected to decrease over time) and \$8.5 million of increased distribution expenses relating to Hurricane Floyd and a July 1999 heat wave; offset in part by approximately \$65.3 million of reduced expenses at Indian Point 2 (which had an extended maintenance outage in 1998) and decreased pension costs.

Gas

Con Edison of New York's gas operating revenues and gas operating income increased \$137.9 million and \$21.7 million, respectively, in 2000. In 1999 gas operating revenues decreased \$16.0 million and gas operating income increased \$10.1 million from 1998. These changes reflect changes in gas sales and transportation volumes. The changes in gas operating revenues also reflect changes in the cost of gas (see "Recoverable Energy Costs" in Note A to the financial statements).

Gas sales and transportation volume to firm customers of Con Edison of New York increased 7.8 percent in 2000 compared to 1999 and increased 5.8 percent in 1999 compared to 1998.

Con Edison of New York's gas sales and transportation vary seasonally in response to weather, and peak in the winter. The increase in volumes from 1999 reflects the colder 2000 winter compared to 1999. The increase in 1999 compared to 1998 reflects the colder 1999 winter compared to 1998.

After adjusting for variations, principally weather and billing days, in each period, gas sales and transportation volume to firm customers increased 2.0 percent in 2000 and 1.3 percent in 1999.

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

Steam

Con Edison of New York's steam operating revenues increased \$112.1 million in 2000 compared to 1999, reflecting primarily increased purchased steam and fuel costs (see "Recoverable Energy Costs" in Note A to the financial statements). Steam operating income increased \$5.6 million in 2000 compared to 1999, reflecting an October 2000 rate increase. Steam operating revenues and operating income increased \$18.1 million and \$0.1 million, respectively, in 1999 compared to 1998, primarily because of changes in steam sales volume.

Steam sales volume increased 0.8 percent in 2000 and increased 6.1 percent in 1999. The increase in 1999 reflects the colder winter compared to 1998.

After adjusting for variations, principally weather and billing days, in each period, steam sales volume decreased 0.7 percent in 2000 and decreased 1.4 percent in 1999.

Taxes, Other Than Income Tax

At \$1.0 billion, taxes other than income tax remain one of Con Edison of New York's largest operating expenses.

The principal components of and variations in operating taxes were:

(Millions of Dollars)	Increase / (Decrease)		
	2000 Amount	2000 over 1999	1999 over 1998
Property taxes	\$ 586.8	\$ (7.1)	\$(24.5)
State and local taxes on revenues	383.7	(79.5)	(20.6)
Payroll taxes	55.1	(1.9)	(2.1)
Other taxes	22.9	2.9	(21.3)
Total	\$1,048.5*	\$(85.6)	\$(68.5)

* Including sales taxes on customers' bills, total taxes, other than income taxes, billed to customers in 2000 were \$1,388.7 million.

Other Income

Other income decreased \$30.4 million in 2000 compared with 1999, and increased \$27.3 million in 1999 compared to 1998, due principally to deferred federal income tax credits realized in 1999 as a result of the generation divestiture. See Note I to the financial statements.

Net Interest Charges

Net interest charges increased \$48.3 million in 2000 compared to 1999, reflecting \$11.3 million of increased interest expense for Con Edison of New York related to short-term borrowings and \$26.2 million related to long-term borrowings and \$10.6 million of interest accrued on the gain on generation divestiture prior to its disposition in 2000 pursuant to the Agreement.

Net interest charges decreased \$5.0 million in 1999 compared to 1998, reflecting the refunding of long-term debt and favorable tax audit adjustments.

Income Tax

Federal income tax decreased \$97.5 million in 2000 and decreased \$48.2 million in 1999, reflecting the changes each year in income before tax, deductions related to removal costs and tax credits. State income tax for 2000 was \$21.4 million. In 2000 certain New York State revenue-based taxes applicable to utilities were replaced by a net income-based tax. See Notes A and J to the financial statements.

O&R MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS

Orange and Rockland Utilities, Inc. (O&R), a wholly-owned subsidiary of Consolidated Edison, Inc. (Con Edison), meets the conditions specified in General Instruction I of Form 10-K and is permitted to use the reduced disclosure format for wholly-owned subsidiaries of companies, like Con Edison, that are reporting companies under the Securities Exchange Act of 1934.

This narrative analysis should be read in conjunction with the consolidated financial statements of O&R and its subsidiaries and the notes thereto.

O&R's BUSINESS

O&R is a regulated utility, that, along with its regulated utility subsidiaries, provides electric service to over 278,000 customers and gas service to over 118,000 customers in southeastern New York and in adjacent sections of New Jersey and northeastern Pennsylvania.

SIGNIFICANT DEVELOPMENTS

In June 1999, O&R sold all of its generating assets to Southern Energy for \$349.3 million. During July 1999, Con Edison completed its acquisition of O&R for \$791.5 million.

In June 2000, O&R issued \$55 million of 7.5 percent Series A Debentures due 2010, see Note B to the financial statements. During the year ended December 31, 2000, O&R paid \$37 million in dividends to Con Edison. In November 2000, the New York State Public Service Commission (NYPSC) approved a three- year rate plan and restructuring order for O&R's gas service, see Note A to the financial statements.

RESULTS OF OPERATIONS

Net income for the years ended December 31, 2000, 1999 and 1998 was \$39.1 million, \$14.7 million and \$45.0 million, respectively.

O&R's net income in 2000 increased \$24.4 million compared to 1999. The 1999 period included \$23.4 million of non-recurring charges relating to the Con Edison acquisition and electric generating capacity divestiture. Excluding the impact of these charges, net income increased \$1.0 million in 2000 compared to 1999. The increase was primarily the result of a gain from the sale of land by a non-utility subsidiary, offset in part by higher operating cost.

The sale of O&R's generating assets in 1999 resulted in reduced operation and maintenance expenses, property taxes, depreciation expense and interest charges. These reductions have been incorporated into the base rates the company charges its customers.

O&R's net income in 1999, compared to 1998, decreased \$30.3 million. The principal components of the decrease were: \$23.4 million of non-recurring merger related costs, \$5.9 million of lost equity return on generating assets that were sold, and \$0.8 million of higher distribution expenses relating to Hurricane Floyd.

A discussion of O&R's operating revenues and operating income by business segment follows. O&R's principal business segments are its electric and gas utility operations. For additional information about O&R's business segments, see Note M to the financial statements.

Electric

Electric operating revenues increased \$53.2 million in 2000 compared to 1999. In 1999, O&R reduced revenues by \$24.9 million to reflect a liability to refund to customers proceeds from the June 1999 divestiture of the company's electric generating assets. Excluding the impact of this non-recurring accrual, electric operating revenues increased \$28.3 million in 2000, due primarily to an increase in sales and higher purchased power costs (which O&R bills to its New York customers under rate provisions approved by NYPSC), offset in part by rate reductions implemented in August 1999.

Electric sales and deliveries to firm customers increased 1.1 percent in 2000 and 3.6 percent in 1999. O&R's electric sales vary seasonally in response to weather, and peak in the summer.

After adjusting for variations, principally weather and billing days, in each period, O&R's electricity sales volume increased 0.3 percent in 2000 and 0.5 percent in 1999. Weather-adjusted sales represent an estimate of the sales that would have been made if historical average weather conditions had prevailed.

O&R's purchased power cost increased \$135.9 million and fuel cost decreased \$44.4 million in 2000. These variations are attributable primarily to the June 1999 divestiture of the company's electric generating assets, higher customer sales, and increases in the cost of purchased energy.

O&R's purchased power and fuel costs are recoverable from O&R's New York customers under rate provisions approved by the PSC. For the Rockland Electric Company, an O&R utility subsidiary subject to regulation by the New Jersey Board of Public Utilities, current recovery of these costs is subject to certain limitations and costs that are not currently recoverable are deferred for future recovery. At December 31, 2000, net recoverable purchased power costs of approximately \$31.6 million were deferred for future recovery by Rockland Electric Company. For the Pike County Power & Light Company, an O&R utility subsidiary subject to regulation by the Pennsylvania Board of Public Utilities, current recovery of these costs is limited to a predetermined fixed price. As a result \$1.4 million of energy cost were not recovered in 2000.

Income from electric operations increased \$28.8 million in 2000. The 1999 period included \$44.5 million of non-recurring merger and electric generating plant divestiture charges. Excluding the impact of these charges, income from electric operations would have decreased \$15.7 million. This decrease was due primarily to the lost return on generating assets of \$5.9 million and to higher O&M and depreciation charges after adjusting for the impact of the divestiture.

O&R's 1999 electric operating income decreased \$48.7 million when compared to 1998. This decrease is principally the result of the \$44.5 million of non-recurring merger and divestiture related charges reflected in the 1999 results.

Gas

O&R's gas operating revenues increased \$26.4 million in 2000 and \$21.4 million in 1999, due primarily to recovery from customers of higher gas costs and increases in gas sales and transportation volumes in 2000.

Gas sales and transportation to firm customers increased 15.2 percent in 2000 and 12.4 percent in 1999. The increases in sales volume reflect both the continued strength of the economy in O&R's service territory and colder than normal weather. The level of revenues from gas sales in New York is subject to a weather normalization clause.

After adjusting for variations, principally weather and billing days, in each period, gas sales and transportation volume to firm customers increased 3.7 percent in 2000 and 5.9 percent in 1999.

Non-utility

Non-utility operating revenues increased \$3.8 million in 2000 primarily as the result of a \$2.4 million after-tax gain on the sale of land by a non-utility real estate subsidiary of O&R that is winding down its business.

O&R's 1999 non-utility income increased \$0.1 million when compared to 1998.

Gas purchased for resale

O&R's cost of gas purchased for resale increased \$29.2 million in 2000 and \$16.3 million in 1999. The increases for both years are due primarily to higher gas costs and increases in firm sales.

Other operations and maintenance

O&R's other operation and maintenance expenses decreased \$59.7 million in 2000, due primarily to the June 1999 divestiture of the company's electric generating assets and operating efficiencies resulting from Con Edison's July 1999 acquisition of the company.

In 1999 other operation and maintenance expenses increased \$19.4 million, due primarily to additional pension and severance costs incurred as a result of the June 1999 divestiture of the company's electric generating assets.

Taxes, Other Than Income Tax

At \$55.6 million, taxes other than income tax remain one of O&R's utility subsidiaries' largest operating expenses.

The principal components of and variations in operating taxes were:

(Millions of Dollars)	2000 Amount	Increase/ 2000 over 1999	(Decrease) 1999 over 1998
Property taxes	\$ 28.7	\$ (9.8)	\$ (7.3)
State and local taxes on revenues	21.4	(13.6)	(1.8)
Payroll taxes	5.0	(0.9)	.4
Other taxes5	.3	.2
Total	\$ 55.6*	\$ (24.0)	\$ (8.5)

*Including sales taxes on customers' bills, total taxes, other than income taxes, billed to customers in 2000 were \$73.7 million.

Property taxes decreased primarily due to the sale of O&R's generating assets in June 1999. State taxes on revenues decreased due to tax law changes enacted on May 15, 2000, which repealed the gross earnings tax levied under Section 186 and reduced the Gross income tax levied under Section 186A of the New York State Tax Code retroactive to January 1, 2000.

Other Income

Other income decreased \$18.1 million in 2000. The 1999 period included a \$14.7 million gain relating to the company's June 1999 divestiture of its electric generating assets and a \$7 million tax benefit recorded in 1999 related to the generating assets sold. Excluding the impact of these one-time gains in 1999, other income increased \$3.6 million, primarily related to earnings from temporary cash investments.

Other income increased \$19.5 million in 1999, due principally to generation divestiture proceeds and related deferred federal income tax credits realized (see Note H).

Net Interest Charges

O&R's interest charges decreased \$7.3 million in 2000, due primarily to lower debt outstanding as a result of repayment of indebtedness with a portion of the proceeds from the June 1999 divestiture of the company's electric generating assets.

Net interest charges decreased \$1.0 million in 1999.

Income Tax

Federal income tax decreased \$15.5 million in 2000 and increased \$15.5 million in 1999, reflecting the change in income before tax and in tax credits that resulted from the merger and divestiture. New York State income tax was \$4.0 million in 2000. In 2000 certain New York State revenue-based taxes applicable to utilities were replaced by a net income-based tax. See Notes A and L to the financial statements.

Preferred Stock Requirements

O&R redeemed all outstanding shares of its preferred stock in April 1999 and therefore had no preferred stock dividend requirements in 2000.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

CON EDISON

For information about Con Edison's primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Financial Market Risks" in Con Edison's MD&A in Item 7 (which information is incorporated herein by reference).

CON EDISON OF NEW YORK

For information about Con Edison of New York's primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Financial Market Risks" in Con Edison of New York's MD&A in Item 7 (which information is incorporated herein by reference).

O&R

O&R's primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments are interest rate risk and commodity price risk.

The interest rate risk relates primarily to new debt financing needed to fund capital requirements, including utility construction expenditures and maturing debt securities, and to variable rate debt. In general, the rates O&R and its subsidiaries charge their customers for service are not subject to change for fluctuations in the cost of capital during the respective terms of the current rate agreements. O&R and its subsidiaries manage interest rate risk through the issuance of mostly fixed-rate debt with varying maturities and through opportunistic refundings. In addition, O&R, has from time to time, entered into derivative financial instruments to hedge interest rate risk. At December 31, 2000, neither O&R nor any of its subsidiaries had derivative or other financial instruments outstanding for purposes of hedging its interest rate risk other than the interest rate swap agreement described in Note N to the O&R financial statements in Item 8..

The commodity price risk relates primarily to purchases of electricity and gas to supply customers. In general, the rates O&R and RECO, but not Pike, charge their supply customers are subject to change for fluctuations in the cost of electricity and gas purchases during the respective terms of the current rate agreements (see "Results of Operations - Electric" in O&R Management's Narrative Analysis of Results of Operations in Item 7 and Note A to the O&R financial statements included in Item 8). At December 31, 2000, neither O&R, RECO nor Pike had derivative or other financial instruments outstanding for purposes of hedging commodity price risk. From time to time, however, O&R, RECO and Pike may enter into such instruments for such purpose.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

B. Supplementary Financial Information

Selected Quarterly Financial Data for the years ended December 31, 2000 and 1999 (Unaudited)

Con Edison

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2000 (Millions of Dollars)				
Operating revenues	\$ 2,318.6	\$ 2,041.9	\$ 2,820.8	\$ 2,250.1
Operating income	282.7	171.3	384.9	177.2
Net income for common stock	188.1	68.7	279.9	46.1
Basic earnings per common share	\$ 0.88	\$ 0.33	\$ 1.32	\$ 0.22
Diluted earnings per common share	\$ 0.88	\$ 0.33	\$ 1.32	\$ 0.21
1999 (Millions of Dollars)				
Operating revenues	\$ 1,776.6	\$ 1,479.1	\$ 2,346.2	\$ 1,889.4
Operating income	258.5	149.7	423.3	188.3
Net income for common stock	176.6	66.4	336.0	121.6
Basic earnings per common share	\$ 0.76	\$ 0.30	\$ 1.50	\$ 0.58
Diluted earnings per common share	\$ 0.76	\$ 0.30	\$ 1.50	\$ 0.57

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

Con Edison of New York

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2000 (Millions of Dollars)				
Operating revenues	\$1,987.1	\$1,721.5	\$2,398.6	\$1,893.5
Operating income	268.5	166.0	359.8	157.8
Net income for common stock	178.3	71.1	266.3	54.4
1999 (Millions of Dollars)				
Operating revenues	\$1,732.3	\$1,442.7	\$2,109.0	\$1,672.0
Operating income	265.3	152.4	399.5	184.3
Net income for common stock	182.0	69.2	319.6	127.5

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

O&R

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2000 (Millions of Dollars)				
Operating revenues	\$182.2	\$143.6	\$196.6	\$178.6
Operating income	15.8	10.1	21.9	12.6
Net income for common stock	10.7	5.3	16.3	6.8
1999 (Millions of Dollars)				
Operating revenues	\$183.1	\$142.4	\$170.3	\$121.7
Operating income	20.6	(9.1)	25.1	(11.3)
Net income for common stock	11.5	(19.9)	18.9	3.3

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

Report of Independent Accountants

To the Stockholders and Board of Directors
of Consolidated Edison, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Consolidated Edison, Inc. and its subsidiaries (the "Company") at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the accompanying index present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedules are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, 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.

PricewaterhouseCoopers LLP

New York, NY

February 15, 2001, except for Note P, as to which the date is March 19, 2001

Consolidated Balance Sheet Consolidated Edison, Inc.

Assets

At December 31 (Thousands of Dollars)	2000	1999

Utility plant, at original cost (Note A)		
Electric	\$ 11,808,102	\$ 11,323,826
Gas	2,300,055	2,197,735
Steam	740,189	722,265
General	1,388,602	1,328,544
Unregulated generating assets	279,060	48,583

Total	16,516,008	15,620,953
Less: Accumulated depreciation	5,234,701	4,733,613

Net	11,281,307	10,887,340
Construction work in progress	504,471	381,804
Nuclear fuel assemblies and components, less accumulated amortization	107,641	84,701

Net utility plant	11,893,419	11,353,845

Current assets		
Cash and temporary cash investments (Note A)	94,828	485,050
Accounts receivable - customer, less allowance for uncollectible accounts of \$33,714 and \$34,821 in 2000 and 1999, respectively	910,344	647,545
Other receivables	168,415	98,454
Fuel, at average cost	29,148	24,271
Gas in storage, at average cost	82,419	55,387
Materials and supplies, at average cost	131,362	142,905
Prepayments	524,377	197,671
Other current assets	75,094	61,395

Total current assets	2,015,987	1,712,678

Investments		
Nuclear decommissioning trust funds	328,969	305,717
Other	238,871	182,201

Total investments (Note A)	567,840	487,918

Deferred charges, regulatory assets and noncurrent assets		
Goodwill	488,702	427,496
Regulatory assets		
Future federal income tax (Note A)	676,527	785,014
Recoverable energy costs (Note A)	340,495	95,162
Real estate sale costs - First Avenue properties	103,009	1,074
Deferred special retirement program costs (Note D)	88,633	57,630
Divestiture - capacity replacement reconciliation (Note I)	73,850	24,373
Accrued unbilled revenue (Note A)	72,619	67,775
Deferred environmental remediation costs (Note F)	49,056	13,330
Deferred revenue taxes	43,879	60,712
Power contract termination costs	-	71,861
Other	159,701	201,181

Total regulatory assets	1,607,769	1,378,112

Other deferred charges and noncurrent assets	193,528	171,427

Total deferred charges, regulatory assets and noncurrent assets	2,289,999	1,977,035

Total	\$ 16,767,245	\$ 15,531,476

Capitalization and Liabilities

At December 31 (Thousands of Dollars)	2000	1999

Capitalization (see Statement of Capitalization)		
Common shareholders' equity	\$ 5,472,389	\$ 5,412,007
Preferred stock subject to mandatory redemption (Note B)	37,050	37,050
Other preferred stock (Note B)	212,563	212,563
Long-term debt	5,415,409	4,524,604

Total capitalization	11,137,411	10,186,224

Noncurrent liabilities		
Obligations under capital leases	31,504	34,544
Accumulated provision for injuries and damages	160,671	119,010
Pension and benefits reserve	181,346	143,757
Other noncurrent liabilities	40,456	42,865

Total noncurrent liabilities	413,977	340,176

Current liabilities		
Long-term debt due within one year	309,590	395,000
Notes payable	255,042	495,371
Accounts payable	1,020,401	615,983
Customer deposits	202,888	204,421
Accrued taxes	64,345	18,389
Accrued interest	85,276	60,061
Accrued wages	70,951	79,408
Other current liabilities	328,686	232,706

Total current liabilities	2,337,179	2,101,339

Deferred credits and regulatory liabilities		
Accumulated deferred income tax (Note L)	2,302,764	2,267,548
Accumulated deferred investment tax credits (Note A)	131,429	139,838
Regulatory liabilities		
NYS tax law revisions	59,523	-
Gain on divestiture (Note I)	50,000	306,867
Deposit from sale of First Avenue properties	50,000	-
Accrued electric rate reduction (Note A)	38,018	-
NYPA revenue increase	35,021	25,630
Other	211,706	163,687

Total regulatory liabilities	444,268	496,184

Other deferred credits	217	167

Total deferred credits and regulatory liabilities	2,878,678	2,903,737

Contingencies (Note F)		

Total	\$ 16,767,245	\$ 15,531,476

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

Consolidated Income Statement Consolidated Edison, Inc.

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998
Operating revenues (Note A)			
Electric	\$ 6,938,128	\$ 5,792,673	\$ 5,674,446
Gas	1,261,970	1,000,083	959,609
Steam	452,135	340,026	321,932
Non-utility	779,158	358,541	137,061
Total operating revenues	9,431,391	7,491,323	7,093,048
Operating expenses			
Purchased power	3,642,850	1,824,023	1,253,783
Fuel	350,816	430,050	579,006
Gas purchased for resale	790,905	485,155	437,308
Other operations	1,146,598	1,188,623	1,157,958
Maintenance	458,046	437,979	477,413
Depreciation and amortization (Note A)	586,407	526,182	518,514
Taxes, other than income taxes	1,121,843	1,179,796	1,208,102
Income taxes (Notes A and L)	317,790	399,716	407,639
Total operating expenses	8,415,255	6,471,524	6,039,723
Operating income	1,016,136	1,019,799	1,053,325
Other income (deductions)			
Investment income (Note A)	8,476	14,842	11,801
Allowance for equity funds used during construction (Note A)	1,299	3,810	2,431
Other income less miscellaneous deductions	(32,660)	(13,571)	(14,212)
Income taxes (Notes A and L)	10,622	26,891	2,229
Total other income	(12,263)	31,972	2,249
Income before interest charges	1,003,873	1,051,771	1,055,574
Interest on long-term debt	363,994	319,393	308,671
Other interest	49,527	20,065	18,400
Allowance for borrowed funds used during construction (Note A)	(6,076)	(1,895)	(1,246)
Net interest charges	407,445	337,563	325,825
Preferred stock dividend requirements	13,593	13,593	17,007
Net income for common stock	\$ 582,835	\$ 700,615	\$ 712,742
Basic earnings per common share	\$ 2.75	\$ 3.14	\$ 3.04
Diluted earnings per common share	\$ 2.74	\$ 3.13	\$ 3.04
Average number of shares outstanding	212,186,412	223,442,315	234,307,767

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

Consolidated Statement of Retained Earnings Consolidated Edison, Inc.

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998
Balance, January 1	\$ 4,921,089	\$ 4,700,500	\$ 4,484,703
Less: Stock options exercised	1,026	1,922	-
Orange & Rockland purchase accounting adjustment	(46)	51	-
Net income for common stock for the year	582,835	700,615	712,742
Total	5,502,852	5,399,244	5,197,445
Dividends declared on common, \$2.18, \$2.14 and \$2.12 per share, respectively	461,921	478,155	496,945
Balance, December 31	\$ 5,040,931	\$ 4,921,089	\$ 4,700,500

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

Consolidated Statement of Comprehensive Income Consolidated Edison, Inc.

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998
Net Income	\$ 582,835	\$ 700,615	\$ 712,742
Other Comprehensive Income/(loss), net of taxes			
Investment in marketable equity securities - net of \$454 taxes	(843)	-	-
Minimum pension liability adjustments - net of \$703 taxes	(1,304)	-	-
Total Other Comprehensive Income/(loss), net of taxes	(2,147)	-	-
Comprehensive Income	\$ 580,688	\$ 700,615	\$ 712,742

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

Consolidated Statement of Cash Flows Consolidated Edison, Inc.

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998
Operating activities			
Net income for common stock	\$ 582,835	\$ 700,615	\$ 712,742
Principal non-cash charges (credits) to income			
Depreciation and amortization	586,407	526,182	518,514
Federal income tax deferred (excluding taxes resulting from divestiture of plant)	177,736	41,784	86,430
Common equity component of allowance for funds used during construction	(1,299)	(3,810)	(2,431)
Prepayments -- accrued pension costs	(250,743)	(54,000)	(49,800)
Other non-cash charges	18,448	42,050	11,297
Changes in assets and liabilities net of effects from purchase of the Lakewood Project and Orange and Rockland in 2000 and 1999, respectively			
Accounts receivable -- customer, less allowance for uncollectibles	(262,799)	(66,371)	59,515
Materials and supplies, including fuel and gas in storage	(19,980)	56,554	14,804
Prepayments (other than pensions), other receivables and other current assets	(131,203)	(37,588)	(889)
Deferred recoverable energy costs	(221,804)	(57,692)	76,711
Cost of removal less salvage	(130,590)	(71,451)	(72,033)
Accounts payable	402,861	167,598	(68,840)
Other -- net	210,292	(38,581)	103,742
Net cash flows from operating activities	960,161	1,205,290	1,389,762
Investing activities including construction			
Utility construction expenditures	(958,927)	(678,157)	(618,844)
Nuclear fuel expenditures	(27,357)	(16,537)	(7,056)
Contributions to nuclear decommissioning trust	(21,301)	(21,301)	(21,301)
Common equity component of allowance for funds used during construction	1,299	3,810	2,431
Payment for purchase of Orange and Rockland, net of cash and cash equivalents	-	(509,083)	-
Payment for purchase of the Lakewood Project, net of cash and cash equivalents	(98,090)	-	-
Divestiture of utility plant (net of federal income tax)	-	1,138,750	-
Investments by unregulated subsidiaries	(19,309)	(101,953)	(24,072)
Demolition and remediation costs for First Avenue properties	(101,935)	-	-
Deposit received from sale of First Avenue properties	50,000	-	-
Net cash flows used in investing activities including construction	(1,175,620)	(184,471)	(668,842)
Financing activities including dividends			
Repurchase of common stock	(68,531)	(817,399)	(115,247)
Net proceeds from short-term debt	(265,031)	430,196	-
Issuance of long-term debt	1,030,000	767,689	460,000
Retirement of long-term debt	(403,230)	(225,000)	(200,000)
Advance refunding of preferred stock and long-term debt	-	(300,000)	(773,645)
Issuance and refunding costs	(5,468)	(16,440)	(8,864)
Funds held for refunding of debt	-	-	328,874
Common stock dividends	(462,503)	(477,110)	(493,201)
Net cash flows used in financing activities including dividends	(174,763)	(638,064)	(802,083)
Net increase (decrease) in cash and temporary cash investments	(390,222)	382,755	(81,163)
Cash and temporary cash investments at January 1	485,050	102,295	183,458
Cash and temporary cash investments at December 31	\$ 94,828	\$ 485,050	\$ 102,295
Supplemental disclosure of cash flow information Cash paid during the period for:			
Interest	\$ 351,165	\$ 321,785	\$ 285,956
Income taxes	136,573	846,559	355,707
Business Acquisitions			
Assets	\$ 225,462	\$ 1,009,049	-
Purchase price in excess of net assets acquired	66,336	436,725	-
Total assets	291,798	1,445,774	-
Long-term debt, minority interest and liability assumed	193,708	936,691	-
Net cash used to acquire	\$ 98,090	\$ 509,083	-

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

Consolidated Statement of Capitalization Consolidated Edison, Inc.

Year Ended December 31 (Thousands of Dollars)	Shares outstanding		2000	1999
	December 31, 2000	December 31, 1999		
<hr/>				
Common shareholders' equity (Note B)				
Common stock	212,027,131	213,810,634	\$ 1,482,341	\$ 1,482,341
Retained earnings			5,040,931	4,921,089
Treasury stock, at cost; 23,210,700 shares and 21,358,500 shares at December 31, 2000 and 1999, respectively			(1,012,919)	(955,311)
Capital stock expense			(35,817)	(36,112)
Accumulated other comprehensive income			(2,147)	-
<hr/>				
Total common shareholders' equity			5,472,389	5,412,007
<hr/>				
Preferred stock (Note B)				
Subject to mandatory redemption				
Cumulative Preferred, \$100 par value, 6-1/8% Series J	370,500	370,500	37,050	37,050
<hr/>				
Total subject to mandatory redemption			37,050	37,050
<hr/>				
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*				
4.65% Series C	153,296	153,296	15,330	15,330
4.65% Series D	222,330	222,330	22,233	22,233
<hr/>				
Total other preferred stock			212,563	212,563
<hr/>				
Total preferred stock			\$ 249,613	\$ 249,613
<hr/>				

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

At December 31 (Thousands of Dollars)

2000

1999

Long-term debt (Note B)

Maturity Interest Rate Series

Debentures:

Maturity	Interest Rate	Series	2000	1999
2000	9-3/8	1990A	\$ -	\$ 80,000
2000	7-3/8	1992A	-	150,000
2000	7.60	1992C	-	125,000
2000	6.14	1993C	-	20,000
2000	6.00	1993I	-	20,000
2001	6-1/2	1993B	150,000	150,000
2001	6.68*	1996B	150,000	150,000
2002	6-5/8	1993C	150,000	150,000
2002	6.64*	1997A	150,000	150,000
2003	6-3/8	1993D	150,000	150,000
2003	6.56	1993D	35,000	35,000
2004	7-5/8	1992B	150,000	150,000
2005	6-5/8	1995A	100,000	100,000
2005	6-5/8	2000C	350,000	-
2007	6.45	1997B	330,000	330,000
2007	7-1/8	1997J	20,000	20,000
2008	6-1/4	1998A	180,000	180,000
2008	6.15	1998C	100,000	100,000
2009	7.15	1999B	200,000	200,000
2010	7-1/2	2000A	55,000	-
2010	8-1/8	2000A	325,000	-
2010	7-1/2	2000B	300,000	-
2023	7-1/2	1993G	380,000	380,000
2026	7-3/4	1996A	100,000	100,000
2027	6-1/2	1997F	80,000	80,000
2028	7.10	1998B	105,000	105,000
2028	6.90	1998D	75,000	75,000
2029	7-1/8	1994A	150,000	150,000
2029	7.00	1999G	45,000	45,000
2039	7.35	1999A	275,000	275,000

Total debentures 4,105,000 3,470,000

Tax-exempt debt - notes issued to New York State Energy Research and Development Authority for Facilities Revenue Bonds:

2014	6.09	1994**	55,000	55,000
2015	4.21*	1995**	44,000	44,000
2020	5-1/4	1993B	127,715	127,715
2020	6.10	1995A	128,285	128,285
2022	5-3/8	1993C	19,760	19,760
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	6.00	1993A	101,000	101,000
2029	7-1/8	1994A	100,000	100,000
2034	4.12*	1999A	292,700	292,700

Total tax-exempt debt 1,196,610 1,196,610

Subordinated deferrable interest debentures:

2031	7-3/4	1996A	275,000	275,000
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Other long-term debt 177,440 3,236
 Unamortized debt discount (29,051) (25,242)

Total 5,724,999 4,919,604
 Less: long-term debt due within one year 309,590 395,000

Total long-term debt 5,415,409 4,524,604

Total capitalization \$ 11,137,411 \$ 10,186,224

* Rates reset weekly or quarterly; December 31, 2000 rates shown.

** Issued for O&R pollution control financing.

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

Notes to Consolidated Financial Statements

These notes form an integral part of the accompanying consolidated financial statements of Consolidated Edison, Inc. (Con Edison) and its subsidiaries.

Con Edison

Con Edison is a holding company that provides a wide range of energy-related services to its customers through its regulated and unregulated subsidiaries. Con Edison's core business is energy distribution and it is also pursuing related growth opportunities in competitive businesses. Con Edison's principal subsidiary is Consolidated Edison Company of New York, Inc. (Con Edison of New York), a regulated utility that provides electric service to over three million customers and gas service to over one million customers in New York City and Westchester County. It also provides steam service in parts of Manhattan.

Orange and Rockland Utilities, Inc. (O&R), a regulated utility that Con Edison acquired in July 1999 (see Note K), provides electric service to over 278,000 customers and gas service to over 118,000 customers in southeastern New York and in adjacent sections of New Jersey and northeastern Pennsylvania.

Con Edison's unregulated subsidiaries provide competitive gas and electric supply and energy-related products and services (Con Edison Solutions); invest in and manage energy infrastructure projects (Con Edison Development); market specialized energy supply services to wholesale customers (Con Edison Energy); and invest in telecommunications infrastructure (Con Edison Communications). These subsidiaries operate primarily in the Mid-Atlantic and New England states.

Note A Summary of Significant Accounting Policies

Principles of Consolidation Con Edison's consolidated financial statements include the accounts of Con Edison and its consolidated subsidiaries, including the regulated utilities, Con Edison of New York and O&R. Intercompany transactions have been eliminated.

Accounting Policies The accounting policies of Con Edison and its subsidiaries conform to accounting principles generally accepted in the United States. For regulated public utilities, like Con Edison of New York and O&R, accounting principles generally accepted in the United States include Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation," and, in accordance with SFAS No. 71, the accounting requirements and rate-making practices of the Federal Energy Regulatory Commission (FERC) and the New York State Public Service Commission (PSC).

The standards in SFAS No. 101, "Regulated Enterprises - Accounting for the Discontinuation of Application of the Financial Accounting Standards Board (FASB) Statement No. 71," have been applied to the non-nuclear electric supply portion of Con Edison's business that was deregulated (the Deregulated Business) as a result of the Restructuring Agreement (defined below). The Deregulated Business includes all of Con Edison's fossil electric generating assets and its non-utility generators (NUG) contracts and related regulatory assets and liabilities. The application of SFAS No. 101 to the Deregulated Business had no material effect on the financial position or results of operations of Con Edison.

No impairment of Con Edison of New York's fossil generating assets has been recognized under SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," because most of these assets have been sold at a gain (see Note I) and the estimated cash flows from the operation and/or sale of the remaining generating assets, together with the cash flows from the strandable cost recovery provisions of the Restructuring Agreement (see "Rate and Restructuring Agreements" in this Note A), will not be less than the net carrying amount of the fossil generating assets.

Similarly, there has been no charge against Con Edison of New York's earnings for the deferred charges (regulatory assets - principally relating to future federal income taxes) and deferred credits (regulatory liabilities) relating to the Deregulated Business because recovery of regulatory assets net of regulatory liabilities is probable under the Restructuring Agreement. At December 31, 2000, net regulatory assets amounted to approximately \$1.2 billion.

No loss has been accrued for Con Edison of New York's NUG contracts under SFAS No. 5, "Accounting for Contingencies," because it is

not probable that the charges by NUGs under the contracts will exceed the cash flows from the sale by Con Edison of New York of the electricity provided by the NUGs, together with the cash flows provided pursuant to the Restructuring Agreement. See Note H.

Con Edison of New York recently entered into an agreement to sell its nuclear generating assets, which include Indian Point 2, the retired Indian Point 1 and certain related assets. The anticipated sales proceeds are expected to be less than the net carrying amount of the nuclear generating assets at the time of closing. No impairment of the assets has been recognized under SFAS No. 121, because recovery is probable under the Restructuring Agreement. The company expects to establish a regulatory asset at the time the sale is completed. See Note G.

Rate and Restructuring Agreements In September 1997 the PSC approved a restructuring agreement between Con Edison of New York, the PSC staff and certain other parties (the Restructuring Agreement). The Restructuring Agreement provided for a transition to a competitive electric market through the development of a "retail access" plan, a rate plan for the period ending March 31, 2002, a reasonable opportunity for recovery of "strandable costs" and the divestiture of electric generation capacity by Con Edison of New York.

At December 31, 2000, approximately 91,000 Con Edison of New York customers representing approximately 20 percent of aggregate customer load were purchasing electricity from other suppliers under the electric Retail Choice program (which is available to all of Con Edison of New York's electric customers). Con Edison of New York delivers electricity to customers in this program through its regulated transmission and distribution systems. In general, the company's delivery rates for Retail Choice customers are equal to the rates applicable to other comparable Con Edison of New York customers, less an amount representing the cost of the energy and capacity it avoids by not supplying these customers.

Pursuant to the Restructuring Agreement, Con Edison of New York reduced electric rates, on an annual basis, by \$129 million in 1998, \$80 million in April 1999 and \$103 million in April 2000 and is required to further reduce rates in April 2001 by \$209 million. The April 2001 decrease will be partially offset by recognition in income of \$36 million relating to rates for distributing electricity to customers of the New York Power Authority and \$50 million of deferred generation divestiture gain. See Note I.

Pursuant to the Restructuring Agreement, as amended by a July 1998 PSC order, Con Edison of New York has sold approximately 6,800 MW of the approximately 8,300 MW of generating capacity that it owned (including 480 MW sold in January 2001). See Note I. In addition, Con Edison has agreed to sell its Indian Point 2 nuclear generating unit. See Note G.

In 1997 the PSC approved a four-year O&R restructuring plan, pursuant to which O&R sold all of its generating assets, made retail access available to all of its electric customers effective May 1, 1999 and reduced its electric rates by approximately \$32.4 million through rate reductions implemented in December 1997 and 1998. In 1998 and 1999 similar plans for O&R's utility subsidiaries in Pennsylvania and New Jersey were approved by state regulators. The Pennsylvania plan provides for retail access for all customers effective May 1999. The New Jersey plan provides for rate reductions of \$6.8 million effective August 1999, an additional reduction of \$2.7 million effective January 2001 and a final reduction of \$6.3 million effective August 2002.

In accordance with the April 1999 PSC order approving Con Edison's acquisition of O&R, Con Edison of New York has reduced its annual electric and gas rates by approximately \$12 million and \$2 million, respectively, and O&R has reduced its electric rates by \$6.1 million and its gas rates by approximately \$1.1 million.

In November 2000 the PSC approved an agreement (the Agreement) that revises and extends the rate plan provisions of the Restructuring Agreement. Pursuant to the Agreement, Con Edison of New York reduced the distribution component of its electric rates by \$170 million on an annual basis, effective October 2000, and will further reduce electric rates, effective April 1, 2001, in accordance with the Restructuring Agreement (as discussed above).

In general, under the Agreement, Con Edison of New York's base electric transmission and distribution rates will not otherwise be changed during the five-year period ending March 2005

except (i) with respect to certain changes in costs above anticipated annual levels resulting from legal or regulatory requirements, inflation in excess of a 4 percent annual rate, property tax changes and environmental cost increases or (ii) if the PSC determines that circumstances have occurred that either threaten the company's economic viability or ability to provide, or render the company's rate of return unreasonable for the provision of, safe and adequate service.

Under the Agreement as approved by the PSC, 35 percent (50 percent if certain energy price volatility mitigation objectives are achieved) of any earnings in each of the rate years ending March 2002 through 2005 in excess of a specified rate of return on electric common equity (12.9 percent for the rate year ending March 2002 and 11.75 percent thereafter; or 12 percent if certain customer service and reliability objectives are achieved) will be retained for shareholders and the balance will be applied for customer benefit through rate reductions or as otherwise determined by the PSC. There is no sharing of earnings for the rate year ending March 2001. Con Edison of New York could be required to pay up to \$40 million annually in penalties if certain threshold service and reliability objectives are not achieved.

Con Edison of New York's potential electric strandable costs are those prior utility investments and commitments that may not be recoverable in a competitive electric supply market. Con Edison of New York is recovering these costs in the rates it charges all of its electric customers. The Agreement continues the stranded cost recovery provisions of the Restructuring Agreement, stating that Con Edison of New York "will be given a reasonable opportunity to recover stranded and strandable costs remaining at March 31, 2005, including a reasonable return on investments, under the parameters and during the time periods set forth therein."

The Agreement also continues the rate provisions pursuant to which Con Edison of New York recovers prudently incurred purchased power and fuel costs from customers. See "Recoverable Energy Costs" in this Note A.

In November 2000 the PSC approved an agreement among Con Edison of New York, the PSC staff and certain other parties that revised and extended the 1996 gas rate settlement agreement through September 2001. The 1996 agreement, with limited exceptions, continued base rates at September 1996 levels through September 2000.

Under the new agreement, the level above which the company will share with customers 50 percent of earnings is increased from a 13 percent to a 14 percent rate of return on gas common equity. In addition, customer bills are to be reduced by \$20 million during the January through March 2001 period; approximately \$22.6 million that normally would be credited to customers over various annual periods is to be credited during the four-month period ending March 2001; and \$19 million of charges to customers resulting from the reconciliation of actual gas costs to amounts included in rates that were scheduled to be billed to customers beginning December 2000 instead are to be billed to customers beginning April 2001.

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

In November 2000 the PSC also approved a gas rate settlement agreement among O&R, the PSC staff, and certain other parties covering the three-year period November 2000 through October 2003. With limited exceptions, the agreement provides for no changes to base rates. O&R will be permitted to retain \$18.1 million of deferred credits that otherwise would have been credited to customers. The term of the agreement could be reduced to 18 months depending on the outcome of the PSC's ongoing proceeding to examine programs and rate design changes to facilitate customer choice of gas suppliers.

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

The agreement provides for a \$16.6 million steam rate increase which took effect October 2000 and, with limited exceptions, no further changes in steam rates prior to October 2004. Con Edison of New York is required to share with customers 50 percent of any earnings for

any rate year covered by the agreement in excess of a specified rate of return on steam common equity (11.0 percent for the first rate year, the 12-month period ending September 2001; 10.5 percent thereafter if the repowering of the company's East River steam-electric generating plant is not completed). A rate moderation mechanism will permit the company to defer a portion of the revenues collected in the first two rate years attributable to the rate increase and recognize such deferrals in income during the last two rate years.

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

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

Utility Plant and Depreciation Utility plant is stated at original cost. 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 and a reasonable rate on Con Edison of New York's own funds when so used, determined in accordance with PSC and FERC regulations. The AFDC rate was 7.2 percent in 2000 and 9.1 percent in 1999 and 1998. The rate was compounded semiannually, and the amounts applicable to borrowed funds were treated as a reduction of interest charges.

Con Edison's utility subsidiaries generally compute annual charges for depreciation using the straight-line method for financial statement purposes, with rates based on average lives and net salvage factors. Con Edison's regulated utility depreciation rates averaged approximately 3.6 percent in 2000, and 3.4 percent in 1999 and 1998.

Con Edison Development currently depreciates its generating assets over the estimated useful lives using the straight-line method. The composite depreciation rate for its generating assets averages approximately 4.1 percent.

Nuclear Generation For information about the accounting policies followed for Con Edison of New York's nuclear generation, see Note G.

Revenues Con Edison's utility subsidiaries recognize revenues for electric, gas and steam service on a monthly billing cycle basis. O&R accrues revenues at the end of each month for estimated energy usage not yet billed to customers, while Con Edison of New York does not accrue such revenues. Con Edison of New York defers for refund to firm gas sales and transportation customers over a 12-month period all net interruptible gas revenues not authorized by the PSC to be retained by the company.

Recoverable Energy Costs Con Edison's utility subsidiaries generally recover all of their prudently incurred fuel, purchased power and gas costs in accordance with rate provisions approved by their state public utility commissions (which provisions, for Con Edison of New York, also include a \$35 million annual incentive or penalty relating to electricity costs). If the actual energy costs for a given month are more or less than amounts billed to customers for that month, the difference is recoverable from or refundable to customers. Differences between actual and billed energy costs are generally deferred for charge or refund to customers during the next billing cycle (normally within one or two months). For Con Edison's New Jersey utility subsidiary, Rockland Electric Company, differences between actual and billed electricity costs (which amounted to actual in excess of billed costs of \$31.6 million at December 31, 2000) are deferred for charge or refund to customers in the manner and at such time as is to be determined by the New Jersey Board of Public Utilities.

Temporary Cash Investments Temporary cash investments are short-term, highly liquid investments that generally have maturities of three months or less. They are stated at cost which approximates market. Con Edison

considers temporary cash investments to be cash equivalents.

Investments For 2000 and 1999, investments consisted primarily of the external nuclear decommissioning trust fund and investments of Con Edison's unregulated subsidiaries. The nuclear decommissioning trust fund is stated at market, net of income taxes. Earnings on the nuclear decommissioning trust fund are not recognized in income but are included in the accumulated depreciation reserve. See "Decommissioning" in Note G. Investments of Con Edison's unregulated subsidiaries are recorded either at cost or using the equity method.

Guarantees of Subsidiary Obligations Con Edison has guaranteed certain obligations of its subsidiaries. These guarantees, which total \$683 million at December 31, 2000, relate primarily to obligations of up to \$263 million under power purchase and sales agreements entered into by Con Edison Solutions and Con Edison Energy and certain obligations of Con Edison Development. See Note J. Con Edison does not expect to incur losses as a result of these guarantees.

New Financial Accounting Standards As of January 2001, Con Edison adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137, "Deferral of the Effective Date of FASB Statement No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities an amendment of FASB Statement No. 133." The application of SFAS No. 133 and No. 138 is not expected to have a material effect on the financial position or results of operations of Con Edison or materially change its current disclosure practices. See Note O.

In September 2000 the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a Replacement of FASB Statement No. 125." SFAS No. 140 revises the accounting for securitizations, other financial asset transfers and collateral and introduces new disclosures. The application of SFAS No. 140 is not expected to have a material impact on Con Edison's consolidated financial statements.

Federal Income Tax In accordance with SFAS No. 109, "Accounting for Income Taxes," Con Edison's utility subsidiaries have 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 utility subsidiaries have recovered amounts from customers for a portion of the tax expense they 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 utility subsidiaries have established regulatory assets for the net revenue requirements to be recovered from customers for the related future tax expense. See Note L. 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.

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.

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

State Income Tax The New York State tax laws applicable to utility companies were changed, effective January 1, 2000. Certain revenue-based taxes were repealed or reduced and replaced by a net income-based tax. In addition, a compensating use tax was imposed on gas and electricity purchased outside New York State for use within the state. In December 2000 the PSC issued its requirements relating to the tax law changes. The amounts applicable to the provisions of the previous tax laws will continue to be collected through base rates and tariff surcharges, until the PSC directs otherwise, with the differences between those collections and the tax expense under the new law to be deferred, pending future disposition by the PSC.

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 2000, 1999 and 1998 amounting to \$14.1 million, \$12.4 million and \$20.3 million,

respectively, were charged to operating expenses. No research and development costs were capitalized in these years.

Reclassification Certain prior year amounts have been reclassified to conform with the current year presentation.

Earnings Per Common Share Basic earnings per share has been computed in accordance with SFAS No. 128, "Earnings Per Share." Under SFAS No. 128, basic earnings per common share is computed based on income applicable to common stock divided by the weighted average number of common shares outstanding for the period. Dilutive earnings per share reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options, were exercised or converted into common stock. At December 31, 2000, 1999, and 1998, the weighted average number of shares used to calculate the diluted earnings per common share included dilutive common stock equivalents of 212,417,885, 223,890,546, and 234,907,897 shares, respectively. The numerator for the calculation of basic and dilutive earnings per share is net income for common stock.

Goodwill Goodwill, which represents the excess of cost over the fair value of assets of businesses acquired, is amortized on a straight-line basis over 40 years. Goodwill expense was \$10.9 million and \$5.5 million for the years ended December 31, 2000 and 1999 respectively.

In September 2000 the Financial Accounting Standards Board (FASB) issued an exposure draft of a proposed statement on accounting for Business Combinations and Intangible Assets. The Exposure Draft provides that all business combinations be accounted for using the purchase method, and that goodwill, including amounts previously recorded under the purchase method, instead of being amortized, be reviewed for impairment when an event or series of events occurs indicating that the fair value of the goodwill is less than its carrying amount.

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

Note B Capitalization

Capitalization of Con Edison Con Edison's outstanding capitalization, on a consolidated basis, consists of its common shareholders' equity and the outstanding preferred stock and long-term debt of its subsidiaries. Con Edison's authorized capitalization also includes six million authorized, but unissued, Preferred Shares, \$1.00 par value.

Preferred Stock Not Subject To Mandatory Redemption Con Edison of New York has the option to redeem its \$5 cumulative preferred stock at \$105 and its cumulative preferred stock, Series C and Series D, at a price of \$101 per share (in each case, plus accrued and unpaid dividends).

Preferred Stock Subject To Mandatory Redemption Con Edison of New York is required to redeem its cumulative preferred stock, Series J shares on August 1, 2002. The redemption price is \$100 per share (plus accrued and unpaid dividends). Series J shares may not be called for redemption while dividends are in arrears on outstanding shares of \$5 cumulative preferred stock or other cumulative preferred stock.

Common Stock During the period 1998-2000, Con Edison repurchased \$1 billion of its shares as follows:

(Millions)	Shares	Cost
1998	2.6	\$120.8
1999	18.7	819.7
2000	1.9	60.7

Dividends Dividends on Con Edison's common shares depend primarily on the dividends and other distributions that Con Edison of New York and Con Edison's other subsidiaries pay to Con Edison, and the capital requirements of Con Edison and its subsidiaries. Under Con Edison of New York's Restructuring Agreement, the dividends that it may pay are limited to not more than 100 percent of its income available for dividends, calculated on a two-year rolling average basis. Excluded from the calculation of "income available for dividends" are non-cash charges to income resulting from accounting changes or charges to income resulting from significant unanticipated events. The restriction also does not apply to dividends paid in order to transfer to Con Edison proceeds from major transactions, such as asset sales, or to dividends reducing Con Edison of

New York's equity ratio to a level appropriate to its business risk.

Payment of Con Edison of New York's common stock dividends to Con Edison is subject to certain additional restrictions. No dividends may be paid, or funds set apart for payment, on Con Edison of New York's common stock until all dividends accrued on the \$5 cumulative preferred stock and other cumulative preferred stock have been paid, or declared and set apart for payment, and unless Con Edison of New York is not in arrears on its mandatory redemption obligation for the Series J cumulative preferred stock. No dividends may be paid on any of Con Edison of New York's capital stock during any period in which Con Edison of New York has deferred payment of interest on its subordinated deferrable interest debentures.

Long-Term Debt Long-term debt maturing in the period 2001-2005 is as follows:

(Millions of Dollars)

2001	\$310
2002	300
2003	185
2004	150
2005	450

Long-term debt of Con Edison's utility subsidiaries is stated at cost which, as of December 31, 2000, approximates fair value (estimated based on current rates for debt of the same remaining maturities).

Note C Short Term Borrowing

At December 31, 2000, Con Edison and its utility subsidiaries had commercial paper programs, under which short-term borrowings are made at prevailing market rates, totaling \$950 million. These programs are supported by revolving credit agreements with banks. At December 31, 2000, \$49.5 million, at a weighted average interest rate of 6.71 percent, was outstanding under Con Edison's \$350 million program; \$140.0 million, at a weighted average interest rate of 6.66 percent per annum, was outstanding under Con Edison of New York's \$500 million program; and \$40.8 million, at a weighted average interest rate of 6.67 percent, was outstanding under O&R's \$100 million program. Con Edison of New York changes the amount of its program from time to time, subject to an \$800 million FERC-authorized limit.

Bank commitments under the revolving credit agreements may terminate upon a change of control of Con Edison, and borrowings under the agreements are subject to certain conditions, including that the ratio (calculated in accordance with the agreements) of debt to total capital of the borrower not at any time exceed 0.65 to 1. At December 31, 2000, this ratio was 0.51 to 1 for Con Edison, 0.53 to 1 for Con Edison of New York and 0.53 to 1 for O&R.

Note D Pension Benefits

Con Edison of New York and O&R have non-contributory pension plans that cover substantially all of their employees and certain employees of other Con Edison subsidiaries. The plans are designed to comply with the Employee Retirement Income Security Act of 1974 (ERISA).

Investment gains and losses are recognized over five years (three years for O&R's plan) and unrecognized actuarial gains and losses are amortized over 10 years.

Con Edison of New York offered a special retirement program in 1999 providing enhanced pension benefits for those employees who met specified eligibility requirements and retired within specific time limits. These incentives fall within the category of special termination benefits and curtailments as described in SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." The increase in pension obligations as a result of these programs amounted to \$49.7 million. For Con Edison of New York, the Agreement provided that \$15 million of this amount would be expensed in 2000 and the remaining \$30 million would be recorded as a regulatory asset and amortized over a 15-year period beginning in October 2000. For O&R, pension costs for 1999 reflect the impact of the sale of its generating assets. Due to the relatively high number of employees for whom benefits ceased to be accrued as a result of this event, a curtailment charge of \$4.7 million was recognized. A portion of this curtailment charge was recorded as a regulatory asset in accordance with SFAS No. 71 and a portion was expensed.

The acquisition of O&R by Con Edison in July 1999 triggered purchase accounting requirements that are reflected in the net periodic pension cost. Under such accounting O&R's accrued pension liability was adjusted to recognize all previously unrecognized gains and losses arising from past experience different from that assumed, all unrecognized prior service costs, and the remainder of any unrecognized obligation or asset existing at the date of the initial application of SFAS No. 87, "Employers' Accounting for Pensions." A portion of these adjustments was recorded as a regulatory liability in accordance with SFAS No. 71 and a portion was expensed.

O&R is currently allowed to recover in rates pension costs recognized under SFAS No. 87. In accordance with the provisions of SFAS No. 71, the company defers for future recovery any difference between expenses recognized under SFAS No. 87 and the current rate allowance authorized by each regulatory jurisdiction in which it operates.

The components of Con Edison of New York and O&R's net periodic pension costs for 2000, 1999 and 1998 were as follows:

(Millions of Dollars)	2000	1999	1998
Service cost - including administrative expenses	\$ 90.0	\$110.9	\$111.6
Interest cost on projected benefit obligation	408.7	378.4	366.0
Expected return on plan assets	(565.7)	(505.6)	(462.6)
Amortization of net actuarial (gain)	(186.1)	(92.8)	(78.0)
Amortization of prior service cost	10.5	12.6	14.5
Amortization of transition obligation	3.0	2.5	2.0
Recognition of curtailment and termination benefits	--	11.9	--
Recognition of purchase accounting	--	(29.6)	--
Net periodic pension cost	(239.6)	(111.7)	(46.5)
Amortization of regulatory asset*	17.7	2.2	2.2
Total pension cost	\$(221.9)	\$(109.5)	\$(44.3)
Cost capitalized	(41.4)	(47.5)	(9.3)
Cost charged to operating expenses	(180.5)	(62.0)	(35.0)

* Relates to \$33.3 million increase in Con Edison of New York's pension obligations from a 1993 special retirement program and a \$45 million increase from a 1999 special retirement program.

The funded status of the plans at December 31, 2000, 1999 and 1998 was as follows:

(Millions of Dollars)	2000	1999	1998
Change in benefit obligation			
Benefit obligation at beginning of year	\$5,241.6	\$5,673.9	\$5,200.9
Service cost - excluding administrative expenses	88.7	109.6	110.3
Interest cost on projected benefit obligation	408.7	378.4	366.0
Plan amendments	37.7	0.8	2.1
Actuarial (gain) loss	128.5	(705.4)	211.0
Termination benefits and curtailments	--	49.7	--
Benefits paid	(274.8)	(265.4)	(216.4)
Benefit obligation at end of year	\$5,630.4	\$5,241.6	\$5,673.9
Change in plan assets			
Fair value of plan assets at beginning of year	\$7,720.1	\$6,945.7	\$6,236.2
Actual return on plan assets	(84.7)	1,047.0	937.9
Employer contributions	4.7	13.0	2.3
Benefits paid	(274.8)	(265.4)	(216.4)
Administrative expenses	(17.8)	(20.2)	(14.3)
Fair value of plan assets at end of year	\$7,347.5	\$7,720.1	\$6,945.7
Funded status	\$1,717.1	\$2,478.5	\$1,271.8
Unrecognized net (gain)	(1,496.8)	(2,478.2)	(1,396.8)
Unrecognized prior service costs	99.8	72.5	118.0
Unrecognized net			

transition liability at January 1, 1987*	2.4	5.3	5.3
---	-----	-----	-----

Net Prepaid (accrued) benefit cost	\$322.5	\$78.1	\$(1.7)
---------------------------------------	---------	--------	---------

* Being amortized over approximately 15 years.

The amounts recognized in the Consolidated Balance Sheet at December 31, 2000, 1999 and 1998 were as follows:

(Millions of Dollars)	2000	1999	1998
Prepaid benefit cost	\$350.6	\$113.0	\$32.6
Accrued benefit liability	(37.1)	(34.9)	(34.3)
Intangible asset	7.1	--	--
Accumulated other comprehensive income	1.9	--	--
Net Amount Recognized	\$322.5	\$78.1	\$(1.7)

In 2000 Con Edison adopted SFAS No. 130, "Reporting Comprehensive Income," which requires reporting of comprehensive income in any complete presentation of general-purpose financial statements. For Con Edison, comprehensive income consists of additional minimum pension liability adjustments for the Con Edison of New York and O&R plans and unrealized gains and losses on available-for-sale marketable securities associated with the O&R supplemental retirement plan (see Consolidated Statement of Comprehensive Income).

The actuarial assumptions for the plans of Con Edison of New York at December 31, 2000, 1999 and 1998 were as follows:

	2000	1999	1998
Discount rate	7.75%	8.00%	6.75%
Expected return on plan assets	8.50%	8.50%	8.50%
Rate of compensation increase	4.55%	4.80%	4.80%

The actuarial assumptions for the plan of O&R at December 31, 2000, 1999 and 1998 were as follows:

	2000	1999	1998
Discount rate	7.75%	8.00%	6.75%
Expected return on plan assets	8.50%	8.50%	8.00%
Rate of compensation increase			
Hourly	4.40%	3.00%	3.00%
Management	4.40%	1.00%	1.00%

Note E Postretirement Benefits Other than Pensions (OPEB)

Con Edison of New York and O&R have contributory comprehensive hospital, medical and prescription drug programs for all retirees, their dependents and surviving spouses.

Con Edison of New York also has a contributory life insurance program for bargaining unit employees and provides basic life insurance benefits up to a specified maximum at no cost to retired management employees. O&R has a non-contributory life insurance program for retirees.

Certain employees of other Con Edison subsidiaries are eligible to receive benefits under these programs. The company has reserved the right to amend or terminate these programs.

Investment gains and losses are recognized over five years for Con Edison of New York's plan and are recognized immediately for O&R's plan. For both plans unrecognized actuarial gains and losses are amortized over 10 years.

During 1999, O&R sold its electric generating assets. Because of the relatively high number of O&R employees for whom benefits in the plan ceased to be accrued as a result of this event, a curtailment charge was recorded in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits other than Pensions."

The acquisition of O&R by Con Edison in July 1999 triggered purchase accounting requirements that are reflected in the net periodic benefit cost. Under such accounting O&R's accrued postretirement liability was adjusted to recognize all previously unrecognized actuarial gains or losses, all unrecognized prior service costs, and the remainder of any unrecognized obligation or asset existing at the date of the initial application of SFAS No. 106. The total of these adjustments along with the curtailment charge discussed above were recorded as a regulatory asset in accordance with SFAS No. 71.

O&R is currently allowed to recover in rates OPEB costs recognized under SFAS No. 106. In accordance with the provisions of SFAS No. 71, the company defers for future recovery any difference between expenses recognized under SFAS No. 106 and the current rate allowance authorized by each regulatory jurisdiction in which it operates.

The components of Con Edison of New York and O&R's postretirement benefit (health and life insurance) costs for 2000, 1999 and 1998 were as follows:

(Millions of Dollars)	2000	1999	1998
Service cost	\$10.7	\$15.4	\$16.4
Interest cost on accumulated postretirement benefit obligation	78.8	77.8	76.1
Expected return on plan assets	(62.3)	(43.7)	(39.9)
Amortization of net actuarial loss	1.2	27.2	20.9
Amortization of prior service cost	1.4	1.4	0.1
Amortization of transition obligation	17.4	18.6	23.9
Recognition of curtailment and termination benefits	--	(5.1)	--
Recognition of purchase accounting valuation	--	39.2	--
Net periodic postretirement benefit cost	\$47.2	\$130.8	\$97.5
Cost capitalized/deferred	10.3	53.0	13.5
Cost charged to operating expenses	36.9	77.8	84.0

The funded status of the programs at December 31, 2000, 1999 and 1998 was as follows:

(Millions of Dollars)	2000	1999	1998

Change in benefit obligation			
Benefit obligation at beginning of year	\$1,012.5	\$1,177.5	\$1,044.7
Service cost	10.7	15.4	16.4
Interest cost on accumulated postretirement benefit obligation	78.8	77.8	76.1
Plan amendments	(0.4)	--	(44.7)
Actuarial (gain) loss	127.6	(205.5)	131.9
Benefits paid and administrative expenses	(71.4)	(63.5)	(57.0)
Participant contributions	12.0	10.8	10.1

Benefit obligation at end of year	\$1,169.8	\$1,012.5	\$1,177.5

Change in plan assets			
Fair value of plan assets at beginning of year	\$872.3	\$697.0	\$596.3
Actual return on plan assets	4.4	104.0	121.4
Employer contributions	23.5	121.0	26.2
Participant contributions	11.8	10.7	10.1
Reimbursements for benefits owed to company	(0.8)	--	--
Benefits paid and administrative expenses	(67.9)	(60.4)	(57.0)

Fair value of plan assets at end of year	\$843.3	\$872.3	\$697.0

Funded status	\$(326.5)	\$(140.2)	\$(480.5)
Unrecognized net (gain) loss	(31.3)	(215.6)	78.0
Unrecognized prior service costs	9.4	11.2	12.7
Unrecognized transition obligation at January 1, 1993*	208.8	226.2	278.2

Accrued postretirement benefit cost	\$(139.6)	\$(118.4)	\$(111.6)

* Being amortized over a period of 20 years.

The actuarial assumptions at December 31, 2000, 1999 and 1998 were as follows:

	2000	1999	1998

Discount rate			
Con Edison of New York	7.75%	8.00%	6.75%
O&R	7.75%	8.00%	6.75%
Expected return on plan assets			
Tax-exempt assets			
Con Edison of New York	8.50%	8.50%	8.50%
O&R	8.50%	8.50%	6.25%
Taxable assets			
Con Edison of New York	7.50%	7.50%	7.50%
O&R	8.00%	7.50%	6.25%

The health care cost trend rate assumed for 2001 was 8.0 percent. The rate was assumed to decrease gradually to 5.0 percent for 2006 and remain at that level thereafter.

A one-percentage point change in the assumed health care cost trend rate would have the following effects:

(Millions of Dollars)	1-Percentage-Point Increase	1-Percentage-Point Decrease

Effect on accumulated postretirement benefit obligation	\$142.9	\$125.0
Effect on service cost and interest cost components	\$12.6	\$10.7

Note F Environmental Matters

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

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) and similar state statutes impose joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages. Liabilities under these laws can be material and in some instances may be imposed without

regard to fault, or may be imposed for past acts, even though such past acts may have been lawful at the time they occurred.

At December 31, 2000, Con Edison had accrued \$117.9 million as its best estimate of the utility subsidiaries' liability for sites as to which they have received process or notice alleging that hazardous substances generated by them (and, in most instances, other potentially responsible parties) were deposited. There will be additional liability at these sites and other sites, the amount of which is not presently determinable but may be material to Con Edison's financial position, results of operations or liquidity.

Con Edison's utility subsidiaries are permitted under current rate agreements to defer for subsequent recovery through rates certain site investigation and remediation costs with respect to hazardous waste. At December 31, 2000, \$49 million of such costs had been deferred as regulatory assets.

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

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

Note G Nuclear Generation

Con Edison of New York owns the Indian Point 2 nuclear generating unit, which has a capacity of approximately 1,000 MW, and the retired Indian Point 1 nuclear generating unit.

The book value of Indian Point 2, net of accumulated depreciation, was \$504 million and \$382 million at December 31, 2000 and 1999, respectively.

Pending Sale In November 2000 Con Edison of New York entered into an agreement with Entergy Nuclear Indian Point 2 LLC (Entergy) for the sale of Indian Point 2, the retired Indian Point 1 and certain related assets (including fuel) for approximately \$602 million, subject to certain adjustments. The estimated net after-tax loss on the sale of \$170 million will be deferred as a regulatory asset at the time the sale is completed. No impairment of the assets has been recognized under SFAS No. 121 because recovery is probable under the Agreement (see "Rate and Restructuring Agreements" in Note A).

Under the agreement, Con Edison of New York will transfer \$430 million of decommissioning trust funds at closing and Entergy will assume full responsibility for the decommissioning of Indian Point 1 and 2. In addition, Con Edison of New York has entered into a power purchase agreement with Entergy through the end of 2004 for the output of the Indian Point 2 unit at an annual average price of 3.9 cents per kilowatthour. The sale is subject to PSC and other regulatory approvals and other conditions.

Rate Recovery Con Edison of New York is recovering its investment in Indian Point 2 and funds to decommission Indian Point 1 and 2 in the rates it charges all its electric customers. Under the Agreement, following March 31, 2005, the company will be given a reasonable opportunity to recover its remaining investment in Indian Point 2, including funds needed to decommission Indian Point 1 and 2, through a non-bypassable charge to customers over a period that will extend no longer than the end of Indian Point 2's operating license in 2013. Reconciliation of estimated and actual decommissioning costs may be reflected in rates after 2013.

Outage Proceedings In February 2000 Con Edison of New York shut down Indian Point 2 following a leak in one of its four steam generators. The plant returned to service in January 2001. During the outage, the steam generators were replaced and refueling and maintenance work was performed.

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

The PSC is investigating the Indian Point 2 outage and its causes and the prudence of Con Edison of New York's actions regarding the operation and maintenance of Indian Point 2. The PSC has indicated that the examination should include, among other things, Con Edison of New York's inspection practices, the circumstances surrounding Indian Point 2's October 1997 to September 1998 outage, the basis for postponement of the steam generator replacement and whether, and to what extent, increased replacement power costs and repair and replacement costs should be borne by Con Edison's shareholders.

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

Con Edison of New York has billed to customers the Indian Point 2 replacement power costs

incurred prior to August 2000 and after October 2000, but not approximately \$90 million of replacement power costs incurred in August through October 2000.

Con Edison believes that its operation, maintenance and inspection practices related to Indian Point 2 have been prudent. At December 31, 2000, the company accrued a \$40 million liability for the possible disallowance of Indian Point 2 replacement costs that it recovered from customers. The company is unable to predict whether or not any Indian Point 2-related proceedings, lawsuits, legislation or other actions will have a material adverse effect on its financial position, results of operations or liquidity.

Outage Accounting Scheduled refueling and maintenance outages are generally required after a cycle of approximately 22 months. Con Edison of New York's electric rates reflect a charge for the cost of scheduled refueling and maintenance outages. Under the company's current and previous electric rate agreements, these charges have been deferred for recognition in income during the period in which expenses are incurred for the outage. The costs of unscheduled outages are expensed as incurred and are not reflected in rates.

Decommissioning Since 1975, Con Edison of New York has been collecting costs of decommissioning from customers and accruing such amounts within its internal accumulated depreciation reserve. Amounts collected to fund decommissioning of the nuclear portions of the units have been deposited in external trust funds and earnings on such funds have been accrued as additional accumulated depreciation. The trust funds amounted to \$329.0 million and \$305.7 million, respectively, at December 31, 2000 and 1999. See "Investments" in Note A.

Accumulated decommissioning provisions at December 31, 2000 and 1999 were as follows:

	Amounts Accumulated	Included in Depreciation
(Millions of Dollars)	2000	1999
Nuclear	\$329.0	\$305.7
Non-nuclear	55.1	55.4
Total	\$384.1	\$361.1

Con Edison of New York's electric rates reflect annual expense allowances of \$21.3 million and \$1.8 million, respectively, to fund the estimated costs of decommissioning the nuclear and non-nuclear portions of the Indian Point 1 and 2 units. These amounts were established pursuant to a 1995 electric rate agreement based upon a 1994 site-specific study. The study estimated the decommissioning costs to be approximately \$657 million in 1993 dollars (assuming 2016 as the midpoint for decommissioning expenditures), including \$252 million for extended storage of spent nuclear fuel. The minimum decommissioning fund estimate calculated in accordance with NRC regulations was between \$572 million and \$981 million as of December 31, 2000.

Nuclear Fuel Nuclear fuel assemblies and components are amortized to operating expense based on the quantity of heat produced in the generation of electricity. Nuclear fuel costs are recovered in revenues through base rates or through the fuel adjustment clause.

Nuclear fuel costs 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 Con Edison of New York. Such payments amounted to \$3.9 million in 2000.

The DOE has defaulted on its obligation to Con Edison of New York and all other utilities that have nuclear reactors to begin to take title to the spent nuclear fuel generated at Indian Point 2. The company and a number of other utilities are pursuing their legal remedies against the DOE. The company estimates that it has adequate on-site capacity for interim storage of its spent fuel until 2005 after which, absent regulatory or technological developments, additional on-site or other spent fuel storage facilities would be required. The operation of Indian Point 2 could be curtailed if appropriate arrangements for the storage of its spent fuel were not made.

Nuclear Insurance The insurance policies covering Con Edison of New York'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, 2000, the highest amount that could be assessed for losses during the current policy year under all of the policies was \$14.7 million. While assessments may also be made for losses in certain prior years, the

company is not aware of any losses in such years that 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 \$88.1 million per incident, of which not more than \$10 million may be assessed in any one year.

Note H Non-Utility Generators (NUGs)

Con Edison of New York has contracts with NUGs for approximately 2,100 MW of electric generating capacity. Assuming performance by the NUGs, the company is obligated over the terms of the contracts (which extend for various periods, up to 2036) to make capacity and other fixed payments.

For the years 2001-2005, the capacity and other fixed payments under the contracts are estimated to be \$466 million, \$476 million, \$487 million, \$498 million and \$508 million. Such payments gradually increase to approximately \$600 million in 2013, and thereafter decline significantly. For energy delivered under these contracts, the company is obligated to pay variable prices that are estimated to be lower than expected market levels.

Under the terms of its electric rate agreements, Con Edison of New York is recovering in rates the charges it incurs under contracts with NUGs. The Agreement provides that, following March 31, 2005, the company will be given a reasonable opportunity to recover, through a non-bypassable charge to customers, the amount, if any, by which the actual costs of its purchases under the contracts exceed market value.

The Restructuring Agreement provided for a potential NUG contract disallowance of the lower of (i) 10 percent of the above-market costs or (ii) \$300 million (in 2002 dollars). The Restructuring Agreement provided that Con Edison of New York could offset the potential disallowance by NUG contract mitigation and by 10 percent of the gross proceeds of any generating unit sales to third parties. The company has offset the entire \$300 million maximum possible disallowance through NUG contract mitigation and generating plant divestiture proceeds.

Note I Generation Divestiture

In 1999 Con Edison of New York completed the sales of almost 6,300 MW of its approximately 8,300 MW of electric generating assets for an aggregate price of \$1.8 billion. The net book value of the assets sold was approximately \$1 billion.

In 1999, pursuant to the Restructuring Agreement, \$50 million of the net after-tax gain was applied as an increase to the accumulated depreciation reserve for Indian Point 2 and \$29 million of accumulated deferred taxes and investment tax credits relating to the assets sold were recognized in income. In 2000, pursuant to the Agreement, the balance of the net after-tax gain (including interest accrued thereon) was applied as follows: \$188.2 million was credited against electric distribution plant balances, \$107.3 million was used to offset a like amount of regulatory assets (including deferred power contract termination costs), \$50 million was deferred for recognition in income during the 12 months ending March 31, 2002, and \$12 million was deferred to be used for low-income customer programs. Pursuant to the Agreement, \$30 million of voluntary employee retirement incentive expenses related to the generation divestiture were deferred for amortization over 15 years and \$15 million of such expenses were charged to income in 2000.

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

At December 31, 2000, Con Edison of New York owned approximately 2,000 MW of electric generating assets, including its approximately 1,000 MW Indian Point 2 plant (the sale of which is pending, see Note G) and a 480 MW interest in the jointly-owned Roseton generating station, the sale of which was completed in January 2001. The net book value of the company's interest in Roseton was approximately \$55.5 million, and the net after-tax gain from the sale was \$37.3 million.

O&R completed the sale of all of its generating assets prior to the completion of Con Edison's purchase of O&R in July 1999.

Note J Lease Guarantee

A subsidiary of Con Edison Development has an operating lease covering a gas-fired generation facility now under construction and underlying land located in Newington, NH. The initial lease term is approximately eight years, beginning at the date of construction completion, which is expected to be May 2002. There is no rental expense under this arrangement for the period 1998-2000. At the end of the lease term, the subsidiary has the option to renew the lease or purchase the project for the then outstanding amounts expended by the lessor for the project. If the subsidiary chooses not to renew the lease or acquire the project, then Con Edison will guarantee a residual value of the project for an amount not to exceed \$239.7 million.

Payments and performance obligations are fully and unconditionally guaranteed by Con Edison. Future minimum rental payments required under the non-cancelable operating lease as of December 31, 2000 are as follows:

(Thousands of Dollars)

2001	\$	--
2002		16,854
2003		33,704
2004		33,700
2005		33,696
2006 and thereafter		151,775
Total		\$269,729

Note K Acquisition of Orange and Rockland Utilities (O&R)

In July 1999 Con Edison completed its acquisition of O&R for \$791.5 million in cash. Con Edison has accounted for the acquisition under the purchase method of accounting in accordance with generally accepted accounting principles. The results of operations of O&R for 2000 and the six months ended December 31, 1999 have been included in the consolidated income statement of Con Edison for the years ended December 31, 2000 and 1999. Con Edison has recorded in its consolidated financial statements all of the assets and liabilities of O&R. The fair value of O&R's regulatory assets approximates book value. All other assets and liabilities of O&R were adjusted to their estimated fair values. The \$437 million excess of the purchase price paid by Con Edison over the estimated fair value of net assets acquired and liabilities assumed was recorded as goodwill (O&R Goodwill) and is being amortized over 40 years. In accordance with regulatory agreements, costs to achieve the merger have been deferred as regulatory assets and are being amortized over a five-year period ending May 2004.

The unaudited pro forma consolidated Con Edison financial information shown below has been prepared based upon the historical consolidated income statements of Con Edison and O&R, giving effect to Con Edison's acquisition of O&R as if it had occurred at the beginning of 1999. The historical information has been adjusted to reflect the amortization of O&R Goodwill for the entire period and the after-tax cost Con Edison would have incurred for financing the acquisition of O&R by issuing debt at the beginning of the period at an assumed 8.0 percent per annum interest rate. The pro forma information is not necessarily indicative of the results that Con Edison would have had if its acquisition of O&R had been completed prior to July 1999, or the results that Con Edison will have in the future.

(Thousands of Dollars)

	1999
Revenues	\$7,816,815
Operating income	984,613
Net income	645,549
Average shares outstanding (000)	223,442
Earnings per share	\$ 2.89

Note L Income Tax

Consolidated Edison, Inc.

The components of income taxes are as follows:

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998
Charged to operations:			
State	\$ 28,941	\$ --	\$ --
Federal	103,670	836,783	322,259
Current	193,257	(428,859)	94,090
Deferred - net	(8,078)	(8,208)	(8,710)
Amortization of investment tax credit			
Total charged to operations	317,790	399,716	407,639
Charged to other income:			
State	(5,304)	--	--
Federal	(1,095)	1,430	(3,279)
Current	(7,037)	851	1,050
Deferred - net	(331)	(164)	--
Amortization of investment tax credit	3,145	(29,008)	--
Amortization of taxes associated with divestiture assets			
Total charged to other income	(10,622)	(26,891)	(2,229)
Total	\$307,168	\$372,825	\$405,410

The tax effect of temporary differences which gave rise to deferred tax assets and liabilities is as follows:

As of December 31 (Millions of Dollars)	2000	1999	1998
Liabilities:			
Depreciation	\$1,441.1	\$1,367.1	\$1,307.6
Excess deferred federal income tax on depreciation	156.2	165.3	186.7
Advance refunding of long-term debt	31.9	32.5	35.5
Other	209.8	140.1	86.9
Total liabilities	1,839.0	1,705.0	1,616.7
Assets:			
Unbilled revenues	(81.7)	(86.1)	(87.2)
Federal income tax audit adjustments -- 1992-1994	(29.7)	(30.5)	--
Other	(101.3)	(105.9)	(87.7)
Total assets	(212.7)	(222.5)	(174.9)
Regulatory liability - future federal income taxes	676.5	785.0	951.0
Net Liability	\$2,302.8	\$2,267.5	\$2,392.8

Reconciliation of the difference between income tax expenses and the amount computed by applying the prevailing statutory income tax rate to income before income taxes is as follows:

Year Ended December 31,	2000	1999	1998
	(% of Pre-tax income)		
Statutory tax rate			
Federal	35%	35%	35%
Changes in computed taxes resulting from:			
State income tax	2%	--	--
Depreciation related differences	4%	5%	4%
Cost of removal	(6)%	(3)%	(2)%
Amortization of taxes associated with divestiture assets	--	(3)%	--
Other	(1)%	--	(1)%
Effective Tax Rate	34%	34%	36%

Note M Stock-Based Compensation

Under Con Edison's Stock Option Plan (the Plan), options may be granted to officers and key employees for up to 10 million shares of Con Edison's common stock. Generally, options become exercisable three years after the grant date and remain exercisable until 10 years from the grant date.

As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation," Con Edison has elected to follow Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees," and related interpretations in accounting for its employee stock options. Under APB 25, because the exercise price of Con Edison'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. The information presented below relates to the income and earnings per share of Con Edison. This information has been determined as if Con Edison had accounted for its employee stock options under the fair value method of that statement. The fair values of 2000, 1999 and 1998 options are \$4.42, \$7.90 and \$6.23 per share, respectively. They were estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2000	1999	1998
	----	----	----
Risk-free interest rate	6.25%	5.24%	5.61%
Expected lives - in years	8	8	8
Expected stock volatility	20.51%	18.76%	12.68%
Dividend yield	6.60%	4.46%	4.98%

The following table reflects pro forma net income and earnings per share had the company elected to adopt the fair value approach of SFAS No. 123 (income in millions):

	2000	1999	1998
	----	----	----
Net Income:			
As reported	\$583	\$701	\$713
Pro forma	578	697	711
Diluted earnings per share:			
As reported	\$2.74	\$3.13	\$3.04
Pro forma	2.72	3.11	3.03

These pro forma amounts may not be representative of future disclosures since the estimated fair value of stock options is amortized to expense over the vesting period, and additional options may be granted in future years. For 2000, the number of total shares of common stock after giving effect to the dilutive common stock equivalents and used in the reported diluted earnings per share calculation is 212,417,885.

A summary of the status of Con Edison's Stock Option Plan as of December 31, 2000, 1999 and 1998 and changes during those years is as follows:

	Shares	Weighted Average Price
	-----	-----
Outstanding at 12/31/97	1,517,200	\$ 29.852
Granted	901,650	42.605
Exercised	--	--
Forfeited	(22,900)	36.326

Outstanding at 12/31/98	2,395,950	34.589
Granted	1,293,950	47.880
Exercised	(113,440)	27.875
Forfeited	(20,250)	40.246

Outstanding at 12/31/99	3,556,210	39.607
Granted	1,349,500	32.499
Exercised	(68,697)	29.732
Forfeited	(48,100)	39.231

Outstanding at 12/31/00	4,788,913	37.749

The following summarizes the Plan's stock options outstanding at December 31, 2000:

Plan Year	Weighted Average Exercise Price	Shares Outstanding At 12/31/00	Remaining Contractual Life
-----	-----	-----	-----
2000	\$32.499	1,339,500	9 years
1999	47.879	1,274,700	8 years
1998	42.607	869,850	7 years
1997	31.500	766,913	6 years
1996	27.875	537,950	5 years

Pursuant to employment agreements, effective September 2000, Con Edison granted certain officers of Con Edison and Con Edison of New York an aggregate of 350,000 restricted stock units. The units, each of which represents the right to receive one share of Con Edison common stock and related dividends, vest over a five-year period and upon the occurrence of certain events. Pursuant to SFAS No.123, Con Edison is recognizing compensation expense and accruing a liability

for the units over the vesting period.

Note N Financial Information by Business Segment (a) Consolidated Edison, Inc.

(Thousands of Dollars)	Electric			Steam		
	2000	1999	1998	2000	1999	1998
Operating revenues	\$ 6,938,128	\$ 5,792,673	\$ 5,674,446	\$ 452,135	\$ 340,026	\$ 321,932
Intersegment revenues	53,514	150,488	53,464	2,023	1,667	1,655
Depreciation and amortization	477,085	433,203	439,869	18,173	17,996	17,361
Income tax expense	247,683	339,630	351,088	2,867	2,910	5,057
Operating income	801,113	858,681	905,976	25,097	19,450	19,416
Total assets	10,908,432	10,670,017	10,919,857	596,510	565,945	575,018
Construction expenditures	786,211	530,068	465,258	32,014	28,488	30,512

	Gas			Unregulated and Other		
	2000	1999	1998	2000	1999	1998
Operating revenues	\$ 1,261,970	\$ 1,000,083	\$ 959,609	\$ 779,158	\$ 358,541	\$ 137,061
Intersegment revenues	6,113	2,812	2,460	14,582	--	290
Depreciation and amortization	66,780	66,262	60,596	24,369	8,721	688
Income tax expense	56,635	60,598	58,665	10,605	(3,422)	(7,171)
Operating income	184,478	152,212	141,680	5,448	(10,544)	(13,747)
Total assets	2,327,119	2,097,200	1,795,567	2,935,184	2,198,314	1,090,961
Construction expenditures	140,702	119,601	123,074	--	--	--

	Total		
	2000	1999	1998
Operating revenues	\$ 9,431,391	\$ 7,491,323	\$ 7,093,048
Intersegment revenues	76,232	154,967	57,869
Depreciation and amortization	586,407	526,182	518,514
Income tax expense	317,790	399,716	407,639
Operating income	1,016,136	1,019,799	1,053,325
Total assets	16,767,245	15,531,476	14,381,403
Construction expenditures	958,927	678,157	618,844

(a) For a description of Con Edison, see "Con Edison" appearing before Note A.

Note O Derivative Instruments and Hedging Activities

Neither Con Edison nor any of its subsidiaries, other than Con Edison Energy, enters into derivative transactions that do not qualify for deferred accounting treatment. At December 31, 2000, deferred gains or losses were not material. Con Edison Energy, as discussed below, is an "energy trading organization."

Energy Trading Con Edison's subsidiaries use derivative instruments to hedge purchases or sales of electricity and gas against adverse market price fluctuations.

Con Edison's utility subsidiaries, pursuant to SFAS No. 71, defer recognition in income of hedging gains and losses until the electricity or gas is purchased or sold. Pursuant to rate provisions that permit the recovery of the cost of purchased power and gas, Con Edison's utility subsidiaries credit or charge to their customers hedging gains or losses and related transaction costs. See "Recoverable Energy Costs" in Note A. SFAS No. 133 will not change how Con Edison's utility subsidiaries account for these hedging transactions. Where SFAS No. 71 does not allow deferred recognition in income, Con Edison's utility subsidiaries are expected to elect special hedge accounting pursuant to SFAS No. 133 to defer recognition of unrealized hedging gains and losses.

Con Edison Solutions defers recognition in income of hedging gains and losses until the related electricity or gas is purchased or sold. Pursuant to SFAS No. 133, Con Edison Solutions will elect cash flow hedging for most such transactions and defer any changes in fair value of the transactions in other comprehensive income until the hedging transactions are terminated. Any hedge ineffectiveness will be recognized as income in the period in which it occurs.

Con Edison Energy enters into over-the-counter and exchange traded contracts for the purchase and sale of electricity or gas (which may provide for either physical or financial settlement) and is considered an "energy trading organization" required to account for such trading activities in accordance with FASB Emerging Issues Task Force Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities" (98-10). As a result of the implementation of 98-10, Con Edison Energy recognized in income a pre-tax gain of \$1.6 million in 2000, reflecting mark to market gains relating to its outstanding contracts at December 31, 2000. SFAS No. 133 will not change how Con Edison Energy accounts for its trading activities.

Interest Rate Hedging In 2000 Con Edison purchased for \$8.9 million options to hedge interest rate risk with respect to its agreement to acquire Northeast Utilities. The options expired unexercised. The cost of the options was recognized in income in 2000. See Note P.

In connection with its \$55 million promissory note issued to the New York State Energy Research and Development Authority for the net proceeds of the Authority's variable rate Pollution Control Refunding Revenue Bonds (O&R Projects), 1994 Series A (the 1994 Bonds), O&R has a swap agreement pursuant to which it pays interest at a fixed rate of 6.09 percent and is paid interest at the same variable rate as is paid on the 1994 Bonds. If the swap agreement had been terminated on December 31, 2000, O&R would have been required to pay approximately \$13.9 million. In connection with \$95 million of variable rate loans undertaken relating to the Lakewood electric generating plant, Con Edison Development has swap agreements pursuant to which it pays interest at a fixed rate of 6.68 percent and is paid interest at a variable rate equal to the three-month London Interbank Offered Rate. If these swap agreements had been terminated on December 31, 2000, Con Edison Development would have been required to pay approximately \$2.6 million. Pursuant to SFAS No. 133, the O&R and Con Edison Development swap agreements will be accounted for as cash flow hedges and changes in their fair value will be recorded in other comprehensive income. The fair value of these swap agreements, which have no established market price, is the amount that would be required to be paid upon early termination.

Note P Northeast Utilities

On March 6, 2001, Con Edison commenced an action in the United States District Court for the Southern District of New York, entitled Consolidated Edison, Inc. v. Northeast Utilities, seeking a declaratory judgment that Northeast Utilities has failed to meet certain conditions precedent to Con Edison's obligation to complete its acquisition of Northeast Utilities pursuant to their agreement and plan of merger, dated as of October 13, 1999, as amended and restated as of January 11, 2000 (the merger agreement). The action also seeks the court's declaration that under the merger agreement Con Edison has no further or continuing obligations to Northeast Utilities, and

that Northeast Utilities has no further or continuing rights as against Con Edison.

On March 12, 2001, Northeast Utilities commenced an action in the same court claiming that Con Edison materially breached the merger agreement by repudiating its obligations under the merger agreement and refusing to proceed with the transaction on the terms set forth in the merger agreement. The action also claims that, as a result of Con Edison's breach of the merger agreement, Northeast Utilities and its shareholders have suffered substantial damages, including the difference between the consideration to be paid to Northeast Utilities shareholders pursuant to the merger agreement and the current market value of Northeast Utilities' common stock, expenditures in connection with regulatory approvals and lost business opportunities. Pursuant to the merger agreement, Con Edison agreed to acquire Northeast Utilities for \$26.00 per share (an estimated aggregate of not more than \$3.9 billion) plus \$0.0034 per share for each day after August 5, 2000 through the day prior to the completion of the transaction, payable 50 percent in cash and 50 percent in stock.

Con Edison believes that it is not obligated to acquire Northeast Utilities because Northeast Utilities does not meet the merger agreement's conditions that Northeast Utilities perform all of its obligations under the merger agreement, including the obligation that it carry on its businesses in the ordinary course consistent with past practice; that the representations and warranties made by it in the merger agreement were true and correct when made and remain true and correct; and that there be no material adverse change with respect to Northeast Utilities. Con Edison believes that it has not materially breached the merger agreement. Con Edison is unable to predict whether or not any Northeast Utilities-related lawsuits or other actions will have a material adverse effect on Con Edison's financial position, results of operations or liquidity.

On March 19, 2001, Con Edison announced that \$32.1 million of expenses relating to the transaction, including \$8.9 million paid for options to hedge interest rate risk relating to the transaction (see Note 0) had been recognized in income for 2000. Recognition of these expenses was being deferred pending completion of the transaction.

Report of Independent Accountants

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

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Consolidated Edison Company of New York, Inc. and its subsidiaries (the "Company") at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and the financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, 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.

PricewaterhouseCoopers LLP

New York, NY
February 15, 2001

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

Assets

At December 31 (Thousands of Dollars)	2000	1999

Utility plant, at original cost (Note A)		
Electric	\$11,135,764	\$10,670,257
Gas	2,020,395	1,934,090
Steam	740,189	722,265
General	1,282,254	1,220,948

Total	15,178,602	14,547,560
Less: Accumulated depreciation	4,819,626	4,384,783

Net	10,358,976	10,162,777
Construction work in progress	476,379	359,431
Nuclear fuel assemblies and components, less accumulated amortization	107,641	84,701

Net utility plant	10,942,996	10,606,909

Current assets		
Cash and temporary cash investments (Note A)	70,273	349,033
Accounts receivable - customer, less allowance for uncollectible accounts of \$25,800 and \$22,600 in 2000 and 1999, respectively	743,883	541,978
Other receivables	155,656	71,746
Fuel, at average cost	28,455	23,641
Gas in storage, at average cost	64,144	40,280
Materials and supplies, at average cost	118,344	138,300
Prepayments	497,884	178,693
Other current assets	50,977	32,513

Total current assets	1,729,616	1,376,184

Investments		
Nuclear decommissioning trust funds	328,969	305,717
Other	19,155	18,491

Total investments (Note A)	348,124	324,208

Deferred charges, regulatory assets and noncurrent assets		
Future federal income tax (Note A)	642,868	751,899
Recoverable energy costs (Note A)	274,288	78,650
Real estate sale costs - First Avenue properties	103,009	1,074
Divestiture - capacity replacement reconciliation (Note I)	73,850	24,373
Deferred special retirement costs (Note D)	46,743	20,282
Accrued unbilled revenue (Note A)	43,594	43,594
Deferred revenue taxes	36,542	60,712
Power contract termination costs	--	71,861
Other	147,940	166,766

Total regulatory assets	1,368,834	1,219,211

Other deferred charges and noncurrent assets	158,371	155,640

Total deferred charges, regulatory assets and noncurrent assets	1,527,205	1,374,851

Total	\$14,547,941	\$13,682,152

Capitalization and Liabilities

At December 31 (Thousands of Dollars)	2000	1999
Capitalization (see Statement of Capitalization)		
Common shareholder's equity	\$ 4,479,584	\$ 4,393,771
Preferred stock subject to mandatory redemption (Note B)	37,050	37,050
Other preferred stock (Note B)	212,563	212,563
Long-term debt	4,915,108	4,243,080
Total capitalization	9,644,305	8,886,464
Noncurrent liabilities		
Obligations under capital leases	31,432	34,406
Accumulated provision for injuries and damages	148,047	110,131
Pension and benefits reserve	105,124	76,807
Other noncurrent liabilities	14,822	17,210
Total noncurrent liabilities	299,425	238,554
Current liabilities		
Long-term debt due within one year (Note B)	300,000	275,000
Notes payable	139,969	495,371
Accounts payable	879,602	505,357
Customer deposits	195,762	208,865
Accrued taxes	49,509	23,272
Accrued interest	78,230	51,581
Accrued wages	70,951	79,408
Other current liabilities	237,634	202,657
Total current liabilities	1,951,657	1,841,511
Deferred credits and regulatory liabilities		
Accumulated deferred federal income tax (Note J)	2,134,973	2,121,054
Accumulated deferred investment tax credits (Note A)	124,532	132,487
Regulatory liabilities		
NY state tax law revisions	59,523	--
Deposit from sale of First Avenue properties	50,000	--
Gain on divestiture (Note I)	50,000	306,867
Accrued electric rate reduction (Note A)	38,018	--
NYPA revenue increase	35,021	25,630
Other	160,487	129,585
Total regulatory liabilities	393,049	462,082
Total deferred credits and regulatory liabilities	2,652,554	2,715,623
Contingencies (Note F)		
Total	\$14,547,941	\$13,682,152

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)	2000	1999	1998
<hr/>			
Operating revenues (Note A)			
Electric	\$ 6,467,074	\$ 5,672,348	\$ 5,717,119
Gas	1,081,534	943,641	959,609
Steam	452,135	340,026	321,932
<hr/>			
Total operating revenues	8,000,743	6,956,015	6,998,660
<hr/>			
Operating expenses			
Purchased power	2,988,096	1,669,227	1,252,035
Fuel	322,064	430,174	579,006
Gas purchased for resale	490,565	351,785	370,103
Other operations	947,545	1,047,748	1,117,785
Maintenance	430,870	423,322	477,413
Depreciation and amortization (Note A)	535,179	504,018	517,826
Taxes, other than income taxes	1,048,509	1,134,079	1,202,610
Income taxes (Notes A and J)	285,847	394,147	414,810
<hr/>			
Total operating expenses	7,048,675	5,954,500	5,931,588
<hr/>			
Operating income	952,068	1,001,515	1,067,072
<hr/>			
Other income (deductions)			
Investment income (Note A)	2,294	8,647	6,162
Allowance for equity funds used during construction (Note A)	1,086	3,805	2,431
Other income less miscellaneous deductions	1,446	(9,344)	(5,275)
Income taxes (Notes A and J)	(4,079)	28,066	575
<hr/>			
Total other income	747	31,174	3,893
<hr/>			
Income before interest charges	952,815	1,032,689	1,070,965
<hr/>			
Interest on long-term debt	331,426	305,261	308,671
Other interest	43,224	17,363	18,400
Allowance for borrowed funds used during construction (Note A)	(5,550)	(1,778)	(1,246)
<hr/>			
Net interest charges	369,100	320,846	325,825
<hr/>			
Net income	583,715	711,843	745,140
<hr/>			
Preferred stock dividend requirements	13,593	13,593	17,007
<hr/>			
Net income for common stock	\$ 570,122	\$ 698,250	\$ 728,133
<hr/>			

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)	2000	1999	1998
Balance, January 1	\$3,887,993	\$4,517,529	\$ 4,484,703
Corporate restructuring to establish holding company	--	--	(198,362)
Net income for the year	583,715	711,843	745,140
Total	4,471,708	5,229,372	5,031,481
Dividends declared on capital stock			
Cumulative Preferred, at required annual rates	13,593	13,593	17,007
Common	462,290	1,327,786	496,945
Total dividends declared	475,883	1,341,379	513,952
Balance, December 31	\$3,995,825	\$3,887,993	\$ 4,517,529

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

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

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998
Net Income	\$ 570,122	\$698,250	\$728,133
Other Comprehensive Income/(loss), net of taxes			
Minimum pension liability adjustments, net of \$363 taxes	(673)	--	--
Total Other Comprehensive Income/(loss), net of taxes	(673)	--	--
Comprehensive Income	\$ 569,449	\$698,250	\$728,133

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)	2000	1999	1998
Operating activities			
Net income	\$ 583,715	\$ 711,843	\$ 745,140
Principal non-cash charges (credits) to income			
Depreciation and amortization	535,179	504,018	517,826
Federal income tax deferred (excluding taxes resulting from divestiture of plant)	158,743	15,434	86,430
Common equity component of allowance for funds used during construction	(1,086)	(3,805)	(2,431)
Prepayments -- accrued pension credits	(250,743)	(54,000)	(49,800)
Other non-cash charges	13,603	38,464	11,297
Changes in assets and liabilities			
Accounts receivable -- customer, less allowance for uncollectibles	(201,905)	(50,485)	66,746
Materials and supplies, including fuel and gas in storage	(8,722)	62,785	17,659
Prepayments (other than pensions), other receivables and other current assets	(170,822)	(33,795)	(2,503)
Deferred recoverable energy costs	(195,638)	(56,637)	76,288
Cost of removal less salvage	(130,590)	(71,451)	(72,033)
Accounts payable	374,245	148,042	(58,149)
Other -- net	188,836	96,427	100,237
Net cash flows from operating activities	894,815	1,306,840	1,436,707
Investing activities including construction			
Construction expenditures	(907,648)	(655,403)	(618,844)
Nuclear fuel expenditures	(27,357)	(16,537)	(7,056)
Contributions to nuclear decommissioning trust	(21,301)	(21,301)	(21,301)
Common equity component of allowance for funds used during construction	1,086	3,805	2,431
Divestiture of utility plant (net of federal income tax)	--	1,138,750	--
Demolition and remediation costs for First Avenue properties	(101,935)	--	--
Deposit received from sale of First Avenue properties	50,000	--	--
Net cash flows (used in) from investing activities including construction	(1,007,155)	449,314	(644,770)
Financing activities including dividends			
Repurchase of common stock	(29,454)	(817,399)	(115,247)
Net proceeds from short-term debt	(355,402)	495,371	--
Issuance of long-term debt	975,000	767,700	460,000
Retirement of long-term debt	(275,000)	(225,000)	(200,000)
Advance refunding of preferred stock and long-term debt	--	(300,000)	(773,645)
Issuance and refunding costs	(5,468)	(16,440)	(8,864)
Funds held for refunding of debt	--	--	328,874
Common stock dividends	(462,503)	(1,327,786)	(496,945)
Preferred stock dividends	(13,593)	(13,593)	(18,138)
Corporate restructuring to establish holding company	--	--	(121,404)
Net cash flows used in financing activities including dividends	(166,420)	(1,437,147)	(945,369)
Net increase (decrease) in cash and temporary cash investments	(278,760)	319,007	(153,432)
Cash and temporary cash investments at January 1	349,033	30,026	183,458
Cash and temporary cash investments at December 31	\$ 70,273	\$ 349,033	\$ 30,026
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Interest	\$ 313,056	\$ 307,155	\$ 285,956
Income taxes	141,823	863,204	375,125

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

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

Year Ended December 31 (Thousands of Dollars)			2000	1999
	Shares outstanding			
	December 31, 2000	December 31, 1999		
<hr/>				
Common shareholder's equity (Note B)				
Common stock	235,488,094	235,488,094	\$ 1,482,341	\$ 1,482,341
Retained earnings			3,995,825	3,887,993
Accumulated other comprehensive income			(673)	--
Repurchased Consolidated Edison, Inc. common stock			(962,092)	(940,477)
Capital stock expense			(35,817)	(36,086)
<hr/>				
Total common shareholder's equity			4,479,584	4,393,771
<hr/>				
Preferred stock (Note B)				
Subject to mandatory redemption				
Cumulative Preferred, \$100 par value, 6-1/8% Series J	370,500	370,500	37,050	37,050
<hr/>				
Total subject to mandatory redemption			37,050	37,050
<hr/>				
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*				
4.65% Series C	153,296	153,296	15,330	15,330
4.65% Series D	222,330	222,330	22,233	22,233
<hr/>				
Total other preferred stock			212,563	212,563
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Total preferred stock			\$ 249,613	\$ 249,613
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* Represents total authorized shares of cumulative preferred stock, \$100 par value, including preferred stock subject to mandatory redemption.

At December 31 (Thousands of Dollars)			2000	1999

Long-term debt (Note B)				
Maturity	Interest Rate	Series		

Debtures:				
2000	7-3/8	1992A	\$ --	\$ 150,000
2000	7.60	1992C	--	125,000
2001	6-1/2	1993B	150,000	150,000
2001	6.68*	1996B	150,000	150,000
2002	6-5/8	1993C	150,000	150,000
2002	6.64*	1997A	150,000	150,000
2003	6-3/8	1993D	150,000	150,000
2004	7-5/8	1992B	150,000	150,000
2005	6-5/8	1995A	100,000	100,000
2005	6-5/8	2000C	350,000	--
2007	6.45	1997B	330,000	330,000
2008	6-1/4	1998A	180,000	180,000
2008	6.15	1998C	100,000	100,000
2009	7.15	1999B	200,000	200,000
2010	8-1/8	2000A	325,000	--
2010	7-1/2	2000B	300,000	--
2023	7-1/2	1993G	380,000	380,000
2026	7-3/4	1996A	100,000	100,000
2028	7.10	1998B	105,000	105,000
2028	6.90	1998D	75,000	75,000
2029	7-1/8	1994A	150,000	150,000
2039	7.35	1999A	275,000	275,000
Total debtures			3,870,000	3,170,000

Tax-exempt debt - notes issued to New York State Energy Research and Development Authority for Facilities Revenue Bonds:				
2020	5-1/4	1993B	127,715	127,715
2020	6.10	1995A	128,285	128,285
2022	5-3/8	1993C	19,760	19,760
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	6.00	1993A	101,000	101,000
2029	7-1/8	1994A	100,000	100,000
2034	4.12*	1999A	292,700	292,700
Total tax-exempt debt			1,097,610	1,097,610

Subordinated deferrable interest debtures:				
2031	7-3/4	1996A	275,000	275,000
Unamortized debt discount			(27,502)	(24,530)
Total			5,215,108	4,518,080
Less: long-term debt due within one year			300,000	275,000
Total long-term debt			4,915,108	4,243,080
Total capitalization			\$ 9,644,305	\$ 8,886,464

* Rates reset weekly or quarterly; December 31, 2000 rates shown. The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

These notes form an integral part of the accompanying consolidated financial statements of Consolidated Edison Company of New York, Inc. (Con Edison of New York) and its subsidiaries.

Con Edison

On January 1, 1998, Consolidated Edison, Inc. (Con Edison) was established as the parent holding company for Con Edison of New York pursuant to an agreement and plan of exchange which provided for the exchange of the outstanding shares of common stock, \$2.50 par value, of Con Edison of New York for an equal number of shares of common stock, \$.10 par value, of Con Edison.

Con Edison of New York, a regulated utility, provides electric service to over three million customers and gas service to over one million customers in New York City and Westchester County. It also provides steam service in parts of Manhattan.

Note A Summary of Significant Accounting Policies

Principles of Consolidation Con Edison of New York's consolidated financial statements include the accounts of Con Edison of New York and its consolidated subsidiaries.

Accounting Policies The accounting policies of Con Edison of New York conform to accounting principles generally accepted in the United States. For regulated public utilities, like Con Edison of New York, accounting principles generally accepted in the United States include Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation," and, in accordance with SFAS No. 71, the accounting requirements and rate-making practices of the Federal Energy Regulatory Commission (FERC) and the New York Public Service Commission (PSC).

The standards in SFAS No. 101, "Regulated Enterprises - Accounting for the Discontinuation of Application of the Financial Accounting Standards Board (FASB) Statement No. 71," have been applied to the non-nuclear electric supply portion of Con Edison of New York's business that was deregulated (the Deregulated Business) as a result of the Restructuring Agreement (defined below). The Deregulated Business includes all of Con Edison of New York's fossil electric generating assets and its non-utility generators (NUG) contracts and related regulatory assets and liabilities. The application of SFAS No. 101 to the Deregulated Business had no material effect on the financial position or results of operations of Con Edison of New York.

No impairment of Con Edison of New York's fossil generating assets has been recognized under SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," because most of these assets have been sold at a gain (see Note I) and the estimated cash flows from the operation and/or sale of the remaining generating assets, together with the cash flows from the strandable cost recovery provisions of the Restructuring Agreement (see "Rate and Restructuring Agreements" in this Note A), will not be less than the net carrying amount of the fossil generating assets.

Similarly, there has been no charge against Con Edison of New York's earnings for the deferred charges (regulatory assets - principally relating to future federal income taxes) and deferred credits (regulatory liabilities) relating to the Deregulated Business because recovery of regulatory assets net of regulatory liabilities is probable under the Restructuring Agreement. At December 31, 2000, net regulatory assets amounted to approximately \$975 million.

No loss has been accrued for Con Edison of New York's NUG contracts under SFAS No. 5, "Accounting for Contingencies," because it is not probable that the charges by NUGs under the contracts will exceed the cash flows from the sale by Con Edison of New York of the electricity provided by the NUGs, together with the cash flows provided pursuant to the Restructuring Agreement. See Note H.

Con Edison of New York recently entered into an agreement to sell its nuclear generating assets, which include Indian Point 2, the retired Indian Point 1 and certain related assets. The anticipated sales proceeds are expected to be less than the net carrying amount of the nuclear generating assets at the time of closing. No impairment of the assets has been recognized under SFAS No. 121, because recovery is probable under the Restructuring Agreement. The company expects to establish a regulatory

asset at the time the sale is completed. See Note G.

Rate and Restructuring Agreements In September 1997 the PSC approved a restructuring agreement between Con Edison of New York, the PSC staff and certain other parties (the Restructuring Agreement). The Restructuring Agreement provided for a transition to a competitive electric market through the development of a "retail access" plan, a rate plan for the period ending March 31, 2002, a reasonable opportunity for recovery of "strandable costs" and the divestiture of electric generation capacity by Con Edison of New York.

At December 31, 2000, approximately 91,000 Con Edison of New York customers representing approximately 20 percent of aggregate customer load were purchasing electricity from other suppliers under the electric Retail Choice program (which is available to all of Con Edison of New York's electric customers). Con Edison of New York delivers electricity to customers in this program through its regulated transmission and distribution systems. In general, the company's delivery rates for Retail Choice customers are equal to the rates applicable to other comparable Con Edison of New York customers, less an amount representing the cost of the energy and capacity it avoids by not supplying these customers.

Pursuant to the Restructuring Agreement, Con Edison of New York reduced electric rates, on an annual basis, by \$129 million in 1998, \$80 million in April 1999 and \$103 million in April 2000 and is required to further reduce rates in April 2001 by \$209 million. The April 2001 decrease will be partially offset by recognition in income of \$36 million relating to rates for distributing electricity to customers of the New York Power Authority and \$50 million of deferred generation divestiture gain. See Note I.

Pursuant to the Restructuring Agreement, as amended by a July 1998 PSC order, Con Edison of New York has sold approximately 6,800 MW of the approximately 8,300 MW of generating capacity that it owned (including 480 MW sold in January 2001). See Note I. In addition, Con Edison has agreed to sell its Indian Point 2 nuclear generating unit. See Note G.

In accordance with the April 1999 PSC order approving Con Edison's acquisition of O&R, Con Edison of New York has reduced its annual electric and gas rates by approximately \$12 million and \$2 million, respectively.

In November 2000 the PSC approved an agreement (the Agreement) that revises and extends the rate plan provisions of the Restructuring Agreement. Pursuant to the Agreement, Con Edison of New York reduced the distribution component of its electric rates by \$170 million on an annual basis, effective October 2000, and will further electric rates, effective April 1, 2001, in accordance with the Restructuring Agreement (as discussed above).

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

Under the Agreement, as approved by the PSC, 35 percent (50 percent if certain energy price volatility mitigation objectives are achieved) of any earnings in each of the rate years ending March 2002 through 2005 in excess of a specified rate of return on electric common equity (12.9 percent for the rate year ending March 2002 and 11.75 percent thereafter; or 12 percent if certain customer service and reliability objectives are achieved) will be retained for shareholders and the balance will be applied for customer benefit through rate reductions or as otherwise determined by the PSC. There is no sharing of earnings for the rate year ending March 2001. Con Edison of New York could be required to pay up to \$40 million annually in penalties if certain threshold service and reliability objectives are not achieved.

Con Edison of New York's potential electric strandable costs are those prior utility investments and commitments that may not be recoverable in a competitive electric supply market. Con Edison of New York is recovering these costs in the rates it charges all of its electric customers. The Agreement continues the stranded cost recovery provisions of the

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

The Agreement also continues the rate provisions pursuant to which Con Edison of New York recovers prudently incurred purchased power and fuel costs from customers. See "Recoverable Energy Costs" in this Note A.

In November 2000 the PSC approved an agreement among Con Edison of New York, the PSC staff and certain other parties that revised and extended the 1996 gas rate settlement agreement through September 2001. The 1996 agreement, with limited exceptions, continued base rates at September 1996 levels through September 2000.

Under the new agreement, the level above which the company will share with customers 50 percent of earnings is increased from a 13 percent to a 14 percent rate of return on gas common equity. In addition, customer bills are to be reduced by \$20 million during the January through March 2001 period; approximately \$22.6 million that normally would be credited to customers over various annual periods is to be credited during the four-month period ending March 2001; and \$19 million of charges to customers resulting from the reconciliation of actual gas costs to amounts included in rates that were scheduled to be billed to customers beginning December 2000 instead are to be billed to customers beginning April 2001.

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

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

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

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

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

Utility Plant and Depreciation Utility plant is stated at original cost. 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 and a reasonable rate on Con Edison of New York's own funds when so used, determined in accordance with PSC and FERC regulations. The AFDC rate was 7.2 percent in 2000 and 9.1 percent in 1999 and 1998. The rate was compounded semiannually, and the amounts applicable to borrowed funds were treated as a reduction of interest charges.

Con Edison of New York generally computes annual charges for depreciation using the straight-line method for financial statement purposes, with rates based on average lives and net salvage factors. The company's depreciation rates averaged approximately 3.7 percent in 2000, 3.3 percent in 1999 and 3.4 percent in 1998.

Nuclear Generation For information about the accounting policies followed for Con Edison of New York's nuclear generation, see Note G.

Revenues Con Edison of New York recognizes revenues for electric, gas and steam service on a monthly billing cycle basis. The company defers for refund to firm gas sales and transportation customers over a 12-month period all net interruptible gas revenues not authorized by the PSC to be retained by the company.

Recoverable Energy Costs Con Edison of New York recovers all of its prudently incurred fuel, purchased power and gas costs in accordance with PSC-approved rate provisions (which also include a \$35 million annual incentive or penalty relating to electricity costs). If the actual energy costs for a given month are more or less than amounts billed to customers for that month, the difference is recoverable from or refundable to customers. Differences between actual and billed energy costs are generally deferred for charge or refund to customers during the next billing cycle (normally within one or two months).

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

Investments For 2000 and 1999, investments consisted primarily of the external nuclear decommissioning trust fund. The nuclear decommissioning trust fund is stated at market, net of income taxes. Earnings on the nuclear decommissioning trust fund are not recognized in income but are included in the accumulated depreciation reserve. See "Decommissioning" in Note G.

New Financial Accounting Standards As of January 2001, Con Edison of New York adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137, "Deferral of the Effective Date of FASB Statement No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities an amendment of FASB Statement No. 133." The application of SFAS No. 133 and No. 138 is not expected to have a material effect on the financial position or results of operations of Con Edison of New York or materially change its current disclosure practices. See Note M.

In September 2000 the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a Replacement of FASB Statement No. 125." SFAS No. 140 revises the accounting for securitizations, other financial asset transfers and collateral and introduces new disclosures. The application of SFAS No. 140 is not expected to have a material impact on Con Edison of New York's consolidated financial statements.

Federal Income Tax In accordance with SFAS No. 109, "Accounting for Income Taxes," Con Edison of New York 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 it 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 regulatory assets for the net revenue requirements to be recovered from customers for the related future tax expense. See Note J. 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.

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.

Con Edison of New York and its subsidiaries file a federal income tax return on a consolidated basis with Con Edison and its other subsidiaries. Income taxes are allocated to each company based on its taxable income.

State Income Tax The New York State tax laws applicable to utility companies were changed, effective January 1, 2000. Certain revenue-based taxes were repealed or reduced and replaced by a net income-based tax. In addition, a compensating use tax was imposed on gas and electricity purchased outside New York State for use within the state. In December 2000 the PSC issued its requirements relating to the tax law changes. The amounts applicable to the provisions of the previous tax laws will continue to be collected through base rates and tariff surcharges, until the PSC directs otherwise, with the differences between those collections and the tax expense under the new law to be deferred, pending future disposition by the PSC.

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 2000, 1999 and 1998 amounting to \$14.0 million, \$12.4 million, and \$20.3 million, respectively, were charged to operating expenses. No research and development costs were capitalized in these years.

Reclassification Certain prior year amounts have been reclassified to conform with the current year presentation.

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

Note B Capitalization

Preferred Stock Not Subject To Mandatory Redemption Con Edison of New York has the option to redeem its \$5 cumulative preferred stock at \$105 and its cumulative preferred stock, Series C and Series D, at a price of \$101 per share (in each case, plus accrued and unpaid dividends).

Preferred Stock Subject To Mandatory Redemption Con Edison of New York is required to redeem its cumulative preferred stock, Series J shares on August 1, 2002. The redemption price is \$100 per share (plus accrued and unpaid dividends). Series J shares may not be called for redemption while dividends are in arrears on outstanding shares of \$5 cumulative preferred stock or other cumulative preferred stock.

Common Stock During the period 1998-1999, Con Edison of New York repurchased \$940.5 million of Con Edison's shares as follows:

(Millions)	Shares	Cost
1998	2.6	\$120.8
1999	18.7	819.7

Dividends Under Con Edison of New York's Restructuring Agreement, the dividends that it may pay are limited to not more than 100 percent of its income available for dividends, calculated on a two-year rolling average basis. Excluded from the calculation of "income available for dividends" are non-cash charges to income resulting from accounting changes or charges to income resulting from significant unanticipated events. The restriction also does not apply to dividends made in order to transfer to Con Edison proceeds from major transactions, such as asset sales, or to dividends reducing Con Edison of New York's equity ratio to a level appropriate to its business risk.

Payment of Con Edison of New York's common stock dividends to Con Edison is subject to certain additional restrictions. No dividends may be paid, or funds set apart for payment, on Con Edison of New York's common stock until all dividends accrued on the \$5 cumulative preferred stock and other cumulative preferred stock have been paid, or declared and set apart for payment, and unless Con Edison of New York is not in arrears on its mandatory redemption obligation for the Series J cumulative preferred stock. No dividends may be paid on any of Con Edison of New York's capital stock during any period in which Con Edison of New York has deferred payment of interest on its subordinated deferrable interest debentures.

Long-Term Debt Long-term debt maturing in the period 2001-2005 is as follows:

(Millions of Dollars)	
2001	\$300
2002	300
2003	150
2004	150
2005	450

Long-term debt of Con Edison of New York is stated at cost which, as of December 31, 2000, approximates fair value (estimated based on

current rates for debt of the same remaining maturities).

Note C Short Term Borrowing

At December 31, 2000, Con Edison of New York had a \$500 million commercial paper program, under which short-term borrowings are made at prevailing market rates. The program is supported by revolving credit agreements with banks. At December 31, 2000, \$140 million, at a weighted average interest rate of 6.66 percent per annum, was outstanding under the program. Con Edison of New York changes the amount of its program from time to time, subject to an \$800 million FERC-authorized limit.

Bank commitments under the revolving credit agreements may terminate upon a change of control of Con Edison or Con Edison of New York, and borrowings under the agreements are subject to certain conditions, including that the ratio (calculated in accordance with the agreements) of debt to total capital of the borrower not at any time exceed 0.65 to 1. At December 31, 2000, this ratio was 0.53 to 1 for Con Edison of New York.

Note D Pension Benefits

Con Edison of New York has non-contributory pension plans that cover substantially all of its employees and certain employees of other Con Edison subsidiaries. The plans are designed to comply with the Employee Retirement Income Security Act of 1974 (ERISA).

Investment gains and losses are recognized over five years and unrecognized actuarial gains and losses are amortized over 10 years.

The company offered a special retirement program in 1999 providing enhanced pension benefits for those employees who met specified eligibility requirements and retired within specific time limits. These incentives fall within the category of special termination benefits as described in SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." The increase in pension obligations as a result of this program amounted to \$45 million. The Agreement provided that \$15 million of this amount would be expensed in 2000 and the remaining \$30 million would be recorded as a regulatory asset and amortized over a 15-year period beginning in October 2000.

The components of the company's net periodic pension costs for 2000, 1999 and 1998 were as follows:

(Millions of Dollars)	2000	1999	1998
Service cost - including administrative expenses*	\$ 85.1	\$105.1	\$104.7
Interest cost on projected benefit obligation	383.3	358.7	346.8
Expected return on plan assets	(543.6)	(486.6)	(445.1)
Amortization of net actuarial (gain)	(189.7)	(90.1)	(71.7)
Amortization of prior service cost	10.5	10.5	10.3
Amortization of transition obligation	3.0	3.0	3.0
Net periodic pension cost	(251.4)	(99.4)	(52.0)
Amortization of regulatory asset**	17.7	2.2	2.2
Total pension cost	\$(233.7)	\$(97.2)	\$(49.8)
Cost capitalized	(49.1)	(19.2)	(9.2)
Cost charged to operating expenses	(184.6)	(78.0)	(40.6)

* Effective January 1, 1998, an assumption for administrative expenses are included as a component of service cost.

** Relates to \$33.3 million increase in pension obligations from a 1993 special retirement program and \$45 million increase from a 1999 special retirement program.

The funded status of the plans at December 31, 2000, 1999 and 1998 was as follows:

(Millions of Dollars)	2000	1999	1998
Change in benefit obligation			
Benefit obligation at beginning of year	\$4,915.1	\$5,384.1	\$4,940.6
Service cost - excluding administrative expenses	83.8	103.8	103.4
Interest cost on projected benefit obligation	383.3	358.7	346.8
Plan amendments	32.6	0.8	2.1
Actuarial (gain) loss	113.9	(728.0)	192.6
Special termination benefits	--	45.0	--
Benefits paid	(256.4)	(249.3)	(201.4)
Benefit obligation at end of year	\$5,272.3	\$4,915.1	\$5,384.1

Change in plan assets			
Fair value of plan assets at beginning of year	\$7,430.8	\$6,679.2	\$5,988.7
Actual return on plan assets	(82.5)	1,017.2	903.3
Employer contributions	1.5	1.7	1.4
Benefits paid	(256.4)	(249.3)	(201.4)
Administrative expenses	(16.0)	(18.0)	(12.8)

Fair value of plan assets at end of year	\$7,077.4	\$7,430.8	\$6,679.2

Funded status	\$1,805.1	\$2,515.7	\$1,295.1
Unrecognized net (gain)	(1,547.3)	(2,491.6)	(1,339.8)
Unrecognized prior service costs	94.7	72.5	82.2
Unrecognized net transition liability at January 1, 1987*	2.4	5.3	8.3

Net prepaid benefit cost	\$ 354.9	\$ 101.9	\$ 45.8

* Being amortized over approximately 15 years.

The amounts recognized in the Consolidated Balance Sheet at December 31, 2000, 1999 and 1998 were as follows:

(Millions of Dollars)	2000	1999	1998
Prepaid benefit cost	\$383.9	\$136.8	\$ 80.1
Accrued benefit liability	(37.1)	(34.9)	(34.3)
Intangible asset	7.1	--	--
Accumulated other comprehensive income	1.0	--	--
Net Amount Recognized	\$354.9	\$101.9	\$ 45.8

In 2000, Con Edison of New York adopted SFAS No. 130, "Reporting Comprehensive Income," which requires reporting of comprehensive income in any complete presentation of general-purpose financial statements. Comprehensive income consists of additional minimum pension liability adjustments (see Consolidated Statement of Comprehensive Income).

The actuarial assumptions at December 31, 2000, 1999 and 1998 were as follows:

	2000	1999	1998
Discount rate	7.75%	8.00%	6.75%
Expected return on plan assets	8.50%	8.50%	8.50%
Rate of compensation increase	4.55%	4.80%	4.80%

Note E Postretirement Benefits Other than Pensions

Con Edison of New York has a contributory comprehensive hospital, medical and prescription drug program for all retirees, their dependents and surviving spouses. The company also has a contributory life insurance program for bargaining unit employees. In addition, the company provides basic life insurance benefits up to a specified maximum at no cost to retired management employees.

Certain employees of other Con Edison subsidiaries are eligible to receive benefits under these programs. The company has reserved the right to amend or terminate these programs.

Investment gains and losses are recognized over five years and unrecognized actuarial gains and losses are amortized over 10 years.

The components of the company's postretirement benefit (health and life insurance) costs for 2000, 1999 and 1998 were as follows:

(Millions of Dollars)	2000	1999	1998
Service cost	\$ 9.2	\$13.7	\$14.9
Interest cost on accumulated postretirement benefit obligation	72.0	72.5	70.8
Expected return on plan assets	(59.1)	(41.5)	(38.2)
Amortization of net actuarial loss	0.3	26.8	20.9
Amortization of prior service cost	1.4	1.4	--
Amortization of transition obligation	17.4	17.4	21.5
Net periodic postretirement benefit cost	\$41.2	\$90.3	\$89.9
Cost capitalized	8.7	17.8	16.7
Cost charged to operating expenses	32.5	72.5	73.2

The funded status of the programs at December 31, 2000, 1999 and 1998 was as follows:

(Millions of Dollars)	2000	1999	1998
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 924.0	\$1,097.0	\$ 964.1
Service cost	9.2	13.7	14.9
Interest cost on accumulated postretirement benefit obligation	72.0	72.5	70.8
Plan amendments	0.6	--	(44.8)
Actuarial (gain) loss	124.6	(211.8)	133.7
Benefits paid and administrative expenses	(66.4)	(58.1)	(51.7)
Participant contributions	11.8	10.7	10.0
Benefit obligation at			

end of year	\$1,075.8	\$ 924.0	\$1,097.0

Change in plan assets			
Fair value of plan assets at beginning of year	\$ 834.4	\$ 665.8	\$ 574.1
Actual return on plan assets	4.2	100.5	119.3
Employer contributions	21.0	115.5	14.1
Participant contributions	11.8	10.7	10.0
Benefits paid	(61.3)	(53.9)	(47.7)
Administrative expenses	(5.1)	(4.2)	(4.0)

Fair value of plan assets at end of year	\$ 805.0	\$ 834.4	\$ 665.8

Funded status	\$ (270.8)	\$ (89.6)	\$ (431.2)
Unrecognized net (gain) loss	(45.4)	(224.6)	73.0
Unrecognized prior service costs	10.4	11.2	12.6
Unrecognized transition obligation at January 1, 1993*	208.8	226.2	243.6

Accrued postretirement benefit cost	\$ (97.0)	\$ (76.8)	\$ (102.0)

* Being amortized over a period of 20 years.

The actuarial assumptions at December 31, 2000, 1999 and 1998 were as follows:

	2000	1999	1998
Discount rate	7.75%	8.00%	6.75%
Expected return on plan assets			
Tax-exempt assets	8.50%	8.50%	8.50%
Taxable assets	7.50%	7.50%	7.50%

The health care cost trend rate assumed for 2001 was 8.0 percent. The rate was assumed to decrease gradually to 5.0 percent for 2006 and remain at that level thereafter.

A one-percentage point change in the assumed health care cost trend rate would have the following effects:

(Millions of Dollars)	1-Percentage- Point Increas	1-Percentage- Point Decrease
Effect on accumulated postretirement benefit obligation	\$134.2	\$117.5
Effect on service cost and interest cost components	\$ 11.5	\$ 9.8

Note F Environmental Matters

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

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

At December 31, 2000, Con Edison of New York had accrued \$85 million as its best estimate of its liability for sites as to which it has received process or notice alleging that hazardous substances generated by the company (and, in most instances, other potentially responsible parties) were deposited. There will be additional liability at these sites and other sites, the amount of which is not presently determinable but may be material to the company's financial position, results of operations or liquidity.

Under Con Edison of New York's current electric, gas and steam rate agreements, site investigation and remediation costs in excess of \$5 million annually incurred with respect to hazardous waste for which it is responsible are to be deferred and subsequently reflected in rates. At December 31, 2000, \$15 million of such costs had been deferred as regulatory assets.

Suits have been brought in New York State and federal courts against Con Edison of New York and many other defendants, wherein a large number of plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises of the company. Many of these suits have been disposed of without any payment by Con Edison of New York, or for immaterial amounts. The amounts specified in all the remaining suits total billions of dollars but the company believes that these amounts are greatly exaggerated, as were the claims already disposed of. Based on the information and relevant circumstances known to the company at this time, it does not believe that these suits will have a material adverse effect on its financial position, results of operations or liquidity.

Note G Nuclear Generation

Con Edison of New York owns the Indian Point 2 nuclear generating unit, which has a capacity of approximately 1,000 MW, and the retired Indian Point 1 nuclear generating unit.

The book value of Indian Point 2, net of accumulated depreciation, was \$504 million and \$382 million at December 31, 2000 and 1999, respectively.

Pending Sale In November 2000 Con Edison of New York entered into an agreement with Entergy Nuclear Indian Point 2 LLC (Entergy) for the sale of Indian Point 2, the retired Indian Point 1 and certain related assets (including fuel) for approximately \$602 million, subject to other adjustments. The estimated net after-tax loss on the sale of \$170 million will be deferred as a regulatory asset at the time the sale is completed. No impairment of the assets has been recognized under SFAS No. 121 because recovery is probable under the Agreement (see "Rate and Restructuring Agreement" in Note A).

Under the agreement, Con Edison of New York will transfer \$430 million of decommissioning trust funds at closing and Entergy will assume full responsibility for the decommissioning of Indian Point 1 and 2. In addition, Con Edison of New York has entered into a power purchase agreement with Entergy through the end of 2004 for the output of the Indian Point 2 unit at an annual average price of 3.9 cents per kilowatthour. The sale is subject to PSC and other regulatory approvals and other conditions.

Rate Recovery Con Edison of New York is recovering its investment in Indian Point 2 and

funds to decommission Indian Point 1 and 2 in the rates it charges all its electric customers. Under the Agreement, following March 31, 2005, the company will be given a reasonable opportunity to recover its remaining investment in Indian Point 2, including funds needed to decommission Indian Point 1 and 2, through a non-bypassable charge to customers over a periods that will extend no longer than the end of Indian Point 2's operating license in 2013. Reconciliation of estimated and actual decommissioning costs may be reflected in rates after 2013.

Outage Proceedings In February 2000 Con Edison of New York shut down Indian Point 2 following a leak in one of its four steam generators. The plant returned to service in January 2001. During the outage, the steam generators were replaced and refueling and maintenance work was performed.

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

The PSC is investigating the Indian Point 2 outage and its causes and the prudence of Con Edison of New York's actions regarding the operation and maintenance of Indian Point 2. The PSC has indicated that the examination should include, among other things, Con Edison of New York's inspection practices, the circumstances surrounding Indian Point 2's October 1997 to September 1998 outage, the basis for postponement of the steam generator replacement and whether, and to what extent, increased replacement power costs and repair and replacement costs should be borne by Con Edison of New York's shareholders.

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

Con Edison of New York has billed to customers the Indian Point 2 replacement power costs incurred prior to August 2000 and after October 2000, but not approximately \$90 million of replacement power costs incurred in August through October 2000.

Con Edison of New York believes that its operation, maintenance and inspection practices related to Indian Point 2 have been prudent. At December 31, 2000, the company accrued a \$40 million liability for the possible disallowance of Indian Point 2 replacement costs that it recovered from customers. The company is unable to predict whether or not any Indian Point 2-related proceedings, lawsuits, legislation or other actions will have a material adverse effect on its financial position, results of operations or liquidity.

Outage Accounting Scheduled refueling and maintenance outages are generally required after a cycle of approximately 22 months. Con Edison of New York's electric rates reflect a charge for the cost of scheduled refueling and maintenance outages. Under the company's current and previous electric rate agreements, these charges have been deferred for recognition in income during the period in which expenses are incurred for the outage. The costs of unscheduled outages are expensed as incurred and are not reflected in rates.

Decommissioning Since 1975, Con Edison of New York has been collecting costs of decommissioning from customers and accruing such amounts within its internal accumulated depreciation reserve. Amounts collected to fund decommissioning of the nuclear portions of the units have been deposited in external trust funds and earnings on such funds have been accrued as additional accumulated depreciation. The trust funds amounted to \$329.0 million and \$305.7 million, respectively, at December 31, 2000 and 1999. See "Investments" in Note A.

Accumulated decommissioning provisions at December 31, 2000 and 1999 were as follows:

(Millions of Dollars)	Amounts Included in Accumulated Depreciation	
	2000	1999
Nuclear	\$329.0	\$305.7
Non-nuclear	55.1	55.4
Total	\$384.1	\$361.1

Con Edison of New York's electric rates reflect annual expense allowances of \$21.3 million and \$1.8 million, respectively, to fund the estimated costs of decommissioning the nuclear and non-nuclear portions of the Indian Point 1 and 2 units. These amounts were established pursuant to a 1995 electric rate agreement based upon a 1994 site-specific study. The study estimated the decommissioning costs to be approximately \$657 million in 1993 dollars (assuming 2016 as the midpoint for decommissioning expenditures), including \$252 million for extended storage of spent nuclear fuel. The minimum decommissioning fund estimate calculated in accordance with NRC regulations was between \$572 million and \$981 million as of December 31, 2000.

Nuclear Fuel Nuclear fuel assemblies and components are amortized to operating expense based on the quantity of heat produced in the generation of electricity. Nuclear fuel costs are recovered in revenues through base rates or through the fuel adjustment clause.

Nuclear fuel costs 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 Con Edison of New York. Such payments amounted to \$3.9 million in 2000.

The DOE has defaulted on its obligation to Con Edison of New York and all other utilities that have nuclear reactors to begin to take title to the spent nuclear fuel generated at Indian Point 2. The company and a number of other utilities are pursuing their legal remedies against the DOE. The company estimates that it has adequate on-site capacity for interim storage of its spent fuel until 2005 after which, absent regulatory or technological developments, additional on-site or other spent fuel storage facilities would be required. The operation of Indian Point 2 could be curtailed if appropriate arrangements for the storage of its spent fuel were not made.

Nuclear Insurance The insurance policies covering Con Edison of New York'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, 2000, the highest amount that could be assessed for losses during the current policy year under all of the policies was \$14.7 million. While assessments may also be made for losses in certain prior years, the company is not aware of any losses in such years that 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 \$88.1 million per incident, of which not more than \$10 million may be assessed in any one year.

Note H Non-Utility Generators (NUGs)

Con Edison of New York has contracts with NUGs for approximately 2,100 MW of electric generating capacity. Assuming performance by the NUGs, the company is obligated over the terms of the contracts (which extend for various periods, up to 2036) to make capacity and other fixed payments.

For the years 2001-2005, the capacity and other fixed payments under the contracts are estimated to be \$466 million, \$476 million, \$487 million, \$498 million and \$508 million. Such payments gradually increase to approximately \$600 million in 2013, and thereafter decline significantly. For energy delivered under these contracts, the company is obligated to pay variable prices that are estimated to be lower than expected market levels.

Under the terms of its electric rate agreements, Con Edison of New York is recovering in rates the charges it incurs under contracts with NUGs. The Agreement provides that, following March 31, 2005, the company will be given a reasonable opportunity to recover, through a non-bypassable charge to customers, the amount, if any, by which the actual costs of its purchases under the contracts exceed market value.

The Restructuring Agreement provided for a potential NUG contract disallowance of the lower of (i) 10 percent of the above-market costs or (ii) \$300 million (in 2002 dollars). The Restructuring Agreement provided that Con Edison of New York could offset the potential disallowance by NUG contract mitigation and by 10 percent of the gross proceeds of any generating unit sales to third parties. The company has offset the entire \$300 million maximum possible disallowance through NUG contract mitigation and generating plant divestiture proceeds.

Note I Generation Divestiture

In 1999 Con Edison of New York completed the sales of almost 6,300 MW of its approximately 8,300 MW of electric generating assets for an aggregate price of \$1.8 billion. The net book value of the assets sold was approximately \$1 billion.

In 1999, pursuant to the Restructuring Agreement, \$50 million of the net after-tax gain was applied as an increase to the accumulated depreciation reserve for Indian Point 2 and \$29 million of accumulated deferred taxes and investment tax credits relating to the assets sold were recognized in income. In 2000, pursuant to the Agreement, the balance of the net after-tax gain (including interest accrued thereon) was applied as follows: \$188.2 million was credited against electric distribution plant balances, \$107.3 million was used to offset a like amount of regulatory assets (including deferred power contract termination costs), \$50 million was deferred for recognition in income during the 12 months ending March 31, 2002, and \$12 million was deferred to be used for low-income customer programs. Pursuant to the Agreement, \$30 million of voluntary employee retirement incentive expenses related to the generation divestiture were deferred for amortization over 15 years and \$15 million of such expenses were charged to income in 2000.

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

At December 31, 2000, Con Edison of New York owned approximately 2,000 MW of electric generating assets, including its approximately 1,000 MW Indian Point 2 plant (the sale of which is pending, see Note G) and a 480 MW interest in the jointly-owned Roseton generating station, the sale of which was completed in January 2001. The net book value of the company's interest in Roseton was approximately \$55.5 million, and the net after-tax gain from the sale was \$37.3 million.

Note J Income Tax Consolidated Edison Company of New York, Inc.

The components of income taxes are as follows:

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998
Charged to operations:			
State	\$22,233	\$ --	\$ --
Federal Current	111,081	857,717	329,430
Deferred - net	160,488	(455,419)	94,090
Amortization of investment tax credit	(7,955)	(8,151)	(8,710)
Total charged to operations	285,847	394,147	414,810
Charged to other income:			
State	(864)	--	--
Federal Current	(1,267)	101	(1,625)
Deferred - net	3,065	841	1,050
Amortization of taxes associated with divestiture assets	3,145	(29,008)	--
Total charged to other income	4,079	(28,066)	(575)
Total	\$289,926	\$366,081	\$414,235

The tax effect of temporary differences which gave rise to deferred tax assets and liabilities is as follows:

As of December 31 (Millions of Dollars)	2000	1999	1998
Liabilities:			
Depreciation	\$1,353.9	\$1,284.6	\$1,307.6
Excess deferred federal income tax on depreciation	152.1	159.5	186.7
Advance refunding of long-term debt	31.9	32.5	35.5
Other	133.2	90.9	76.4
Total liabilities	1,671.1	1,567.5	1,606.2
Assets:			
Unbilled revenues	(81.7)	(86.1)	(87.2)
Federal income tax audit adjustments -- 1992-1994	(29.7)	(30.5)	--
Other	(67.6)	(81.7)	(87.7)
Total assets	(179.0)	(198.3)	(174.9)
Regulatory liability - future federal income taxes	642.9	751.9	951.0
Net Liability	\$2,135.0	\$2,121.1	\$2,382.3

Reconciliation of the difference between income tax expenses and the amount computed by applying the prevailing statutory income tax rate to income before income taxes is as follows:

Year Ended December 31,	2000	1999	1998
	(% of Pre-tax income)		
Statutory tax rate			
Federal	35%	35%	35%
Changes in computed taxes resulting from:			
State income tax	2%	--	--
Depreciation related differences	4%	5%	4%
Cost of removal	(7)%	(3)%	(2)%
Amortization of taxes associated with divestiture assets	--	(3)%	--
Amortization of investment tax credit	(1)%	(1)%	(1)%
Other	--%	1%	--
Effective Tax Rate	33%	34%	36%

Note K Stock-Based Compensation

Under Con Edison's Stock Option Plan (the Plan), options may be granted to officers and key employees of Con Edison and its subsidiaries, including Con Edison of New York, for up to 10 million shares of Con Edison's common stock. Generally, options become exercisable three years after the grant date and remain exercisable until 10 years from the grant date.

As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation," Con Edison and Con Edison of New York have elected to follow Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees," and related interpretations in accounting for employee stock options. Under APB 25, because the exercise price of Con Edison'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 is required by SFAS No. 123. The information presented below relates to the income of Con Edison of New York. This information has been determined as if Con Edison of New York had accounted for the stock options awarded to officers and employees under the fair value method of that statement. The fair values of 2000, 1999 and 1998 options are \$4.42, \$7.90 and \$6.23 per share, respectively. They were estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2000	1999	1998
	----	----	----
Risk-free interest rate	6.25%	5.24%	5.61%
Expected lives - in years	8	8	8
Expected stock volatility	20.51%	18.76%	12.68%
Dividend yield	6.60%	4.46%	4.98%

The following table reflects pro forma net income had Con Edison of New York elected to adopt the fair value approach of SFAS No. 123 (income in millions):

	2000	1999	1998
	----	----	----
Net Income:			
As reported	\$570	\$698	\$728
Pro forma	566	695	726

These pro forma amounts may not be representative of future disclosures since the estimated fair value of stock options is amortized to expense over the vesting period, and additional options may be granted in future years.

A summary of the status of stock options awarded to officers and employees of Con Edison of New York under the Plan as of December 31, 2000, 1999 and 1998 and changes during those years is as follows:

	Shares	Weighted Average Price
	-----	-----
Outstanding at 12/31/97	1,517,200	\$ 29.852
Granted	871,650	42.607
Exercised	0	0
Forfeited	(21,900)	36.041

Outstanding at 12/31/98	2,366,950	34.492
Granted	1,183,650	42.595
Exercised	(113,440)	27.875
Forfeited	(20,250)	40.264

Outstanding at 12/31/99	3,416,910	39.313
Granted	1,166,500	32.499
Exercised	(68,697)	29.732
Forfeited	(48,100)	39.231

Outstanding at 12/31/00	4,466,613	37.682

The following summarizes the Plan's stock options outstanding at December 31, 2000:

Plan Year	Weighted Average Exercise Price	Shares Outstanding At 12/31/00	Remaining Contractual Life
-----	-----	-----	-----
2000	\$32.499	1,156,500	9 years
1999	47.883	1,164,400	8 years
1998	42.608	840,850	7 years
1997	31.500	766,913	6 years
1996	27.875	537,950	5 years

Pursuant to employment agreements, effective September 2000, Con Edison granted certain officers of Con Edison and Con Edison of New York an aggregate of 350,000 restricted stock units. The units, each of which represents the right to receive one share of Con Edison common stock and related dividends, vest over a five-year period and upon the occurrence of certain events. Pursuant to SFAS No.123, Con Edison of New York is recognizing compensation expense and accruing a liability for the units over the vesting period.

NOTE L FINANCIAL INFORMATION BY BUSINESS SEGMENT (a) Consolidated Edison Company of New York, Inc.

(Thousands of Dollars)	Electric			Steam		
	2000	1999	1998	2000	1999	1998
Operating revenues	\$ 6,467,074	\$ 5,672,348	\$ 5,717,119	\$ 452,135	\$ 340,026	\$ 321,932
Intersegment revenues	11,541	12,740	10,791	2,023	1,667	1,655
Depreciation and amortization	456,727	423,330	439,869	18,173	17,996	17,361
Income tax expense	227,445	328,032	351,088	2,867	2,910	5,057
Operating income	753,584	830,332	905,976	25,097	19,450	19,416
Total assets	10,136,309	9,924,167	10,919,857	596,510	565,945	575,018
Construction expenditures	752,460	515,149	465,258	32,014	28,488	30,512

(Thousands of Dollars)	Gas			Other		
	2000	1999	1998	2000	1999	1998
Operating revenues	\$ 1,081,534	\$ 943,641	\$ 959,609	\$ --	\$ --	\$ --
Intersegment revenues	3,113	2,811	2,460	--	--	--
Depreciation and amortization	60,279	62,692	60,596	--	--	--
Income tax expense	55,535	63,205	58,665	--	--	--
Operating income	173,387	151,733	141,680	--	--	--
Total assets	2,027,064	1,835,026	1,795,567	1,788,058	1,357,014	882,355
Construction expenditures	123,174	111,766	123,074	--	--	--

(Thousands of Dollars)	Total		
	2000	1999	1998
Operating revenues	\$ 8,000,743	\$ 6,956,015	\$ 6,998,660
Intersegment revenues	16,677	17,218	14,906
Depreciation and amortization	535,179	504,018	517,826
Income tax expense	285,847	394,147	414,810
Operating income	952,068	1,001,515	1,067,072
Total assets	14,547,941	13,682,152	14,172,797
Construction expenditures	907,648	655,403	618,844

(a) For a description of Con Edison of New York, see "Con Edison" appearing before Note A.

Note M Derivative Instruments and Hedging Activities

Con Edison of New York does not enter into derivative transactions that do not qualify for deferred accounting treatment. At December 31, 2000, deferred gains or losses were not material.

Energy Trading Con Edison of New York uses derivative instruments to hedge purchases or sales of electricity and gas against adverse market price fluctuations.

Con Edison of New York, pursuant to SFAS No. 71, defers recognition in income of hedging gains and losses until the electricity or gas is purchased or sold. Pursuant to rate provisions that permit the recovery of the cost of purchased power and gas, Con Edison of New York credits or charges to its customers hedging gains or losses and related transaction costs. See "Recoverable Energy Costs" in Note A. SFAS No. 133 will not change how Con Edison of New York accounts for these hedging transactions. Where SFAS No. 71 does not allow deferred accounting, Con Edison of New York will elect special hedge accounting pursuant to SFAS No. 133 to defer recognition in income of hedging gains and losses.

Report of Independent Accountants

To the Stockholder and Board of Directors
of Orange and Rockland Utilities, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Orange and Rockland Utilities, Inc. and its subsidiaries (the "Company") at December 31, 2000 and 1999, and the results of their operations and their cash flows for the years ended December 31, 2000 and 1999 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule as of and for the years ended December 31, 2000 and 1999 listed in the accompanying index present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and the financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, 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.

PricewaterhouseCoopers LLP

New York, NY
February 15, 2001

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholder
of Orange and Rockland Utilities, Inc.:

We have audited the accompanying consolidated statements of income, retained earnings and cash flows of Orange and Rockland Utilities, Inc. (a New York corporation) and Subsidiaries for the year ended December 31, 1998. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Orange and Rockland Utilities, Inc. and Subsidiaries for the year ended December 31, 1998, in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplemental Schedule II, Valuation and Qualifying Accounts, is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the 1998 financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

New York, New York
February 4, 1999

Consolidated Balance Sheet Orange and Rockland Utilities, Inc. and Subsidiaries

Assets

At December 31 (Thousands of Dollars)	2000	1999
Utility plant, at original cost (Note A)		
Electric	\$ 672,338	\$ 653,503
Gas	279,661	263,645
General	106,348	107,661
Total	1,058,347	1,024,809
Less: Accumulated depreciation	366,432	348,060
Net	691,915	676,749
Construction work in progress	28,091	22,373
Net utility plant	720,006	699,122
Current assets:		
Cash and temporary cash investments (Note A)	8,483	78,927
Accounts receivable - customer, less allowance for uncollectible accounts of \$3,845 in 2000 and \$5,395 in 1999	82,183	58,586
Other receivables - less allowance for uncollectible accounts of \$818 in 2000 and \$1,401 in 1999	7,551	12,707
Accounts receivable from affiliated company	--	626
Accrued utility revenue (Note A)	29,025	24,181
Gas in storage, at average cost	16,567	14,856
Materials and supplies, at average cost	4,815	4,333
Prepayments	23,854	20,761
Other current assets	20,735	22,316
Total current assets	193,213	237,293
Investments		
Non-Utility property-net of accumulated depreciation and amortization	3,249	3,415
Other	6	6
Total investments	3,255	3,421
Deferred charges, regulatory assets and noncurrent assets		
Regulatory Assets		
Recoverable energy costs	66,207	18,400
Deferred pension and other postretirement benefits	41,890	45,328
Deferred environmental remediation costs	34,056	3,330
Future federal income tax	33,659	33,115
Other regulatory assets	26,761	31,400
Deferred revenue taxes	7,337	10,130
Total regulatory assets	209,910	141,703
Other deferred charges and noncurrent assets	12,273	7,237
Total deferred charges, regulatory assets and noncurrent assets	222,183	148,940
Total	\$1,138,657	\$1,088,776

Capitalization and Liabilities

At December 31 (Thousands of Dollars)	2000	1999

Capitalization (see Statement of Capitalization)		
Common shareholder's equity	\$ 332,640	\$ 332,014
Long-term debt	335,656	281,524

Total capitalization	668,296	613,538

Noncurrent liabilities:		
Pension and benefit reserve	76,222	66,950
Other noncurrent liabilities	26,974	34,538

Total noncurrent liabilities	103,196	101,488

Current liabilities:		
Long-term debt due within one year (Note B)	--	120,000
Notes payable	40,820	--
Accounts payable	58,664	49,626
Accounts payable to affiliated companies	9,169	5,105
Accrued federal income and other taxes	4,863	--
Customer deposits	7,126	7,217
Accrued interest	7,087	8,521
Accrued environmental costs	32,852	2,300
Other current liabilities	27,756	20,019

Total current liabilities	188,337	212,788

Deferred credits and regulatory liabilities		
Accumulated deferred federal income tax	120,497	119,509
Deferred investment tax credits	6,897	7,351
Regulatory Liabilities		
Pension and other benefits	15,587	23,855
Gas recoveries and pipeline refunds	15,076	6,061
Industry restructuring collections	14,198	588
Other regulatory liabilities	6,358	3,116

Total regulatory liabilities	51,219	33,620
Other deferred credits	215	482

Total deferred credits and regulatory liabilities	178,828	160,962

Total	\$1,138,657	\$1,088,776

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

Consolidated Income Statement Orange and Rockland Utilities, Inc. and Subsidiaries

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998
Operating revenues (Note A)			
Electric	\$ 513,016	\$ 459,776	\$ 489,878
Gas	183,436	156,995	135,619
Non-utility	4,521	723	607
Total operating revenues	700,973	617,494	626,104
Operating expenses			
Purchased power	272,544	136,648	49,588
Fuel	39	44,451	94,503
Gas purchased for resale	117,150	87,947	71,649
Other operations	118,364	171,979	149,141
Maintenance	27,177	33,268	36,735
Depreciation and amortization (Note A)	26,862	32,670	35,735
Taxes, other than income tax	55,570	79,564	88,083
Income tax (Notes A and L)	22,826	5,683	24,680
Total operating expenses	640,532	592,210	550,114
Operating income	60,441	25,284	75,990
Other income (deductions)			
Investment income (Note A)	4,846	2,565	1,671
Allowance for equity funds used during construction (Note A)	212	20	4
Other income less miscellaneous deductions	757	53,932	875
Income tax (Notes A and L)	(1,829)	(34,441)	11
Total other income	3,986	22,076	2,561
Income before interest charges	64,427	47,360	78,551
Interest on long-term debt	22,933	27,534	25,004
Other interest	2,951	5,336	9,449
Allowance for borrowed funds used during construction (Note A)	(526)	(235)	(869)
Net interest charges	25,358	32,635	33,584
Net income	39,069	14,725	44,967
Preferred and preference stock requirements	--	886	2,797
Net income for common stock	\$ 39,069	\$ 13,839	\$ 42,170

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

Consolidated Statement of Retained Earnings Orange and Rockland Utilities, Inc. and Subsidiaries

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998
Balance, January 1	\$ 137,535	\$ 186,520	\$ 181,473
Net income for the year	39,069	14,725	44,967
Total	176,604	201,245	226,440
Dividends declared on capital stock			
Cumulative Preferred, at required annual rates	--	886	2,797
Dividend to parent	37,000	45,000	--
Common stock	--	17,447	34,899
Total dividends declared	37,000	63,333	37,696
Capital Stock, retirement	--	(377)	(2,213)
Capital Stock expense	6	--	(11)
Balance, December 31	\$ 139,610	\$ 137,535	\$ 186,520

Consolidated Statement of Comprehensive Income Orange and Rockland Utilities, Inc. and Subsidiaries

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998
Net Income	\$ 39,069	\$ 13,839	\$ 42,170
Other Comprehensive Income/(loss)			
Investment in Marketable Equity Securities, net of \$454 taxes	(843)	--	--
Minimum Pension Liability Adjustments, net of \$340 taxes	(631)	--	--

Total Other Comprehensive (loss), net of taxes	(1,474)	--	--
Comprehensive Income	\$ 37,595	\$ 13,839	\$ 42,170

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

Consolidated Statement of Cash Flows Orange and Rockland Utilities, Inc. and Subsidiaries

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998
Operating activities			
Net income	\$ 39,069	\$ 14,725	\$ 44,967
Principal non-cash charges (credits) to income			
Depreciation and amortization	26,862	32,670	35,286
Amortization of investment tax credit	(454)	(6,303)	(828)
Federal income tax deferred	444	(37,221)	5,612
Common equity component of allowance for funds used during construction	(212)	(20)	(4)
Gain on sale of land (net of tax)	(2,404)	--	--
Other non-cash charges (debits)	3,462	4,900	17
Changes in assets and liabilities			
Accounts receivable -- net, and accrued utility revenue	(28,441)	2,817	3,379
Materials and supplies, including fuel and gas in storage	(2,194)	14,972	1,108
Prepayments, other receivables and other current assets	(13,212)	12,550	(9,743)
Deferred recoverable energy costs	(26,166)	(1,055)	423
Accounts payable	30,584	(5,843)	2,943
Refunds to customers	1,621	24,432	237
Other -- net	10,326	13,305	(5,818)
Net cash flows from operating activities	39,285	69,929	77,579
Investing activities including construction			
Construction expenditures	(51,279)	(40,693)	(53,037)
Common equity component of allowance for funds used during construction	212	20	4
Divestiture of utility plant (net of current federal income tax)	--	256,117	--
Proceeds from sale of land (net of tax)	2,548	--	--
Net cash flows from investing activities including construction	(48,519)	215,444	(53,033)
Financing activities including dividends			
Issuance of long-term debt	55,000	45,000	3,200
Retirement of long-term debt	(120,030)	(1,690)	(2,684)
Retirement of common stock	--	--	(3,225)
Retirement of preferred stock	--	(43,516)	--
Short-term debt arrangements	40,820	(149,050)	18,489
Dividend to parent	(37,000)	(45,000)	--
Common stock dividends	--	(17,447)	(34,899)
Preferred stock dividends	--	(886)	(2,797)
Net cash flows from financing activities including dividends	(61,210)	(212,589)	(21,916)
Net increase in cash and temporary cash investments	(70,444)	72,784	2,630
Cash and temporary cash investments at January 1	78,927	6,143	3,513
Cash and temporary cash investments at December 31	\$ 8,483	\$ 78,927	\$ 6,143
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Interest	\$ 27,285	\$ 30,496	\$ 32,139
Income taxes	\$ 30,588	\$ 93,000	\$ 21,011

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

Consolidated Statement of Capitalization Orange and Rockland Utilities, Inc. and Subsidiaries

Year Ended December 31 (Thousands of Dollars)			2000	1999

Shares outstanding				

December 31, 2000			December 31, 1999	

Common shareholder's equity (Note B)				
Common stock	1,000	1,000	\$ 5	\$ 5
Capital stock expense			--	(25)
Retained earnings			139,610	137,535
Additional Paid in Capital			194,499	194,499
Accumulated Comprehensive Income			(1,474)	--

Total common shareholder's equity			332,640	332,014

Long-term debt (Note B)				
Maturity	Interest Rate	Series		

Debentures:				
2000	6.14%	1993C	--	20,000
2000	9.375%	1990A	--	80,000
2000	6.00%	1993I	--	20,000
2002	6.9%- 7.0%	Various	5	36
2003	6.560%	1993D	35,000	35,000
2007	7.125%	1997J	20,000	20,000
2010	7.50%	2000A	55,000	--
2018	7.07%	1998C	3,200	3,200
2027	6.50%	1997F	80,000	80,000
2029	7.0%	1999G	45,000	45,000

Total debentures			238,205	303,236

Tax-exempt debt - notes issued to New York State Energy Research and Development Authority for Pollution Control Revenue Bonds:				
2014	6.09%*	1994*	55,000	55,000
2015	4.21%**	1995	44,000	44,000

Total tax-exempt debt			99,000	99,000

Unamortized debt discount			(1,549)	(712)

Total			335,656	401,524
Less: long-term debt due within one year			--	120,000

Total long-term debt			335,656	281,524

Total capitalization			\$ 668,296	\$ 613,538

* See Note N.

** Rate reset quarterly; December 31, 2000 rate shown.

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

Notes to Consolidated Financial Statements

These notes form an integral part of the accompanying consolidated financial statements of Orange and Rockland Utilities, Inc. (O&R) and its subsidiaries.

O&R

Orange and Rockland Utilities, Inc. (O&R), a regulated utility, along with its utility subsidiaries, provides electric service to over 278,000 customers and gas service to over 118,000 customers in southeastern New York and in adjacent sections of New Jersey and northeastern Pennsylvania.

O&R has unregulated subsidiaries in land development businesses that are winding down their businesses. O&R's investment in these subsidiaries amounted to \$18.5 million at December 31, 2000.

Acquisition By Con Edison

In July 1999 Consolidated Edison, Inc. (Con Edison) completed its acquisition of O&R for \$791.5 million in cash.

The acquisition was accounted for under the purchase method of accounting in accordance with accounting principles generally accepted in the United States. The \$437 million excess of the purchase price paid by Con Edison over the estimated fair value of O&R's net acquired assets and liabilities assumed was recorded by Con Edison as goodwill and has not been reflected in O&R's consolidated financial statements.

Note A Summary of Significant Accounting Policies

O&R and its utility subsidiaries are subject to regulation by the Federal Energy Regulatory Commission (FERC) and various state regulatory authorities with respect to their rates and accounting. Their accounting policies conform to accounting principles generally accepted in the United States, as applied in the case of regulated public utilities, and are in accordance with the accounting requirements and rate-making practices of the regulatory authority having jurisdiction. A description of the significant accounting policies follows.

Principles of Consolidation The consolidated financial statements include the accounts of O&R and all of its subsidiaries. All intercompany balances and transactions have been eliminated.

Rate Regulation O&R, Rockland Electric Company (RECO), and Pike County Light and Power Company (PIKE) are subject to rate regulation by the New York Public Service Commission (NYPSC), the New Jersey Board of Public Utilities (NJBPUC) and the Pennsylvania Public Utility Commission (PPUC), respectively, and the FERC. The consolidated financial statements of the company are based on generally accepted accounting principles, including the provisions of Statement of Financial Accounting Standards No. 71 (SFAS No. 71), "Accounting for the Effects of Certain Types of Regulation," which gives recognition to the rate-making and accounting practices of the regulatory agencies.

In 1997 the NYPSC, in its Competitive Opportunities proceeding, approved a four-year O&R Restructuring Plan pursuant to which O&R in 1999 sold all of its generating assets, made available retail access to all of its electric customers effective May 1999, and unbundled and reduced its electric rates by approximately \$32.4 million over a four-year period. The sale of the generating assets was completed in June 1999. The disposition of the divestiture proceeds is discussed in Note H. The rate reductions required under O&R's Restructuring Plan were implemented in December 1997 and 1998. The unbundling of generation services from base rates was completed in May 1999. Since that time, O&R recovers purchased capacity and energy cost through a Market Supply Charge (MSC). No further rate reductions are required under the plan.

The New Jersey plan unbundled electric rates and provided rate reductions of \$6.8 million effective August 1999. Energy and purchased capacity charges are now recovered through a Basic Generation Service Charge (BGS). Additional rate reductions of \$2.7 million effective January 2001 and a final rate reduction of \$6.2 million effective August 2002 will be implemented. In December 2000 RECO petitioned the NJBPUC to offset the January 2001 two percent rate reduction with a new charge designed to reduce RECO's deferred purchased power cost balance. The NJBPUC failed to act on the petition and the two percent rate reduction went into effect as scheduled on January 1, 2001 without an offsetting charge. At December 31, 2000 RECO had \$31.6 million of charges deferred.

The Pennsylvania plan provided retail access to all customers effective May 1999, and unbundled existing rates into delivery and generation service components effective May 1999. Energy and purchased capacity charges are now recovered through a Provider of Last Resort charge.

The approved plans in New York, New Jersey and Pennsylvania also provide for recovery of the cost

above-market non-utility generator (NUG) contracts and load pocket costs through non-bypassable surcharges. See Note G.

In April 1999 the NYPSC ratified a settlement agreement approving the merger of O&R and Con Edison. As part of this settlement, O&R agreed to withdraw its pending gas base rate case upon consummation of the merger. The settlement also required O&R to (1) reduce gas rates by \$1.1 million or 0.8 percent effective August 1999 and (2) reduce its electric rates effective December 1999 by \$6.1 million. This settlement allows for a five-year amortization of merger costs and also allows O&R to share in net merger savings. The NJBPU and the PPUC also issued orders approving the merger. The NJBPU's order provided for a 75/25 percent customer/shareholder sharing of net merger savings and a ten-year amortization of merger costs. The customers' 75 percent share of net merger savings is being returned to them as part of the five percent restructuring rate reduction effective August 1, 1999. The PPUC agreement allows Pike to retain all net merger savings until its next general rate case and provides for a five-year amortization of merger costs.

In December 1999 O&R filed a gas rate increase with the NYPSC. In November 2000 the PSC approved an Agreement among O&R, the NYPSC Staff, and the Consumer Protection Board covering the three-year period November 2000 through October 2003. With limited exceptions, the agreement provides for no changes to base rates. O&R will be permitted to retain \$18.1 million of deferred credits that otherwise would have been returned to customers. The term of the agreement could be reduced to 18 months depending on the outcome of the PSC's ongoing proceeding to examine programs and rate design changes to facilitate customer choice of gas suppliers.

The \$18.1 million of deferred credits is comprised of \$7.9 million of Gas Adjustment Clause revenue and \$10.2 million of other customer credits. Earnings for gas operations above a threshold of 11.1% are subject to a 50/50 sharing mechanism between customer and shareholder. The 11.1% sharing threshold is subject to a positive adjustment of up to 85 basis points for the attainment of competitive awareness and customer migration goals. The company is subject to a potential earnings penalty of approximately \$450,000 per year for failure to meet minimum levels of performance regarding main replacement, gas leak backlog, customer safety complaints, and protection of underground facilities.

NJBPU Comprehensive Resource Proceeding In June 1999 NJBPU instituted the Comprehensive Resource Analysis Proceeding to consider: (i) the design of energy efficiency and renewable energy programs, (ii) the level of funding from each electric and gas utility, and (iii) who should administer the programs. Hearings have been held and comments have been filed in this proceeding. RECO has proposed funding levels that are appropriate given its own circumstances, including past commitments and recovery levels that were established in prior proceedings. The NJBPU is expected to issue an order on this matter in the first six months of 2001.

NJBPU Customer Account Services Proceeding

In March 2000 the NJBPU established a proceeding to determine the manner and timing of providing electric and gas customers in New Jersey the opportunity to choose an alternative supplier for some or all Customer Account Services ("CAS"). CAS are defined as metering, billing and other administrative services associated with maintaining a customer account with a utility. In December 2000 RECO entered into a Stipulation of Settlement (Stipulation) resolving all issues in the CAS proceeding. The Stipulation provides for the introduction of competitive billing services for RECO's retail access customers beginning 120 days after BPU approval of the Stipulation. Customers will be able to choose to receive a single consolidated bill from either RECO or their third-party supplier for both the supplier's commodity charges and RECO's transmission and distribution delivery charges. Under the terms of the Stipulation, customers choosing to receive a consolidated single bill from their third-party supplier will receive a credit of \$1 per month on RECO delivery charges. Any difference between the amounts of billing credits provided customers and RECO's actual avoided costs not otherwise recovered will be funded with \$100,000 of customer credits. Approval of the Stipulation by the NJBPU is expected in the first six months of 2001.

Utility Revenues Utility revenues are recorded on the basis of monthly customer cycle billings. Unbilled revenues are accrued at the end of each month for estimated energy usage since the last meter reading.

The level of revenues from gas sales in New York is subject to a weather normalization clause that requires recovery from or refund to firm customers of a portion of the shortfalls or excesses of firm net revenues which result from variations of more than plus or minus four percent in actual degree days from the number of degree days used to project heating season sales.

Energy Costs The tariff schedules for electric and gas services in New York include adjustment clauses under which purchased gas and purchased power costs, above or below levels allowed in approved rate schedules, are billed or credited to customers up to approximately 60 days after the costs are incurred. In accordance with regulatory

commission policy, such costs, along with the related income tax effects, are deferred until billed or credited to customers.

New York recoverable gas costs are reconciled with billed gas revenues annually as of August 31. Any excess or deficiency is refunded to or recovered from customers during a subsequent 12-month period.

Utility Plant Utility plant is stated at original cost. 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 and a reasonable rate on O&R and RECO's own funds when so used, determined in accordance with PSC and FERC regulations. The AFDC rate for O&R was 7.4 percent in 2000 and 5 percent in 1999 and 1998. The AFDC rate for RECO was 9.1 percent in 2000, 9.2 percent in 1999 and 9.4 percent in 1998. The rate was compounded semiannually, and the amounts applicable to borrowed funds were treated as a reduction of interest charges.

Depreciation For financial reporting purposes, depreciation is computed on the straight-line method based on the estimated useful lives of the various classes of property. Provisions for depreciation are equivalent to the following composite rates based on the average depreciable plant balances at the beginning and end of the year:

Year Ended December 31,	2000	1999	1998

Plant Classification			
Electric	3.00%	3.53%	2.80%
Gas	2.74%	2.75%	2.86%
Common	7.85%	7.80%	7.78%

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

New Financial Accounting Standards As of January 2001, O&R adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137, "Deferral of the Effective Date of FASB Statement No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities an amendment of FASB Statement No. 138." The application of SFAS No. 133 and No. 138 is not expected to have a material effect on the financial position or results of operations of O&R or materially change its current disclosure practices. See Note N.

In September 2000 the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a Replacement of FASB Statement No. 125." SFAS No. 140 revises the accounting for securitizations, other financial asset transfers and collateral and introduces new disclosures. The application of SFAS No. 140 is not expected to have a material impact on O&R's consolidated financial statements.

Federal Income Taxes In accordance with SFAS No. 109, "Accounting for Income Taxes," O&R 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 utility subsidiaries have recovered amounts from customers for a portion of the tax expense they 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 utility subsidiaries have established regulatory assets for the net revenue requirements to be recovered from customers for the related future tax expense. See Note L. 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.

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.

O&R and its subsidiaries file a consolidated federal income tax return as part of the consolidated return for Con Edison.

State Income Tax The New York State tax laws applicable to utility companies were changed, effective January 1, 2000. Certain revenue-based taxes were repealed or reduced and replaced by a net income-based tax. In addition, a compensating use tax was imposed on gas and electricity purchased outside New York State for use within the state. In December 2000 the PSC issued

its requirements relating to the tax law changes. The amounts applicable to the provisions of the previous tax laws will continue to be collected through base rates and tariff surcharges, until the PSC directs otherwise, with the differences between those collections and the tax expense under the new law to be deferred, pending future disposition by the PSC.

Deferred Revenue Taxes Deferred revenue taxes represent the unamortized balance of an accelerated payment of New Jersey Gross Receipts and Franchise Tax (NJGRFT) required by legislation effective June 1, 1991, as well as New York State MTA taxes that are deferred and amortized over a 12-month period following payment, in accordance with the requirements of the NYPSC. The deferred NJGRFT is being recovered in rates, with a carrying charge of 7.5 percent on the unamortized balance over a five-year period.

Deferred Plant Maintenance Costs O&R utilizes a silicone injection procedure as part of its maintenance program for residential underground electric cable in order to prevent premature failures and ensure the realization of the expected useful life of the facilities. O&R defers these expenditures and amortizes them over 10-year periods in order to match the remaining life of these assets.

Reclassification Certain prior year amounts have been reclassified to conform to the current year presentation.

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

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

Note B Capitalization

In July 1999 O&R became a wholly owned subsidiary of Con Edison. O&R issued 1,000 shares of \$5.00 par value common stock to Con Edison. In June 2000 O&R issued \$55 million of 7.5 percent Series A Debentures due 2010. Long-Term Debt Long-term debt maturing in the period 2001-2005 is as follows:

(Millions of Dollars)

2001	\$ -
2002	-
2003	35
2004	-
2005	-

Long-term debt of O&R and its utility subsidiaries is stated at cost, which, as of December 31, 2000 and 1999 approximates fair value.

Note C Short-term Borrowing

At December 31, 2000, O&R had \$40.8 million of short-term debt outstanding compared to zero at December 31, 1999. In December 1999 O&R entered into revolving credit agreements with banks, which it intends to use to support a \$100 million commercial paper program.

Bank commitments under the revolving credit agreements are subject to certain conditions, including that the ratio (calculated in accordance with the agreements) of debt to total capital of the borrower does not at any time exceed 0.65 to 1. At December 31, 2000, the ratio was 0.53 to 1 compared to 0.55 to 1 at December 31, 1999.

Note D Pension Benefits

O&R has a non-contributory defined benefit retirement plan, covering substantially all employees. The plan is designed to comply with the Employee Retirement Income Security Act of 1974 (ERISA).

Investment gains and losses are recognized over three years and unrecognized actuarial gains and losses are amortized over 10 years.

Pension costs for 1999 reflect the impact of the sale of its generating assets and the acquisition of O&R by Con Edison. Due to the relatively high number of employees who ceased to be O&R employees as a result of the plant sale, a curtailment charge was recorded in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." The acquisition triggered purchase accounting requirements that are reflected in the net periodic pension cost. Under such accounting O&R's accrued pension liability was adjusted to recognize all previously unrecognized actuarial gains and losses, all unrecognized prior service costs, and the remainder of any unrecognized obligation or asset existing at the date of the initial application of SFAS No. 87, "Employers' Accounting for Pensions."

O&R is currently allowed to recover in rates pension costs recognized under SFAS No. 87. In accordance with the provisions of SFAS No. 71, the company defers for future recovery any difference between expenses recognized under SFAS No. 87 and the current rate allowance authorized by each regulatory jurisdiction in which it operates.

The components of O&R's net periodic pension costs for 2000, 1999, and 1998 were as follows:

(Thousands of Dollars)	2000	1999	1998
Service cost - including administrative expenses	\$4,887	\$5,825	\$6,868
Interest cost on projected benefit obligation	25,397	19,702	19,194
Expected return on plan assets	(22,118)	(19,025)	(17,480)
Amortization of net actuarial loss (gain)	3,557	(2,725)	(6,338)
Amortization of prior service cost	-	2,128	4,251
Amortization of transition (asset)	-	(504)	(1,009)
Recognition of curtailment and termination benefits	-	11,857	-
Recognition of purchase accounting valuation	-	(29,611)	-
Net periodic pension cost	\$11,723	\$(12,353)	\$5,486
Amortized/(deferred and capitalized)	(7,677)	28,370	90
Net expense	\$4,046	\$16,017	\$5,576

The funded status of the plan at December 31, 2000, 1999, and 1998 was as follows:

(Thousands of Dollars)	2000	1999	1998
Change in benefit obligation			
Benefit obligation at beginning of year	\$326,472	\$289,765	\$260,306
Service cost - excluding administrative expenses	4,887	5,825	6,868
Interest cost on projected benefit obligation	25,397	19,702	19,194
Plan amendments	5,114	54	-
Actuarial loss	14,669	22,551	18,375
Curtailment and termination benefits	-	4,707	-
Benefits paid	(18,366)	(16,132)	(14,978)
Benefit obligation at end of year	\$358,173	\$326,472	\$289,765
Change in plan assets			
Fair value of plan assets at beginning of year	\$289,311	\$266,511	\$247,523
Actual return on plan assets	(2,192)	29,811	34,640
Employer contributions	3,207	11,356	-
Benefits paid	(18,366)	(16,132)	(14,131)
Administrative expenses	(1,833)	(2,235)	(1,521)
Fair value of plan assets at end of year	\$270,127	\$289,311	\$266,511

Funded status	\$(88,046)	\$(37,161)	\$(23,254)
Unrecognized net loss			
(gain)	50,552	13,390	(57,031)
Unrecognized prior			
service costs	5,114	-	35,830
Unrecognized net			
transition asset at			
January 1, 1987*	-	-	(3,026)

Accrued benefit cost	\$(32,380)	\$(23,771)	\$(47,481)
=====			

*Was being amortized over approximately 15 years.

The amounts recognized in the Balance Sheet at December 31, 2000, 1999 and 1998 were as follows:

(Thousands of Dollars)	2000	1999	1998
Accrued benefit cost	\$(33,350)	\$(23,771)	\$(47,481)
Intangible asset	-	-	-
Accumulated other comprehensive income	970	-	-
Net Amount Recognized	\$(32,380)	\$(23,771)	\$(47,481)

O&R adopted SFAS No. 130, "Reporting Comprehensive Income," which requires reporting of comprehensive income in any complete presentation of general-purpose financial statements. For O&R, comprehensive income consists of additional minimum pension liability adjustments for the O&R plans and unrealized gains and losses on available-for-sale marketable securities associated with the O&R supplemental retirement plan (see Consolidated Statement of Comprehensive Income).

The actuarial assumptions at December 31, 2000, 1999, and 1998 were as follows:

	2000	1999	1998
Discount rate	7.75%	8.00%	6.75%
Expected return on plan assets	8.50%	8.50%	8.00%
Rate of compensation increase			
Hourly	4.40%	3.00%	3.00%
Management	4.40%	1.00%	1.00%

Note E Postretirement Benefits Other than Pensions (OPEB)

O&R has a contributory medical and prescription drug program for all retirees, their dependents and surviving spouses. The company also has a non-contributory life insurance program for retirees.

Investment gains and losses are based on actual fair market value and unrecognized actuarial gains and losses are amortized over 10 years.

During 1999, O&R sold its electric generating assets. Because of the relatively high number of O&R employees for whom benefits in the plan ceased to be accrued as a result of this event, a curtailment charge was recorded in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits other than Pensions."

The acquisition of O&R by Con Edison in July 1999 triggered purchase accounting requirements that are reflected in the net periodic pension cost. Under purchase accounting O&R's accrued postretirement liability was adjusted to recognize all previously unrecognized actuarial gains or losses, all unrecognized prior service costs, and the remainder of any unrecognized obligation or asset existing at the date of the initial application of SFAS No. 106. The total of these adjustments along with the curtailment charge discussed above were recorded as a regulatory asset in accordance with SFAS No. 71.

O&R is currently allowed to recover in rates OPEB costs recognized under SFAS No. 106. In accordance with the provisions of SFAS No. 71, O&R defers for future recovery any difference between expenses recognized under SFAS No. 106 and the current rate allowance authorized by each regulatory jurisdiction in which it operates.

The components of O&R's postretirement benefit (health and life insurance) costs for 2000, 1999, and 1998 were as follows:

(Thousands of Dollars)	2000	1999	1998
Service cost	\$1,478	\$1,699	\$1,463
Interest cost on accumulated postretirement benefit obligation	6,856	5,302	5,326
Expected return on plan assets	(3,188)	(2,174)	(1,654)
Amortization of net actuarial loss	901	383	21
Amortization of prior service cost	-	4	9
Amortization of transition obligation	-	1,213	2,427
Recognition of curtailment and termination benefits	-	(5,091)	-
Recognition of purchase accounting valuation	-	39,166	-
Net periodic postretirement benefit cost	\$6,047	\$40,502	\$7,592

Deferred and

capitalized/(amortized)	1,602	35,222	(3,169)
Net expense	\$4,445	\$5,280	\$10,761

The program's funded status at December 31, 2000, 1999, and 1998 was as follows:

(Thousands of Dollars)	2000	1999	1998
Change in benefit obligation			
Benefit obligation at beginning of year	\$88,536	\$80,477	\$80,625
Service cost	1,478	1,699	1,463
Interest cost on accumulated postretirement benefit obligation	6,856	5,302	5,326
Plan amendments	(979)	-	98
Actuarial loss (gain)	2,992	6,314	(1,802)
Benefits paid and administrative expenses	(5,041)	(5,405)	(5,334)
Participant contributions	206	149	101
Benefit obligation at end of year	\$94,048	\$88,536	\$80,477
Change in plan assets			
Fair value of plan assets at beginning of year	\$37,890	\$31,180	\$22,238
Actual return on plan assets	162	3,512	2,086
Employer contributions	2,500	5,512	12,089
Participant contributions	-	54	101
Reimbursements for benefits owed to company	(813)	-	-
Benefits paid and administrative expenses	(1,483)	(2,368)	(5,334)
Fair value of plan assets at end of year	\$38,256	\$37,890	\$31,180
Funded status	\$(55,792)	\$(50,646)	\$(49,297)
Unrecognized net loss	14,125	9,008	5,016
Unrecognized prior service costs	(979)	-	89
Unrecognized transition obligation at January 1, 1993*	-	-	34,601
Accrued postretirement benefit cost	\$(42,646)	\$(41,638)	\$(9,591)

*Was being amortized over a period of 20 years.

The actuarial assumptions at December 31, 2000, 1999, and 1998 were as follows:

	2000	1999	1998
Discount rate	7.75%	8.00%	6.75%
Expected return on plan assets			
Tax-exempt assets	8.50%	8.50%	6.00%
Taxable assets	8.00%	7.50%	7.00%

The health care cost trend rate assumed for 2001 was 8.0 percent. The rate was assumed to decrease gradually to 5.0 percent for 2006 and remain at that level thereafter. A one-percentage point change in the assumed health care cost trend rate would have the following effects:

(Thousands of Dollars)	1 - Percentage-Point Increase	1 - Percentage-Point Decrease
Effect on accumulated postretirement benefit obligation	\$8,674	\$7,488
Effect on service cost and interest cost components	\$1,086	\$894

Note F Environmental Matters

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

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

At December 31, 2000, O&R had accrued \$32.9 million as its best estimate of its

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

Under O&R's current gas rate agreement, O&R may defer for subsequent recovery through rates the cost of investigating and remediating manufactured gas sites. At December 31, 2000, \$34 million of such costs had been deferred as a regulatory asset.

Suits have been brought in New York State and federal courts against O&R and many other defendants, wherein a large number of plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises of the company. Many of these suits have been disposed of without any payment by O&R, or for immaterial amounts. The amounts specified in all the remaining suits totals billions of dollars but the company believes that these amounts are greatly exaggerated, as were the claims already disposed of. Based on the information and relevant circumstances known to the company at this time, it does not believe that these suits will have a material adverse effect on its financial position, results of operation or liquidity.

In May 2000 the New York State Department of Environmental Conservation (DEC) issued notices of violation to O&R and four other companies that have

operated coal-fired electric generating facilities in New York State. The notices allege violations of the federal Clean Air Act and the New York State Environmental Conservation law resulting from the alleged failure to install pollution control equipment that would have reduced harmful emissions. The notice of violation received by O&R relates to the Lovett Generating Station that it sold in June 1999. O&R is unable to predict whether or not the alleged violations will have a material adverse effect on its financial position, results of operations or liquidity.

Note G Non-Utility Generators

O&R has contracts with NUGs for approximately 27 MW of electric generating capacity. Assuming performance by the NUGs, O&R is obligated over the terms of the contracts (which extend for various periods) to make payments for energy.

For the years 2001-2005, payments under the contracts are estimated to be \$17.3 million, \$17.6 million, \$17.9 million, \$18.3 million and \$18.6 million. Such payments gradually increase to approximately \$19 million in 2006 and thereafter decline significantly. For energy delivered under these contracts, O&R is obligated to pay variable prices that are estimated to be at or slightly above market levels. All above-market NUG costs are recoverable by O&R through a non-bypassable surcharge.

Note H Divestiture

In June 1999 O&R sold all of its electric generating assets, including the two-thirds interest in the Bowline Point generating facility owned by Consolidated Edison Company of New York, Inc. (Con Edison of New York).

The total gross proceeds from the sale amounted to approximately \$486.2 million, of which approximately \$349.3 million was attributable to O&R and approximately \$136.9 million was attributable to Con Edison of New York for its two-thirds ownership share of the Bowline Point plant. The net book value of O&R's generating facilities sold was approximately \$258.2 million, and the value of certain fuel and other plant inventory included in the sale was approximately \$17.2 million, for a total combined net book value of assets sold of \$275.4 million. After deducting approximately \$7.1 million of direct selling costs and approximately \$11.3 million of employee retraining, retention and severance pay, the pre-tax gain on the sale amounted to approximately \$55.5 million. The provision for income taxes amounted to approximately \$40.8 million, and the net gain after federal income tax on the sale was, therefore, approximately \$14.7 million. As required by regulatory orders approving the sale, the net gain from the sale was deferred pending final review by the NYPSC, the NJBPU and the PPUC of the calculation of the gain as well as final disposition of the net gain. O&R's reported after-tax net income for the 12 months ended December 31, 1999 was positively impacted by approximately \$2.4 million as a result of the sale.

The divestiture triggered curtailments and special termination benefits accounting as required by SFAS No. 88. O&R's transition program for its generating employees contains special provisions that allow early vesting and enhancements to the benefit plans for those employees not offered employment or who are involuntarily terminated by the new owner within five years from the date of transfer. The expected costs of these enhancements together with curtailment costs resulted in additional pension and postretirement benefit costs of \$1.6 million and \$0.8 million, respectively. These estimates are included in the \$11.3 million of employee costs noted above in determining the cost of the sale. O&R will retain the pension assets and liabilities as well as the obligation relating to the employees which were employed by O&R prior to the sale. O&R made a \$10 million settlement payment with respect to certain pension calculations and reduced its pension and other post employment benefit liability by this amount.

In March 2000 the NYPSC issued an Order directing O&R to pass back a portion of the gain from the sale of generating assets to customers over a 20-month period starting April 1, 2000.

In December 2000 the NJBPU issued an Order directing RECO to pass back a portion of the gain from the sale of generating assets to customers over a 30-month period starting January 1, 2001.

Rate Orders from PPUC covering the disposition of divestiture proceeds are pending.

Note I Regulatory Assets and Liabilities

O&R has established various regulatory assets and liabilities to defer specific costs and gains that the applicable regulatory agencies have permitted or are expected to permit to be recovered in rates or refunded to customers over time. For RECO current recovery of purchased power costs is subject to certain limitations imposed by the NJBPU and costs that are not currently recovered are deferred for future recovery. At December 31, 2000, net recoverable purchased power costs of approximately \$31.6 million were deferred by RECO for future recovery.

Note J Related Party Transactions

Each month O&R is invoiced by Con Edison and its affiliates for the cost of any services rendered to O&R by Con Edison and its affiliates. These services, provided primarily by Con Edison of New York, include substantially all administrative support operations, such as corporate directorship and associated ministerial duties, accounting, treasury, investor relations, information resources, legal, human resources, fuel supply and energy management services. The cost of these services was \$10.7 million for 2000 and \$7.1 million for 1999. In addition, O&R purchased \$103.9 million of gas from Con Edison of New York during 2000.

O&R provides certain recurring services to Con Edison of New York on a monthly basis, including cash receipts processing, rubber goods testing, and certain administrative services. The cost of these services, which are invoiced to Con Edison of New York, totaled \$8.3 million for 2000 and \$1.6 million for 1999. In addition, O&R sold \$4.9 million of gas to Con Edison of New York during 2000.

Note K Leases

The future minimum rental commitments under O&R's non-cancellable operating leases are as follows:

(Thousands of Dollars)

2001	\$ 3,974
2002	2,777
2003	1,414
2004	1,464
2005	1,464
All years thereafter	24,920

Note L Income Tax Orange & Rockland Utilities, Inc. & Subsidiaries

The components of income taxes are as follows:

Year Ended December 31 (Thousands of Dollars)	2000	1999	1998

Charged to operations:			
State	\$6,040	\$1,966	\$2,167
Federal	15,564	139	17,449
Current			
Deferred - net	1,345	3,691	5,186
Amortization of investment tax credit	(123)	(113)	(122)

Total charged to operations	22,826	5,683	24,680

Charged to other income:			
Current	2,151	80,787	268
Deferred - net	9	(38,905)	426
Amortization of investment tax credit	(331)	(485)	(705)
Amortization of taxes associated with divestiture assets -	-	(6,956)	-

Total charged to other income	1,829	34,441	(11)

Total	\$24,655	\$40,124	\$24,669

The tax effect of temporary differences which gave rise to deferred tax assets and liabilities is as follows:

As of December 31 (Millions of Dollars)	2000	1999	1998

Liabilities:			
Depreciation	\$86.0	\$81.2	\$119.9
Excess deferred federal income tax on depreciation	4.1	5.8	7.3
Other	17.1	23.6	26.0

Total liabilities	107.2	110.6	153.2

Assets:			
Other	(20.4)	(24.2)	(29.8)

Total assets	(20.4)	(24.2)	(29.8)

Regulatory liability - future federal income taxes	33.7	33.1	74.3

Net liability	\$120.5	\$119.5	\$197.7

Reconciliation of the difference between income tax expenses and the amount computed by applying the prevailing statutory income tax rate to income before income taxes is as follows:

Year Ended December 31,	2000	1999	1998

(% of Pre-tax income)			

Statutory tax rate			
Federal	35%	35%	35%
Changes in computed taxes resulting from:			
State income tax	6%	2%	2%
Depreciation related differences	1%	3%	2%
Cost of removal	(1)%	(2)%	(2)%
Amortization of investment tax credit	(1)%	-	(1)%
Other	(1)%	4%	(1)%

Subtotal	39%	42%	35%

Unallowable cost related to merger	-	6%	-
Sale of divestiture assets	-	26%	-

Effective tax rate	39%	74%	35%

Orange and Rockland Utilities, Inc. and Subsidiaries

Note M FINANCIAL INFORMATION BY BUSINESS SEGMENT (a)

(Thousands of Dollars)	Electric			Unregulated and Other		
	2000	1999	1998	2000	1999	1998
Operating revenues	\$ 513,016	\$ 459,776	\$ 489,878	\$ 4,521	\$ 723	\$ 607
Intersegment revenues	11	8	9	-	-	-
Depreciation and amortization	20,358	25,591	29,919	3	60	128
Income tax expense	20,237	6,252	23,929	1,489	(641)	(558)
Operating income	47,529	18,705	67,390	1,821	(603)	(1,451)
Total assets	772,123	748,103	1,004,102	66,479	75,183	43,284
Construction expenditures	33,751	24,731	33,910	-	-	18

	Gas			Total		
	2000	1999	1998	2000	1999	1998
Operating revenues	\$ 183,436	\$ 156,995	\$ 135,619	\$ 700,973	\$ 617,494	\$ 626,104
Intersegment revenues	-	37	14	11	45	23
Depreciation and amortization	6,501	6,891	5,688	26,862	32,542	35,735
Income tax expense	1,100	72	1,309	22,826	5,683	24,680
Operating income	11,091	7,182	10,051	60,441	25,284	75,990
Total assets	300,055	265,490	260,754	1,138,657	1,088,776	1,308,140
Construction expenditures	17,528	15,962	19,109	51,279	40,693	53,037

(a) For a description of O & R, see "Con Edison" appearing before Note A.

Note N Derivative Instrument and
Hedging Activities

In connection with its \$55 million promissory note issued to the New York State Energy Research and Development Authority for the net proceeds of the Authority's variable rate Pollution Control Refunding Revenue Bonds, 1994 Series A (the 1994 Bonds), O&R has a swap agreement pursuant to which it pays interest at the fixed rate of 6.09 percent and is paid interest at the same variable rate as is paid on the 1994 Bonds. If the swap agreement had been terminated on December 31, 2000, O&R would have been required to pay approximately \$13.9 million. Pursuant to SFAS No. 133, O&R's swap agreement will be accounted for as a cash flow hedge and changes in its fair value will be recorded in other comprehensive income. The fair value of the swap agreement, which has no established market price, is the amount that would be required to be paid upon early termination.

SCHEDULE I

CONDENSED FINANCIAL INFORMATION
OF
CONSOLIDATED EDISON, INC.
(Thousands of Dollars)

CONDENSED BALANCE SHEET

At December 31,	2000	1999

Assets		
Current assets		
Cash and temporary cash investments	\$ 5,531	\$ 7,773
Other current assets	2,261	4,690
Total current assets	7,792	12,463
Investments in subsidiaries	6,590,345	6,372,295
Other assets	4,435	--
Total Assets	\$ 6,602,572	\$ 6,384,758
=====		
Capitalization and Liabilities		
Stockholders' Equity		
Common stock	\$ 1,436,643	\$ 1,436,643
Retained earnings	4,991,651	4,908,913
Total stockholders' equity	6,428,294	6,345,556
Current Liabilities		
Accounts payable	103,680	34,441
Notes payable	74,254	--
Other current liabilities	9,674	4,759
Total current liabilities	187,608	39,200
Noncurrent Liabilities	(13,330)	2
Total Liabilities	174,278	39,202
Total Capitalization and Liabilities	\$ 6,602,572	\$ 6,384,758
=====		

SCHEDULE I (Continued)

CONDENSED FINANCIAL INFORMATION
OF
CONSOLIDATED EDISON, INC.
(Thousands of Dollars, except per share amounts)

CONDENSED INCOME STATEMENT

For the year ended December 31,	2000	1999	1998
Equity in earnings of subsidiaries	\$ 616,930	\$ 709,604	\$ 709,700
Other income (deductions), net of taxes	(15,315)	980	3,182
Operating expenses			
Amortization of O&R goodwill	(10,917)	(5,459)	--
Other	(990)	(2,709)	(140)
Interest expense	(6,873)	(1,801)	--
Net Income	\$ 582,835	\$ 700,615	\$ 712,742
Average number of shares outstanding (in thousands)	212,186	223,442	234,308
Basic earnings per common share	\$ 2.75	\$ 3.14	\$ 3.04
Diluted earnings per common share	\$ 2.74	\$ 3.13	\$ 3.04

CONDENSED STATEMENT OF CASH FLOWS

Year ended December 31,	2000	1999	1998
Net income	\$ 582,835	\$ 700,615	\$ 712,742
Dividends received from:			
Consolidated Edison Company of New York, Inc.	462,503	1,327,786	496,945
Orange and Rockland Utilities, Inc.	37,000	45,000	--
Other - net	(468,152)	(944,584)	(917,506)
Net cash flows from operating activities	614,186	1,128,817	292,181
Investing activities			
Acquisition of Orange and Rockland Utilities, Inc., net of cash and cash equivalents	--	(509,083)	--
Financing activities			
Repurchase of common stock	(39,078)	--	--
Stock options exercised	(1,026)	(16,757)	--
Common stock dividends	(462,503)	(477,110)	(493,201)
Corporate restructuring to establish holding company	--	--	198,362
Contributions to subsidiaries	(113,821)	(165,220)	(59,095)
Net cash flows from financing activities	(616,428)	(659,087)	(353,934)
Net decrease in cash and temporary cash investments	(2,242)	(39,353)	(61,753)
Cash and temporary cash investments at January 1,	7,773	47,126	108,879
Cash and temporary cash investments at December 31,	\$ 5,531	\$ 7,773	\$ 47,126

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 and 1998

(Thousands of Dollars)

Company	DESCRIPTION	COLUMN A Balance at Beginning of Period	COLUMN B Charged to Costs and Expenses	COLUMN C (1) Additions	COLUMN C (2) Additions	COLUMN D Deductions**	COLUMN E Balance At End of Period
Con Edison	Allowance for uncollectible accounts*:						
	2000	\$34,821	\$38,292	--	\$39,399	\$33,714	
	1999	\$24,957	\$41,456	\$3,686***	\$35,278	\$34,821	
	1998	\$21,600	\$30,983	--	\$27,626	\$24,957	
Con Edison of New York	Allowance for uncollectible accounts*:						
	2000	\$22,600	\$31,808	--	\$28,608	\$25,800	
	1999	\$22,600	\$25,369	--	\$25,369	\$22,600	
	1998	\$21,600	\$28,626	--	\$27,626	\$22,600	
O&R	Allowance for uncollectible accounts*:						
	2000	\$ 5,395	\$3,029	--	\$4,579	\$ 3,845	
	1999	\$ 3,686	\$8,806	--	\$7,097	\$ 5,395	
	1998	\$ 2,530	\$4,019	--	\$2,863	\$ 3,686	

* This is a valuation account deducted in the balance sheet from the assets (Accounts receivable -customer) to which they apply.

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

*** Represents O&R balance at time of Con Edison's acquisition of O&R in July 1999.

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

CON EDISON

None.

CON EDISON OF NEW YORK

None.

O&R

Reference is made to O&R's Current Report on Form 8-K, dated July 8, 1999, reporting the completion of its acquisition by Con Edison and the appointment of PricewaterhouseCoopers LLP, Con Edison's independent accountants, as O&R's independent accountants.

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

CON EDISON

Information required by Part III as to Con Edison is incorporated by reference from Con Edison's definitive joint proxy statement for its Annual Meeting of Stockholders to be held on May 21, 2001. The proxy statement is to be filed pursuant to Regulation 14A not later than 120 days after December 31, 2000, the close of the fiscal year covered by this report.

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

CON EDISON OF NEW YORK

Information required by Part III as to Con Edison of New York is substantially the same as the information required by Part III as to Con Edison, except: Michael J. Del Giudice, who is a member of the Boards of Directors of Con Edison and O&R, is not a member of the Board of Trustees of Con Edison of New York, Inc. Con Edison owns all of the issued and outstanding shares of Con Edison of New York Common Stock (\$2.50 par value). No Trustee or executive officer of Con Edison of New York owns any voting or equity securities of Con Edison of New York and, to the best knowledge of the management of Con Edison of New York, no person, other than Con Edison, owns more than 5% of any class of voting securities of Con Edison of New York.

In accordance with General Instruction G(3) to Form 10-K, other information regarding Con Edison of New York'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 - See financial statements listed in Item 8.
2. List of Financial Statement Schedules - See financial statements schedules listed in Item 8.
3. List of Exhibits

Exhibits listed below which have been filed previously 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 below, are hereby incorporated by reference and made a part of this report with the same effect as if filed with the report. Exhibits listed below that were not previously filed are filed herewith.

CON EDISON

- 2.1 Amended and Restated Agreement and Plan of Merger, dated as of October 13, 1999, as amended and restated as of January 11, 2000, among Con Edison, Northeast Utilities, Consolidated Edison, Inc. (a Delaware corporation, originally incorporated as CWB Holdings, Inc.) and N Acquisition LLC. (Designated in Con Edison's Current Report on Form 8-K, dated January 11, 2000 (File No. 1-14514) as Exhibit 2.)
- 3.1.1 Restated Certificate of Incorporation of Consolidated Edison, Inc. ("Con Edison") (Designated in the Registration Statement on Form S-4 of Con Edison (No. 333-39164) as Exhibit 3.1.)
- 3.1.2 By-laws of Con Edison, effective as of June 23, 1998. (Designated in Con Edison's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998 (File No. 1-14514) as Exhibit 3.2.1)
- 10.1.1 Con Edison 1996 Stock Option Plan, as amended and restated effective February 24, 1998. (Designated in Con Edison of New York's Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 1-1217) as Exhibit 10.20.)
- 10.1.2 The Consolidated Edison, Inc. Restricted Stock Plan for Non-Employee Directors, effective October 1, 1998. (Designated in Con Edison's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-14514) as Exhibit 10.20.)
- 10.1.3 Employment Agreement, dated as of September 1, 2000, between Con Edison and Eugene R. McGrath. (Designated in Con Edison's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000 (File No. 1-14514) as Exhibit 10.1.1)
- 10.1.4 Employment Agreement, dated as of September 1, 2000, between Con Edison and Joan S. Freilich. (Designated in Con Edison's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000 (File No. 1-14514) as Exhibit 10.1.2)
- 10.1.5 Employment Agreement, dated as of September 1, 2000, between Con Edison and John D. McMahon.
- 10.1.6 Employment Agreement, dated as of September 1, 2000, between Con Edison and Kevin Burke.
- 10.1.7 Severance Program for Officers of Consolidated Edison, Inc. and its Subsidiaries, effective as of September 1, 2000. (Designated in Con Edison's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000 (File No. 1-14514) as Exhibit 10.1.3)
- 10.1.8 The Consolidated Edison, Inc. Discount Stock Plan. (Designated in Con Edison's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000 (File No. 1-14514) as Exhibit 10)
- 12.1 Statement of computation of ratio of earnings to fixed charges for the years 1996 -2000.
- 21.1 Subsidiaries of Con Edison.
- 23.1 Consent of PricewaterhouseCoopers LLP.
- 24.1 Powers of Attorney of each of the persons signing this report by attorney-in-fact.

CON EDISON OF NEW YORK

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

3.2.1.2 The following certificates of amendment of Restated Certificate of Incorporation of Con Edison of New York filed with the Department of State of the State of New York, which are designated as follows:

Date Filed With Department of State	Securities Exchange Act File No. 1-1217		
	Form	Date	Exhibit
5/16/88	10-K	12/31/89	3(b)
6/2/89	10-K	12/31/89	3(c)
4/28/92	8-K	4/24/92	4(d)
8/21/92	8-K	8/20/92	4(e)
2/18/98	10-K	12/31/97	3.1.2.3

3.2.2 By-laws of Con Edison of New York, effective as of February 17, 2000. (Designated in the Annual Report on Form 10-K of Con Edison of New York for the year ended December 31, 1999 (File No. 1-1217) as Exhibit 3.2.2.2)

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

4.2.1.2 The following Supplemental Participation Agreements supplementing the Participation Agreement, dated as of August 15, 1985, between NYSERDA and Con Edison of New York, which are designated as follows:

Supplemental Participation Agreement Number	Date	Securities Exchange Act File No. 1-1217		
		Form	Date	Exhibit
1. Eighth	1/1/91	10-K	12/31/90	4(e)(8)
2. Ninth	1/15/92	10-K	12/31/91	4(e)(9)

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

4.2.2.2 The following Supplemental Participation Agreements supplementing the Participation Agreement, dated as of December 1, 1992, between NYSERDA and Con Edison of New York, 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

4.2.3 Participation Agreement, dated as of July 1, 1999, between NYSERDA and Con Edison of New York. (Designated in Con Edison of New York's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999 (File No. 1-1217) as Exhibit 4.1.)

4.2.4.1 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 Con Edison of New York's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1990 (File No. 1-1217) as Exhibit 4(b)(1).)

4.2.4.2 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. Eighth	1/1/91	10-K	12/31/90	4(g)(8)
2. Ninth	1/15/92	10-K	12/31/91	4(g)(9)

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

4.2.5.2 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

4.2.6 Indenture of Trust, dated as of July 1, 1999 between NYSERDA and HSBC Bank USA, as trustee. (Designated in Con Edison of New York's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999 (File No. 1-1217) as Exhibit 4.2.)

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

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

4.2.7.3 The following forms of Con Edison of New York's Debentures:

Debenture	Securities Exchange Act File No. 1-1217			Debenture	Securities Exchange Act File No. 1-1217		
	Form	Date	Exhibit		Form	Date	Exhibit
7 5/8%, Series 1992 B	8-K	2/5/92	4(b)	6 1/4%, Series 1998 A	8-K	1/29/98	4.1
6 1/2%, Series 1993 B	8-K	2/4/93	4(a)	7.10%, Series 1998 B	8-K	1/29/98	4.2
6 5/8%, Series 1993 C	8-K	2/4/93	4(b)	6.15%, Series 1998 C	8-K	6/22/98	4
6 3/8%, Series 1993 D	8-K	4/7/93	4	6.90%, Series 1998 D	8-K	9/24/98	4
7 1/2%, Series 1993 G	8-K	6/7/93	4	7.35%, Series 1999 A	8-K	6/25/99	4
7 1/8%, Series 1994 A	8-K	2/8/94	4	7.15%, Series 1999 B	8-K	12/1/99	4
6 5/8%, Series 1995 A	8-K	6/21/95	4	8 1/8%, Series 2000 A	8-K	5/3/00	4
7 3/4%, Series 1996 A	8-K	4/24/96	4	7 1/2%, Series 2000 B	8-K	8/23/00	4
Floating Rate 1996 B	8-K	11/25/96	4	6 5/8%, Series 2000 C	8-K	12/12/00	4
Floating Rate 1997 A	8-K	6/17/97	4				
6.45%, Series 1997 B	8-K	11/24/97	4				

- 4.2.7.4 Form of Con Edison of New York's 7 3/4% Quarterly Income Capital Securities (Series A Subordinated Deferrable Interest Debentures). (Designated in Con Edison of New York's Current Report on Form 8-K, dated February 29, 1996, (File No. 1-1217) as Exhibit 4.)
- 10.2.1 Amended and Restated Agreement and Settlement, dated September 19, 1997, between Con Edison of New York and the Staff of the New York State Public Service Commission (without Appendices). (Designated in Con Edison of New York's Current Report on Form 8-K, dated September 23, 1997, (File No. 1-1217) as Exhibit 10.)
- 10.2.2 Settlement Agreement, dated October 2, 2000, by and among Con Edison of New York, the Staff of the New York State Public Service Commission and certain other parties. (Designated in Con Edison of New York's Current Report on Form 8-K, dated September 22, 2000, (File No. 1-1217) as Exhibit 10.)
- 10.2.3.1 Planning and Supply Agreement, dated March 10, 1989, between Con Edison of New York and the Power Authority of the State of New York. (Designated in Con Edison of New York's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(gg).)
- 10.2.3.2 Delivery Service Agreement, dated March 10, 1989, between Con Edison of New York and the Power Authority of the State of New York. (Designated in Con Edison of New York's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(hh).)
- 10.2.4.1 Employment Contract, dated May 22, 1990, between Con Edison of New York and Eugene R. McGrath. (Designated in Con Edison of New York's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1990 (File No. 1-1217) as Exhibit 10.)
- 10.2.4.2 The following amendments to Employment Contract, dated May 22, 1990, between Con Edison of New York and Eugene R. McGrath:

Amendment Date	Securities Exchange Act Form	File No. 1-1217 Date	Exhibit
8/27/91	10-Q	9/30/91	19
8/25/92	10-Q	9/30/92	19
2/18/93	10-K	12/31/92	10(o)
8/24/93	10-Q	9/30/93	10.1
8/24/94	10-Q	9/30/94	10.1
8/22/95	10-Q	9/30/95	10.3
7/23/96	10-Q	6/30-96	10.2
7/22/97	10-Q	6/30/97	10
7/28/98	8-K	9/24/98	10
7/27/99	10-Q	9/30/99	10.2
7/20/00	10-Q	9/30/00	10.2.1
- 10.2.5 Agreement and Plan of Exchange, entered into on October 28, 1997, between Con Edison and Con Edison of New York. (Designated in the Registration Statement on Form S-4 of Con Edison (No. 333-39164) as Exhibit 2.)
- 10.2.6 The Consolidated Edison Company of New York, Inc. Executive Incentive Plan, amended and restated as of April 1, 1999. (Designated in Con Edison of New York's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-1217) as Exhibit 10.8.)
- 10.2.7.1 The Consolidated Edison Retirement Plan for Management Employees, as amended and restated. (Designated in Con Edison of New York's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1995 (File No. 1-1217) as Exhibit 10.1.)

10.2.7.2 The following amendments to the Consolidated Edison Retirement Plan for Management Employees:

Amendment Date	Securities Exchange Act File No. 1-1217			Exhibit
	Form	Date		
12/29/95	10-K	12/31/95		10.29
7/1/96	10-K	12/31/96		10.22
6/1/97	10-K	12/31/97		10.11.3
11/14/97	10-K	12/31/97		10.11.4
12/30/98	10-K	12/31/98		10.9.3

10.2.8 Consolidated Edison Company of New York, Inc Supplemental Retirement Income Plan, as amended and restated as of April 1, 1999. (Designated in Con Edison of New York's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-1217) as Exhibit 10.10.)

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

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

10.2.10 The Con Edison of New York Thrift Savings Plan for Management Employees and Tax Reduction Act Stock Ownership Plan, as amended and restated. (Designated in Con Edison of New York's Annual Report on Form 10-K for the year ended December 31, 1996 (File No. 1-1217) as Exhibit 10.5.)

10.2.11 Deferred Compensation Plan for the Benefit of Trustees of Con Edison of New York, 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 Con Edison of New York's Annual Report on Form 10-K for the year ended December 31, 1991 (File No. 1-1217) as Exhibit 10(i).)

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

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

10.2.14.2 The following amendments to the Consolidated Edison Retiree Health Program for Management Employees.

Amendment Date	Securities Exchange Act File No. 1-1217			Exhibit
	Form	Date		
10/31/94	10-Q	9/30/94		10.3
12/28/94	10-K	12/31/95		10.44
12/29/95	10-K	12/31/95		10.45
7/1/96	10-K	12/31/96		10.39
11/14/97	10-K	12/31/97		10.18.3
12/30/98	10-K	12/31/98		10.16.3

10.2.15 The Con Edison of New York Severance Pay Plan for Management Employees. (Designated in Con Edison of New York's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1997 (File No. 1-1217) as Exhibit 10.)

- 10.2.16 The Consolidated Edison Company of New York, Inc. Deferred Income Plan, as amended and restated as of April 1, 1999. (Designated in Con Edison of New York's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-1217) as Exhibit 10.19.)
- 12.2 Statement of computation of ratio of earnings to fixed charges for the years 1996 - 2000.
- 23.2 Consent of PricewaterhouseCoopers LLP.
- 24.2 Powers of Attorney of each of the persons signing this report by attorney-in-fact. (Included as part of Exhibit 24.1.)

O&R

- 3.3.1.1 Restated Certificate of Incorporation of O&R, dated May 7, 1996. (Designated in O&R's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1996 (File No. 1-4315) as Exhibit 3.4.)
- 3.3.1.2 Certificate of Amendment of the Restated Certificate of Incorporation of O&R, dated July 14, 1999. (Designated in O&R's Form 10-Q for the period ended June 30, 1999 (File No. 1-4315) as Exhibit 3.1.)
- 3.3.2 By-Laws of O&R, as Adopted on July 8, 1999. (Designated in O&R's Form 10-Q for the period ended June 30, 1999 (File No. 1-4315) as Exhibit 3.2.)
- 4.3.1 Mortgage Trust Indenture of Rockland Electric Company, dated as of July 1, 1954. (Designated in O&R's Registration Statement No. 2-14159 as Exhibit 2.16.)
- 4.3.2 Mortgage Trust Indenture of Pike County Light & Power Company, dated as of July 15, 1971. (Designated in O&R's Registration Statement No. 2-45632 as Exhibit 4.31.)
- 12.3 Statement of computation of ratio of earnings to fixed charges for the years ended 1996 - 2000.
- 21.3 Subsidiaries of O&R. (Included as part of Exhibit 21.1 hereto.)
- 24.3 Powers of Attorney of each of the persons signing this report by attorney-in-fact. (Included as part of Exhibit 24.1 hereto.)

(b) Reports on Form 8-K:

CON EDISON

Con Edison, along with Con Edison of New York and O&R, filed a combined Current Report on Form 8-K, dated September 22, 2000, reporting (under Item 5) the October 2000 agreement with the staff of the New York State Public Service Commission and other parties discussed in Note A to each of the Con Edison, Con Edison of New York and O&R financial statements included in Item 8 and certain matters relating to Con Edison's October 1999 agreement to acquire Northeast Utilities discussed in Note P to the Con Edison financial statements included in Item 8.

In addition, Con Edison, along with Con Edison of New York, filed (i) a combined Current Report on Form 8-K, dated October 10, 2000, reporting (under Item 5) certain developments with respect to the Indian Point 2 outage discussed in Note G to the Con Edison and Con Edison of New York financial statements included in Item 8, and (ii) combined Current Reports on Form 8-K, dated October 31, 2000 and November 3, 2000, furnishing (under Item 9) certain material pursuant to Regulation FD. No other Con Edison Current Report on Form 8-K was filed during the quarter ended December 31, 2000 or, through the date of this filing, in 2001.

CON EDISON OF NEW YORK

In addition to the combined Con Edison, Con Edison of New York and O&R Current Reports on Form 8-K, (discussed above), Con Edison of New York filed a Current Report on Form 8-K, dated December 12, 2000, reporting (under Item 5) the issuance and sale of \$350 million aggregate principal amount of the Company's 6.625% Debentures, Series 2000 C. No other Con Edison of New York Current Report on Form 8-K was filed during the quarter ended December 31, 2000 or, through the date of this filing, in 2001.

O&R

Other than the combined Con Edison, Con Edison of New York and O&R Current Report on Form 8-K, dated September 22, 2000 (discussed above), no O&R Current Report on Form 8-K was filed during the quarter ended December 31, 2000 or, through the date of this filing, in 2001.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, each Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 29, 2001.

CONSOLIDATED EDISON, INC.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

ORANGE AND ROCKLAND UTILITIES, INC.

By JOAN S. FREILICH
Joan S. Freilich
Executive Vice President
and Chief Financial Officer

By EDWARD J. RASMUSSEN
Edward J. Rasmussen
Vice President, Controller 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, indicated on March 29, 2001.

Signature	Registrant	Title
Eugene R. McGrath*	Con Edison	Chairman of the Board, President, Chief Executive Officer and Director (Principal Executive Officer)
	Con Edison of New York	Chairman of the Board, Chief Executive Officer and Trustee (Principal Executive Officer)
Joan S. Freilich*	O&R	Chairman of the Board and Director
	Con Edison	Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer)
	Con Edison of New York	Executive Vice President, Chief Financial Officer and Trustee (Principal Financial Officer)
Edward J. Rasmussen*	Con Edison	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)
	Con Edison of New York	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)
	O&R	Vice President, Controller and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Stephen B. Bram*	O&R	President and Chief Executive Officer and Director (Principal Executive Officer)
George Campbell*	Con Edison	Director
	Con Edison of New York	Trustee
E. Virgil Conway*	Con Edison	Director
	Con Edison of New York	Trustee
Gordon J. Davis*	Con Edison	Director
	Con Edison of New York	Trustee
Ruth M. Davis*	Con Edison	Director
	Con Edison of New York	Trustee
Ellen V. Futter*	Con Edison	Director
	Con Edison of New York	Trustee
Michael J. Del Guidice*	Con Edison	Director
	O&R	Director
Sally Hernandez-Pinero*	Con Edison	Director
	Con Edison of New York	Trustee
Peter W. Likins*	Con Edison	Director
	Con Edison of New York	Trustee
Dr. George W. Sarney*	Con Edison	Director
	Con Edison of New York	Trustee
Richard A. Voell*	Con Edison	Director
	Con Edison of New York	Trustee
Stephen R. Volk*	Con Edison	Director
	Con Edison of New York	Trustee

*By JOAN S. FREILICH, Attorney-in-Fact
Joan S. Freilich

EMPLOYMENT AGREEMENT

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

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

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

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

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

1. General.

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

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

2. Position, Duties and Powers of the Executive.

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

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

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

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

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

3. Compensation.

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

(a) Base Salary. The annual rate of base salary payable to the Executive during the Employment Period (the "Annual Base Salary") shall be her

annual rate of base salary in effect immediately prior to the date hereof.
During the Employment Period, the

Annual Base Salary shall be reviewed by the Compensation Committee for possible increase atleast annually. Any increase in Annual Base Salary shall be approved by the Board. Annual Base Salary shall not be reduced after any such increase, and the term "Annual Base Salary" shall thereafter refer to the Annual Base Salary as so increased.

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

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

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

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

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

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

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

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

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

(v) Except as otherwise provided herein, the Executive shall have no rights of a stockholder with respect to the shares of Stock represented by Units, including no right to vote the shares, to receive dividends and other distributions thereon and to participate in any change in capitalization of CEI. In the event of any change in capitalization resulting in the issuance of additional shares to CEI's stockholders, the shares of Stock represented by her Units shall be equitably adjusted as determined in good faith by the Compensation Committee. Prior to the delivery of shares of Stock upon vesting of Units, at the time of each distribution of any regular cash dividend paid by CEI in respect of Stock, the Executive shall be entitled to receive a cash payment from the Company equal to the aggregate regular cash dividend payment that would have been made in respect of the shares of Stock subject to Units which have not yet vested, as if the shares subject to such Units had been actually delivered to the Executive, provided, that no such payment in respect of Units shall be made if, prior to the time such payment is due, the Executive's rights with respect to such Units have previously terminated under this Agreement. In the event of a dividend payable in shares of Stock instead of cash, the Executive shall be

entitled to receive on the distribution date additional Units in such number that would have been received in respect of the shares of Stock represented by Units that have not yet vested, as if the shares represented by such Units had actually been delivered to the Executive. The Executive hereby elects to defer the receipt of any dividend equivalent cash payments that may become payable to the Executive prior to December 31, 2001 and have the cash payment invested under the Company's Deferred Income Plan according to the terms and conditions of the Deferred Income Plan. Prior to the commencement of a calendar year, beginning with calendar year 2002, the Executive shall have the right to elect to defer receipt of any dividend equivalent cash payments that may become payable to the Executive in the calendar year and to have such cash payments invested under the Company's Deferred Income Plan according to the terms and conditions of the Deferred Income Plan.

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

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

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

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

(e) Employee Benefit Programs. During the Employment Period, (i) the Executive shall be eligible to participate in all savings and retirement plans, practices, policies and programs to the same extent as other senior executives of the Company and (ii) the

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

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

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

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

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

4. Termination of Employment.

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

(b) By the Company.

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

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

termination for Cause shall be effective when and if a resolution is duly adopted at such special meeting by the affirmative vote of a majority of the Board stating that in the good faith opinion of the Board, the Executive is guilty of the conduct described in the Notice of Termination for Cause and that such conduct constitutes Cause under this Agreement.

(c) Good Reason.

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Obligations of the Company upon Termination.

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

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

A. The sum of:

- (1) the Executive's Annual Base Salary through the Date of Termination;

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

(3) any accrued vacation pay;

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Change in Control.

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

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

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

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

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

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

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

7. Confidential Information; No Competition.

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

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

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

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

8. Full Settlement.

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

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

9. Disputes.

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

10. Successors.

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

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

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

11. Certain Additional Payments by the Company.

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

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

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

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

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

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

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

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

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

12. Miscellaneous.

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

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

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

If to the Company: 4 Irving Place
New York, NY 10003,
Attention: Chief Executive Officer

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

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

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

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

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

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

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

CONSOLIDATED EDISON, INC.

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

By: John D. McMahon
John D. McMahon

EMPLOYMENT AGREEMENT

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

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

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

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

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

1. General.

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

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

2. Position, Duties and Powers of the Executive.

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

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

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

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

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

3. Compensation.

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

(a) Base Salary. The annual rate of base salary payable to the Executive during the Employment Period (the "Annual Base Salary") shall be her annual rate of base salary in effect immediately prior to the date hereof. During the Employment Period, the Annual Base Salary shall be reviewed by the Compensation Committee for possible increase at

least annually. Any increase in Annual Base Salary shall be approved by the Board. Annual Base Salary shall not be reduced after any such increase, and the term "Annual Base Salary" shall thereafter refer to the Annual Base Salary as so increased.

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

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

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

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

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

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

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

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

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

(v) Except as otherwise provided herein, the Executive shall have no rights of a stockholder with respect to the shares of Stock represented by Units, including no right to vote the shares, to receive dividends and other distributions thereon and to participate in any change in capitalization of CEI. In the event of any change in capitalization resulting in the issuance of additional shares to CEI's stockholders, the shares of Stock represented by her Units shall be equitably adjusted as determined in good faith by the Compensation Committee. Prior to the delivery of shares of Stock upon vesting of Units, at the time of each distribution of any regular cash dividend paid by CEI in respect of Stock, the Executive shall be entitled to receive a cash payment from the Company equal to the aggregate regular cash dividend payment that would have been made in respect of the shares of Stock subject to Units which have not yet vested, as if the shares subject to such Units had been actually delivered to the Executive, provided, that no such payment in respect of Units shall be made if, prior to the time such payment is due, the Executive's rights with respect to such Units have previously terminated under this Agreement. In the event of a dividend payable in shares of Stock instead of cash, the Executive shall be

entitled to receive on the distribution date additional Units in such number that would have been received in respect of the shares of Stock represented by Units that have not yet vested, as if the shares represented by such Units had actually been delivered to the Executive. The Executive hereby elects to defer the receipt of any dividend equivalent cash payments that may become payable to the Executive prior to December 31, 2001 and have the cash payment invested under the Company's Deferred Income Plan according to the terms and conditions of the Deferred Income Plan. Prior to the commencement of a calendar year, beginning with calendar year 2002, the Executive shall have the right to elect to defer receipt of any dividend equivalent cash payments that may become payable to the Executive in the calendar year and to have such cash payments invested under the Company's Deferred Income Plan according to the terms and conditions of the Deferred Income Plan.

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

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

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

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

(e) Employee Benefit Programs. During the Employment Period,

(i) the Executive shall be eligible to participate in all savings and retirement plans, practices, policies and programs to the same extent as other senior executives of the Company and (ii) the

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

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

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

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

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

4. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the

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

(b) By the Company.

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

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

termination for Cause shall be effective when and if a resolution is duly adopted at such special meeting by the affirmative vote of a majority of the Board stating that in the good faith opinion of the Board, the Executive is guilty of the conduct described in the Notice of Termination for Cause and that such conduct constitutes Cause under this Agreement.

(c) Good Reason.

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

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

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

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

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

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

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

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

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

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

(ii) A termination of employment by the Executive for Good Reason shall be effectuated by giving the Company written notice ("Notice of Termination for Good

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

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

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

5. Obligations of the Company upon Termination.

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

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

A. The sum of:

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

numerator of which is the number of days in the current calendar year through the Date of Termination, and the denominator of which is 365; and

(3) any accrued vacation pay;

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

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

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

(iii) any stock awards (other than the Restricted Stock Unit Award), stock options, stock appreciation rights or other equity-based awards that were outstanding

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

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

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

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

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

unpaid stock and similar compensation but excluding any severance plan or policy (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

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

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

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

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

6. Change in Control.

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

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

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

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

(iii) the shareholders of CEI approve or there is consummated a merger or consolidation of CEI or any direct or indirect wholly-owned subsidiary of CEI with any other corporation, other than (A) a merger or consolidation which would result in the

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

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

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

7. Confidential Information; No Competition.

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

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

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

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

8. Full Settlement.

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

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

9. Disputes.

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

10. Successors.

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

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

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

11. Certain Additional Payments by the Company.

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

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

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

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

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

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

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

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

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

12. Miscellaneous.

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

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

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

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

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

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

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

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

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

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

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

CONSOLIDATED EDISON, INC.

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

By: Kevin Burke
Kevin Burke

Ratio of Earnings to Fixed Charges
Twelve Months Ended

(Thousands of Dollars)

	DECEMBER 1996	DECEMBER 1997	DECEMBER 1998	DECEMBER 1999	DECEMBER 2000
Earnings					
Net Income for Common Stock	\$688,169	\$694,479	\$712,742	\$700,615	\$582,835
Preferred Dividends	5,916 (A)	18,344	17,007	13,593	13,593
State Income Tax	-	-	-	-	23,636
Federal Income Tax	355,590	357,100	318,980	838,213	92,464
Federal Income Tax Deferred	49,510	31,450	95,140	(428,008)	199,146
Investment Tax Credits Deferred	(8,910)	(8,830)	(8,710)	(37,380)	(8,078)
	-----	-----	-----	-----	-----
Total Earnings Before Income Tax	1,090,275	1,092,543	1,135,159	1,087,033	903,596
Fixed Charges*	343,308	353,689	345,513	357,178	431,218
	-----	-----	-----	-----	-----
Total Earnings Before Income Tax and Fixed Charges	\$1,433,583	\$1,446,232	\$1,480,672	\$1,444,211	\$1,334,814
	=====	=====	=====	=====	=====
* Fixed Charges					
Interest on Long-Term Debt	\$296,443	\$306,109	\$294,894	\$305,879	\$351,410
Amortization of Debt Discount, Premium and Expense	11,376	12,049	13,777	13,514	12,584
Interest on Component of Rentals	18,157	18,448	18,442	17,720	17,697
Other Interest	17,332	17,083	18,400	20,065	49,527
	-----	-----	-----	-----	-----
Total Fixed Charges	\$343,308	\$353,689	\$345,513	\$357,178	\$431,218
	=====	=====	=====	=====	=====
Ratio of Earnings to Fixed Charges	4.18	4.09	4.29	4.04	3.10

(A) Reflects gain on refunding of preferred stock.

Ratio of Earnings to Fixed Charges
Twelve Months Ended

(Thousands of Dollars)

	DECEMBER 1996	DECEMBER 1997	DECEMBER 1998	DECEMBER 1999	DECEMBER 2000
Earnings					
Net Income	\$694,085	\$712,823	\$745,140	\$711,843	\$583,715
State Income Tax	-	-	-	-	21,369
Federal Income Tax	355,590	357,100	327,805	857,818	109,814
Federal Income Tax Deferred	49,510	31,450	95,140	(454,578)	166,698
Investment Tax Credits	(8,910)	(8,830)	(8,710)	(37,159)	(7,955)
	-----	-----	-----	-----	-----
Total Earnings Before Income Tax	1,090,275	1,092,543	1,159,375	1,077,924	873,641
Fixed Charges*					
	343,308	353,689	345,513	340,344	392,347
	-----	-----	-----	-----	-----
Total Earnings Before Income Tax and Fixed Charges	\$1,433,583	\$1,446,232	\$1,504,888	\$1,418,268	\$1,265,988
	=====	=====	=====	=====	=====
* Fixed Charges					
Interest on Long-Term Debt	\$296,443	\$306,109	\$294,894	\$291,747	\$318,842
Amortization of Debt Discount, Premium and Expense	11,376	12,049	13,777	13,514	12,584
Interest on Component of Rentals	18,157	18,448	18,442	17,720	17,697
Other Interest	17,332	17,083	18,400	17,363	43,224
	-----	-----	-----	-----	-----
Total Fixed Charges	\$343,308	\$353,689	\$345,513	\$340,344	\$392,347
	=====	=====	=====	=====	=====
Ratio of Earnings to Fixed Charges	4.18	4.09	4.36	4.17	3.23

Ratio of Earnings to Fixed Charges
Twelve Months Ended

(Thousands of Dollars)

	YEAR 1996 -----	YEAR 1997 -----	YEAR 1998 -----	YEAR 1999 -----	YEAR 2000 -----
Earnings					
Net Income	\$46,303	\$45,138	\$44,968	\$14,726	\$39,069
Federal Income Tax	24,294	22,316	22,836	38,064	18,616
State Income Tax	392	368	2,041	2,037	6,039
	-----	-----	-----	-----	-----
Total Earnings Before Federal Income Tax	70,989	67,822	69,845	54,827	63,724
Fixed Charges*					
	-----	-----	-----	-----	-----
Total Earnings Before Federal Income Tax and Fixed Charges	\$105,848	\$103,601	\$106,818	\$90,281	\$92,139
	=====	=====	=====	=====	=====
* Fixed Charges					
Interest on Long-Term Debt	\$24,221	\$23,216	\$23,867	\$26,326	\$21,873
Amortization of Debt Discount, Premium and Expense	1,462	1,521	1,138	1,208	1,060
Interest Component on lease Payment	3,199	2,809	2,505	2,583	2,515
Other Interest	5,977	8,233	9,463	5,337	2,967
	-----	-----	-----	-----	-----
Total Fixed Charges	\$34,859	\$35,779	\$36,973	\$35,454	\$28,415
	=====	=====	=====	=====	=====
Ratio of Earnings to Fixed Charges	3.04	2.90	2.89	2.55	3.24

Consolidated Edison, Inc.

Subsidiaries

1. Consolidated Edison Company of New York, Inc. ("Con Edison of New York"), a New York corporation, all of the common stock of which is owned by Consolidated Edison, Inc. ("Con Edison").
2. Orange and Rockland Utilities, Inc. ("O&R"), a New York corporation, wholly-owned by Con Edison, and O&R's subsidiaries: Rockland Electric Company, a New Jersey corporation, and Pike County Light & Power Company, a Pennsylvania corporation, each of which is wholly-owned by O&R.

Neither Con Edison, Con Edison of New York nor O&R have any significant subsidiaries other than as indicated above. Pursuant to Item 601(b) (21) of Regulation S-K, the names of subsidiaries, which considered in the aggregate as a single subsidiary, would not constitute a "significant subsidiary" (as defined under Rule 1-02(w) of Regulation S-X) as of December 31, 2000 have been omitted.

Consent of Independent Accountants

We hereby consent to the incorporation by reference of our report dated February 15, 2001, except as to Note P, which is as of March 19, 2001, relating to the financial statements and financial statement schedules included in Item 8 of this Annual Report on Form 10-K of Consolidated Edison, Inc. ("Con Edison") in: (i) the Registration Statement on Form S-3 (No. 333-69013) relating to the Con Edison Automatic Dividend Reinvestment and Cash Payment Plan; (ii) the Registration Statement on Form S-8 (No. 333-04463-99) relating to the Con Edison 1996 Stock Option Plan; and (iii) the Registration Statement on Form S-8 (No. 333-48475) relating to The Consolidated Edison Discount Stock Purchase Plan.

PricewaterhouseCoopers LLP

New York, NY
March 29, 2001

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-50236) of Consolidated Edison Company of New York, Inc. of our report dated February 15, 2001 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

New York, NY
March 29, 2001

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 BY THESE PRESENTS that the undersigned, in his or her capacity as a director and/or officer, as the case may be, of one or more of Con Edison, Con Edison of New York and O&R, as the case may be, does hereby constitute and appoint Joan S. Freilich, Edward J. Rasmussen and Peter A. Irwin, and, 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, the Form 10-K for the company or companies as to which the undersigned serves in such capacity, 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 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 26th day of March, 2001.

Stephen Bram
Stephen Bram

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 BY THESE PRESENTS that the undersigned, in his or her capacity as a director and/or officer, as the case may be, of one or more of Con Edison, Con Edison of New York and O&R, as the case may be, does hereby constitute and appoint Joan S. Freilich, Edward J. Rasmussen and Peter A. Irwin, and, 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, the Form 10-K for the company or companies as to which the undersigned serves in such capacity, 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 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 22nd day of March, 2001.

George Campbell, Jr.
George Campbell, Jr.

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 BY THESE PRESENTS that the undersigned, in his or her capacity as a director and/or officer, as the case may be, of one or more of Con Edison, Con Edison of New York and O&R, as the case may be, does hereby constitute and appoint Joan S. Freilich, Edward J. Rasmussen and Peter A. Irwin, and, 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, the Form 10-K for the company or companies as to which the undersigned serves in such capacity, 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 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 27th day of March, 2001.

E. Virgil Conway
E. Virgil Conway

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 BY THESE PRESENTS that the undersigned, in his or her capacity as a director and/or officer, as the case may be, of one or more of Con Edison, Con Edison of New York and O&R, as the case may be, does hereby constitute and appoint Joan S. Freilich, Edward J. Rasmussen and Peter A. Irwin, and, 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, the Form 10-K for the company or companies as to which the undersigned serves in such capacity, 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 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 22nd day of March, 2001.

Gordon J. Davis
Gordon J. Davis

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 BY THESE PRESENTS that the undersigned, in his or her capacity as a director and/or officer, as the case may be, of one or more of Con Edison, Con Edison of New York and O&R, as the case may be, does hereby constitute and appoint Joan S. Freilich, Edward J. Rasmussen and Peter A. Irwin, and, 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, the Form 10-K for the company or companies as to which the undersigned serves in such capacity, 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 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 23rd day of March, 2001.

Ruth M. Davis
Ruth M. Davis

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 BY THESE PRESENTS that the undersigned, in his or her capacity as a director and/or officer, as the case may be, of one or more of Con Edison, Con Edison of New York and O&R, as the case may be, does hereby constitute and appoint Joan S. Freilich, Edward J. Rasmussen and Peter A. Irwin, and, 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, the Form 10-K for the company or companies as to which the undersigned serves in such capacity, 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 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 22nd day of March, 2001.

Michael J. Del Giudice
Michael J. Del Giudice

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 BY THESE PRESENTS that the undersigned, in his or her capacity as a director and/or officer, as the case may be, of one or more of Con Edison, Con Edison of New York and O&R, as the case may be, does hereby constitute and appoint Joan S. Freilich, Edward J. Rasmussen and Peter A. Irwin, and, 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, the Form 10-K for the company or companies as to which the undersigned serves in such capacity, 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 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 28th day of March, 2001.

Joan S. Freilich
Joan S. Freilich

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 BY THESE PRESENTS that the undersigned, in his or her capacity as a director and/or officer, as the case may be, of one or more of Con Edison, Con Edison of New York and O&R, as the case may be, does hereby constitute and appoint Joan S. Freilich, Edward J. Rasmussen and Peter A. Irwin, and, 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, the Form 10-K for the company or companies as to which the undersigned serves in such capacity, 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 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 21st day of March, 2001.

Ellen V. Futter
Ellen V. Futter

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 BY THESE PRESENTS that the undersigned, in his or her capacity as a director and/or officer, as the case may be, of one or more of Con Edison, Con Edison of New York and O&R, as the case may be, does hereby constitute and appoint Joan S. Freilich, Edward J. Rasmussen and Peter A. Irwin, and, 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, the Form 10-K for the company or companies as to which the undersigned serves in such capacity, 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 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 22nd day of March, 2001.

Sally Hernandez-Pinero
Sally Hernandez-Pinero

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 BY THESE PRESENTS that the undersigned, in his or her capacity as a director and/or officer, as the case may be, of one or more of Con Edison, Con Edison of New York and O&R, as the case may be, does hereby constitute and appoint Joan S. Freilich, Edward J. Rasmussen and Peter A. Irwin, and, 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, the Form 10-K for the company or companies as to which the undersigned serves in such capacity, 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 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 26th day of March, 2001.

Peter W. Likins
Peter W. Likins

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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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KNOW ALL BY THESE PRESENTS that the undersigned, in his or her capacity as a director and/or officer, as the case may be, of one or more of Con Edison, Con Edison of New York and O&R, as the case may be, does hereby constitute and appoint Joan S. Freilich, Edward J. Rasmussen and Peter A. Irwin, and, 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, the Form 10-K for the company or companies as to which the undersigned serves in such capacity, 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 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 29th day of March, 2001.

Eugene R. McGrath
Eugene R. McGrath

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 27th day of March, 2001.

George W. Sarney
George W. Sarney

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 23rd day of March, 2001.

Richard A. Voell
Richard A. Voell

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 26th day of March, 2001.

Stephen R. Volk
Stephen R. Volk

POWER OF ATTORNEY

WHEREAS Consolidated Edison ("Con Edison"), Consolidated Edison Company of New York, Inc. ("Con Edison of New York") and Orange and Rockland Utilities, Inc. ("O&R") each 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, 2000 (the "Form 10-K") 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 29th day of March, 2001.

Edward Rasmussen
Edward Rasmussen