

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q**

Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934  
**FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016**

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 executive office address and telephone number	State of Incorporation	I.R.S. Employer ID. Number
1-14514	<b>Consolidated Edison, Inc.</b> 4 Irving Place, New York, New York 10003 (212) 460-4600	New York	13-3965100
1-1217	<b>Consolidated Edison Company of New York, Inc.</b> 4 Irving Place, New York, New York 10003 (212) 460-4600	New York	13-5009340

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.

Consolidated Edison, Inc. (Con Edison) Yes  No

Consolidated Edison Company of New York, Inc. (CECONY) Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Con Edison Yes  No

CECONY Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Con Edison  
Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

CECONY  
Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Con Edison Yes  No

CECONY Yes  No

As of July 29, 2016, Con Edison had outstanding 304,414,974 Common Shares (\$.10 par value). All of the outstanding common equity of CECONY is held by Con Edison.

**Filing Format**

This Quarterly Report on Form 10-Q is a combined report being filed separately by two different registrants: Consolidated Edison, Inc. (Con Edison) and Consolidated Edison Company of New York, Inc. (CECONY). CECONY is a wholly-owned subsidiary of Con Edison and, as such, the information in this report about CECONY also applies to Con Edison. As used in this report, the term the "Companies" refers to Con Edison and CECONY. However, CECONY makes no representation as to the information contained in this report relating to Con Edison or the subsidiaries of Con Edison other than itself.

## Glossary of Terms

The following is a glossary of abbreviations or acronyms that are used in the Companies' SEC reports:

### Con Edison Companies

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Con Edison	Consolidated Edison, Inc.
CECONY	Consolidated Edison Company of New York, Inc.
Con Edison Development	Consolidated Edison Development, Inc.
Con Edison Energy	Consolidated Edison Energy, Inc.
Con Edison Solutions	Consolidated Edison Solutions, Inc.
Con Edison Transmission	Con Edison Transmission, Inc.
CET Electric	Consolidated Edison Transmission, LLC
CET Gas	Con Edison Gas Pipeline and Storage, LLC
O&R	Orange and Rockland Utilities, Inc.
Pike	Pike County Light & Power Company
RECO	Rockland Electric Company
The Companies	Con Edison and CECONY
The Utilities	CECONY and O&R

### Regulatory Agencies, Government Agencies and Other Organizations

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EPA	U. S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
IASB	International Accounting Standards Board
IRS	Internal Revenue Service
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
NYISO	New York Independent System Operator
NYPA	New York Power Authority
NYSDEC	New York State Department of Environmental Conservation
NYSERDA	New York State Energy Research and Development Authority
NYSpsc	New York State Public Service Commission
NYSRC	New York State Reliability Council, LLC
PAPUC	Pennsylvania Public Utility Commission
PJM	PJM Interconnection LLC
SEC	U.S. Securities and Exchange Commission

### Accounting

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ASU	Accounting Standards Update
GAAP	Generally Accepted Accounting Principles in the United States of America
OCI	Other Comprehensive Income
VIE	Variable interest entity

## Environmental

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CO2	Carbon dioxide
GHG	Greenhouse gases
MGP Sites	Manufactured gas plant sites
PCBs	Polychlorinated biphenyls
PRP	Potentially responsible party
RGGI	Regional Greenhouse Gas Initiative
Superfund	Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes

## Units of Measure

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AC	Alternating current
Dt	Dekatherms
kV	Kilovolt
kWh	Kilowatt-hour
MDt	Thousand dekatherms
MMlb	Million pounds
MVA	Megavolt ampere
MW	Megawatt or thousand kilowatts
MWh	Megawatt hour

## Other

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AFUDC	Allowance for funds used during construction
AMI	Advanced metering infrastructure
COSO	Committee of Sponsoring Organizations of the Treadway Commission
DER	Distributed energy resources
EGWP	Employer Group Waiver Plan
Fitch	Fitch Ratings
First Quarter Form 10-Q	The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended March 31 of the current year
Second Quarter Form 10-Q	The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended June 30 of the current year
Form 10-K	The Companies' combined Annual Report on Form 10-K for the year ended December 31, 2015
LTIP	Long Term Incentive Plan
Moody's	Moody's Investors Service
REV	Reforming the Energy Vision
S&P	Standard & Poor's Financial Services LLC
VaR	Value-at-Risk

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## FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements intended to qualify for the safe-harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements of future expectation and not facts. Words such as “forecasts,” “expects,” “estimates,” “anticipates,” “intends,” “believes,” “plans,” “will” and similar expressions identify forward-looking statements. Forward-looking statements are based on information available at the time the statements are made, and accordingly speak only as of that time. Actual results or developments might differ materially from those included in the forward-looking statements because of various factors including:

- the Companies are extensively regulated and are subject to penalties;
- the Utilities’ rate plans may not provide a reasonable return;
- the Companies may be adversely affected by changes to the Utilities’ rate plans;
- the intentional misconduct of employees or contractors could adversely affect the Companies;
- the failure of, or damage to, the Companies’ facilities could adversely affect the Companies;
- a cyber attack could adversely affect the Companies;
- the Companies are exposed to risks from the environmental consequences of their operations;
- a disruption in the wholesale energy markets or failure by an energy supplier could adversely affect the Companies;
- the Companies have substantial unfunded pension and other postretirement benefit liabilities;
- Con Edison’s ability to pay dividends or interest depends on dividends from its subsidiaries;
- the Companies require access to capital markets to satisfy funding requirements;
- the Companies’ strategies may not be effective to address changes in the external business environment; and
- the Companies also face other risks that are beyond their control.

**Consolidated Edison, Inc.**  
**CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Millions of Dollars/ Except Share Data)</i>			
<b>OPERATING REVENUES</b>				
Electric	\$2,035	\$2,040	\$3,947	\$4,175
Gas	336	324	1,012	1,056
Steam	85	96	343	471
Non-utility	338	328	648	702
<b>TOTAL OPERATING REVENUES</b>	<b>2,794</b>	<b>2,788</b>	<b>5,950</b>	<b>6,404</b>
<b>OPERATING EXPENSES</b>				
Purchased power	558	660	1,249	1,544
Fuel	33	31	104	185
Gas purchased for resale	81	89	239	351
Other operations and maintenance	820	802	1,607	1,616
Depreciation and amortization	302	276	599	555
Taxes, other than income taxes	485	458	995	955
<b>TOTAL OPERATING EXPENSES</b>	<b>2,279</b>	<b>2,316</b>	<b>4,793</b>	<b>5,206</b>
<b>OPERATING INCOME</b>	<b>515</b>	<b>472</b>	<b>1,157</b>	<b>1,198</b>
<b>OTHER INCOME (DEDUCTIONS)</b>				
Investment and other income	15	14	19	19
Allowance for equity funds used during construction	2	1	4	2
Other deductions	(6)	(5)	(11)	(7)
<b>TOTAL OTHER INCOME</b>	<b>11</b>	<b>10</b>	<b>12</b>	<b>14</b>
<b>INCOME BEFORE INTEREST AND INCOME TAX EXPENSE</b>	<b>526</b>	<b>482</b>	<b>1,169</b>	<b>1,212</b>
<b>INTEREST EXPENSE</b>				
Interest on long-term debt	167	156	330	311
Other interest	5	7	12	13
Allowance for borrowed funds used during construction	(2)	(1)	(3)	(1)
<b>NET INTEREST EXPENSE</b>	<b>170</b>	<b>162</b>	<b>339</b>	<b>323</b>
<b>INCOME BEFORE INCOME TAX EXPENSE</b>	<b>356</b>	<b>320</b>	<b>830</b>	<b>889</b>
<b>INCOME TAX EXPENSE</b>	<b>124</b>	<b>101</b>	<b>288</b>	<b>300</b>
<b>NET INCOME</b>	<b>\$232</b>	<b>\$219</b>	<b>\$542</b>	<b>\$589</b>
Net income per common share—basic	\$0.78	\$0.75	\$1.83	\$2.01
Net income per common share—diluted	\$0.77	\$0.74	\$1.82	\$2.01
<b>DIVIDENDS DECLARED PER COMMON SHARE</b>	<b>\$0.67</b>	<b>\$0.65</b>	<b>\$1.34</b>	<b>\$1.30</b>
<b>AVERAGE NUMBER OF SHARES OUTSTANDING—BASIC (IN MILLIONS)</b>	<b>299.1</b>	<b>292.9</b>	<b>296.7</b>	<b>292.9</b>
<b>AVERAGE NUMBER OF SHARES OUTSTANDING—DILUTED (IN MILLIONS)</b>	<b>300.4</b>	<b>294.0</b>	<b>298.0</b>	<b>293.9</b>

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

**Consolidated Edison, Inc.****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Millions of Dollars)</i>			
NET INCOME	\$232	\$219	\$542	\$589
OTHER COMPREHENSIVE INCOME, NET OF TAXES				
Pension and other postretirement benefit plan liability adjustments, net of taxes	1	1	1	6
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAXES	1	1	1	6
COMPREHENSIVE INCOME	\$233	\$220	\$543	\$595

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

**Consolidated Edison, Inc.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the Six Months Ended June 30,

	2016	2015
	<i>(Millions of Dollars)</i>	
<b>OPERATING ACTIVITIES</b>		
Net income	\$542	\$589
<b>PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME</b>		
Depreciation and amortization	599	555
Deferred income taxes	268	202
Rate case amortization and accruals	(112)	(20)
Common equity component of allowance for funds used during construction	(4)	(2)
Net derivative (gains)/losses	(33)	8
Other non-cash items, net	42	18
<b>CHANGES IN ASSETS AND LIABILITIES</b>		
Accounts receivable – customers	101	35
Materials and supplies, including fuel oil and gas in storage	29	48
Other receivables and other current assets	(38)	(17)
Income taxes receivable	151	224
Prepayments	(15)	(144)
Accounts payable	(21)	(158)
Pensions and retiree benefits obligations, net	302	379
Pensions and retiree benefits contributions	(307)	(407)
Accrued taxes	(16)	(20)
Accrued interest	3	(1)
Superfund and environmental remediation costs, net	60	15
Distributions from equity investments	24	18
Deferred charges, noncurrent assets and other regulatory assets	(98)	(3)
Deferred credits and other regulatory liabilities	75	136
Other current and noncurrent liabilities	79	31
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,631</b>	<b>1,486</b>
<b>INVESTING ACTIVITIES</b>		
Utility construction expenditures	(1,344)	(1,174)
Cost of removal less salvage	(95)	(105)
Non-utility construction expenditures	(331)	(178)
Investments in/acquisitions of renewable electric production and electric and gas transmission projects	(1,250)	(252)
Proceeds from the transfer of assets to NY Transco	122	—
Restricted cash	(6)	(22)
Other investing activities	(82)	6
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(2,986)</b>	<b>(1,725)</b>
<b>FINANCING ACTIVITIES</b>		
Net (payment)/issuance of short-term debt	(821)	445
Issuance of long-term debt	1,765	238
Retirement of long-term debt	(6)	(45)
Debt issuance costs	(15)	(2)
Common stock dividends	(378)	(380)
Issuance of common shares - public offering	702	—
Issuance of common shares for stock plans, net of repurchases	27	(7)
Distribution to noncontrolling interest	(1)	—
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,273</b>	<b>249</b>
<b>CASH AND TEMPORARY CASH INVESTMENTS:</b>		
<b>NET CHANGE FOR THE PERIOD</b>	<b>(82)</b>	<b>10</b>
<b>BALANCE AT BEGINNING OF PERIOD</b>	<b>944</b>	<b>699</b>
<b>BALANCE AT END OF PERIOD EXCLUDING HELD FOR SALE</b>	<b>\$862</b>	<b>\$709</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION</b>		
Cash paid/(received) during the period for:		
Interest	\$318	\$305
Income taxes	\$(142)	\$(9)
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION</b>		
Construction expenditures in accounts payable	\$254	\$213
Issuance of common shares for dividend reinvestment	\$23	\$5

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



**Consolidated Edison, Inc.**  
**CONSOLIDATED BALANCE SHEET (UNAUDITED)**

	June 30, 2016	December 31, 2015
<i>(Millions of Dollars)</i>		
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and temporary cash investments	\$862	\$944
Special deposits	10	3
Accounts receivable – customers, less allowance for uncollectible accounts of \$80 and \$85 in 2016 and 2015, respectively	951	1,052
Other receivables, less allowance for uncollectible accounts of \$15 and \$11 in 2016 and 2015, respectively	247	304
Income taxes receivable	15	166
Accrued unbilled revenue	365	360
Fuel oil, gas in storage, materials and supplies, at average cost	321	350
Prepayments	192	177
Regulatory assets	84	132
Assets held for sale	183	157
Other current assets	269	191
<b>TOTAL CURRENT ASSETS</b>	<b>3,499</b>	<b>3,836</b>
<b>INVESTMENTS</b>	<b>1,913</b>	<b>884</b>
<b>UTILITY PLANT, AT ORIGINAL COST</b>		
Electric	26,961	26,358
Gas	7,102	6,858
Steam	2,368	2,336
General	2,614	2,622
<b>TOTAL</b>	<b>39,045</b>	<b>38,174</b>
Less: Accumulated depreciation	8,305	8,044
Net	30,740	30,130
Construction work in progress	1,148	1,003
<b>NET UTILITY PLANT</b>	<b>31,888</b>	<b>31,133</b>
<b>NON-UTILITY PLANT</b>		
Non-utility property, less accumulated depreciation of \$114 and \$95 in 2016 and 2015, respectively	859	832
Construction work in progress	712	244
<b>NET PLANT</b>	<b>33,459</b>	<b>32,209</b>
<b>OTHER NONCURRENT ASSETS</b>		
Goodwill	429	429
Intangible assets, less accumulated amortization of \$5 and \$4 in 2016 and 2015, respectively	2	2
Regulatory assets	7,680	8,096
Other deferred charges and noncurrent assets	288	186
<b>TOTAL OTHER NONCURRENT ASSETS</b>	<b>8,399</b>	<b>8,713</b>
<b>TOTAL ASSETS</b>	<b>\$47,270</b>	<b>\$45,642</b>

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

**Consolidated Edison, Inc.**  
**CONSOLIDATED BALANCE SHEET (UNAUDITED)**

	June 30, 2016	December 31, 2015
	<i>(Millions of Dollars)</i>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Long-term debt due within one year	\$746	\$739
Notes payable	708	1,529
Accounts payable	969	1,008
Customer deposits	358	354
Accrued taxes	46	62
Accrued interest	139	136
Accrued wages	99	97
Fair value of derivative liabilities	62	66
Regulatory liabilities	122	115
Liabilities held for sale	60	89
Other current liabilities	594	525
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,903</b>	<b>4,720</b>
<b>NONCURRENT LIABILITIES</b>		
Provision for injuries and damages	188	185
Pensions and retiree benefits	2,423	2,911
Superfund and other environmental costs	758	765
Asset retirement obligations	249	242
Fair value of derivative liabilities	33	39
Deferred income taxes and unamortized investment tax credits	9,878	9,537
Regulatory liabilities	1,932	1,977
Other deferred credits and noncurrent liabilities	201	199
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>15,662</b>	<b>15,855</b>
<b>LONG-TERM DEBT</b>	<b>13,747</b>	<b>12,006</b>
<b>EQUITY</b>		
Common shareholders' equity	13,950	13,052
Noncontrolling interest	8	9
<b>TOTAL EQUITY (See Statement of Equity)</b>	<b>13,958</b>	<b>13,061</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$47,270</b>	<b>\$45,642</b>

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

**Consolidated Edison, Inc.**
**CONSOLIDATED STATEMENT OF EQUITY (UNAUDITED)**

<i>(In Millions)</i>	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Capital Stock Expense	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interest	Total
	Shares	Amount			Shares	Amount				
BALANCE AS OF DECEMBER 31, 2014	293	\$32	\$4,991	\$8,691	23	\$(1,032)	\$(61)	\$(45)	\$9	\$12,585
Net income				370						370
Common stock dividends				(190)						(190)
Issuance of common shares for stock plans, net of repurchases	—		2		—	(2)				—
Other comprehensive income								5		5
BALANCE AS OF MARCH 31, 2015	293	\$32	\$4,993	\$8,871	23	\$(1,034)	\$(61)	\$(40)	\$9	\$12,770
Net income				219						219
Common stock dividends				(190)						(190)
Issuance of common shares for stock plans, net of repurchases	—		—		—	(3)				(3)
Other comprehensive income								1		1
BALANCE AS OF JUNE 30, 2015	293	\$32	\$4,993	\$8,900	23	\$(1,037)	\$(61)	\$(39)	\$9	\$12,797
BALANCE AS OF DECEMBER 31, 2015	293	\$32	\$5,030	\$9,123	23	\$(1,038)	\$(61)	\$(34)	\$9	\$13,061
Net income				310						310
Common stock dividends				(197)						(197)
Issuance of common shares for stock plans	1		28							28
Other comprehensive income								—		—
Noncontrolling interest									(1)	(1)
BALANCE AS OF MARCH 31, 2016	294	\$32	\$5,058	\$9,236	23	\$(1,038)	\$(61)	\$(34)	\$8	\$13,201
Net income				232						232
Common stock dividends				(204)						(204)
Issuance of common shares - public offering	10	1	723				(22)			702
Issuance of common shares for stock plans	—		26							26
Other comprehensive income								1		1
BALANCE AS OF JUNE 30, 2016	304	\$33	\$5,807	\$9,264	23	\$(1,038)	\$(83)	\$(33)	\$8	\$13,958

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

**Consolidated Edison Company of New York, Inc.**  
**CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Millions of Dollars)</i>			
<b>OPERATING REVENUES</b>				
Electric	\$1,892	\$1,879	\$3,665	\$3,858
Gas	304	308	905	963
Steam	85	96	343	471
<b>TOTAL OPERATING REVENUES</b>	<b>2,281</b>	<b>2,283</b>	<b>4,913</b>	<b>5,292</b>
<b>OPERATING EXPENSES</b>				
Purchased power	369	358	721	897
Fuel	33	31	104	185
Gas purchased for resale	51	54	183	252
Other operations and maintenance	701	687	1,381	1,390
Depreciation and amortization	275	254	547	511
Taxes, other than income taxes	460	439	944	914
<b>TOTAL OPERATING EXPENSES</b>	<b>1,889</b>	<b>1,823</b>	<b>3,880</b>	<b>4,149</b>
<b>OPERATING INCOME</b>	<b>392</b>	<b>460</b>	<b>1,033</b>	<b>1,143</b>
<b>OTHER INCOME (DEDUCTIONS)</b>				
Investment and other income	1	2	2	3
Allowance for equity funds used during construction	2	1	4	2
Other deductions	(1)	(5)	(6)	(6)
<b>TOTAL OTHER INCOME (DEDUCTIONS)</b>	<b>2</b>	<b>(2)</b>	<b>—</b>	<b>(1)</b>
<b>INCOME BEFORE INTEREST AND INCOME TAX EXPENSE</b>	<b>394</b>	<b>458</b>	<b>1,033</b>	<b>1,142</b>
<b>INTEREST EXPENSE</b>				
Interest on long-term debt	146	141	290	282
Other interest	4	5	9	9
Allowance for borrowed funds used during construction	(1)	—	(2)	(1)
<b>NET INTEREST EXPENSE</b>	<b>149</b>	<b>146</b>	<b>297</b>	<b>290</b>
<b>INCOME BEFORE INCOME TAX EXPENSE</b>	<b>245</b>	<b>312</b>	<b>736</b>	<b>852</b>
<b>INCOME TAX EXPENSE</b>	<b>84</b>	<b>101</b>	<b>264</b>	<b>293</b>
<b>NET INCOME</b>	<b>\$161</b>	<b>\$211</b>	<b>\$472</b>	<b>\$559</b>

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

## Consolidated Edison Company of New York, Inc.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(Millions of Dollars)</i>			
NET INCOME	\$161	\$211	\$472	\$559
OTHER COMPREHENSIVE INCOME, NET OF TAXES				
Pension and other postretirement benefit plan liability adjustments, net of taxes	1	1	1	1
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAXES	1	1	1	1
COMPREHENSIVE INCOME	\$162	\$212	\$473	\$560

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

**Consolidated Edison Company of New York, Inc.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

	For the Six Months Ended June 30,	
	2016	2015
	(Millions of Dollars)	
<b>OPERATING ACTIVITIES</b>		
Net income	\$472	\$559
<b>PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME</b>		
Depreciation and amortization	547	511
Deferred income taxes	283	135
Rate case amortization and accruals	(120)	(32)
Common equity component of allowance for funds used during construction	(4)	(2)
Other non-cash items, net	15	(10)
<b>CHANGES IN ASSETS AND LIABILITIES</b>		
Accounts receivable – customers	102	53
Materials and supplies, including fuel oil and gas in storage	18	42
Other receivables and other current assets	(64)	11
Accounts receivable from affiliated companies	92	(4)
Prepayments	3	18
Accounts payable	(54)	(106)
Accounts payable to affiliated companies	5	5
Pensions and retiree benefits obligations, net	287	360
Pensions and retiree benefits contributions	(306)	(406)
Superfund and environmental remediation costs, net	67	14
Accrued taxes	(15)	(1)
Accrued taxes to affiliated companies	(2)	(10)
Accrued interest	(3)	(1)
Deferred charges, noncurrent assets and other regulatory assets	(100)	(22)
Deferred credits and other regulatory liabilities	89	119
Other current and noncurrent liabilities	87	(31)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,399</b>	<b>1,202</b>
<b>INVESTING ACTIVITIES</b>		
Utility construction expenditures	(1,268)	(1,108)
Cost of removal less salvage	(92)	(101)
Proceeds from the transfer of assets to NY Transco	122	—
Restricted cash	13	—
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(1,225)</b>	<b>(1,209)</b>
<b>FINANCING ACTIVITIES</b>		
Net (payment)/issuance of short-term debt	(425)	545
Issuance of long-term debt	550	—
Debt issuance costs	(6)	(1)
Capital contribution by parent	51	—
Dividend to parent	(372)	(516)
<b>NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(202)</b>	<b>28</b>
<b>CASH AND TEMPORARY CASH INVESTMENTS:</b>		
<b>NET CHANGE FOR THE PERIOD</b>	<b>(28)</b>	<b>21</b>
<b>BALANCE AT BEGINNING OF PERIOD</b>	<b>843</b>	<b>645</b>
<b>BALANCE AT END OF PERIOD</b>	<b>\$815</b>	<b>\$666</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION</b>		
Cash paid/(received) during the period for:		
Interest	\$285	\$277
Income taxes	\$(117)	\$160
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION</b>		
Construction expenditures in accounts payable	\$196	\$151

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

**Consolidated Edison Company of New York, Inc.**  
**CONSOLIDATED BALANCE SHEET (UNAUDITED)**

	June 30, 2016	December 31, 2015
<i>(Millions of Dollars)</i>		
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and temporary cash investments	\$815	\$843
Special deposits	2	2
Accounts receivable – customers, less allowance for uncollectible accounts of \$75 and \$80 in 2016 and 2015, respectively	890	987
Other receivables, less allowance for uncollectible accounts of \$14 and \$11 in 2016 and 2015, respectively	76	70
Accrued unbilled revenue	328	327
Accounts receivable from affiliated companies	98	190
Fuel oil, gas in storage, materials and supplies, at average cost	270	288
Prepayments	110	113
Regulatory assets	77	121
Other current assets	165	131
<b>TOTAL CURRENT ASSETS</b>	<b>2,831</b>	<b>3,072</b>
<b>INVESTMENTS</b>	<b>307</b>	<b>286</b>
<b>UTILITY PLANT, AT ORIGINAL COST</b>		
Electric	25,398	24,828
Gas	6,421	6,191
Steam	2,368	2,336
General	2,399	2,411
<b>TOTAL</b>	<b>36,586</b>	<b>35,766</b>
Less: Accumulated depreciation	7,615	7,378
Net	28,971	28,388
Construction work in progress	1,055	922
<b>NET UTILITY PLANT</b>	<b>30,026</b>	<b>29,310</b>
<b>NON-UTILITY PROPERTY</b>		
Non-utility property, less accumulated depreciation of \$25 in 2016 and 2015	4	5
<b>NET PLANT</b>	<b>30,030</b>	<b>29,315</b>
<b>OTHER NONCURRENT ASSETS</b>		
Regulatory assets	7,109	7,482
Other deferred charges and noncurrent assets	76	75
<b>TOTAL OTHER NONCURRENT ASSETS</b>	<b>7,185</b>	<b>7,557</b>
<b>TOTAL ASSETS</b>	<b>\$40,353</b>	<b>\$40,230</b>

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

**Consolidated Edison Company of New York, Inc.**  
**CONSOLIDATED BALANCE SHEET (UNAUDITED)**

	June 30, 2016	December 31, 2015
<i>(Millions of Dollars)</i>		
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Long-term debt due within one year	\$650	\$650
Notes payable	608	1,033
Accounts payable	703	771
Accounts payable to affiliated companies	17	12
Customer deposits	343	339
Accrued taxes	34	49
Accrued taxes to affiliated companies	—	2
Accrued interest	115	118
Accrued wages	90	88
Fair value of derivative liabilities	44	50
Regulatory liabilities	98	84
Other current liabilities	516	443
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,218</b>	<b>3,639</b>
<b>NONCURRENT LIABILITIES</b>		
Provision for injuries and damages	181	178
Pensions and retiree benefits	2,085	2,565
Superfund and other environmental costs	664	665
Asset retirement obligations	238	234
Fair value of derivative liabilities	30	36
Deferred income taxes and unamortized investment tax credits	9,121	8,755
Regulatory liabilities	1,743	1,789
Other deferred credits and noncurrent liabilities	174	167
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>14,236</b>	<b>14,389</b>
<b>LONG-TERM DEBT</b>	<b>11,333</b>	<b>10,787</b>
<b>COMMON SHAREHOLDER'S EQUITY (See Statement of Shareholder's Equity)</b>	<b>11,566</b>	<b>11,415</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>\$40,353</b>	<b>\$40,230</b>

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



## Consolidated Edison Company of New York, Inc.

**CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY (UNAUDITED)**

<i>(In Millions)</i>	Common Stock		Additional Paid-In Capital	Retained Earnings	Repurchased Con Edison Stock	Capital Stock Expense	Accumulated Other Comprehensive Income/(Loss)	Total
	Shares	Amount						
BALANCE AS OF DECEMBER 31, 2014	235	\$589	\$4,234	\$7,399	\$(962)	\$(61)	\$(11)	\$11,188
Net income				348				348
Common stock dividend to parent				(338)				(338)
Other comprehensive income							—	—
BALANCE AS OF MARCH 31, 2015	235	\$589	\$4,234	\$7,409	\$(962)	\$(61)	\$(11)	\$11,198
Net income				211				211
Common stock dividend to parent				(178)				(178)
Other comprehensive income							1	1
BALANCE AS OF JUNE 30, 2015	235	\$589	\$4,234	\$7,442	\$(962)	\$(61)	\$(10)	\$11,232
BALANCE AS OF DECEMBER 31, 2015	235	\$589	\$4,247	\$7,611	\$(962)	\$(61)	\$(9)	\$11,415
Net income				310				310
Common stock dividend to parent				(186)				(186)
Capital contribution by parent			23					23
Other comprehensive income							—	—
BALANCE AS OF MARCH 31, 2016	235	\$589	\$4,270	\$7,735	\$(962)	\$(61)	\$(9)	\$11,562
Net income				161				161
Common stock dividend to parent				(186)				(186)
Capital contribution by parent			28					28
Other comprehensive income							1	1
BALANCE AS OF JUNE 30, 2016	235	\$589	\$4,298	\$7,710	\$(962)	\$(61)	\$(8)	\$11,566

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

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

### General

These combined notes accompany and form an integral part of the separate consolidated financial statements of each of the two separate registrants: Consolidated Edison, Inc. and its subsidiaries (Con Edison) and Consolidated Edison Company of New York, Inc. and its subsidiaries (CECONY). CECONY is a subsidiary of Con Edison and as such its financial condition and results of operations and cash flows, which are presented separately in the CECONY consolidated financial statements, are also consolidated, along with those of Con Edison's other utility subsidiary, Orange and Rockland Utilities, Inc. (O&R), Con Edison Transmission, Inc. (Con Edison Transmission) and Con Edison's competitive energy businesses in Con Edison's consolidated financial statements. The term "Utilities" is used in these notes to refer to CECONY and O&R.

As used in these notes, the term "Companies" refers to Con Edison and CECONY and, except as otherwise noted, the information in these combined notes relates to each of the Companies. However, CECONY makes no representation as to information relating to Con Edison or the subsidiaries of Con Edison other than itself.

The separate interim consolidated financial statements of each of the Companies are unaudited but, in the opinion of their respective managements, reflect all adjustments (which include only normally recurring adjustments) necessary for a fair presentation of the results for the interim periods presented. The Companies' separate interim consolidated financial statements should be read together with their separate audited financial statements (including the combined notes thereto) included in Item 8 of their combined Annual Report on Form 10-K for the year ended December 31, 2015 and their separate unaudited financial statements (including the combined notes thereto) included in Part I, Item 1 of their combined Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016. Certain prior period amounts have been reclassified to conform to the current period presentation.

Con Edison has two regulated utility subsidiaries: CECONY and O&R. CECONY provides electric service and gas service in New York City and Westchester County. The company also provides steam service in parts of Manhattan. O&R, along with its regulated utility subsidiaries, provides electric service in southeastern New York and adjacent areas of northern New Jersey and eastern Pennsylvania (see Note P) and gas service in southeastern New York and adjacent areas of eastern Pennsylvania. Con Edison has the following competitive energy businesses: Consolidated Edison Solutions, Inc. (Con Edison Solutions), a company which sells to retail customers electricity purchased in wholesale markets (see Note P), enters into related hedging transactions and also provides energy-related products and services to retail customers; Consolidated Edison Energy, Inc. (Con Edison Energy), a company that provides energy-related products and services to wholesale customers; and Consolidated Edison Development, Inc. (Con Edison Development), a company that develops, owns and operates renewable and energy infrastructure projects. In addition, Con Edison has a subsidiary, Con Edison Transmission, that invests in electric transmission facilities through its subsidiary, Consolidated Edison Transmission, LLC (CET Electric), and invests in gas pipeline and storage facilities through its subsidiary Con Edison Gas Pipeline and Storage, LLC (CET Gas).

### Note A – Summary of Significant Accounting Policies

#### Earnings Per Common Share

For the three and six months ended June 30, 2016 and 2015, basic and diluted earnings per share (EPS) for Con Edison are calculated as follows:

<i>(Millions of Dollars, except per share amounts/Shares in Millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Net income	\$232	\$219	\$542	\$589
Weighted average common shares outstanding – basic	299.1	292.9	296.7	292.9
Add: Incremental shares attributable to effect of potentially dilutive securities	1.3	1.1	1.3	1.0
Adjusted weighted average common shares outstanding – diluted	300.4	294.0	298.0	293.9
Net income per common share – basic	\$0.78	\$0.75	\$1.83	\$2.01
Net income per common share – diluted	\$0.77	\$0.74	\$1.82	\$2.01

The computation of diluted EPS for the six months ended June 30, 2016 and three and six months ended June 30, 2015 excludes immaterial amounts of stock-based compensation awards that were not included because of their anti-dilutive effect.

## Changes in Accumulated Other Comprehensive Income/(Loss) by Component

For the three and six months ended June 30, 2016 and 2015, changes to accumulated other comprehensive income/(loss) (OCI) for Con Edison and CECONY are as follows:

<i>(Millions of Dollars)</i>	For the Three Months Ended June 30,			
	Con Edison		CECONY	
	2016	2015	2016	2015
Beginning balance, accumulated OCI, net of taxes (a)	\$(34)	\$(40)	\$(9)	\$(11)
Amounts reclassified from accumulated OCI related to pension plan liabilities, net of tax of \$(1) for Con Edison in 2016 and 2015 (a)(b)	1	1	1	1
Current period OCI, net of taxes	1	1	1	1
Ending balance, accumulated OCI, net of taxes	\$(33)	\$(39)	\$(8)	\$(10)

<i>(Millions of Dollars)</i>	For the Six Months Ended June 30,			
	Con Edison		CECONY	
	2016	2015	2016	2015
Beginning balance, accumulated OCI, net of taxes (a)	\$(34)	\$(45)	\$(9)	\$(11)
OCI before reclassifications, net of tax of \$1 and \$(2) for Con Edison in 2016 and 2015, respectively	(1)	3	—	—
Amounts reclassified from accumulated OCI related to pension plan liabilities, net of tax of \$(2) for Con Edison in 2016 and 2015 (a)(b)	2	3	1	1
Current period OCI, net of taxes	1	6	1	1
Ending balance, accumulated OCI, net of taxes	\$(33)	\$(39)	\$(8)	\$(10)

(a) Tax reclassified from accumulated OCI is reported in the income tax expense line item of the consolidated income statement.

(b) For the portion of unrecognized pension and other postretirement benefit costs relating to the Utilities, costs are recorded into, and amortized out of, regulatory assets instead of OCI. The net actuarial losses and prior service costs recognized during the period are included in the computation of total periodic pension and other postretirement benefit cost. See Notes E and F.

## Note B — Regulatory Matters

### Rate Plans

#### CECONY - Electric

In May 2016, the New York State Public Service Commission (NYSPSC) staff submitted testimony in the NYSPSC January 2016 proceeding in which CECONY requested an electric rate increase, effective January 2017. The NYSPSC staff testimony supports an electric rate increase of \$45 million reflecting, among other things, an 8.6 percent return on common equity. In June 2016, CECONY filed an update to its January 2016 request. The company increased its requested January 2017 rate increase by \$16 million to \$498 million, decreased its illustrated January 2018 rate increase by \$11 million to \$169 million and increased its illustrated January 2019 rate increase by \$45 million to \$186 million. This updated filing reflects a 9.75 percent return on common equity.

In April 2016, the Federal Energy Regulatory Commission (FERC) rejected CECONY's challenge to FERC's approval of substantially increased charges allocated to CECONY for transmission service provided pursuant to the open access tariff of PJM Interconnection LLC (PJM). CECONY will continue to challenge FERC's approval of the increased charges that will be incurred over the remaining contract term, and in May 2016 filed an appeal of FERC's decision with the U.S. Court of Appeals. In April 2016, CECONY notified PJM that it will not be exercising its option to continue the service beyond April 2017.

#### CECONY - Gas

In May 2016, the NYSPSC staff submitted testimony in the NYSPSC January 2016 proceeding in which CECONY requested a gas rate increase, effective January 2017. The NYSPSC staff testimony supports a gas rate decrease of \$25 million reflecting, among other things, an 8.6 percent return on common equity. In June 2016, CECONY filed an update to its January 2016 request. The company decreased its requested January 2017 rate increase by \$29 million to \$125 million, increased its illustrated January 2018 rate increase by \$13 million to \$110 million and decreased its illustrated January 2019 rate increase by \$9 million to \$100 million. This updated filing reflects a 9.75 percent return on common equity.

#### Rockland Electric Company (RECO)

In April 2016, RECO filed a request with the New Jersey Board of Public Utilities for an electric rate increase of \$10 million, effective March 2017. The filing reflected a return on common equity of 10.20 percent and a common equity

ratio of 49.81 percent. In July 2016, RECO filed an update to its April 2016 request. The company decreased its requested March 2017 rate increase by \$1 million to \$9 million. The updated filing reflects a return on common equity of 10.20 percent and a common equity ratio of 49.71 percent. The filing reflects continuation of provisions pursuant to which the company recovers its purchased power and fuel costs from customers.

### **Other Regulatory Matters**

In April 2016, the NYSPSC approved the September 2015 Joint Proposal among CECONY, the NYSPSC staff and others with respect to the prudence proceeding the NYSPSC commenced in February 2009 and related matters. Pursuant to the Joint Proposal, the company is required to credit \$116 million to customers and, for the period 2017 through 2044, to not seek to recover from customers an aggregate \$55 million relating to return on its capital expenditures. In addition, the company's revenues that were made subject to potential refund in this proceeding are no longer subject to refund. At June 30, 2016, the company had a \$97 million regulatory liability for the remaining amount to be credited to customers related to this matter.

In June 2014, the NYSPSC initiated a proceeding to investigate the practices of qualifying persons to perform plastic fusions on gas facilities. New York State regulations require gas utilities to qualify and, except in certain circumstances, annually requalify workers that perform fusion to join plastic pipe. The NYSPSC directed the New York gas utilities to provide information in this proceeding about their compliance with the qualification and requalification requirements and related matters; their procedures for compliance with all gas safety regulations; and their annual chief executive officer certifications regarding these and other procedures. CECONY's qualification and requalification procedures had not included certain required testing to evaluate specimen fuses. In addition, CECONY and O&R had not timely requalified certain workers that had been qualified under their respective procedures to perform fusion to join plastic pipe. CECONY and O&R have requalified their workers who perform plastic pipe fusions. In May 2015, the NYSPSC, which indicated that it would address enforcement at a later date, ordered CECONY, O&R and other gas utilities to perform risk assessment and remediation plans, additional leakage surveying and reporting; CECONY to hire an independent statistician to develop a risk assessment and remediation plan; and the gas utilities to implement certain new plastic fusion requirements. In December 2015, the NYSPSC staff informed O&R that the company had satisfactorily completed its risk assessment and remediation plan. CECONY expects to submit its risk assessment and remediation plan to the NYSPSC staff in 2016.

In November 2015, the NYSPSC ordered CECONY to show cause why the NYSPSC should not commence proceedings to penalize the company for alleged violations of gas safety regulations identified by the NYSPSC staff in its investigation of a March 2014 explosion and fire and to review the prudence of the company's conduct associated with the incident. See "Manhattan Explosion and Fire" in Note H. In December 2015, the company responded that the NYSPSC should not institute the proceedings and disputed the alleged violations.

At June 30, 2016, CECONY had an \$18 million regulatory liability related to the June 2014 plastic fusion proceeding and the November 2015 order to show cause. The company is unable to estimate the amount or range of its possible loss related to these matters in excess of this regulatory liability.

## Regulatory Assets and Liabilities

Regulatory assets and liabilities at June 30, 2016 and December 31, 2015 were comprised of the following items:

<i>(Millions of Dollars)</i>	Con Edison		CECONY	
	2016	2015	2016	2015
<b>Regulatory assets</b>				
Unrecognized pension and other postretirement costs	\$3,516	\$3,876	\$3,361	\$3,697
Future income tax	2,379	2,350	2,262	2,232
Environmental remediation costs	837	904	732	800
Revenue taxes	295	253	281	240
Deferred storm costs	122	185	57	110
Unamortized loss on reacquired debt	47	50	44	48
O&R property tax reconciliation	42	46	—	—
Deferred derivative losses	38	50	35	46
Pension and other postretirement benefits deferrals	35	45	6	16
Net electric deferrals	34	44	34	44
Surcharge for New York State assessment	32	44	29	40
Preferred stock redemption	26	26	26	26
O&R transition bond charges	18	21	—	—
Workers' compensation	16	11	16	11
Recoverable energy costs	—	16	—	15
Other	243	175	226	157
<b>Regulatory assets – noncurrent</b>	<b>7,680</b>	<b>8,096</b>	<b>7,109</b>	<b>7,482</b>
Deferred derivative losses	75	113	70	103
Recoverable energy costs	9	19	7	18
<b>Regulatory assets – current</b>	<b>84</b>	<b>132</b>	<b>77</b>	<b>121</b>
<b>Total Regulatory Assets</b>	<b>\$7,764</b>	<b>\$8,228</b>	<b>\$7,186</b>	<b>\$7,603</b>
<b>Regulatory liabilities</b>				
Allowance for cost of removal less salvage	\$708	\$676	\$599	\$570
Property tax reconciliation	230	303	230	303
Pension and other postretirement benefit deferrals	125	76	96	46
Net unbilled revenue deferrals	117	109	117	109
Prudence proceeding	97	99	97	99
Unrecognized other postretirement costs	93	28	93	28
Base rate change deferrals	77	128	77	128
New York State income tax rate change	69	75	66	72
Variable-rate tax-exempt debt – cost rate reconciliation	64	70	56	60
Carrying charges on repair allowance and bonus depreciation	51	49	50	48
Earnings sharing - electric, gas and steam	34	80	30	80
Net utility plant reconciliations	28	32	28	31
Property tax refunds	22	44	22	44
World Trade Center settlement proceeds	10	21	10	21
Other	207	187	172	150
<b>Regulatory liabilities – noncurrent</b>	<b>1,932</b>	<b>1,977</b>	<b>1,743</b>	<b>1,789</b>
Revenue decoupling mechanism	79	45	78	45
Refundable energy costs	30	64	9	33
Deferred derivative gains	13	6	11	6
<b>Regulatory liabilities – current</b>	<b>122</b>	<b>115</b>	<b>98</b>	<b>84</b>
<b>Total Regulatory Liabilities</b>	<b>\$2,054</b>	<b>\$2,092</b>	<b>\$1,841</b>	<b>\$1,873</b>

**Note C — Capitalization**

In February 2016, a Con Edison Development subsidiary issued \$218 million aggregate principal amount of 4.21 percent senior notes, due 2041, secured by the company's Texas Solar 7 solar project.

In May 2016, Con Edison issued approximately 10 million common shares resulting in net proceeds, after issuance expenses, of \$702 million, and \$500 million aggregate principal amount of 2.00 percent debentures, due 2021. Also, in May 2016, a Con Edison Development subsidiary issued \$95 million aggregate principal amount of 4.07 percent senior notes, due 2036, secured by the company's California Holding 3 solar projects. In June 2016, Con Edison borrowed \$400 million pursuant to a credit agreement with a syndicate of banks. The borrowing matures in 2018 and bears interest at a LIBOR plus margin of 1.00 percent. In June 2016, CECONY issued \$550 million aggregate principal amount of 3.85 percent debentures, due 2046. Also, in June 2016, a Con Edison Solutions subsidiary borrowed \$2 million pursuant to a loan agreement with a New Jersey utility. The borrowing matures in 2026, bears interest of 11.18 percent and may be repaid in cash or project Solar Renewable Energy Certificates.

The carrying amounts and fair values of long-term debt at June 30, 2016 and December 31, 2015 were:

<i>(Millions of Dollars)</i>	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Long-Term Debt (including current portion)</b>				
Con Edison	\$14,493	\$16,681	\$12,745	\$13,856
CECONY	\$11,983	\$13,917	\$11,437	\$12,427

Fair values of long-term debt have been estimated primarily using available market information. For Con Edison, \$16,045 million and \$636 million of the fair value of long-term debt at June 30, 2016 are classified as Level 2 and Level 3, respectively. For CECONY, \$13,281 million and \$636 million of the fair value of long-term debt at June 30, 2016 are classified as Level 2 and Level 3, respectively (see Note L). The \$636 million of long-term debt classified as Level 3 is CECONY's tax-exempt, auction-rate securities for which the market is highly illiquid and there is a lack of observable inputs.

**Note D — Short-Term Borrowing**

At June 30, 2016, Con Edison had \$708 million of commercial paper outstanding of which \$608 million was outstanding under CECONY's program. The weighted average interest rate at June 30, 2016 was 0.7 percent for both Con Edison and CECONY. At December 31, 2015, Con Edison had \$1,529 million of commercial paper outstanding of which \$1,033 million was outstanding under CECONY's program. The weighted average interest rate at December 31, 2015 was 0.7 percent for both Con Edison and CECONY.

At June 30, 2016 and December 31, 2015, no loans were outstanding under the credit agreement (Credit Agreement) and \$2 million (including \$2 million for CECONY) and \$15 million of letters of credit were outstanding under the Credit Agreement, respectively.

**Note E — Pension Benefits****Total Periodic Benefit Cost**

The components of the Companies' total periodic benefit costs for the three and six months ended June 30, 2016 and 2015 were as follows:

**For the Three Months Ended June 30,**

<i>(Millions of Dollars)</i>	<b>Con Edison</b>		<b>CECONY</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Service cost – including administrative expenses	\$69	\$74	\$65	\$70
Interest cost on projected benefit obligation	149	144	140	135
Expected return on plan assets	(237)	(222)	(225)	(210)
Recognition of net actuarial loss	149	194	141	183
Recognition of prior service costs	1	1	—	—
<b>NET PERIODIC BENEFIT COST</b>	<b>\$131</b>	<b>\$191</b>	<b>\$121</b>	<b>\$178</b>
Amortization of regulatory asset	—	1	—	1
<b>TOTAL PERIODIC BENEFIT COST</b>	<b>\$131</b>	<b>\$192</b>	<b>\$121</b>	<b>\$179</b>
Cost capitalized	(53)	(76)	(50)	(72)
Reconciliation to rate level	13	(17)	14	(18)
Cost charged to operating expenses	\$91	\$99	\$85	\$89

**For the Six Months Ended June 30,**

<i>(Millions of Dollars)</i>	<b>Con Edison</b>		<b>CECONY</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Service cost – including administrative expenses	\$138	\$149	\$129	\$139
Interest cost on projected benefit obligation	298	287	280	269
Expected return on plan assets	(474)	(443)	(449)	(420)
Recognition of net actuarial loss	298	388	282	367
Recognition of prior service costs	2	2	1	1
<b>NET PERIODIC BENEFIT COST</b>	<b>\$262</b>	<b>\$383</b>	<b>\$243</b>	<b>\$356</b>
Amortization of regulatory asset	—	1	—	1
<b>TOTAL PERIODIC BENEFIT COST</b>	<b>\$262</b>	<b>\$384</b>	<b>\$243</b>	<b>\$357</b>
Cost capitalized	(106)	(144)	(99)	(137)
Reconciliation to rate level	26	(42)	26	(42)
Cost charged to operating expenses	\$182	\$198	\$170	\$178

**Expected Contributions**

Based on estimates as of June 30, 2016, the Companies expect to make contributions to the pension plans during 2016 of \$508 million (of which \$469 million is to be contributed by CECONY). The Companies' policy is to fund the total periodic benefit cost of the qualified plan to the extent tax deductible and to also contribute to the non-qualified supplemental plans. During the first six months of 2016, the Companies contributed \$307 million to the pension plans, nearly all of which was contributed by CECONY. CECONY also contributed \$17 million to its external trust for supplemental plans.

**Note F — Other Postretirement Benefits**
**Total Periodic Benefit Cost**

The components of the Companies' total periodic other postretirement benefit costs for the three and six months ended June 30, 2016 and 2015 were as follows:

**For the Three Months Ended June 30,**

<i>(Millions of Dollars)</i>	<b>Con Edison</b>		<b>CECONY</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Service cost	\$4	\$5	\$3	\$4
Interest cost on accumulated other postretirement benefit obligation	12	13	10	11
Expected return on plan assets	(19)	(20)	(17)	(17)
Recognition of net actuarial loss	1	8	1	7
Recognition of prior service cost	(5)	(5)	(3)	(4)
<b>TOTAL PERIODIC OTHER POSTRETIREMENT BENEFIT COST</b>	<b>\$(7)</b>	<b>\$1</b>	<b>\$(6)</b>	<b>\$1</b>
Cost capitalized	2	(1)	2	(1)
Reconciliation to rate level	7	4	6	2
Cost charged to operating expenses	\$2	\$4	\$2	\$2

For the Six Months Ended June 30,

(Millions of Dollars)	Con Edison		CECONY	
	2016	2015	2016	2015
Service cost	\$9	\$10	\$7	\$7
Interest cost on accumulated other postretirement benefit obligation	24	25	20	22
Expected return on plan assets	(38)	(39)	(34)	(34)
Recognition of net actuarial loss	2	16	1	14
Recognition of prior service cost	(10)	(10)	(7)	(7)
<b>TOTAL PERIODIC OTHER POSTRETIREMENT BENEFIT COST</b>	<b>\$(13)</b>	<b>\$2</b>	<b>\$(13)</b>	<b>\$2</b>
Cost capitalized	3	(1)	3	(1)
Reconciliation to rate level	14	8	14	3
Cost charged to operating expenses	\$4	\$9	\$4	\$4

### Expected Contributions

Based on estimates as of June 30, 2016, Con Edison expects to make a contribution of \$6 million, nearly all of which is for CECONY, to the other postretirement benefit plans in 2016. The Companies' policy is to fund the total periodic benefit cost of the plans to the extent tax deductible.

### Note G — Environmental Matters

#### Superfund Sites

Hazardous substances, such as asbestos, polychlorinated biphenyls (PCBs) and coal tar, have been used or generated in the course of operations of the Utilities and their predecessors and are present at sites and in facilities and equipment they currently or previously owned, including sites at which gas was manufactured or stored.

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes (Superfund) impose joint and several liability, regardless of fault, upon generators of hazardous substances for investigation and remediation costs (which include costs of demolition, removal, disposal, storage, replacement, containment and monitoring) and natural resource damages. Liability under these laws can be material and may be imposed for contamination from past acts, even though such past acts may have been lawful at the time they occurred. The sites at which the Utilities have been asserted to have liability under these laws, including their manufactured gas plant sites and any neighboring areas to which contamination may have migrated, are referred to herein as "Superfund Sites."

For Superfund Sites where there are other potentially responsible parties and the Utilities are not managing the site investigation and remediation, the accrued liability represents an estimate of the amount the Utilities will need to pay to investigate and, where determinable, discharge their related obligations. For Superfund Sites (including the manufactured gas plant sites) for which one of the Utilities is managing the investigation and remediation, the accrued liability represents an estimate of the company's share of the undiscounted cost to investigate the sites and, for sites that have been investigated in whole or in part, the cost to remediate the sites, if remediation is necessary and if a reasonable estimate of such cost can be made. Remediation costs are estimated in light of the information available, applicable remediation standards and experience with similar sites.

The accrued liabilities and regulatory assets related to Superfund Sites at June 30, 2016 and December 31, 2015 were as follows:

(Millions of Dollars)	Con Edison		CECONY	
	2016	2015	2016	2015
Accrued Liabilities:				
Manufactured gas plant sites	\$670	\$679	\$576	\$579
Other Superfund Sites	88	86	88	86
Total	\$758	\$765	\$664	\$665
Regulatory assets	\$837	\$904	\$732	\$800

Most of the accrued Superfund Site liability relates to sites that have been investigated, in whole or in part. However, for some of the sites, the extent and associated cost of the required remediation has not yet been determined. As investigations progress and information pertaining to the required remediation becomes available,



the Utilities expect that additional liability may be accrued, the amount of which is not presently determinable but may be material. The Companies are unable to estimate the time period over which the remaining accrued liability will be incurred because, among other things, the required remediation has not been determined for some of the sites. Under their current rate plans, the Utilities are permitted to recover or defer as regulatory assets (for subsequent recovery through rates) certain site investigation and remediation costs.

Environmental remediation costs incurred related to Superfund Sites for the three and six months ended June 30, 2016 and 2015 were as follows:

<i>(Millions of Dollars)</i>	For the Three Months Ended June 30,			
	Con Edison		CECONY	
	2016	2015	2016	2015
Remediation costs incurred	\$9	\$8	\$3	\$7

<i>(Millions of Dollars)</i>	For the Six Months Ended June 30,			
	Con Edison		CECONY	
	2016	2015	2016	2015
Remediation costs incurred	\$12	\$15	\$5	\$12

No insurance recoveries were received by Con Edison or CECONY for the three or six months ended June 30, 2016 and 2015.

In 2015, Con Edison and CECONY estimated that for their manufactured gas plant sites (including CECONY's Astoria site), the aggregate undiscounted potential liability for the investigation and remediation of coal tar and/or other environmental contaminants could range up to \$2.8 billion and \$2.7 billion, respectively. These estimates were based on the assumption that there is contamination at all sites, including those that have not yet been fully investigated and additional assumptions about the extent of the contamination and the type and extent of the remediation that may be required. Actual experience may be materially different.

#### Asbestos Proceedings

Suits have been brought in New York State and federal courts against the Utilities 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 Utilities. The suits that have been resolved, which are many, have been resolved without any payment by the Utilities, or for amounts that were not, in the aggregate, material to them. The amounts specified in all the remaining thousands of suits total billions of dollars; however, the Utilities believe that these amounts are greatly exaggerated, based on the disposition of previous claims. At June 30, 2016, Con Edison and CECONY had accrued their estimated aggregate undiscounted potential liabilities for these suits and additional suits that may be brought over the next 15 years as shown in the following table. The estimates were based upon a combination of modeling, historical data analysis and risk factor assessment. Trial courts have begun, and unless otherwise determined by an appellate court may continue, to apply a different standard for determining liability in asbestos suits than the standard that applied historically. As a result, the Companies currently believe that there is a reasonable possibility of an exposure to loss in excess of the liability accrued for the suits. The Companies are unable to estimate the amount or range of such loss. In addition, certain current and former employees have claimed or are claiming workers' compensation benefits based on alleged disability from exposure to asbestos. Under its current rate plans, CECONY is permitted to defer as regulatory assets (for subsequent recovery through rates) costs incurred for its asbestos lawsuits and workers' compensation claims.

The accrued liability for asbestos suits and workers' compensation proceedings (including those related to asbestos exposure) and the amounts deferred as regulatory assets for the Companies at June 30, 2016 and December 31, 2015 were as follows:

<i>(Millions of Dollars)</i>	Con Edison		CECONY	
	2016	2015	2016	2015
Accrued liability – asbestos suits	\$8	\$8	\$7	\$7
Regulatory assets – asbestos suits	\$8	\$8	\$7	\$7
Accrued liability – workers' compensation	\$91	\$86	\$86	\$81
Regulatory assets – workers' compensation	\$16	\$11	\$16	\$11

## Note H — Other Material Contingencies

### Manhattan Steam Main Rupture

In July 2007, a CECONY steam main located in midtown Manhattan ruptured. It has been reported that one person died and others were injured as a result of the incident. Several buildings in the area were damaged. Debris from the incident included dirt and mud containing asbestos. The response to the incident required the closing of several buildings and streets for various periods. Approximately eighty suits are pending against the company seeking generally unspecified compensatory and, in some cases, punitive damages, for wrongful death, personal injury, property damage and business interruption. The company has notified its insurers of the incident and believes that the policies in force at the time of the incident will cover the company's costs to satisfy its liability to others in connection with the suits. In the company's estimation, there is not a reasonable possibility that an exposure to loss exists for the suits that is materially in excess of the estimated liability accrued. At June 30, 2016, the company has accrued its estimated liability for the suits of \$50 million and an insurance receivable in the same amount.

### Manhattan Explosion and Fire

On March 12, 2014, two multi-use five-story tall buildings located on Park Avenue between 116<sup>th</sup> and 117<sup>th</sup> Street in Manhattan were destroyed by an explosion and fire. CECONY had delivered gas to the buildings through service lines from a distribution main located below ground on Park Avenue. Eight people died and more than 50 people were injured. Additional buildings were also damaged. The National Transportation Safety Board (NTSB) investigated. The parties to the investigation included the company, the City of New York, the Pipeline and Hazardous Materials Safety Administration and the NYS PSC (which also conducted an investigation). In June 2015, the NTSB issued a final report concerning the incident, its probable cause and safety recommendations. The NTSB determined that the probable cause of the incident was (1) the failure of a defective fusion joint at a service tee (which joined a plastic service line to a plastic distribution main) installed by the company that allowed gas to leak from the distribution main and migrate into a building where it ignited and (2) a breach in a City sewer line that allowed groundwater and soil to flow into the sewer, resulting in a loss of support for the distribution main, which caused it to sag and overstressed the defective fusion joint. The NTSB also made safety recommendations, including recommendations to the company that addressed its procedures for the preparation and examination of plastic fusions, training of its staff on conditions for notifications to the City's Fire Department and extension of its gas main isolation valve installation program. Approximately 70 suits are pending against the company seeking generally unspecified damages and, in some cases, punitive damages, for wrongful death, personal injury, property damage and business interruption. The company has notified its insurers of the incident and believes that the policies in force at the time of the incident will cover the company's costs, in excess of a required retention (the amount of which is not material), to satisfy any liability it may have for damages in connection with the incident. The company is unable to estimate the amount or range of its possible loss for damages related to the incident. At June 30, 2016, the company had not accrued a liability for damages related to the incident.

### Other Contingencies

See "Other Regulatory Matters" in Note B and "Uncertain Tax Positions" in Note I.

### Guarantees

Con Edison and its subsidiaries enter into various agreements providing financial or performance assurance primarily to third parties on behalf of their subsidiaries. Maximum amounts guaranteed by Con Edison totaled \$2,544 million and \$2,856 million at June 30, 2016 and December 31, 2015, respectively.

A summary, by type and term, of Con Edison's total guarantees at June 30, 2016 is as follows:

Guarantee Type	0 – 3 years	4 – 10 years	> 10 years	Total
<i>(Millions of Dollars)</i>				
Con Edison Transmission	\$619	\$583	\$—	\$1,202
Energy transactions	672	41	91	804
Renewable electric production projects	443	—	20	463
Other	75	—	—	75
Total	\$1,809	\$624	\$111	\$2,544

**Con Edison Transmission** — Con Edison has guaranteed payment by CET Electric of the contributions CET Electric agreed to make to New York Transco LLC (NY Transco). CET Electric acquired a 45.7 percent interest in NY Transco when it was formed in 2014. NY Transco's transmission projects are expected to be initially developed by CECONY and other New York transmission owners and then transferred to NY Transco. In May 2016, the transmission owners transferred certain projects to NY Transco, as to which CET Electric made its required contributions. See Note Q. The other projects that were proposed when NY Transco was formed remain subject to certain authorizations from the NYSPSC, the FERC and, as applicable, other federal, state and local agencies. Guarantee amount shown is for the maximum possible required amount of CET Electric's contributions for these other projects as calculated based on the assumptions that the projects are completed at 175 percent of their estimated costs and NY Transco does not use any debt financing for the projects. Guarantee term shown is assumed as the timing of the contributions is not certain. Also included within the table above is a guarantee for \$25 million from Con Edison on behalf of CET Gas in relation to a proposed gas transmission project in West Virginia and Virginia (see Note Q).

**Energy Transactions** — Con Edison guarantees payments on behalf of its competitive energy businesses in order to facilitate physical and financial transactions in electricity, gas, pipeline capacity, transportation, oil, renewable energy credits and energy services. To the extent that liabilities exist under the contracts subject to these guarantees, such liabilities are included in Con Edison's consolidated balance sheet.

**Renewable Electric Production Projects** — Con Edison, Con Edison Development, and Con Edison Solutions guarantee payments associated with the investment in solar and wind energy facilities on behalf of their wholly-owned subsidiaries.

**Other** — Other guarantees primarily relate to \$70 million in guarantees provided by Con Edison to Travelers Insurance Company for indemnity agreements for surety bonds in connection with energy service projects and operation of solar energy facilities of Con Edison Solutions and Con Edison Development, respectively. In addition, Con Edison issued a guarantee estimated at \$5 million to the Public Utility Commission of Texas covering obligations of Con Edison Solutions as a retail electric provider.

In addition to the guarantees included in the table above, in July 2016, Con Edison guaranteed (subject to a \$53 million maximum amount) certain obligations of Con Edison Solutions under its agreement to sell the assets of its retail electric supply business to a subsidiary of Exelon Corporation. See Note P.

#### Note I — Income Tax

Con Edison's income tax expense increased to \$124 million for the three months ended June 30, 2016 from \$101 million for the three months ended June 30, 2015. Con Edison's effective tax rate for the three months ended June 30, 2016 and 2015 was 35 percent and 32 percent, respectively. For the three months ended June 30, 2016, Con Edison recorded lower tax benefits for plant-related flow through items, partially offset by increased tax benefits as a result of higher injuries and damages payments and higher renewable energy tax credits.

CECONY's income tax expense decreased to \$84 million for the three months ended June 30, 2016 from \$101 million for the three months ended June 30, 2015. CECONY's effective tax rate for the three months ended June 30, 2016 and 2015 was 34 percent and 32 percent, respectively. The increase in CECONY's effective tax rate is primarily related to a decrease in tax benefits for plant-related flow through items, partially offset by increased tax benefits as a result of higher injuries and damages payments.

Con Edison's income tax expense decreased to \$288 million for the six months ended June 30, 2016 from \$300 million for the six months ended June 30, 2015. Con Edison's effective tax rate for the six months ended June 30, 2016 and 2015 was 35 percent and 34 percent, respectively. For the six months ended June 30, 2016, Con Edison recorded income tax benefits for research and development tax credits and higher renewable energy tax credits, which were primarily offset by a decrease in tax benefits for plant-related flow through items.

CECONY's income tax expense decreased to \$264 million for the six months ended June 30, 2016 from \$293 million for the six months ended June 30, 2015. CECONY's effective tax rate for the six months ended June 30, 2016 and 2015 was 36 percent and 34 percent, respectively. The increase in CECONY's effective tax rate is primarily related to a decrease in tax benefits for plant-related flow through items, partially offset by research and development tax credits.

Con Edison anticipates a federal consolidated net operating loss for 2016, primarily due to bonus depreciation. Con Edison expects to carryback a portion of its 2016 net operating loss and recover \$10 million of income tax. General business tax credits that became available as a result of the net operating loss carryback, as well as the remaining 2016 net operating loss will be carried forward to future tax years. A deferred tax asset for these tax attribute carryforwards was recorded, and no valuation allowance has been provided, as it is more likely than not that the deferred tax asset will be realized.

#### **Uncertain Tax Positions**

At June 30, 2016, the estimated liability for uncertain tax positions for Con Edison was \$36 million (\$4 million for CECONY). Con Edison reasonably expects to resolve approximately \$27 million (\$18 million, net of federal taxes) of its uncertain tax positions within the next twelve months, of which the entire amount, if recognized, would reduce Con Edison's effective tax rate. The amount related to CECONY is approximately \$4 million (\$3 million, net of federal taxes), of which the entire amount, if recognized, would reduce CECONY's effective tax rate. The total amount of unrecognized tax benefits, if recognized, that would reduce Con Edison's effective tax rate is \$36 million (\$24 million, net of federal taxes).

The Companies recognize interest on liabilities for uncertain tax positions in interest expense and would recognize penalties, if any, in operating expenses in the Companies' consolidated income statements. In the three and six months ended June 30, 2016, the Companies recognized an immaterial amount of interest expense and no penalties for uncertain tax positions in their consolidated income statements. At June 30, 2016 and December 31, 2015, the Companies recognized an immaterial amount of accrued interest on their consolidated balance sheets.

**Note J — Financial Information by Business Segment**

In 2016, Con Edison Transmission began investing, through CET Electric and CET Gas, in electric transmission and gas pipeline and storage assets (see Note Q). As a result of these investments, Con Edison has changed its business segments to add Con Edison Transmission as a separate reportable segment based on management's reporting and decision-making, including performance evaluation and resource allocation. For comparison purposes, the previously reported financial information by business segments was reclassified to reflect the current business segment presentation.

The financial data for the business segments are as follows:

(Millions of Dollars)	For the Three Months Ended June 30,																	
	Operating revenues		Inter-segment revenues		Depreciation and amortization		Operating income		Other income (deductions)		Interest charges		Income taxes on operating income		Total assets		Construction expenditures	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>CECONY</b>																		
Electric	\$1,892	\$1,879	\$4	\$5	\$215	\$201	\$371	\$422	\$2	\$(1)	\$113	\$113	\$88	\$99	\$30,632	\$30,474	\$338	\$409
Gas	304	308	1	1	39	35	48	54	—	(1)	26	23	9	12	7,131	6,598	205	161
Steam	85	96	21	21	21	18	(27)	(16)	—	—	10	10	(10)	(6)	2,590	2,629	28	21
Consolidation adjustments	—	—	(26)	(27)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total CECONY</b>	<b>\$2,281</b>	<b>\$2,283</b>	<b>\$—</b>	<b>\$—</b>	<b>\$275</b>	<b>\$254</b>	<b>\$392</b>	<b>\$460</b>	<b>\$2</b>	<b>\$(2)</b>	<b>\$149</b>	<b>\$146</b>	<b>\$87</b>	<b>\$105</b>	<b>\$40,353</b>	<b>\$39,701</b>	<b>\$571</b>	<b>\$591</b>
<b>O&amp;R</b>																		
Electric	\$144	\$162	\$—	\$—	\$13	\$13	\$14	\$16	\$—	\$—	\$6	\$5	\$3	\$4	\$1,928	\$1,944	\$25	\$25
Gas	31	16	—	—	4	4	(1)	(18)	—	—	3	4	(1)	(8)	761	739	12	11
<b>Total O&amp;R</b>	<b>\$175</b>	<b>\$178</b>	<b>\$—</b>	<b>\$—</b>	<b>\$17</b>	<b>\$17</b>	<b>\$13</b>	<b>\$(2)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$9</b>	<b>\$9</b>	<b>\$2</b>	<b>\$(4)</b>	<b>\$2,689</b>	<b>\$2,683</b>	<b>\$37</b>	<b>\$36</b>
Competitive energy businesses	\$338	\$328	\$3	\$(1)	\$10	\$6	\$109	\$13	\$7	\$12	\$8	\$2	\$36	\$7	\$2,494	\$1,549	\$128	\$364
Con Edison Transmission	—	—	—	—	—	—	(1)	—	3	—	1	—	—	—	1,043	2	—	—
Other (a)	—	(1)	(3)	1	—	(1)	2	1	(1)	—	3	5	3	—	691	816	—	—
<b>Total Con Edison</b>	<b>\$2,794</b>	<b>\$2,788</b>	<b>\$—</b>	<b>\$—</b>	<b>\$302</b>	<b>\$276</b>	<b>\$515</b>	<b>\$472</b>	<b>\$11</b>	<b>\$10</b>	<b>\$170</b>	<b>\$162</b>	<b>\$128</b>	<b>\$108</b>	<b>\$47,270</b>	<b>\$44,751</b>	<b>\$736</b>	<b>\$991</b>

(a) Parent company and consolidation adjustments. Other does not represent a business segment.

For the Six Months Ended June 30,

(Millions of Dollars)	Operating revenues		Inter-segment revenues		Depreciation and amortization		Operating income		Other income (deductions)		Interest charges		Income taxes on operating income		Total assets		Construction expenditures	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>CECONY</b>																		
Electric	\$3,665	\$3,858	\$9	\$9	\$428	\$403	\$645	\$700	\$1	\$(1)	\$225	\$223	\$137	\$142	\$30,632	\$30,474	\$720	\$744
Gas	905	963	3	3	78	70	301	294	(1)	—	52	46	97	98	7,131	6,598	365	289
Steam	343	471	44	43	41	38	87	149	—	—	20	21	35	60	2,590	2,629	51	38
Consolidation adjustments	—	—	(56)	(55)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total CECONY</b>	<b>\$4,913</b>	<b>\$5,292</b>	<b>\$—</b>	<b>\$—</b>	<b>\$547</b>	<b>\$511</b>	<b>\$1,033</b>	<b>\$1,143</b>	<b>\$—</b>	<b>\$(1)</b>	<b>\$297</b>	<b>\$290</b>	<b>\$269</b>	<b>\$300</b>	<b>\$40,353</b>	<b>\$39,701</b>	<b>\$1,136</b>	<b>\$1,071</b>
<b>O&amp;R</b>																		
Electric	\$284	\$318	\$—	\$—	\$24	\$25	\$32	\$34	\$—	\$1	\$12	\$11	\$7	\$9	\$1,928	\$1,944	\$47	\$45
Gas	106	93	—	—	9	9	34	9	—	—	6	6	12	1	761	739	21	17
<b>Total O&amp;R</b>	<b>\$390</b>	<b>\$411</b>	<b>\$—</b>	<b>\$—</b>	<b>\$33</b>	<b>\$34</b>	<b>\$66</b>	<b>\$43</b>	<b>\$—</b>	<b>\$1</b>	<b>\$18</b>	<b>\$17</b>	<b>\$19</b>	<b>\$10</b>	<b>\$2,689</b>	<b>\$2,683</b>	<b>\$68</b>	<b>\$62</b>
Competitive energy businesses	\$648	\$702	\$9	\$(4)	\$19	\$11	\$58	\$10	\$9	\$15	\$16	\$3	\$9	\$4	\$2,494	\$1,549	\$556	\$464
Con Edison Transmission	—	—	—	—	—	—	(1)	—	3	—	1	—	—	—	1,043	2	—	—
Other (a)	(1)	(1)	(9)	4	—	(1)	1	2	—	(1)	7	13	2	—	691	816	—	—
<b>Total Con Edison</b>	<b>\$5,950</b>	<b>\$6,404</b>	<b>\$—</b>	<b>\$—</b>	<b>\$599</b>	<b>\$555</b>	<b>\$1,157</b>	<b>\$1,198</b>	<b>\$12</b>	<b>\$14</b>	<b>\$339</b>	<b>\$323</b>	<b>\$299</b>	<b>\$314</b>	<b>\$47,270</b>	<b>\$44,751</b>	<b>\$1,760</b>	<b>\$1,597</b>

(a) Parent company and consolidation adjustments. Other does not represent a business segment.

**Note K — Derivative Instruments and Hedging Activities**

Con Edison's subsidiaries hedge market price fluctuations associated with physical purchases and sales of electricity, natural gas, steam and, to a lesser extent, refined fuels by using derivative instruments including futures, forwards, basis swaps, options, transmission congestion contracts and financial transmission rights contracts. Derivatives are recognized on the consolidated balance sheet at fair value (see Note L), unless an exception is available under the accounting rules for derivatives and hedging. Qualifying derivative contracts that have been designated as normal purchases or normal sales contracts are not reported at fair value under the accounting rules.

The fair values of the Companies' commodity derivatives including the offsetting of assets and liabilities on the consolidated balance sheet at June 30, 2016 and December 31, 2015 were:

<i>(Millions of Dollars)</i>	2016			2015		
	Gross Amounts of Recognized Assets/(Liabilities)	Gross Amounts Offset	Net Amounts of Assets/(Liabilities) (a)	Gross Amounts of Recognized Assets/(Liabilities)	Gross Amounts Offset	Net Amounts of Assets/(Liabilities) (a)
<b>Balance Sheet Location</b>						
Con Edison						
Fair value of derivative assets						
Current	\$78	\$(50)	\$28 (b)	\$59	\$(41)	\$18 (b)
Current - assets held for sale (c)	45	(42)	3	51	(50)	1
Noncurrent	33	(32)	1	57	(54)	3
Noncurrent - assets held for sale (c)	13	(10)	3	15	(15)	—
Total fair value of derivative assets	\$169	\$(134)	\$35	\$182	\$(160)	\$22
Fair value of derivative liabilities						
Current	\$(129)	\$67	\$(62)	\$(144)	\$78	\$(66)
Current - liabilities held for sale (c)	(76)	42	(34)	(115)	50	(65)
Noncurrent	(67)	34	(33)	(102)	63	(39)
Noncurrent - liabilities held for sale (c)	(24)	10	(14)	(28)	15	(13)
Total fair value of derivative liabilities	\$(296)	\$153	\$(143)	\$(389)	\$206	\$(183)
Net fair value derivative assets/(liabilities)	\$(127)	\$19	\$(108) (b)	\$(207)	\$46	\$(161) (b)
CECONY						
Fair value of derivative assets						
Current	\$57	\$(47)	\$10 (b)	\$40	\$(32)	\$8 (b)
Noncurrent	24	(24)	—	48	(47)	1
Total fair value of derivative assets	\$81	\$(71)	\$10	\$88	\$(79)	\$9
Fair value of derivative liabilities						
Current	\$(109)	\$65	\$(44)	\$(121)	\$71	\$(50)
Noncurrent	(59)	29	(30)	(92)	56	(36)
Total fair value of derivative liabilities	\$(168)	\$94	\$(74)	\$(213)	\$127	\$(86)
Net fair value derivative assets/(liabilities)	\$(87)	\$23	\$(64) (b)	\$(125)	\$48	\$(77) (b)

- (a) Derivative instruments and collateral were offset on the consolidated balance sheet as applicable under the accounting rules. The Companies enter into master agreements for their commodity derivatives. These agreements typically provide offset in the event of contract termination. In such case, generally the non-defaulting party's payable will be offset by the defaulting party's payable. The non-defaulting party will customarily notify the defaulting party within a specific time period and come to an agreement on the early termination amount.
- (b) At June 30, 2016 and December 31, 2015, margin deposits for Con Edison (\$16 million and \$26 million, respectively) and CECONY (\$16 million and \$26 million, respectively) were classified as derivative assets on the consolidated balance sheet, but not included in the table. Margin is collateral, typically cash, that the holder of a derivative instrument is required to deposit in order to transact on an exchange and to cover its potential losses with its broker or the exchange.
- (c) Amounts represent derivative assets and liabilities included in assets and liabilities held for sale on the consolidated balance sheet (see Note P).

The Utilities generally recover their prudently incurred fuel, purchased power and gas costs, including hedging gains and losses, in accordance with rate provisions approved by the applicable state utility regulators. In accordance with the accounting rules for regulated operations, the Utilities record a regulatory asset or liability to defer recognition of unrealized gains and losses on their electric and gas derivatives. As gains and losses are realized in future periods, they will be recognized as purchased power, gas and fuel costs in the Companies' consolidated income statements. Con Edison's competitive energy businesses record realized and unrealized gains and losses on their derivative contracts in purchased power, gas purchased for resale and non-utility revenue in the

reporting period in which they occur. Management believes that these derivative instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices.

The following table presents the realized and unrealized gains or losses on commodity derivatives that have been deferred or recognized in earnings for the three and six months ended June 30, 2016 and 2015:

		For the Three Months Ended June 30,			
		Con Edison		CECONY	
(Millions of Dollars)	Balance Sheet Location	2016	2015	2016	2015
Pre-tax gains/(losses) deferred in accordance with accounting rules for regulated operations:					
Current	Deferred derivative gains	\$10	\$(2)	\$9	\$(1)
Noncurrent	Deferred derivative gains	1	—	—	—
Total deferred gains/(losses)		\$11	\$(2)	\$9	\$(1)
Current	Deferred derivative losses	\$68	\$(11)	\$61	\$(10)
Current	Recoverable energy costs	(52)	(40)	(47)	(36)
Noncurrent	Deferred derivative losses	68	(2)	62	(1)
Total deferred gains/(losses)		\$84	\$(53)	\$76	\$(47)
Net deferred gains/(losses)		\$95	\$(55)	\$85	\$(48)
<b>Income Statement Location</b>					
Pre-tax gain/(loss) recognized in income					
	Purchased power expense	\$45 (a)	\$(50) (b)	\$—	\$—
	Gas purchased for resale	(23)	(26)	—	—
	Non-utility revenue	5 (a)	(27) (b)	—	—
Total pre-tax gain/(loss) recognized in income		\$27	\$(103)	\$—	\$—

(a) For the three months ended June 30, 2016, Con Edison recorded an unrealized gain in purchase power expense (\$97 million gain).

(b) For the three months ended June 30, 2015, Con Edison recorded unrealized pre-tax gains and losses in non-utility operating revenue (\$1 million gain) and purchased power expense (\$17 million loss).

		For the Six Months Ended June 30,			
		Con Edison		CECONY	
(Millions of Dollars)	Balance Sheet Location	2016	2015	2016	2015
Pre-tax gains/(losses) deferred in accordance with accounting rules for regulated operations:					
Current	Deferred derivative gains	\$7	\$1	\$5	\$2
Noncurrent	Deferred derivative gains	1	—	(1)	—
Total deferred gains/(losses)		\$8	\$1	\$4	\$2
Current	Deferred derivative losses	\$38	\$32	\$33	\$32
Current	Recoverable energy costs	(125)	(39)	(113)	(38)
Noncurrent	Deferred derivative losses	12	(21)	11	(18)
Total deferred gains/(losses)		\$(75)	\$(28)	\$(69)	\$(24)
Net deferred gains/(losses)		\$(67)	\$(27)	\$(65)	\$(22)
<b>Income Statement Location</b>					
Pre-tax gain/(loss) recognized in income					
	Purchased power expense	\$(70) (a)	\$(28) (b)	\$—	\$—
	Gas purchased for resale	(33)	(69)	—	—
	Non-utility revenue	17 (a)	15 (b)	—	—
Total pre-tax gain/(loss) recognized in income		\$(86)	\$(82)	\$—	\$—

(a) For the six months ended June 30, 2016, Con Edison recorded unrealized gains and losses in non-utility operating revenue (\$1 million loss) and purchase power expense (\$35 million gain).

(b) For the six months ended June 30, 2015, Con Edison recorded unrealized pre-tax gains and losses in non-utility operating revenue (\$3 million loss) and purchased power expense (\$5 million loss).



The following table presents the hedged volume of Con Edison's and CECONY's derivative transactions at June 30, 2016:

	Electric Energy (MWh) (a)(b)	Capacity (MW) (a)	Natural Gas (Dt) (a)(b)	Refined Fuels (gallons)
Con Edison (c)	31,244,951	23,618	39,700,166	3,360,000
CECONY	15,349,625	10,200	38,830,000	3,360,000

(a) Volumes are reported net of long and short positions, except natural gas collars where the volumes of long positions are reported.

(b) Excludes electric congestion and gas basis swap contracts, which are associated with electric and gas contracts and hedged volumes.

(c) Includes 14,519,076 MWh for electric energy, 10,779 MW for capacity and 887,007 Dt for natural gas derivative transactions that are held for sale.

The Companies are exposed to credit risk related to transactions entered into primarily for the various energy supply and hedging activities by the Utilities and the competitive energy businesses. Credit risk relates to the loss that may result from a counterparty's nonperformance. The Companies use credit policies to manage this risk, including an established credit approval process, monitoring of counterparty limits, netting provisions within agreements, collateral or prepayment arrangements, credit insurance and credit default swaps. The Companies measure credit risk exposure as the replacement cost for open energy commodity and derivative positions plus amounts owed from counterparties for settled transactions. The replacement cost of open positions represents unrealized gains, net of any unrealized losses where the Companies have a legally enforceable right to offset.

At June 30, 2016, Con Edison and CECONY had \$191 million and \$21 million of credit exposure in connection with energy supply and hedging activities, net of collateral, respectively. Con Edison's net credit exposure consisted of \$79 million with commodity exchange brokers, \$67 million with independent system operators, \$35 million with investment-grade counterparties and \$10 million with non-investment grade/non-rated counterparties. CECONY's net credit exposure consisted of \$17 million with commodity exchange brokers and \$4 million with investment-grade counterparties.

The collateral requirements associated with, and settlement of, derivative transactions are included in net cash flows from operating activities in the Companies' consolidated statement of cash flows. Most derivative instrument contracts contain provisions that may require a party to provide collateral on its derivative instruments that are in a net liability position. The amount of collateral to be provided will depend on the fair value of the derivative instruments and the party's credit ratings.

The following table presents the aggregate fair value of the Companies' derivative instruments with credit-risk-related contingent features that are in a net liability position, the collateral posted for such positions and the additional collateral that would have been required to be posted had the lowest applicable credit rating been reduced one level and to below investment grade at June 30, 2016:

(Millions of Dollars)	Con Edison (a)	CECONY (a)
Aggregate fair value – net liabilities	\$82	\$68
Collateral posted	23	22
Additional collateral (b) (downgrade one level from current ratings)	4	3
Additional collateral (b) (downgrade to below investment grade from current ratings)	99 (c)	76 (c)

(a) Non-derivative transactions for the purchase and sale of electricity and gas and qualifying derivative instruments, which have been designated as normal purchases or normal sales, are excluded from the table. These transactions primarily include purchases of electricity from independent system operators. In the event the Utilities and the competitive energy businesses were no longer extended unsecured credit for such purchases, the Companies would be required to post additional collateral of \$4 million at June 30, 2016. For certain other such non-derivative transactions, the Companies could be required to post collateral under certain circumstances, including in the event counterparties had reasonable grounds for insecurity.

(b) The Companies measure the collateral requirements by taking into consideration the fair value amounts of derivative instruments that contain credit-risk-related contingent features that are in a net liabilities position plus amounts owed to counterparties for settled transactions and amounts required by counterparties for minimum financial security. The fair value amounts represent unrealized losses, net of any unrealized gains where the Companies have a legally enforceable right to offset.

(c) Derivative instruments that are net assets have been excluded from the table. At June 30, 2016, if Con Edison had been downgraded to below investment grade, it would have been required to post additional collateral for such derivative instruments of \$20 million.

#### Note L — Fair Value Measurements

The accounting rules for fair value measurements and disclosures define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is

determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Companies often make certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, and the risks inherent in the inputs to valuation techniques. The Companies use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The accounting rules for fair value measurements and disclosures established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The rules require that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Companies classify fair value balances based on the fair value hierarchy defined by the accounting rules for fair value measurements and disclosures as follows:

- Level 1 – Consists of assets or liabilities whose value is based on unadjusted quoted prices in active markets at the measurement date. An active market is one in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes contracts traded on active exchange markets valued using unadjusted prices quoted directly from the exchange.
- Level 2 – Consists of assets or liabilities valued using industry standard models and based on prices, other than quoted prices within Level 1, that are either directly or indirectly observable as of the measurement date. The industry standard models consider observable assumptions including time value, volatility factors and current market and contractual prices for the underlying commodities, in addition to other economic measures. This category includes contracts traded on active exchanges or in over-the-counter markets priced with industry standard models.
- Level 3 – Consists of assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost benefit constraints. This category includes contracts priced using models that are internally developed and contracts placed in illiquid markets. It also includes contracts that expire after the period of time for which quoted prices are available and internal models are used to determine a significant portion of the value.

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2016 and December 31, 2015 are summarized below.

<i>(Millions of Dollars)</i>	2016					2015				
	Level 1	Level 2	Level 3	Netting Adjustment (e)	Total	Level 1	Level 2	Level 3	Netting Adjustment (e)	Total
<b>Con Edison</b>										
Derivative assets:										
Commodity (a)(b)(c)	\$3	\$28	\$9	\$5	\$45	\$2	\$25	\$13	\$7	\$47
Commodity held for sale (f)	—	47	4	(45)	6	—	63	1	(63)	1
Other (a)(b)(d)	201	117	—	—	318	185	112	—	—	297
Total assets	\$204	\$192	\$13	\$(40)	\$369	\$187	\$200	\$14	\$(56)	\$345
Derivative liabilities:										
Commodity (a)(b)(c)	\$4	\$118	\$3	\$(30)	\$95	\$16	\$153	\$1	\$(65)	\$105
Commodity held for sale (f)	—	88	5	(45)	48	1	133	7	(63)	78
Total liabilities	\$4	\$206	\$8	\$(75)	\$143	\$17	\$286	\$8	\$(128)	\$183
<b>CECONY</b>										
Derivative assets:										
Commodity (a)(b)(c)	\$2	\$14	\$2	\$8	\$26	\$1	\$9	\$8	\$17	\$35
Other (a)(b)(d)	193	104	—	—	297	171	105	—	—	276
Total assets	\$195	\$118	\$2	\$8	\$323	\$172	\$114	\$8	\$17	\$311
Derivative liabilities:										
Commodity (a)(b)(c)	\$3	\$102	\$—	\$(31)	\$74	\$14	\$129	\$—	\$(57)	\$86

- (a) The Companies' policy is to review the fair value hierarchy and recognize transfers into and transfers out of the levels at the end of each reporting period. There were no transfers between levels 1, 2 and 3 for the six months ended June 30, 2016 and for the year ended December 31, 2015.
- (b) Level 2 assets and liabilities include investments held in the deferred compensation plan and/or non-qualified retirement plans, exchange-traded contracts where there is insufficient market liquidity to warrant inclusion in Level 1, certain over-the-counter derivative instruments for electricity, refined products and natural gas. Derivative instruments classified as Level 2 are valued using industry standard models that incorporate corroborated observable inputs; such as pricing services or prices from similar instruments that trade in liquid markets, time value and volatility factors.
- (c) The accounting rules for fair value measurements and disclosures require consideration of the impact of nonperformance risk (including credit risk) from a market participant perspective in the measurement of the fair value of assets and liabilities. At June 30, 2016 and December 31, 2015, the Companies determined that nonperformance risk would have no material impact on their financial position or results of operations.
- (d) Other assets are comprised of assets such as life insurance contracts within the deferred compensation plan and non-qualified retirement plans.
- (e) Amounts represent the impact of legally-enforceable master netting agreements that allow the Companies to net gain and loss positions and cash collateral held or placed with the same counterparties.
- (f) Amounts represent derivative assets and liabilities included in Assets and Liabilities held for sale on the consolidated balance sheet (see Note P).

The employees in the Companies' risk management group develop and maintain the Companies' valuation policies and procedures for, and verify pricing and fair value valuation of, commodity derivatives. Under the Companies' policies and procedures, multiple independent sources of information are obtained for forward price curves used to value commodity derivatives. Fair value and changes in fair value of commodity derivatives are reported on a monthly basis to the Companies' risk committees, comprised of officers and employees of the Companies that oversee energy hedging at the Utilities and the competitive energy businesses. The risk management group reports to the Companies' Vice President and Treasurer.

	Fair Value of Level 3 at June 30, 2016 (Millions of Dollars)	Valuation Techniques	Unobservable Inputs	Range
<b>Con Edison – Commodity</b>				
Electricity	\$2	Discounted Cash Flow	Forward energy prices (a)	\$19.50-\$86.50 per MWh
		Discounted Cash Flow	Forward capacity prices (a)	\$1.65-\$12.25 per kW-month
Transmission Congestion Contracts/Financial Transmission Rights	3	Discounted Cash Flow	Discount to adjust auction prices for inter-zonal forward price curves (b)	52.8%-59.4%
			Discount/premium to adjust auction prices for historical monthly realized settlements (b)	53.3%-144.9%
			Inter-zonal forward price curves adjusted for historical zonal losses (b)	\$0.86-\$2.53 per MWh
Total Con Edison—Commodity	\$5			
<b>CECONY—Commodity</b>				
Transmission Congestion Contracts	\$2	Discounted Cash Flow	Discount to adjust auction prices for inter-zonal forward price curves (b)	52.8%-59.4%
			Discount/premium to adjust auction prices for historical monthly realized settlements (b)	53.3%-144.9%

(a) Generally, increases/(decreases) in this input in isolation would result in a higher/(lower) fair value measurement.

(b) Generally, increases/(decreases) in this input in isolation would result in a lower/(higher) fair value measurement.

The table listed below provides a reconciliation of the beginning and ending net balances for assets and liabilities measured at fair value as of June 30, 2016 and 2015 and classified as Level 3 in the fair value hierarchy:

(Millions of Dollars)	For the Three Months Ended June 30,			
	Con Edison		CECONY	
	2016	2015	2016	2015
Beginning balance as of April 1,	\$(4)	\$11	\$2	\$12
Included in earnings	5	(3)	—	(2)
Included in regulatory assets and liabilities	1	—	(1)	—
Purchases	1	5	1	2
Settlements	2	—	—	(1)
Ending balance as of June 30,	\$5	\$13	\$2	\$11

**For the Six Months Ended June 30,**

<i>(Millions of Dollars)</i>	Con Edison		CECONY	
	2016	2015	2016	2015
Beginning balance as of January 1,	\$6	\$20	\$8	\$13
Included in earnings	(2)	(15)	(1)	(5)
Included in regulatory assets and liabilities	(2)	1	(5)	1
Purchases	1	8	1	4
Settlements	2	(1)	(1)	(2)
Ending balance as of June 30,	\$5	\$13	\$2	\$11

For the Utilities, realized gains and losses on Level 3 commodity derivative assets and liabilities are reported as part of purchased power, gas and fuel costs. The Utilities generally recover these costs in accordance with rate provisions approved by the applicable state public utilities regulators. Unrealized gains and losses for commodity derivatives are generally deferred on the consolidated balance sheet in accordance with the accounting rules for regulated operations.

For the competitive energy businesses, realized and unrealized gains and losses on Level 3 commodity derivative assets and liabilities are reported in non-utility revenues (immaterial for both periods) and purchased power costs (\$5 million gain and \$1 million loss) on the consolidated income statement for the three months ended June 30, 2016 and 2015, respectively. Realized and unrealized gains and losses on Level 3 commodity derivative assets and liabilities are reported in non-utility revenues (immaterial for both periods) and purchased power costs (\$2 million loss and \$10 million loss) on the consolidated income statement for the six months ended June 30, 2016, and 2015, respectively. The change in fair value relating to Level 3 commodity derivative assets and liabilities held at June 30, 2016 and 2015 is included in non-utility revenues (immaterial for both periods) and purchased power costs (\$7 million gain and \$1 million gain) on the consolidated income statement for the three months ended June 30, 2016 and 2015, respectively. For the six months ended June 30, 2016, and 2015, the change in fair value relating to Level 3 commodity derivative assets and liabilities is included in non-utility revenues (immaterial for both periods) and purchased power costs (\$3 million gain and \$4 million loss) on the consolidated income statement, respectively.

**Note M — Variable Interest Entities**

Con Edison enters into arrangements including leases, partnerships and electricity purchase agreements, with various entities. As a result of these arrangements, Con Edison retains or may retain a variable interest in these entities.

CECONY had a variable interest in a non-consolidated variable interest entity (VIE), Astoria Energy, LLC (Astoria Energy), with which CECONY entered into a long-term electricity purchase agreement that expired in April 2016. CECONY has ongoing long-term electricity purchase agreements with the following two potential VIEs: Cogen Technologies Linden Venture, LP, and Brooklyn Navy Yard Cogeneration Partners, LP. In 2015, requests were made of these two counterparties for information necessary to determine whether the entity was a VIE and whether CECONY is the primary beneficiary; however, the information was not made available. The payments for these contracts constitute CECONY's maximum exposure to loss with respect to the potential VIEs.

The following table summarizes the VIEs in which Con Edison Development has entered into as of June 30, 2016:

Project Name (a)	Generating Capacity (b) (MW AC)	Power Purchase Agreement Term (in Years)	Year of Initial Investment	Location	Maximum Exposure to Loss (Millions of Dollars) (c)
Copper Mountain Solar 3	128	20	2014	Nevada	\$184
Panoche Valley	120	20	2015	California	204
Mesquite Solar 1	83	20	2013	Arizona	105
Copper Mountain Solar 2	75	25	2013	Nevada	84
California Solar	55	25	2012	California	68
Broken Bow II	38	25	2014	Nebraska	54
Texas Solar 4	32	25	2014	Texas	15
Pilesgrove (e)	9	n/a (d)	2010	New Jersey	18

(a) With the exception of Texas Solar 4, Con Edison's ownership interest is 50 percent and these projects are accounted for using the equity method of accounting. Con Edison is not the primary beneficiary since the power to direct the activities that most significantly impact the economics of the entities are shared equally between Con Edison Development and third parties. Con Edison's ownership interest in Texas Solar 4 is 80 percent and is consolidated in the financial statements. Con Edison is the primary beneficiary since the power to direct the activities that most significantly impact the economics of Texas Solar 4 is held by Con Edison Development. The maximum exposure for Texas Solar 4 is the net assets of the investment offset by an \$8 million noncontrolling interest.

(b) Represents Con Edison Development's ownership interest in the project.

(c) For investments accounted for under the equity method, maximum exposure is equal to the carrying value of the investment on the consolidated balance sheet and any related receivables due from the project. For consolidated investments, maximum exposure is equal to the net assets of the investment on the consolidated balance sheet less any applicable noncontrolling interest. Con Edison did not provide any financial or other support during the year that was not previously contractually required.

(d) Pilesgrove has 3-4 year Solar Renewable Energy Credit hedges in place.

(e) Carrying value and maximum exposure reduced by an \$8 million impairment charge in June 2016 (included in Investment and other income on Con Edison's consolidated income statement).

#### Note N — Related Party Transactions

The Utilities perform work and incur expenses on behalf of NY Transco, a company in which CET Electric has a 45.7 percent equity interest (see Note Q). The Utilities bill NY Transco for such work and expenses in accordance with established policies. For the three and six months ended June 30, 2016, the amounts billed by CECONY to NY Transco were immaterial.

CECONY has storage and wheeling service contracts with Stagecoach Gas Services LLC (Stagecoach), a joint venture formed by a subsidiary of CET Gas and a subsidiary of Crestwood Equity Partners LP (Crestwood) (see Note Q). In addition, CECONY is the replacement shipper on one of Crestwood's firm transportation agreements with Tennessee Gas Pipeline Company LLC. Since the formation of the joint venture in June 2016, the amount of storage and wheeling services received by CECONY from Stagecoach was \$3 million.

CECONY has a financial electric capacity contract with Con Edison Energy for the period May 2016 through April 2017. For the three and six months ended June 30, 2016, Con Edison Energy's realized losses under this contract were immaterial to earnings.

#### Note O — New Financial Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board jointly issued a revenue recognition standard that will supersede the revenue recognition requirements within Accounting Standards Codification Topic 605, "Revenue Recognition," and most industry-specific guidance under the Codification through Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." The purpose of the new guidance is to create a consistent framework for revenue recognition. The guidance clarifies how to measure and recognize revenue arising from customer contracts to depict the transfer of goods or services in an amount that reflects the consideration the entity expects to receive. Additionally, in March and April 2016, respectively, the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)" to clarify how to apply the implementation guidance for principal versus agent considerations and ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing" to clarify the guidance pertaining to identifying performance obligations and licensing implementation guidance. Furthermore in May 2016, the FASB issued ASU No. 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients" to clarify assessing collectibility, presentation of sales taxes, non-cash consideration, contract modification at transition, and completed contracts at transition. The new standard is effective for reporting periods beginning after December 15, 2017. Early adoption is permitted for reporting periods

beginning after December 15, 2016. The Companies are in the process of evaluating the application and impact of the new guidance on the Companies' financial position, results of operations and liquidity.

In January 2016, the FASB issued amendments on certain aspects of recognition, measurement, presentation, and disclosure of financial instruments through ASU No. 2016-01, "Financial Instruments (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." The amendments require changes to the accounting for equity investments, the presentation and disclosure requirements for financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, clarification was provided related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. For public entities, the amendments are effective for reporting periods beginning after December 15, 2017. Early adoption is permitted for portions of the standard. The Companies are in the process of evaluating the potential impact of the new guidance on the Companies' financial position, results of operations and liquidity.

In February 2016, the FASB issued amendments on financial reporting of leasing transactions through ASU No. 2016-02, "Leases (Topic 842)." The amendments require lessees to recognize assets and liabilities on the balance sheet and disclose key information about leasing arrangements. Lessees will need to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). Lessor accounting is similar to the current model, but updated to align with certain changes to the lessee model. For income statement purposes, the pattern of expense recognition will be dependent on whether transactions are designated as operating leases or finance leases. The amendments are effective for reporting periods beginning after December 15, 2018. Early adoption is permitted. The amendments must be adopted using a modified retrospective transition and provide for certain practical expedients. The Companies are in the process of evaluating the potential impact of the new guidance on the Companies' financial position, results of operations and liquidity.

In March 2016, the FASB issued amendments to the guidance for Derivatives and Hedging accounting through ASU 2016-05, "Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships." The amendments clarify that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument under Topic 815 does not, in and of itself, require discontinuation of the application of hedge accounting. The amendments in this update are effective for financial statements issued for reporting periods beginning after December 15, 2016. Early adoption is permitted. The application of this guidance is not expected to have a material impact on the Companies' financial position, results of operations and liquidity.

In March 2016, the FASB issued amendments to clarify the guidance for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts through ASU No. 2016-06, "Derivatives & Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments." An entity performing the assessment under the amendments is required to assess the embedded call (put) options solely in accordance with the four-step decision sequence. The amendments are effective for financial statements issued for reporting periods beginning after December 15, 2016. Early adoption is permitted. The application of this guidance is not expected to have a material impact on the Companies' financial position, results of operations and liquidity.

In March 2016, the FASB issued amendments to eliminate the requirement to retroactively adopt the equity method of accounting when a company increases its level of ownership or degree of influence over an investment through ASU No. 2016-07, "Investments-Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting." This amendment requires that an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in Accumulated Other Comprehensive Income at the date the investment qualifies for the equity method. The amendments in this Update are effective for reporting periods beginning after December 15, 2016. The application of this guidance is not expected to have a material impact on the Companies' financial position, results of operations and liquidity.

In March 2016, the FASB issued amendments to simplify several aspects of the accounting for share-based payment transactions through ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." The amendments simplify areas such as income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments are effective for reporting periods beginning after December 15, 2016. Early adoption is permitted. The application of this guidance is not expected to have a material impact on the Companies' financial position, results of operations and liquidity.

In May 2016, the FASB issued amendments to the guidance on revenue recognition and derivatives and hedging through ASU 2016-11, "Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting (SEC Update)." The amendment rescinds certain SEC guidance superseded by the newly issued revenue recognition and hedging guidance (ASU 2014-09 and 2014-16 respectively). The amendments will be effective upon adoption of the 2014-09 and 2014-16. The Companies are in the process of evaluating the potential impact of the amendments on the Companies' financial position, results of operations and liquidity.

In June 2016, the FASB issued amendments to the guidance for recognition of credit losses for financial instruments through ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The amendment replaces the incurred loss impairment methodology which involved delayed recognition of credit losses. As the updated guidance now requires credit losses to be recognized when expected rather than when incurred, a broader range of reasonable and supportable information must be considered in developing the credit loss estimates. This includes financial instruments that are valued at amortized cost and available for sale. For public entities, the amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted where entities may adopt earlier as of the fiscal years beginning after December 15, 2018 including interim periods within those fiscal years. The application of this guidance is not expected to have a material impact on the Companies' financial position, results of operations and liquidity.

#### **Note P — Assets Held For Sale**

In July 2016, Con Edison Solutions entered into an agreement to sell the assets of its retail electric supply business (including retail contracts, related derivative instruments, information systems, and accounts receivable) to a subsidiary of Exelon Corporation. The company estimates that it will receive proceeds from the sale of approximately \$200 million, subject to certain adjustments. The earnings impact of the sale will be determinable at closing when the mark-to-market effects of the derivative instruments being sold are known. The transaction is expected to close by the end of the year.

In October 2015, upon evaluating strategic alternatives, O&R entered into an agreement to sell Pike County Light & Power Company (Pike) to Corning Natural Gas Holding Corporation (Corning) for \$16 million, including estimated working capital adjustments. The closing of the sale, which the company expects to occur in 2016, is subject to certain regulatory approvals by the FERC and Pennsylvania Public Utility Commission (PAPUC). In March 2016, FERC approved a proposed electric supply agreement between O&R and Pike. In June 2016, FERC approved a proposed gas supply and gas transportation agreement between O&R and Pike. In June 2016, the administrative law judge presiding over the PAPUC proceeding approved a joint settlement petition submitted by Pike, O&R, Corning and other parties, which is subject to PAPUC approval. In 2015, the company classified the related electric and gas assets and liabilities as held for sale and ceased recording depreciation expense on these assets. At September 30, 2015, O&R recorded an impairment charge of \$5 million (\$3 million, net of taxes), representing the difference between the carrying amount of Pike's assets and the estimated sales proceeds. The impairment is reflected in the amount included in assets held for sale on the company's consolidated balance sheet at June 30, 2016.

At June 30, 2016, the carrying amounts of the assets and liabilities designated as held for sale were as follows:



<i>(Millions of Dollars)</i>	Retail Electric Supply Business	Pike	Total
Cash and temporary cash investments	\$—	\$4	\$4
Accounts receivable less allowance for uncollectible accounts of \$2	70	—	70
Accrued unbilled revenue	79	1	80
Other assets	4	1	5
<b>Total current assets</b>	<b>153</b>	<b>6</b>	<b>159</b>
Utility plant, less accumulated depreciation of \$6	—	14	14
Non-utility property, less accumulated depreciation of \$13	3	—	3
Non-utility property construction work in progress	1	—	1
Regulatory assets	—	3	3
Other assets	3	—	3
<b>Total assets held for sale</b>	<b>\$160</b>	<b>\$23</b>	<b>\$183</b>
Fair value of derivative liabilities	\$34	\$—	\$34
Accounts payable	5	—	5
Other	3	1	4
<b>Total current liabilities</b>	<b>42</b>	<b>1</b>	<b>43</b>
Fair value of derivative liabilities	14	—	14
Long-term debt	—	3	3
<b>Total liabilities held for sale</b>	<b>\$56</b>	<b>\$4</b>	<b>\$60</b>

## Note Q — Acquisitions, Investments and Dispositions

### Texas Solar 7

In January 2016, Con Edison Development acquired a company that is the owner of a 106 MW (AC) solar electric production project in Texas (Texas Solar 7) for \$227 million; \$218 million was recorded as non-utility construction work in progress and the remaining \$9 million was recorded as other receivables. The total cost of this project is expected to be approximately \$375 million. The project has been financed, in part, by debt secured by the project (see Note C). Electricity generated by this project is to be purchased by the City of San Antonio pursuant to a long-term power purchase agreement. The project is targeted to be fully in-service during 2016.

### Mountain Valley Pipeline

In January 2016, CET Gas acquired a 12.5 percent equity interest in Mountain Valley Pipeline, LLC (MVP), a company developing a proposed gas transmission project in West Virginia and Virginia. The company's initial contribution to MVP was \$18 million. The estimated total project cost is \$3,000 million to \$3,500 million. Subject to FERC approval, MVP is targeting to be fully in-service during 2018. Con Edison is accounting for its equity interest in MVP as an equity method investment.

### Stagecoach Gas Services

In April 2016, a CET Gas subsidiary agreed with a subsidiary of Crestwood to form a joint venture to own, operate and further develop existing natural gas pipeline and storage businesses located in northern Pennsylvania and southern New York. The transaction was substantially completed during June 2016. Crestwood contributed businesses to a new entity, Stagecoach, and the CET Gas subsidiary purchased a 50 percent equity interest in Stagecoach for \$945 million (subject to closing adjustments). Con Edison is accounting for its equity interest in Stagecoach as an equity method investment.

### NY Transco

In January 2016, CECONY entered into an agreement to transfer certain electric transmission projects to NY Transco, a company in which CET Electric has a 45.7 percent equity interest. In April 2016, the NYSPSC authorized CECONY, subject to certain conditions, to transfer the projects to NY Transco. In May 2016, CECONY transferred the projects to NY Transco for a purchase price of \$122 million and an \$8 million payment for easement rights on certain associated property. Also, through June 2016, CET Electric contributed \$48 million to NY Transco in connection with the purchase of the projects. Con Edison is accounting for its equity interest in NY Transco as an equity method investment.



**Assets Held For Sale**

In October 2015, O&R entered into an agreement to sell Pike to Corning. In July 2016, Con Edison Solutions entered into an agreement to sell the assets of its retail electric supply business to a subsidiary of Exelon Corporation. See Note P.

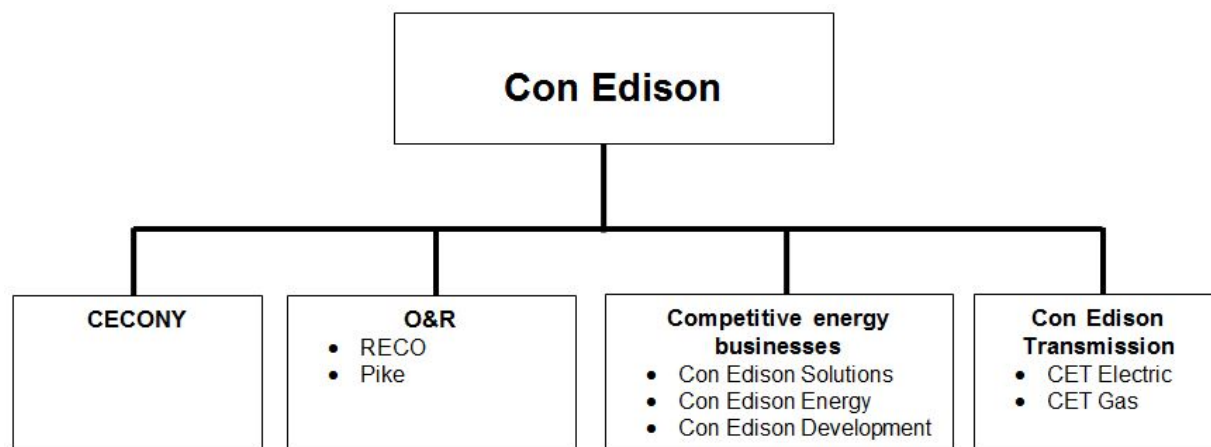
## Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations

This combined management’s discussion and analysis of financial condition and results of operations (MD&A) relates to the consolidated financial statements (the Second Quarter Financial Statements) included in this report of two separate registrants: Consolidated Edison, Inc. (Con Edison) and Consolidated Edison Company of New York, Inc. (CECONY). As used in this report, the term the “Companies” refers to Con Edison and CECONY. CECONY is a subsidiary of Con Edison and, as such, information in this management’s discussion and analysis about CECONY applies to Con Edison.

This MD&A should be read in conjunction with the Second Quarter Financial Statements and the notes thereto, the MD&A in Item 7 of the Companies’ combined Annual Report on Form 10-K for the year ended December 31, 2015 (File Nos. 1-14514 and 1-1217, the Form 10-K) and the MD&A in Part 1, Item 2 of the Companies’ combined Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (File Nos. 1-14514 and 1-1217).

Information in any item of this report referred to in this discussion and analysis is incorporated by reference herein. The use of terms such as “see” or “refer to” shall be deemed to incorporate by reference into this discussion and analysis the information to which reference is made.

Con Edison, incorporated in New York State in 1997, is a holding company that owns all of the outstanding common stock of CECONY, Orange and Rockland Utilities, Inc. (O&R), the competitive energy businesses and Consolidated Edison Transmission, Inc. (Con Edison Transmission). As used in this report, the term the “Utilities” refers to CECONY and O&R.



Con Edison’s principal business operations are those of CECONY, O&R, the competitive energy businesses and Con Edison Transmission. CECONY’s principal business operations are its regulated electric, gas and steam delivery businesses. O&R’s principal business operations are its regulated electric and gas delivery businesses. The competitive energy businesses sell electricity to retail customers, provide energy-related products and services, and develop, own and operate renewable and energy infrastructure projects. Con Edison Transmission invests in electric transmission facilities and gas pipeline and storage facilities.

Con Edison seeks to provide shareholder value through continued dividend growth, supported by earnings growth in regulated utilities and contracted assets. The company invests to provide reliable, resilient, safe and clean energy critical for New York City’s growing economy. The company is an industry leading owner and operator of contracted, large-scale solar generation in the United States. Con Edison is a responsible neighbor, helping the communities it serves become more sustainable.

## **CECONY**

### **Electric**

CECONY provides electric service to approximately 3.4 million customers in all of New York City (except a part of Queens) and most of Westchester County, an approximately 660 square mile service area with a population of more than nine million.

### **Gas**

CECONY delivers gas to approximately 1.1 million customers in Manhattan, the Bronx, parts of Queens and most of Westchester County.

### **Steam**

CECONY operates the largest steam distribution system in the United States by producing and delivering approximately 22,000 MMlb of steam annually to approximately 1,700 customers in parts of Manhattan.

### **Collective Bargaining Agreement**

In June 2016, CECONY reached a four-year collective bargaining agreement with its largest union covering approximately 8,000 employees, effective June 26, 2016.

## **O&R**

### **Electric**

O&R and its utility subsidiaries, Rockland Electric Company (RECO) and Pike County Light & Power Company (Pike) (together referred to herein as O&R) provide electric service to approximately 0.3 million customers in southeastern New York and in adjacent areas of northern New Jersey and northeastern Pennsylvania, an approximately 1,350 square mile service area.

### **Gas**

O&R delivers gas to over 0.1 million customers in southeastern New York and adjacent areas of northeastern Pennsylvania.

### **Assets Held for Sale**

In October 2015, O&R entered into an agreement to sell Pike to Corning Natural Gas Holding Corporation (see Note P to the Second Quarter Financial Statements).

### **Competitive Energy Businesses**

Con Edison pursues competitive energy opportunities through three wholly-owned subsidiaries: Con Edison Solutions, Con Edison Energy and Con Edison Development. These businesses sell to retail customers electricity purchased in wholesale markets and enter into related hedging transactions, provide energy-related products and services to wholesale and retail customers, and develop, own and operate renewable and energy infrastructure projects.

### **Assets Held for Sale**

In July 2016, Con Edison entered into an agreement to sell the retail electric supply business of its competitive energy businesses (see Note P to the Second Quarter Financial Statements).

### **Con Edison Transmission**

Con Edison Transmission invests in electric and gas transmission projects through its wholly-owned subsidiaries, Consolidated Edison Transmission, LLC (CET Electric) and Con Edison Gas Pipeline and Storage, LLC (formerly known as Con Edison Gas Midstream, LLC, CET Gas). CET Electric, which was formed in 2014, is investing in a company that owns electric transmission assets in New York. CET Gas, which was formed in 2016, owns, through a subsidiary, a 50 percent equity interest in a joint venture that owns, operates and will further develop an existing gas pipeline and storage business located in northern Pennsylvania and southern New York. In addition, CET Gas owns a 12.5 percent equity interest in a company developing a proposed gas transmission project in West Virginia and Virginia. See "Con Edison Transmission," below.

Certain financial data of Con Edison's businesses are presented below:

<i>(Millions of Dollars, except percentages)</i>	For the Three Months Ended June 30, 2016				For the Six Months Ended June 30, 2016				At June 30, 2016	
	Operating Revenues		Net Income		Operating Revenues		Net Income		Assets	
CECONY	\$2,281	82%	\$161	70%	\$4,913	82%	\$472	87%	\$40,353	85%
O&R	175	6	2	1	390	7	28	5	2,689	6
Total Utilities	2,456	88	163	71	5,303	89	500	92	43,042	91
Competitive energy businesses (a)(b)	338	12	72	31	648	11	42	8	2,494	5
Con Edison Transmission	—	—	1	—	—	—	1	—	1,043	2
Other (c)	—	—	(4)	(2)	(1)	—	(1)	—	691	2
<b>Total Con Edison</b>	<b>\$2,794</b>	<b>100%</b>	<b>\$232</b>	<b>100%</b>	<b>\$5,950</b>	<b>100%</b>	<b>\$542</b>	<b>100%</b>	<b>\$47,270</b>	<b>100%</b>

- (a) Net income from the competitive energy businesses for the three and six months ended June 30, 2016 includes \$5 million of net loss related to the impairment of a solar electric production investment (see Note M to the Second Quarter Financial Statements). Also includes for the three and six months ended June 30, 2016 \$58 million and \$20 million, respectively, of net after-tax mark-to-market gains/(losses) (Con Edison Solutions, \$58 million and \$21 million and Con Edison Energy, \$0 million and \$(1) million).
- (b) Operating revenues and net income from the competitive energy businesses for the three and six months ended June 30, 2016 includes \$263 million and \$526 million, and \$60 million and \$28 million, respectively, related to their retail electric supply business. Assets at June 30, 2016 include assets classified as held for sale of \$160 million (see Note P to the Second Quarter Financial Statements).
- (c) Other includes parent company and consolidation adjustments.

## Results of Operations

Net income and earnings per share for the three and six months ended June 30, 2016 and 2015 were as follows:

<i>(Millions of Dollars, except per share amounts)</i>	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2016	2015	2016	2015	2016	2015	2016	2015
	Net Income		Earnings per Share		Net Income		Earnings per Share	
CECONY	\$161	\$211	\$0.54	\$0.72	\$472	\$559	\$1.59	\$1.91
O&R	2	(7)	0.01	(0.02)	28	16	0.10	0.05
Competitive energy businesses (a)(b)	72	17	0.24	0.06	42	19	0.14	0.07
Con Edison Transmission	1	—	—	—	1	—	—	—
Other (c)	(4)	(2)	(0.01)	(0.01)	(1)	(5)	—	(0.02)
<b>Con Edison (d)</b>	<b>\$232</b>	<b>\$219</b>	<b>\$0.78</b>	<b>\$0.75</b>	<b>\$542</b>	<b>\$589</b>	<b>\$1.83</b>	<b>\$2.01</b>

- (a) Includes \$5 million or \$0.02 of net loss related to the impairment of a solar electric production investment for the three and six months ended June 30, 2016 (see Note M to the Second Quarter Financial Statements). Also includes \$58 million or \$0.20 a share and \$(9) million or \$(0.03) a share of net after-tax mark-to-market gains/(losses) for the three months ended June 30, 2016 and 2015, respectively, and \$20 million or \$0.07 a share and \$(5) million or \$(0.02) a share of net after-tax mark-to-market gains/(losses) for the six months ended June 30, 2016 and 2015, respectively.
- (b) Includes \$60 million or \$0.20 a share and \$8 million or \$0.03 a share of net income for the three months ended June 30, 2016 and 2015, respectively, and \$28 million or \$0.09 a share and \$3 million or \$0.01 a share of net income for the six months ended June 30, 2016 and 2015, respectively related to the retail electric supply business. See Note P to the Second Quarter Financial Statements. These amounts reflect net after-tax mark-to-market gains/(losses) of \$58 million or \$0.19 a share and \$(10) million or \$(0.03) a share for the three months ended June 30, 2016 and 2015, respectively and \$21 million or \$0.07 a share and \$(3) million or \$(0.01) a share for the six months ended June 30, 2016 and 2015, respectively.
- (c) Other includes parent company and consolidation adjustments.
- (d) Earnings per share on a diluted basis were \$0.77 a share and \$0.74 a share for the three months ended June 30, 2016 and 2015, respectively, and \$1.82 a share and \$2.01 a share for the six months ended June 30, 2016 and 2015, respectively.

The Companies' results of operations for the three and six months ended June 30, 2016, as compared with the 2015 periods, reflect the impact of warmer than normal weather on steam revenues, changes in regulatory charges, and higher operations and maintenance expenses for emergency response, municipal infrastructure support, and stock-based compensation. In the six month period, these expenses were offset by lower surcharges for assessments and fees that are collected in revenues from customers at CECONY. In addition, the Utilities' rate plans provide for revenues to cover expected changes in certain operating costs including depreciation, property taxes and other tax matters. The results of operations also include the impairment of a solar electric production investment and the impact of the net mark-to-market effects of the competitive energy businesses.

The following table presents the estimated effect on earnings per share and net income for the three and six months ended June 30, 2016 period as compared with 2015 periods, resulting from these and other major factors:

<i>(Millions of Dollars, except per share amounts)</i>	Three Months Variation		Six Months Variation	
	Earnings per Share Variation	Net Income Variation	Earnings per Share Variation	Net Income Variation
<b>CECONY (a)</b>				
Changes in rate plans	\$0.02	\$5	\$0.08	\$24
Weather impact on steam revenues	—	(1)	(0.12)	(36)
Other operations and maintenance expenses	(0.03)	(8)	0.02	5
Depreciation, property taxes and other tax matters (b)	(0.14)	(40)	(0.25)	(72)
Other (includes dilutive effect of Con Edison's stock issuances)	(0.03)	(6)	(0.05)	(8)
<b>Total CECONY</b>	<b>(0.18)</b>	<b>(50)</b>	<b>(0.32)</b>	<b>(87)</b>
<b>O&amp;R (a)</b>				
Changes in rate plans	(0.01)	(2)	—	1
Other operations and maintenance expenses	0.03	7	0.06	14
Depreciation and property taxes	(0.01)	(2)	(0.02)	(5)
Other	0.02	6	0.01	2
<b>Total O&amp;R</b>	<b>0.03</b>	<b>9</b>	<b>0.05</b>	<b>12</b>
<b>Competitive energy businesses</b>				
Operating revenues less energy costs	0.24	70	0.16	48
Other operations and maintenance expenses	(0.04)	(10)	(0.05)	(14)
Other	(0.02)	(5)	(0.04)	(11)
<b>Total competitive energy businesses (c)</b>	<b>0.18</b>	<b>55</b>	<b>0.07</b>	<b>23</b>
Con Edison Transmission	—	1	—	1
Other, including parent company expenses	—	(2)	0.02	4
<b>Total variations</b>	<b>\$0.03</b>	<b>\$13</b>	<b>\$(0.18)</b>	<b>\$(47)</b>

- (a) Under the revenue decoupling mechanisms in the Utilities' New York electric and gas rate plans and the weather-normalization clause applicable to their gas businesses, revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. In general, the Utilities recover on a current basis the fuel, gas purchased for resale and purchased power costs they incur in supplying energy to their full-service customers. Accordingly, such costs do not generally affect the Companies' results of operations.
- (b) These variations include \$12 million or \$0.04 a share and \$21 million or \$0.07 a share related to lower plant related flow-through tax deductions, offset in part by certain tax credits for the three and six months ended June 30, 2016, respectively.
- (c) These variations include the impairment of a solar electric production investment and net mark-to-market effects shown in notes (a) and (b) in the Results of Operations table above.

The Companies' other operations and maintenance expenses for the three and six months ended June 30, 2016 and 2015 were as follows:

<i>(Millions of Dollars)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
<b>CECONY</b>				
Operations	\$369	\$348	\$728	\$690
Pensions and other postretirement benefits	87	91	174	182
Health care and other benefits	42	38	78	78
Regulatory fees and assessments (a)	109	126	216	280
Other	94	84	185	160
<b>Total CECONY</b>	<b>701</b>	<b>687</b>	<b>1,381</b>	<b>1,390</b>
O&R	73	85	143	167
Competitive energy businesses	47	31	84	61
Con Edison Transmission	1	—	1	—
Other (b)	(2)	(1)	(2)	(2)
<b>Total other operations and maintenance expenses</b>	<b>\$820</b>	<b>\$802</b>	<b>\$1,607</b>	<b>\$1,616</b>

- (a) Includes Demand Side Management, System Benefit Charges and Public Service Law 18A assessments which are collected in revenues.
- (b) Includes parent company and consolidation adjustments.

Con Edison's principal business segments are CECONY's regulated utility activities, O&R's regulated utility activities, Con Edison's competitive energy businesses and Con Edison Transmission. CECONY's principal business segments are its regulated electric, gas and steam utility activities. A discussion of the results of operations by principal business segment for the three and six months ended June 30, 2016 and 2015 follows. For additional business segment financial information, see Note J to the Second Quarter Financial Statements.

### Three Months Ended June 30, 2016 Compared with Three Months Ended June 30, 2015

The Companies' results of operations in 2016 compared with 2015 were:

<i>(Millions of Dollars)</i>	CECONY		O&R		Competitive Energy Businesses		Con Edison Transmission		Other (a)		Con Edison (b)	
	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent
Operating revenues	\$(2)	(0.1)%	\$(3)	(1.7)%	\$10	3.0%	\$—	—%	\$1	Large	\$6	0.2%
Purchased power	11	3.1	(9)	(16.7)	(104)	(41.9)	—	—	—	—%	(102)	(15.5)
Fuel	2	6.5	—	—	—	—	—	—	—	—	2	6.5
Gas purchased for resale	(3)	(5.6)	(1)	(11.1)	(3)	(11.5)	—	—	(1)	—	(8)	(9.0)
Other operations and maintenance	14	2.0	(12)	(14.1)	16	51.6	1	—	(1)	Large	18	2.2
Depreciation and amortization	21	8.3	—	—	4	66.7	—	—	1	Large	26	9.4
Taxes, other than income taxes	21	4.8	4	26.7	1	25.0	—	—	1	—	27	5.9
Operating income	(68)	(14.8)	15	Large	96	Large	(1)	—	1	Large	43	9.1
Other income less deductions	4	Large	—	—	(5)	(41.7)	3	—	(1)	—	1	10.0
Net interest expense	3	2.1	—	—	7	Large	1	—	(3)	(50.0)	8	4.9
Income before income tax expense	(67)	(21.5)	15	Large	84	Large	1	—	3	60.0	36	11.3
Income tax expense	(17)	(16.8)	6	Large	29	Large	—	—	5	Large	23	22.8
<b>Net income</b>	<b>\$(50)</b>	<b>(23.7)%</b>	<b>\$9</b>	<b>Large</b>	<b>\$55</b>	<b>Large</b>	<b>\$1</b>	<b>—%</b>	<b>\$(2)</b>	<b>Large</b>	<b>\$13</b>	<b>5.9%</b>

(a) Includes parent company and consolidation adjustments.

(b) Represents the consolidated financial results of Con Edison and its businesses.

**CECONY**

<i>(Millions of Dollars)</i>	For the Three Months Ended June 30, 2016				For the Three Months Ended June 30, 2015				2016-2015 Variation
	Electric	Gas	Steam	2016 Total	Electric	Gas	Steam	2015 Total	
Operating revenues	\$1,892	\$304	\$85	\$2,281	\$1,879	\$308	\$96	\$2,283	\$(2)
Purchased power	364	—	5	369	350	—	8	358	11
Fuel	22	—	11	33	15	—	16	31	2
Gas purchased for resale	—	51	—	51	—	54	—	54	(3)
Other operations and maintenance	552	101	48	701	535	107	45	687	14
Depreciation and amortization	215	39	21	275	201	35	18	254	21
Taxes, other than income taxes	368	65	27	460	356	58	25	439	21
<b>Operating income</b>	<b>\$371</b>	<b>\$48</b>	<b>\$(27)</b>	<b>\$392</b>	<b>\$422</b>	<b>\$54</b>	<b>\$(16)</b>	<b>\$460</b>	<b>\$(68)</b>

**Electric**

CECONY's results of electric operations for the three months ended June 30, 2016 compared with the 2015 period is as follows:

<i>(Millions of Dollars)</i>	For the Three Months Ended			Variation
	June 30, 2016	June 30, 2015		
Operating revenues	\$1,892	\$1,879		\$13
Purchased power	364	350		14
Fuel	22	15		7
Other operations and maintenance	552	535		17
Depreciation and amortization	215	201		14
Taxes, other than income taxes	368	356		12
<b>Electric operating income</b>	<b>\$371</b>	<b>\$422</b>		<b>\$(51)</b>

CECONY's electric sales and deliveries for the three months ended June 30, 2016 compared with the 2015 period were:

Description	Millions of kWh Delivered				Revenues in Millions (a)			
	For the Three Months Ended				For the Three Months Ended			
	June 30, 2016	June 30, 2015	Variation	Percent Variation	June 30, 2016	June 30, 2015	Variation	Percent Variation
Residential/Religious (b)	2,141	2,207	(66)	(3.0)%	\$549	\$578	\$(29)	(5.0)%
Commercial/Industrial	2,180	2,246	(66)	(2.9)	415	448	(33)	(7.4)
Retail choice customers	6,056	6,116	(60)	(1.0)	601	618	(17)	(2.8)
NYPA, Municipal Agency and other sales	2,377	2,374	3	0.1	139	141	(2)	(1.4)
Other operating revenues (c)	—	—	—	—	188	94	94	Large
<b>Total</b>	<b>12,754</b>	<b>12,943</b>	<b>(189)</b>	<b>(1.5)% (d)</b>	<b>\$1,892</b>	<b>\$1,879</b>	<b>\$13</b>	<b>0.7%</b>

(a) Revenues from electric sales are subject to a revenue decoupling mechanism, as a result of which delivery revenues generally are not affected by changes in delivery volumes from levels assumed when rates were approved.

(b) "Residential/Religious" generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.

(c) Other electric operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the revenue decoupling mechanism and other provisions of the company's rate plans.

(d) After adjusting for variations, principally weather and billing days, electric delivery volumes in CECONY's service area decreased 0.2 percent in the three months ended June 30, 2016 compared with the 2015 period.



Operating revenues increased \$13 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to higher purchased power costs.

Purchased power expenses increased \$14 million in the three months ended June 30, 2016 compared with the 2015 period due to higher unit costs (\$62 million), offset by lower purchased volumes (\$48 million).

Fuel expenses increased \$7 million in the three months ended June 30, 2016 compared with the 2015 period due to higher unit costs (\$5 million) and higher sendout volumes from the company's electric generating facilities (\$2 million).

Other operations and maintenance expenses increased \$17 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to higher costs for emergency response (\$14 million), stock-based compensation (\$6 million) and municipal infrastructure support (\$5 million), offset in part by a decrease in the surcharges for assessments and fees that are collected in revenues from customers (\$10 million).

Depreciation and amortization increased \$14 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to higher electric utility plant balances.

Taxes, other than income taxes increased \$12 million in the three months ended June 30, 2016 compared with the 2015 period principally due to higher property taxes (\$17 million), offset in part by lower state and local taxes (\$3 million) and a favorable state audit settlement (\$2 million).

## Gas

CECONY's results of gas operations for the three months ended June 30, 2016 compared with the 2015 period is as follows:

(Millions of Dollars)	For the Three Months Ended		
	June 30, 2016	June 30, 2015	Variation
Operating revenues	\$304	\$308	\$(4)
Gas purchased for resale	51	54	(3)
Other operations and maintenance	101	107	(6)
Depreciation and amortization	39	35	4
Taxes, other than income taxes	65	58	7
<b>Gas operating income</b>	<b>\$48</b>	<b>\$54</b>	<b>\$(6)</b>

CECONY's gas sales and deliveries, excluding off-system sales, for the three months ended June 30, 2016 compared with the 2015 period were:

Description	Thousands of Dt Delivered				Revenues in Millions (a)			
	For the Three Months Ended				For the Three Months Ended			
	June 30, 2016	June 30, 2015	Variation	Percent Variation	June 30, 2016	June 30, 2015	Variation	Percent Variation
Residential	9,692	9,048	644	7.1%	\$140	\$146	\$(6)	(4.1)%
General	6,014	6,125	(111)	(1.8)	56	57	(1)	(1.8)
Firm transportation	14,409	14,640	(231)	(1.6)	88	97	(9)	(9.3)
<b>Total firm sales and transportation</b>	<b>30,115</b>	<b>29,813</b>	<b>302</b>	<b>1.0 (b)</b>	<b>284</b>	<b>300</b>	<b>(16)</b>	<b>(5.3)</b>
Interruptible sales (c)	1,815	1,321	494	37.4	5	11	(6)	(54.5)
NYPA	11,062	10,035	1,027	10.2	1	1	—	—
Generation plants	22,879	19,217	3,662	19.1	6	7	(1)	(14.3)
Other	4,682	4,116	566	13.8	8	7	1	14.3
Other operating revenues (d)	—	—	—	—	—	(18)	18	Large
<b>Total</b>	<b>70,553</b>	<b>64,502</b>	<b>6,051</b>	<b>9.4%</b>	<b>\$304</b>	<b>\$308</b>	<b>\$(4)</b>	<b>(1.3)%</b>

(a) Revenues from gas sales are subject to a weather normalization clause and a revenue decoupling mechanism as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.

- (b) After adjusting for variations, principally billing days, firm gas sales and transportation volumes in the company's service area increased 3.0 percent in the three months ended June 30, 2016 compared with the 2015 period, reflecting primarily increased volumes attributable to additional customers that have converted from oil-to-gas as heating fuel for their buildings.
- (c) Includes 915 thousands of Dt for the 2016 period, which is also reflected in firm transportation and other.
- (d) Other gas operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plans.

*Operating revenues* decreased \$4 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to lower gas purchased for resale expense.

*Gas purchased for resale* decreased \$3 million in the three months ended June 30, 2016 compared with the 2015 period due to lower unit costs (\$32 million), offset by higher sendout volumes (\$29 million).

*Other operations and maintenance* expenses decreased \$6 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to a decrease in the surcharges for assessments and fees that are collected in revenues from customers.

*Depreciation and amortization* increased \$4 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to higher gas utility plant balances.

*Taxes, other than income taxes* increased \$7 million in the three months ended June 30, 2016 compared with the 2015 period principally due to higher property taxes.

## Steam

CECONY's results of steam operations for the three months ended June 30, 2016 compared with the 2015 period is as follows:

<i>(Millions of Dollars)</i>	For the Three Months Ended		
	June 30, 2016	June 30, 2015	Variation
Operating revenues	\$85	\$96	\$(11)
Purchased power	5	8	(3)
Fuel	11	16	(5)
Other operations and maintenance	48	45	3
Depreciation and amortization	21	18	3
Taxes, other than income taxes	27	25	2
<b>Steam operating income</b>	<b>\$(27)</b>	<b>\$(16)</b>	<b>\$(11)</b>

CECONY's steam sales and deliveries for the three months ended June 30, 2016 compared with the 2015 period were:

Description	Millions of Pounds Delivered				Revenues in Millions			
	For the Three Months Ended				For the Three Months Ended			
	June 30, 2016	June 30, 2015	Variation	Percent Variation	June 30, 2016	June 30, 2015	Variation	Percent Variation
General	68	68	—	—%	\$4	\$4	\$—	—%
Apartment house	1,094	1,121	(27)	(2.4)	26	29	(3)	(10.3)
Annual power	2,511	2,607	(96)	(3.7)	62	71	(9)	(12.7)
Other operating revenues (a)	—	—	—	—	(7)	(8)	1	12.5
<b>Total</b>	<b>3,673</b>	<b>3,796</b>	<b>(123)</b>	<b>(3.2)% (b)</b>	<b>\$85</b>	<b>\$96</b>	<b>\$(11)</b>	<b>(11.5)%</b>

(a) Other steam operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plan.

(b) After adjusting for variations, principally weather and billing days, steam sales and deliveries decreased 0.8 percent in three months ended June 30, 2016 compared with the 2015 period.

*Operating revenues* decreased \$11 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to lower fuel expenses (\$5 million), purchased power costs (\$3 million), the weather impact on revenues (\$2 million) and lower revenues from the steam rate plan (\$1 million).

*Purchased power* expenses decreased \$3 million in the three months ended June 30, 2016 compared with the 2015 period due to lower unit costs (\$5 million), offset by higher purchased volumes (\$2 million).

*Fuel* expenses decreased \$5 million in the three months ended June 30, 2016 compared with the 2015 period due to lower unit costs (\$9 million), offset by higher sendout volumes from the company's steam generating facilities (\$4 million).

*Other operations and maintenance* expenses increased \$3 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to higher costs for municipal infrastructure support.

*Depreciation and amortization* increased \$3 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to higher steam utility plant balances.

*Taxes, other than income taxes* increased \$2 million in the three months ended June 30, 2016 compared with the 2015 period principally due to higher property taxes.

### Income Tax Expense

Income taxes decreased \$17 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to lower income before income tax expense (\$27 million) and higher settlement payments related to injuries and damages (\$2 million), offset in part by plant-related flow through items (\$12 million).

### O&R

<i>(Millions of Dollars)</i>	For the Three Months Ended June 30, 2016			For the Three Months Ended June 30, 2015			2016-2015 Variation
	Electric	Gas	2016 Total	Electric	Gas	2015 Total	
Operating revenues	\$144	\$31	\$175	\$162	\$16	\$178	\$(3)
Purchased power	45	—	45	54	—	54	(9)
Gas purchased for resale	—	8	8	—	9	9	(1)
Other operations and maintenance	60	13	73	68	17	85	(12)
Depreciation and amortization	13	4	17	13	4	17	—
Taxes, other than income taxes	12	7	19	11	4	15	4
<b>Operating income</b>	<b>\$14</b>	<b>\$(1)</b>	<b>\$13</b>	<b>\$16</b>	<b>\$(18)</b>	<b>\$(2)</b>	<b>\$15</b>

### Electric

O&R's results of electric operations for the three months ended June 30, 2016 compared with the 2015 period is as follows:

<i>(Millions of Dollars)</i>	For the Three Months Ended		
	June 30, 2016	June 30, 2015	Variation
Operating revenues	\$144	\$162	\$(18)
Purchased power	45	54	(9)
Other operations and maintenance	60	68	(8)
Depreciation and amortization	13	13	—
Taxes, other than income taxes	12	11	1
<b>Electric operating income</b>	<b>\$14</b>	<b>\$16</b>	<b>\$(2)</b>

O&R's electric sales and deliveries for the three months ended June 30, 2016 compared with the 2015 period were:

Description	Millions of kWh Delivered				Revenues in Millions (a)			
	For the Three Months Ended				For the Three Months Ended			
	June 30, 2016	June 30, 2015	Variation	Percent Variation	June 30, 2016	June 30, 2015	Variation	Percent Variation
Residential/Religious (b)	366	364	2	0.5%	\$66	\$74	\$(8)	(10.8)%
Commercial/Industrial	197	195	2	1.0	28	33	(5)	(15.2)
Retail choice customers	768	784	(16)	(2.0)	50	50	—	—
Public authorities	23	25	(2)	(8.0)	2	2	—	—
Other operating revenues (c)	—	—	—	—	(2)	3	(5)	Large
<b>Total</b>	<b>1,354</b>	<b>1,368</b>	<b>(14)</b>	<b>(1.0)% (d)</b>	<b>\$144</b>	<b>\$162</b>	<b>\$(18)</b>	<b>(11.1)%</b>

(a) O&R's New York electric delivery revenues are subject to a revenue decoupling mechanism, as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. O&R's electric sales in New Jersey and Pennsylvania are not subject to a decoupling mechanism, and as a result, changes in such volumes do impact revenues.

(b) "Residential/Religious" generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.

(c) Other electric operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's electric rate plans.

(d) After adjusting for weather and other variations, electric delivery volumes in O&R's service area decreased 2.0 percent in the three months ended June 30, 2016 compared with the 2015 period.

Operating revenues decreased \$18 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to lower purchased power costs (\$9 million) and revenues from the electric rate plans (\$6 million).

Purchased power expenses decreased \$9 million in the three months ended June 30, 2016 compared with the 2015 period due to lower unit costs (\$10 million), offset by an increase in purchased volumes (\$1 million).

Other operations and maintenance expenses decreased \$8 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to lower pension costs (\$3 million), tree trimming costs (\$2 million) and surcharges for assessments and fees that are collected in revenues from customers (\$1 million).

Taxes, other than income taxes increased \$1 million in the three months ended June 30, 2016 compared with the 2015 period principally due to higher property taxes.

## Gas

O&R's results of gas operations for the three months ended June 30, 2016 compared with the 2015 period is as follows:

(Millions of Dollars)	For the Three Months Ended		
	June 30, 2016	June 30, 2015	Variation
Operating revenues	\$31	\$16	\$15
Gas purchased for resale	8	9	(1)
Other operations and maintenance	13	17	(4)
Depreciation and amortization	4	4	—
Taxes, other than income taxes	7	4	3
<b>Gas operating income</b>	<b>\$(1)</b>	<b>\$(18)</b>	<b>\$17</b>

O&R's gas sales and deliveries, excluding off-system sales, for the three months ended June 30, 2016 compared with the 2015 period were:

Description	Thousands of Dt Delivered				Revenues in Millions (a)			
	For the Three Months Ended				For the Three Months Ended			
	June 30, 2016	June 30, 2015	Variation	Percent Variation	June 30, 2016	June 30, 2015	Variation	Percent Variation
Residential	1,150	929	221	23.8%	\$12	\$12	\$—	—%
General	281	207	74	35.7	1	2	(1)	(50.0)
Firm transportation	1,722	1,668	54	3.2	12	12	—	—
<b>Total firm sales and transportation</b>	<b>3,153</b>	<b>2,804</b>	<b>349</b>	<b>12.4 (b)</b>	<b>25</b>	<b>26</b>	<b>(1)</b>	<b>(3.8)</b>
Interruptible sales	946	1,048	(102)	(9.7)	1	1	—	—
Generation plants	11	1	10	Large	—	—	—	—
Other	132	119	13	10.9	—	—	—	—
Other gas revenues	—	—	—	—	5	(11)	16	Large
<b>Total</b>	<b>4,242</b>	<b>3,972</b>	<b>270</b>	<b>6.8%</b>	<b>\$31</b>	<b>\$16</b>	<b>\$15</b>	<b>93.8%</b>

(a) Revenues from New York gas sales are subject to a weather normalization clause and a revenue decoupling mechanism as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.

(b) After adjusting for weather and other variations, total firm sales and transportation volumes decreased 1.5 percent in the three months ended June 30, 2016 compared with 2015 period.

*Operating revenues* increased \$15 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to the charge-off of certain regulatory assets in 2015 (\$14 million) and higher revenues from the New York gas rate plan (\$3 million), offset in part by decrease in gas purchased for resale (\$1 million).

*Gas purchased for resale* decreased \$1 million in the three months ended June 30, 2016 compared with the 2015 period due to a decrease in unit costs (\$3 million), offset by an increase in purchased volumes (\$2 million).

*Other operations and maintenance* expenses decreased \$4 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to lower pension costs (\$3 million) and surcharges for assessments and fees that are collected in revenues from customers (\$1 million).

*Taxes, other than income taxes* increased \$3 million in the three months ended June 30, 2016 compared with the 2015 period principally due to higher property taxes.

#### Income Tax Expense

Income taxes increased \$6 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to higher income before income tax expense (\$6 million) and plant-related flow through items (\$1 million), offset in part by lower reimbursement of insurance claims (\$1 million).

#### Competitive Energy Businesses

The competitive energy businesses' results of operations for the three months ended June 30, 2016 compared with the 2015 period is as follows:

(Millions of Dollars)	For the Three Months Ended		
	June 30, 2016	June 30, 2015	Variation
Operating revenues	\$338	\$328	\$10
Purchased power	144	248	(104)
Gas purchased for resale	23	26	(3)
Other operations and maintenance	47	31	16
Depreciation and amortization	10	6	4
Taxes, other than income taxes	5	4	1
<b>Operating income</b>	<b>\$109</b>	<b>\$13</b>	<b>\$96</b>

*Operating revenues* increased \$10 million in the three months ended June 30, 2016 compared with the 2015 period, due primarily to higher energy services and solar revenues. Energy services revenues increased \$15 million. Solar revenues increased \$14 million primarily due to an increase in solar electric production projects in operation. Electric retail revenues decreased \$11 million due to lower unit prices (\$26 million), offset by higher sales volume (\$15 million). Wholesale revenues decreased \$6 million due to lower sales volumes. Net mark-to-market values increased \$112 million, of which \$114 million in gains are reflected in purchased power costs and \$2 million in losses are reflected in revenues.

*Purchased power* expenses decreased \$104 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to changes in mark-to-market gains (\$114 million), offset by higher volumes (\$10 million).

*Gas purchased for resale* decreased \$3 million in the three months ended June 30, 2016 compared with the 2015 period due to lower purchased volumes.

*Other operations and maintenance* expenses increased \$16 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to an increase in energy services costs.

*Depreciation and amortization* increased \$4 million in the three months ended June 30, 2016 compared with the 2015 period due an increase in solar electric production projects in operation during 2016.

#### **Other Income (Deductions)**

Other income (deductions) decreased \$5 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to the impairment of a solar electric production investment. See Note M to the Second Quarter Financial Statements.

#### **Net Interest Expense**

Net interest expense increased \$7 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to increased debt on solar projects.

#### **Income Tax Expense**

Income taxes increased \$29 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to higher income before income tax expense (\$34 million), offset in part by higher renewable energy tax credits (\$3 million).

#### **Con Edison Transmission**

##### **Other Income (Deductions)**

Other income (deductions) increased \$3 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to earnings from the equity investments in 2016.

##### **Other**

For Con Edison, "Other" includes parent company and consolidation adjustments.

**Six Months Ended June 30, 2016 Compared with Six Months Ended June 30, 2015**

The Companies' results of operations in 2016 compared with 2015 were:

<i>(Millions of Dollars)</i>	CECONY		O&R		Competitive Energy Businesses		Con Edison Transmission		Other (a)		Con Edison (b)	
	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent
Operating revenues	\$(379)	(7.2)%	\$(21)	(5.1)%	\$(54)	(7.7)%	\$—	—%	\$—	—%	\$(454)	(7.1)%
Purchased power	(176)	(19.6)	(20)	(19.0)	(99)	(18.3)	—	—	—	—	(295)	(19.1)
Fuel	(81)	(43.8)	—	—	—	—	—	—	—	—	(81)	(43.8)
Gas purchased for resale	(69)	(27.4)	(8)	(25.8)	(35)	(51.5)	—	—	—	—	(112)	(31.9)
Other operations and maintenance	(9)	(0.6)	(24)	(14.4)	23	37.7	1	—	—	—	(9)	(0.6)
Depreciation and amortization	36	7.0	(1)	(2.9)	8	72.7	—	—	1	—	44	7.9
Taxes, other than income taxes	30	3.3	9	29.0	1	10.0	—	—	—	—	40	4.2
Operating income	(110)	(9.6)	23	53.5	48	Large	(1)	—	(1)	(50.0)	(41)	(3.4)
Other income less deductions	1	Large	(1)	Large	(6)	(40.0)	3	—	1	Large	(2)	(14.3)
Net interest expense	7	2.4	1	5.6	13	Large	1	—	(6)	(50.0)	16	5.0
Income before income tax expense	(116)	(13.6)	21	80.8	29	Large	1	—	6	54.5	(59)	(6.6)
Income tax expense	(29)	(9.9)	9	90.0	6	Large	—	—	2	33.3	(12)	(4.0)
<b>Net income</b>	<b>\$(87)</b>	<b>(15.6)%</b>	<b>\$12</b>	<b>75.0%</b>	<b>\$23</b>	<b>Large</b>	<b>\$1</b>	<b>—%</b>	<b>\$4</b>	<b>80.0%</b>	<b>\$(47)</b>	<b>(8.0)%</b>

(a) Includes parent company and consolidation adjustments.

(b) Represents the consolidated financial results of Con Edison and its businesses.

**CECONY**

<i>(Millions of Dollars)</i>	For the Six Months Ended June 30, 2016				For the Six Months Ended June 30, 2015				2016-2015 Variation
	Electric	Gas	Steam	2016 Total	Electric	Gas	Steam	2015 Total	
Operating revenues	\$3,665	\$905	\$343	\$4,913	\$3,858	\$963	\$471	\$5,292	\$(379)
Purchased power	705	—	16	721	876	—	21	897	(176)
Fuel	60	—	44	104	72	—	113	185	(81)
Gas purchased for resale	—	183	—	183	—	252	—	252	(69)
Other operations and maintenance	1,081	204	96	1,381	1,079	217	94	1,390	(9)
Depreciation and amortization	428	78	41	547	403	70	38	511	36
Taxes, other than income taxes	746	139	59	944	728	130	56	914	30
<b>Operating income</b>	<b>\$645</b>	<b>\$301</b>	<b>\$87</b>	<b>\$1,033</b>	<b>\$700</b>	<b>\$294</b>	<b>\$149</b>	<b>\$1,143</b>	<b>\$(110)</b>

**Electric**

CECONY's results of electric operations for the six months ended June 30, 2016 compared with the 2015 period is as follows:

<i>(Millions of Dollars)</i>	For the Six Months Ended			Variation
	June 30, 2016	June 30, 2015		
Operating revenues	\$3,665	\$3,858		\$(193)
Purchased power	705	876		(171)
Fuel	60	72		(12)
Other operations and maintenance	1,081	1,079		2
Depreciation and amortization	428	403		25
Taxes, other than income taxes	746	728		18
<b>Electric operating income</b>	<b>\$645</b>	<b>\$700</b>		<b>\$(55)</b>

CECONY's electric sales and deliveries for the six months ended June 30, 2016 compared with the 2015 period were:

Description	Millions of kWh Delivered				Revenues in Millions (a)			
	For the Six Months Ended				For the Six Months Ended			
	June 30, 2016	June 30, 2015	Variation	Percent Variation	June 30, 2016	June 30, 2015	Variation	Percent Variation
Residential/Religious (b)	4,476	4,671	(195)	(4.2)%	\$1,134	\$1,295	\$(161)	(12.4)%
Commercial/Industrial	4,471	4,683	(212)	(4.5)	830	975	(145)	(14.9)
Retail choice customers	12,269	12,516	(247)	(2.0)	1,196	1,214	(18)	(1.5)
NYPA, Municipal Agency and other sales	4,877	4,957	(80)	(1.6)	270	269	1	0.4
Other operating revenues (c)	—	—	—	—	235	105	130	Large
<b>Total</b>	<b>26,093</b>	<b>26,827</b>	<b>(734)</b>	<b>(2.7)% (d)</b>	<b>\$3,665</b>	<b>\$3,858</b>	<b>\$(193)</b>	<b>(5.0)%</b>

(a) Revenues from electric sales are subject to a revenue decoupling mechanism, as a result of which delivery revenues generally are not affected by changes in delivery volumes from levels assumed when rates were approved.

(b) "Residential/Religious" generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.

(c) Other electric operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the revenue decoupling mechanism and other provisions of the company's rate plans.

(d) After adjusting for variations, principally weather and billing days, electric delivery volumes in CECONY's service area increased 0.1 percent in the six months ended June 30, 2016 compared with the 2015 period.



*Operating revenues* decreased \$193 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to lower purchased power costs (\$171 million) and the changes in regulatory charges (\$22 million).

*Purchased power* expenses decreased \$171 million in the six months ended June 30, 2016 compared with the 2015 period due to lower unit costs (\$623 million), offset by higher purchased volumes (\$452 million).

*Fuel* expenses decreased \$12 million in the six months ended June 30, 2016 compared with the 2015 period due to lower unit costs (\$51 million), offset by higher sendout volumes from the company's electric generating facilities (\$39 million).

*Other operations and maintenance* expenses increased \$2 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to higher costs for stock-based compensation (\$21 million), emergency response (\$14 million) and municipal infrastructure support (\$8 million), offset in part by a decrease in the surcharges for assessments and fees that are collected in revenues from customers (\$40 million).

*Depreciation and amortization* increased \$25 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to higher electric utility plant balances.

*Taxes, other than income taxes* increased \$18 million in the six months ended June 30, 2016 compared with the 2015 period principally due to higher property taxes (\$34 million), offset in part by lower state and local taxes (\$9 million), a favorable state audit settlement (\$4 million) and lower sales and use tax reserve based on a favorable audit settlement (\$3 million).

## Gas

CECONY's results of gas operations for the six months ended June 30, 2016 compared with the 2015 period is as follows:

<i>(Millions of Dollars)</i>	For the Six Months Ended		
	June 30, 2016	June 30, 2015	Variation
Operating revenues	\$905	\$963	\$(58)
Gas purchased for resale	183	252	(69)
Other operations and maintenance	204	217	(13)
Depreciation and amortization	78	70	8
Taxes, other than income taxes	139	130	9
<b>Gas operating income</b>	<b>\$301</b>	<b>\$294</b>	<b>\$7</b>

CECONY's gas sales and deliveries, excluding off-system sales, for the six months ended June 30, 2016 compared with the 2015 period were:

Description	Thousands of Dt Delivered				Revenues in Millions (a)			
	For the Six Months Ended				For the Six Months Ended			
	June 30, 2016	June 30, 2015	Variation	Percent Variation	June 30, 2016	June 30, 2015	Variation	Percent Variation
Residential	31,231	34,762	(3,531)	(10.2)%	\$417	\$449	\$(32)	(7.1)%
General	16,997	19,545	(2,548)	(13.0)	160	181	(21)	(11.6)
Firm transportation	43,028	49,393	(6,365)	(12.9)	279	284	(5)	(1.8)
<b>Total firm sales and transportation</b>	<b>91,256</b>	<b>103,700</b>	<b>(12,444)</b>	<b>(12.0) (b)</b>	<b>856</b>	<b>914</b>	<b>(58)</b>	<b>(6.3)</b>
Interruptible sales (c)	5,923	4,161	1,762	42.3	25	39	(14)	(35.9)
NYPA	19,171	19,802	(631)	(3.2)	1	1	—	—
Generation plants	35,150	32,040	3,110	9.7	12	13	(1)	(7.7)
Other	11,467	11,773	(306)	(2.6)	19	15	4	26.7
Other operating revenues (d)	—	—	—	—	(8)	(19)	11	(57.9)
<b>Total</b>	<b>162,967</b>	<b>171,476</b>	<b>(8,509)</b>	<b>(5.0)%</b>	<b>\$905</b>	<b>\$963</b>	<b>\$(58)</b>	<b>(6.0)%</b>

(a) Revenues from gas sales are subject to a weather normalization clause and a revenue decoupling mechanism as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.

(b) After adjusting for variations, principally billing days, firm gas sales and transportation volumes in the company's service area increased 3.5 percent in the six months ended June 30, 2016 compared with the 2015 period, reflecting primarily increased volumes attributable to additional customers that have converted from oil-to-gas as heating fuel for their buildings.

(c) Includes 3,376 and 1,043 thousands of Dt for the 2016 and 2015 periods, which are also reflected in firm transportation and other.

(d) Other gas operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plans.

*Operating revenues* decreased \$58 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to lower gas purchased for resale expense (\$69 million) and the changes in regulatory charges (\$5 million), offset in part by higher revenues from the gas rate plan (\$27 million) reflecting primarily higher delivery volumes attributable to oil-to-gas conversions.

*Gas purchased for resale* decreased \$69 million in the six months ended June 30, 2016 compared with the 2015 period due to lower unit costs (\$171 million), offset by higher sendout volumes (\$102 million).

*Other operations and maintenance* expenses decreased \$13 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to a decrease in the surcharges for assessments and fees that are collected in revenues from customers (\$17 million), offset in part by higher costs for stock-based compensation (\$4 million).

*Depreciation and amortization* increased \$8 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to higher gas utility plant balances.

*Taxes, other than income taxes* increased \$9 million in the six months ended June 30, 2016 compared with the 2015 period principally due to higher property taxes.

## Steam

CECONY's results of steam operations for the six months ended June 30, 2016 compared with the 2015 period is as follows:

<i>(Millions of Dollars)</i>	For the Six Months Ended		
	June 30, 2016	June 30, 2015	Variation
Operating revenues	\$343	\$471	\$(128)
Purchased power	16	21	(5)
Fuel	44	113	(69)
Other operations and maintenance	96	94	2
Depreciation and amortization	41	38	3
Taxes, other than income taxes	59	56	3
<b>Steam operating income</b>	<b>\$87</b>	<b>\$149</b>	<b>\$(62)</b>

CECONY's steam sales and deliveries for the six months ended June 30, 2016 compared with the 2015 period were:

Description	Millions of Pounds Delivered				Revenues in Millions			
	For the Six Months Ended				For the Six Months Ended			
	June 30, 2016	June 30, 2015	Variation	Percent Variation	June 30, 2016	June 30, 2015	Variation	Percent Variation
General	334	441	(107)	(24.3)%	\$16	\$22	\$(6)	(27.3)%
Apartment house	3,475	4,240	(765)	(18.0)	92	130	(38)	(29.2)
Annual power	7,691	9,632	(1,941)	(20.2)	235	333	(98)	(29.4)
Other operating revenues (a)	—	—	—	—	—	(14)	14	Large
<b>Total</b>	<b>11,500</b>	<b>14,313</b>	<b>(2,813)</b>	<b>(19.7)% (b)</b>	<b>\$343</b>	<b>\$471</b>	<b>\$(128)</b>	<b>(27.2)%</b>

(a) Other steam operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plan.

(b) After adjusting for variations, principally weather and billing days, steam sales and deliveries increased 0.4 percent in six months ended June 30, 2016 compared with the 2015 period.

*Operating revenues* decreased \$128 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to lower fuel expenses (\$69 million), the weather impact on revenues (\$60 million) and lower purchased power costs (\$5 million), offset in part by higher revenues from the steam rate plan (\$8 million).

*Purchased power* expenses decreased \$5 million in the six months ended June 30, 2016 compared with the 2015 period due to lower unit costs (\$15 million), offset by higher purchased volumes (\$10 million).

*Fuel* expenses decreased \$69 million in the six months ended June 30, 2016 compared with the 2015 period due to lower unit costs (\$93 million), offset by higher sendout volumes from the company's steam generating facilities (\$24 million).

*Other operations and maintenance* expenses increased \$2 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to a higher costs for municipal infrastructure support (\$5 million) and stock-based compensation (\$2 million), offset in part by a decrease in the surcharges for assessments and fees that are collected in revenues from customers (\$6 million).

*Depreciation and amortization* increased \$3 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to higher steam utility plant balances.

*Taxes, other than income taxes* increased \$3 million in the six months ended June 30, 2016 compared with the 2015 period principally due to higher property taxes (\$6 million), offset in part by lower state and local taxes (\$3 million).

**Net Interest Expense**

Net interest expense increased \$7 million in the six months ended June 30, 2016 compared with the 2015 period due primarily higher long-term debt balances in the 2016 period.

**Income Tax Expense**

Income taxes decreased \$29 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to lower income before income tax expense (\$46 million), a research and development credit (\$9 million) and higher settlement payments related to injuries and damages (\$3 million), offset in part by plant-related flow through items (\$28 million) and an increase in uncertain tax positions (\$2 million).

**O&R**

<i>(Millions of Dollars)</i>	For the Six Months Ended June 30, 2016			For the Six Months Ended June 30, 2015			2016-2015 Variation
	Electric	Gas	2016 Total	Electric	Gas	2015 Total	
Operating revenues	\$284	\$106	\$390	\$318	\$93	\$411	\$(21)
Purchased power	85	—	85	105	—	105	(20)
Gas purchased for resale	—	23	23	—	31	31	(8)
Other operations and maintenance	117	26	143	132	35	167	(24)
Depreciation and amortization	24	9	33	25	9	34	(1)
Taxes, other than income taxes	26	14	40	22	9	31	9
<b>Operating income</b>	<b>\$32</b>	<b>\$34</b>	<b>\$66</b>	<b>\$34</b>	<b>\$9</b>	<b>\$43</b>	<b>\$23</b>

**Electric**

O&R's results of electric operations for the six months ended June 30, 2016 compared with the 2015 period is as follows:

<i>(Millions of Dollars)</i>	For the Six Months Ended		
	June 30, 2016	June 30, 2015	Variation
Operating revenues	\$284	\$318	\$(34)
Purchased power	85	105	(20)
Other operations and maintenance	117	132	(15)
Depreciation and amortization	24	25	(1)
Taxes, other than income taxes	26	22	4
<b>Electric operating income</b>	<b>\$32</b>	<b>\$34</b>	<b>\$(2)</b>

O&R's electric sales and deliveries for the six months ended June 30, 2016 compared with the 2015 period were:

Description	Millions of kWh Delivered				Revenues in Millions (a)			
	For the Six Months Ended				For the Six Months Ended			
	June 30, 2016	June 30, 2015	Variation	Percent Variation	June 30, 2016	June 30, 2015	Variation	Percent Variation
Residential/Religious (b)	722	745	(23)	(3.1)%	\$131	\$147	\$(16)	(10.9)%
Commercial/Industrial	391	391	—	—	54	63	(9)	(14.3)
Retail choice customers	1,509	1,578	(69)	(4.4)	96	99	(3)	(3.0)
Public authorities	45	50	(5)	(10.0)	4	5	(1)	(20.0)
Other operating revenues (c)	—	—	—	—	(1)	4	(5)	Large
<b>Total</b>	<b>2,667</b>	<b>2,764</b>	<b>(97)</b>	<b>(3.5)% (d)</b>	<b>\$284</b>	<b>\$318</b>	<b>\$(34)</b>	<b>(10.7)%</b>

(a) O&R's New York electric delivery revenues are subject to a revenue decoupling mechanism, as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. O&R's electric sales in New Jersey and Pennsylvania are not subject to a decoupling mechanism, and as a result, changes in such volumes do impact revenues.

(b) "Residential/Religious" generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.

(c) Other electric operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's electric rate plans.

(d) After adjusting for weather and other variations, electric delivery volumes in O&R's service area decreased 1.2 percent in the six months ended June 30, 2016 compared with the 2015 period.

Operating revenues decreased \$34 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to lower purchased power costs (\$20 million) and revenues from the electric rate plans (\$8 million).

Purchased power expenses decreased \$20 million in the six months ended June 30, 2016 compared with the 2015 period due to lower unit costs (\$16 million) and purchased volumes (\$4 million).

Other operations and maintenance expenses decreased \$15 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to lower pension costs (\$6 million), surcharges for assessments and fees that are collected in revenues from customers (\$4 million) and tree trimming costs (\$3 million).

Taxes, other than income taxes increased \$4 million in the six months ended June 30, 2016 compared with the 2015 period principally due to higher property taxes.

## Gas

O&R's results of gas operations for the six months ended June 30, 2016 compared with the 2015 period is as follows:

(Millions of Dollars)	For the Six Months Ended		
	June 30, 2016	June 30, 2015	Variation
Operating revenues	\$106	\$93	\$13
Gas purchased for resale	23	31	(8)
Other operations and maintenance	26	35	(9)
Depreciation and amortization	9	9	—
Taxes, other than income taxes	14	9	5
<b>Gas operating income</b>	<b>\$34</b>	<b>\$9</b>	<b>\$25</b>

O&R's gas sales and deliveries, excluding off-system sales, for the six months ended June 30, 2016 compared with the 2015 period were:

Description	Thousands of Dt Delivered				Revenues in Millions (a)			
	For the Six Months Ended				For the Six Months Ended			
	June 30, 2016	June 30, 2015	Variation	Percent Variation	June 30, 2016	June 30, 2015	Variation	Percent Variation
Residential	4,712	5,308	(596)	(11.2)%	\$46	\$48	\$(2)	(4.2)%
General	1,046	1,174	(128)	(10.9)	8	9	(1)	(11.1)
Firm transportation	6,297	8,032	(1,735)	(21.6)	41	43	(2)	(4.7)
<b>Total firm sales and transportation</b>	<b>12,055</b>	<b>14,514</b>	<b>(2,459)</b>	<b>(16.9) (b)</b>	<b>95</b>	<b>100</b>	<b>(5)</b>	<b>(5.0)</b>
Interruptible sales	2,125	2,300	(175)	(7.6)	2	2	—	—
Generation plants	12	15	(3)	(20.0)	—	—	—	—
Other	512	605	(93)	(15.4)	—	—	—	—
Other gas revenues	—	—	—	—	9	(9)	18	Large
<b>Total</b>	<b>14,704</b>	<b>17,434</b>	<b>(2,730)</b>	<b>(15.7)%</b>	<b>\$106</b>	<b>\$93</b>	<b>\$13</b>	<b>14.0%</b>

(a) Revenues from New York gas sales are subject to a weather normalization clause and a revenue decoupling mechanism as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.

(b) After adjusting for weather and other variations, total firm sales and transportation volumes increased 2.7 percent in the six months ended June 30, 2016 compared with 2015 period.

Operating revenues increased \$13 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to the charge-off of certain regulatory assets in 2015 (\$14 million) and higher revenues from the New York gas rate plan (\$10 million), offset in part by a decrease in gas purchased for resale (\$8 million).

Gas purchased for resale decreased \$8 million in the six months ended June 30, 2016 compared with the 2015 period due to a decrease in purchased volumes (\$9 million), offset by an increase in unit costs (\$1 million).

Other operations and maintenance expenses decreased \$9 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to lower pension costs (\$7 million) and surcharges for assessments and fees that are collected in revenues from customers (\$2 million).

Taxes, other than income taxes increased \$5 million in the six months ended June 30, 2016 compared with the 2015 period principally due to higher property taxes.

### Income Tax Expense

Income taxes increased \$9 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to higher income before income tax expense (\$8 million) and plant-related flow through items (\$2 million), offset in part by lower reimbursement in insurance claims (\$1 million).

### Competitive Energy Businesses

The competitive energy businesses' results of operations for the six months ended June 30, 2016 compared with the 2015 period is as follows:

(Millions of Dollars)	For the Six Months Ended		
	June 30, 2016	June 30, 2015	Variation
Operating revenues	\$648	\$702	\$(54)
Purchased power	443	542	(99)
Gas purchased for resale	33	68	(35)
Other operations and maintenance	84	61	23
Depreciation and amortization	19	11	8
Taxes, other than income taxes	11	10	1
<b>Operating income</b>	<b>\$58</b>	<b>\$10</b>	<b>\$48</b>

*Operating revenues* decreased \$54 million in the six months ended June 30, 2016 compared with the 2015 period, due primarily to lower electric retail revenues and wholesale revenues. Electric retail revenues decreased \$65 million due to lower unit prices (\$85 million), offset by higher sales volume (\$20 million). Wholesale revenues decreased \$36 million due to lower sales volumes. Solar revenues increased \$24 million primarily due to an increase in solar electric production projects in operation. Energy services revenues increased \$22 million. Net mark-to-market values increased \$41 million, of which \$40 million in gains are reflected in purchased power costs and \$1 million in gains are reflected in revenues.

*Purchased power* expenses decreased \$99 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to changes in mark-to-market gains (\$40 million) and lower unit prices (\$67 million), offset by higher volumes (\$8 million).

*Gas purchased for resale* decreased \$35 million in the six months ended June 30, 2016 compared with the 2015 period due to lower purchased volumes.

*Other operations and maintenance* expenses increased \$23 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to an increase in energy services costs.

*Depreciation and amortization* increased \$8 million in the six months ended June 30, 2016 compared with the 2015 period due an increase in solar electric production projects in operation during 2016.

#### **Other Income (Deductions)**

Other income (deductions) decreased \$6 million in the three months ended June 30, 2016 compared with the 2015 period due primarily to the impairment of a solar electric production investment. See Note M to the Second Quarter Financial Statements.

#### **Net Interest Expense**

Net interest expense increased \$13 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to increased debt on solar projects.

#### **Income Tax Expense**

Income taxes increased \$6 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to higher income before income tax expense (\$12 million), offset in part by higher renewable energy tax credits (\$5 million).

#### **Con Edison Transmission**

##### **Other Income (Deductions)**

Other income (deductions) increased \$3 million in the six months ended June 30, 2016 compared with the 2015 period due primarily to earnings from the equity investments in 2016.

##### **Other**

For Con Edison, "Other" includes parent company and consolidation adjustments.

#### **Liquidity and Capital Resources**

The Companies' liquidity reflects cash flows from operating, investing and financing activities, as shown on their respective consolidated statement of cash flows and as discussed below.

Changes in the Companies' cash and temporary cash investments resulting from operating, investing and financing activities for the six months ended June 30, 2016 and 2015 are summarized as follows:

**For the Six Months Ended June 30,**

<i>(Millions of Dollars)</i>	Con Edison			CECONY		
	2016	2015	Variation	2016	2015	Variation
Operating activities	\$1,631	\$1,486	\$145	\$1,399	\$1,202	\$197
Investing activities	(2,986)	(1,725)	(1,261)	(1,225)	(1,209)	(16)
Financing activities	1,273	249	1,024	(202)	28	(230)
Net change for the period	(82)	10	(92)	(28)	21	(49)
Balance at beginning of period	944	699	245	843	645	198
Balance at end of period	\$862	\$709	\$153	\$815	\$666	\$149

### **Cash Flows From Operating Activities**

The Utilities' cash flows from operating activities reflect principally their energy sales and deliveries and cost of operations. The volume of energy sales and deliveries is affected primarily by factors external to the Utilities, such as growth of customer demand, weather, market prices for energy, economic conditions and measures that promote energy efficiency. Under the revenue decoupling mechanisms in the Utilities' New York electric and gas rate plans, changes in delivery volumes from levels assumed when rates were approved may affect the timing of cash flows but generally not net income. The prices at which the Utilities provide energy to their customers are determined in accordance with their rate plans. In general, changes in the Utilities' cost of purchased power, fuel and gas may affect the timing of cash flows but not net income because the costs are recovered in accordance with rate plans.

Net income is the result of cash and non-cash (or accrual) transactions. Only cash transactions affect the Companies' cash flows from operating activities. Principal non-cash charges or credits include depreciation, deferred income tax expense and amortizations of certain regulatory assets and liabilities. Non-cash charges or credits may also be accrued under the revenue decoupling and cost reconciliation mechanisms in the Utilities' New York electric and gas rate plans.

Net cash flows from operating activities for the six months ended June 30, 2016 for Con Edison and CECONY were \$145 million and \$197 million higher, respectively, than in the 2015 period. The change in net cash flows for Con Edison and CECONY reflects primarily the income taxes paid, net of refunds received in the 2016 period as compared with the 2015 period. The amount and timing of income tax payments and refunds reflect, among other things, the extension of bonus depreciation tax provisions.

The change in net cash flows also reflects the timing of payments for and recovery of energy costs. This timing is reflected within changes to accounts receivable – customers, recoverable energy costs and accounts payable balances.

### **Cash Flows Used in Investing Activities**

Net cash flows used in investing activities for Con Edison and CECONY were \$1,261 million and \$16 million higher, respectively, for the six months ended June 30, 2016 compared with the 2015 period. The change for Con Edison reflects primarily increased investments in/acquisitions of renewable electric production and electric and gas transmission projects (\$998 million), increased utility construction expenditures in 2016 (\$170 million) and increased non-utility construction expenditures related to development of renewable electric production projects (\$153 million). In addition, the change for CECONY reflects primarily increased utility construction expenditures in 2016 (\$160 million), offset in part by the proceeds from the transfer of assets to NY Transco (\$122 million).

### **Cash Flows From/(Used In) Financing Activities**

Net cash flows from financing activities for Con Edison and CECONY were \$1,024 million higher and \$230 million lower, respectively, in the six months ended June 30, 2016 compared with the 2015 period.

In June 2016, Con Edison borrowed \$400 million pursuant to a credit agreement with a syndicate of banks. The borrowing matures in 2018 and bears interest at a LIBOR plus margin of 1.00 percent.

In May 2016, Con Edison issued approximately 10 million common shares resulting in net proceeds, after issuance expenses, of \$702 million and \$500 million aggregate principal amount of 2.00 percent debentures, due 2021, the net proceeds from the sale of which were used in connection with the acquisition by a CET Gas subsidiary of a 50 percent equity interest in a gas pipeline and storage joint venture (see Con Edison Transmission, below) and for general corporate purposes.



In June 2016, CECONY issued \$550 million of 3.85 percent 30-year debentures, the net proceeds from the sale of which were used to repay short-term borrowings and for other general corporate purposes.

In June 2016, Con Edison Solutions subsidiary borrowed \$2 million pursuant to a loan agreement with a New Jersey utility. The borrowing matures in 2026, bears interest of 11.18 percent and may be repaid in cash or project Solar Renewable Energy Certificates. In May 2016, a Con Edison Development subsidiary issued \$95 million aggregate principal amount of 4.07 percent senior notes, due 2036, secured by the company's California Holdings 3 solar project. In February 2016, a Con Edison Development subsidiary issued \$218 million aggregate principal amount of 4.21 percent senior notes, due 2041, secured by the company's Texas Solar 7 solar project.

Cash flows used in financing activities of the Companies also reflect commercial paper issuance. The commercial paper amounts outstanding at June 30, 2016 and 2015 and the average daily balances for the six months ended June 30, 2016 and 2015 for Con Edison and CECONY were as follows:

<i>(Millions of Dollars, except Weighted Average Yield)</i>	2016		2015	
	Outstanding at June 30,	Daily average	Outstanding at June 30,	Daily average
Con Edison	\$708	\$992	\$1,245	\$536
CECONY	\$608	\$418	\$995	\$183
Weighted average yield	0.7%	0.6%	0.4%	0.4%

### Capital Requirements and Resources

Con Edison has increased its estimates for capital requirements for 2016 from \$4,892 million to \$6,117 million. The increase reflects the agreement it announced in April 2016 for the \$975 million purchase of a 50 percent equity interest in a gas pipeline and storage joint venture. See "Con Edison Transmission," below. The increase also reflects increased estimates of capital expenditures by its competitive energy businesses from \$985 million to \$1,235 million to reflect additional renewable energy project development. See "Con Edison Development," below. The company plans to meet its 2016 capital requirements, including for maturing securities, through internally-generated funds and the issuance of securities. The company's plans include the issuance, which the company completed in May 2016, of approximately \$500 million of common equity and approximately \$500 million of long-term debt in connection with the purchase of the joint venture interest. In addition, the company's plans to meet its other 2016 capital requirements include the issuance of between \$1,000 million and \$1,800 million of long-term debt, most of which would be at the Utilities, \$400 million of which was issued by Con Edison and \$550 million of which was issued by CECONY in June 2016, respectively; debt secured by its renewable electric production projects at the competitive energy businesses; and approximately \$200 million of common equity, which was issued in May 2016, in addition to equity under its dividend reinvestment, employee stock purchase and long term incentive plans. See "Liquidity and Capital Resources," above.

Con Edison has also increased its estimates of capital expenditures by its competitive energy businesses from \$360 million to \$400 million for both 2017 and 2018 to reflect additional renewable energy project development.

For each of the Companies, the ratio of earnings to fixed charges (Securities and Exchange Commission basis) for the six months ended June 30, 2016 and 2015 and the twelve months ended December 31, 2015 was:

	Ratio of Earnings to Fixed Charges		
	For the Six Months Ended June 30, 2016	For the Six Months Ended June 30, 2015	For the Twelve Months Ended December 31, 2015
Con Edison	3.2	3.5	3.5
CECONY	3.3	3.7	3.6

For each of the Companies, the common equity ratio at June 30, 2016 and December 31, 2015 was:

	Common Equity Ratio (Percent of total capitalization)	
	June 30, 2016	December 31, 2015
Con Edison	50.4	52.1
CECONY	50.5	51.4

### Contractual Obligations

Con Edison's obligations to make payments pursuant to contracts increased to \$39,043 million at June 30, 2016 from \$34,884 million at December 31, 2015 due primarily to increases in the company's long-term debt (\$1,759 million, including \$550 million for CECONY, see "Cash Flows from Financing Activities," above) and interest on long-term debt (\$954 million, including \$749 million for CECONY). The increase in contractual obligations also reflects increases in obligations under natural gas supply, transportation and storage contracts (\$1,714 million, including \$1,438 million for CECONY).

### Other Changes in Assets and Liabilities

The following table shows changes in certain assets and liabilities at June 30, 2016, compared with December 31, 2015.

(Millions of Dollars)	Con Edison	CECONY
	2016 vs. 2015 Variation	2016 vs. 2015 Variation
<b>Assets</b>		
Investments	\$1,029	\$21
Assets held for sale	26	—
Regulatory asset — Unrecognized pension and other postretirement costs	(360)	(336)
Income taxes receivable	(151)	—
<b>Liabilities</b>		
Deferred income taxes and investment tax credits	\$341	\$366
Liabilities held for sale	(29)	—
Pension and retiree benefits	(488)	(480)

### Investments

The increase in investments for Con Edison reflects the purchase of a 50 percent equity interest in a natural gas pipeline and storage joint venture. See "Con Edison Transmission," below and Note Q to the Second Quarter Financial Statements.

### Assets Held for Sale and Liabilities Held for Sale

The increase in Con Edison's assets held for sale and liabilities held for sale reflects agreements to sell Con Edison Solutions' retail electric supply business and O&R's subsidiary, Pike. See Note P to the Second Quarter Financial Statements.

### Regulatory Asset for Unrecognized Pension and Other Postretirement Costs and Liability for Pension and Retiree Benefits

The decrease in the regulatory asset for unrecognized pension and other postretirement costs and the liability for pension and retiree benefits reflects the final actuarial valuation of the pension and other retiree benefit plans as measured at December 31, 2015, in accordance with the accounting rules for retirement benefits. The change in the regulatory asset also reflects the year's amortization of accounting costs. The change in the liability for pension and retiree benefits reflects in part contributions to the plans made by the Utilities in 2016. See Notes B, E and F to the Second Quarter Financial Statements.

### Income Taxes Receivable

The decrease in income taxes receivable for Con Edison reflects primarily the refund received in February 2016 from the Internal Revenue Service as a result of the extension of bonus depreciation in December 2015.

### **Deferred Income Taxes and Investment Tax Credits**

The increase in the liability for deferred income taxes and investment tax credits for Con Edison and CECONY reflects primarily the extension of bonus depreciation in 2016, partially offset by the increase in deferred income tax assets associated with the federal tax attribute carryforwards related to the net operating loss and general business tax credits.

### **Off-Balance Sheet Arrangements**

None of the Companies' interests in variable interest entities (VIEs) meet the Securities and Exchange Commission definition of off-balance sheet arrangements. For information regarding the Companies' VIEs, see Note M to the Second Quarter Financial Statements.

### **Regulatory Matters**

In March 2016, the New York State Public Service Commission (NYSPSC) issued an order in which it approved CECONY's advanced metering infrastructure (AMI) plan for the company's electric and gas delivery businesses, subject to a cap on capital expenditures of \$1,285 million. AMI components include smart meters, a communication network, information technology systems and business applications. The plan provides for full deployment of AMI to the company's customers to be implemented over a six-year period. The NYSPSC directed CECONY to submit a customer engagement plan, an update to the company's benefit cost analysis and metrics that the NYSPSC can use to monitor the success of the project.

In May 2016, the NYSPSC issued an order in its Reforming the Energy Vision (REV) proceeding adopting a ratemaking and utility revenue framework. The order indicated that utilities will have four ways of achieving earnings: traditional cost-of-service earnings; earnings tied to achievement of alternatives that reduce utility capital spending and provide definitive consumer benefit; earnings from market-facing platform activities; and transitional outcome-based performance measures. The order also indicated, among other things, that existing measures for negative revenue adjustments for utility failure to meet basic service standards should generally be retained and net utility plant reconciliations should be modified to encourage cost-effective distributed energy resources (DER) as an alternative to utility capital investment. The order directs each utility to file a system efficiency proposal; an interconnection survey process and proposed earnings adjustment mechanism; a progress report on aggregated data reporting automation; an aggregated data privacy policy statement; revisions to standby service tariffs and cost allocation matrix; one or more smart home rate demonstration proposals; and revisions to voluntary time of use rates and promotion and education tools.

In June 2016, CECONY and O&R each filed initial distributed system implementation plans with the NYSPSC, pursuant to which the companies provide additional system and planning information for third-party developers to facilitate the integration of DER in the distributed system platform.

In August 2016, the NYSPSC issued an order adopting the New York State Energy Plan's goal of 50 percent of the State's electricity to be generated by renewable sources by 2030 as part of a strategy to reduce statewide greenhouse gas emissions 40 percent by 2030. The NYSPSC also adopted a Clean Energy Standard (CES) that includes renewable energy credit (REC) and zero-emissions credit (ZEC) requirements. Beginning in 2017, load serving entities (LSEs), including CECONY and O&R for their full-service customers, will be required to obtain RECs and ZECs in amounts determined by the NYSPSC. LSEs may satisfy their REC obligation by either purchasing RECs acquired through central procurement by the New York State Energy Research and Development Authority (NYSERDA), by self-supply through direct purchase of tradable RECs, or by making alternative compliance payments. LSEs will purchase ZECs from NYSERDA at prices determined by the NYSPSC. The order establishes an annual NYSPSC staff review and triennial NYSPSC review of the CES.

For certain information about the Utilities' rate plans and other regulatory matters affecting the Companies, see Note B to the Second Quarter Financial Statements.

## Con Edison Development

The following table provides information about the renewable electric production projects Con Edison Development owned at June 30, 2016:

Project Name	Production Technology	Generating Capacity (a) (MW AC)	Power Purchase Agreement Term (in Years)	Actual/Expected In-Service Date	Location
<i>Wholly owned projects</i>					
Flemington Solar	Solar	8	n/a (b)	2011	New Jersey
Frenchtown I, II and III	Solar	14	n/a (b)	2011-13	New Jersey
PA Solar	Solar	10	n/a (b)	2012	Pennsylvania
California Solar 2	Solar	80	20	2014-16	California
Oak Tree Wind	Wind	20	20	2014	South Dakota
Texas Solar 3	Solar	6	25	2015	Texas
Texas Solar 5	Solar	95	25	2015	Texas
Campbell County Wind	Wind	95	30	2015	South Dakota
Projects of less than 5 MW	Solar	20	Various (b)	Various	Various
<i>Jointly owned projects (c)</i>					
Pilesgrove	Solar	9	n/a (b)	2011	New Jersey
California Solar	Solar	55	25	2012-13	California
Mesquite Solar 1	Solar	83	20	2013	Arizona
Copper Mountain Solar 2	Solar	75	25	2013-15	Nevada
Copper Mountain Solar 3	Solar	128	20	2014-15	Nevada
Broken Bow II	Wind	38	25	2014	Nebraska
Texas Solar 4	Solar	32	25	2014	Texas
<b>Total MW (AC) in Operation</b>		<b>768</b>			
California Solar 3	Solar	110	20	2016	California
Texas Solar 7 (c)	Solar	106	25	2016	Texas
Panoche Valley (d)	Solar	120	20	2019	California
<b>Total MW (AC) in Construction</b>		<b>336</b>			
<b>Total MW (AC), All Projects</b>		<b>1,104 (e)</b>			

(a) Represents Con Edison Development's ownership interest in the project.

(b) New Jersey, Pennsylvania and Massachusetts assets have 3-4 year Solar Renewable Energy Credit hedges in place.

(c) See Note Q to the Second Quarter Financial Statements.

(d) See Note M to the Second Quarter Financial Statements.

(e) Additionally, in October 2015, Con Edison Development purchased Lost Hills, which is developing but has not started constructing, a 20 MW (AC) solar electric production project in California and in November 2015 purchased Upton County, which is developing but has not started constructing, a 150 MW (AC) solar electric production project in Texas.

## Con Edison Transmission

### CET Electric

In March 2016, the Federal Energy Regulatory Commission approved a November 2015 settlement agreement applicable to three transmission projects that the NYSPSC approved in October 2013 in its proceeding to address potential needs that could arise should the Indian Point Energy Center (which is owned by Entergy Corporation subsidiaries) no longer be able to operate. CECONY developed and, in May 2016, transferred two of the projects to New York Transco LLC. See Note Q to the Second Quarter Financial Statements. The settlement agreement, among other things, provides for a 10 percent return on common equity (or 9.5 percent for capital costs in excess of \$228 million incurred for initial commercial operation), a maximum common equity ratio of 53 percent and allocation of 63 percent of the costs of the projects to load serving entities in the CECONY and O&R service areas.

### CET Gas

In April 2016, a CET Gas subsidiary agreed with a subsidiary of Crestwood Equity Partners LP to form a joint venture to own, operate and further develop a gas pipeline and storage business located in northern Pennsylvania and southern New York. In June 2016, the transaction was substantially completed. See Note Q to the Second Quarter Financial Statements.

### Financial and Commodity Market Risks

The Companies are subject to various risks and uncertainties associated with financial and commodity markets. The most significant market risks include interest rate risk, commodity price risk, credit risk and investment risk.

**Interest Rate Risk**

The Companies' interest rate risk relates primarily to variable rate debt and to new debt financing needed to fund capital requirements, including the construction expenditures of the Utilities and maturing debt securities. Con Edison and its businesses manage interest rate risk through the issuance of mostly fixed-rate debt with varying maturities and through opportunistic refinancing of debt. Con Edison and CECONY estimate that at June 30, 2016, a 10 percent increase in interest rates applicable to its variable rate debt would result in an increase in annual interest expense of \$2 million. Under CECONY's current gas, steam and electric rate plans, variations in actual variable rate tax-exempt debt interest expense are reconciled to levels reflected in rates.

**Commodity Price Risk**

Con Edison's commodity price risk relates primarily to the purchase and sale of electricity, gas and related derivative instruments. The Utilities and Con Edison's competitive energy businesses apply risk management strategies to mitigate their related exposures. See Note K to the Second Quarter Financial Statements.

Con Edison estimates that, as of June 30, 2016, a 10 percent decline in market prices would result in a decline in fair value of \$68 million for the derivative instruments used by the Utilities to hedge purchases of electricity and gas, of which \$60 million is for CECONY and \$8 million is for O&R. Con Edison expects that any such change in fair value would be largely offset by directionally opposite changes in the cost of the electricity and gas purchased. In accordance with provisions approved by state regulators, the Utilities generally recover from customers the costs they incur for energy purchased for their customers, including gains and losses on certain derivative instruments used to hedge energy purchased and related costs.

Con Edison's competitive energy businesses use a value-at-risk (VaR) model to assess the market price risk of their portfolio of electricity and gas commodity fixed-price purchase and sales commitments, physical forward contracts, generating assets and commodity derivative instruments. VaR represents the potential change in fair value of the portfolio due to changes in market prices, for a specified time period and confidence level. These businesses estimate VaR across their portfolio using a delta-normal variance/covariance model with a 95 percent confidence level. Since the VaR calculation involves complex methodologies and estimates and assumptions that are based on past experience, it is not necessarily indicative of future results. VaR for the portfolio, assuming a one-day holding period, for the six months ended June 30, 2016 and the year ended December 31, 2015, respectively, was as follows:

95% Confidence Level, One-Day Holding Period	June 30, 2016	December 31, 2015
	<i>(Millions of Dollars)</i>	
Average for the period	\$2	\$1
High	3	2
Low	1	—

The competitive energy businesses compare the measured VaR results against performance due to actual prices and stress test the portfolio each quarter using an assumed 30 percent price change from forecast. The stress test includes an assessment of the impact of volume changes on the portfolio because the businesses generally commit to sell their customers their actual requirements, an amount which is estimated when the sales commitments are made. The businesses limit the volume of commodity derivative instruments entered into relative to their estimated sale commitments to maintain net market price exposures to their estimated sale commitments within a certain percentage of maximum and minimum exposures.

**Credit Risk**

The Companies are exposed to credit risk related to transactions entered into primarily for the various energy supply and hedging activities by the Utilities and the competitive energy businesses. See Note K to the Second Quarter Financial Statements.

### **Investment Risk**

The Companies' investment risk relates to the investment of plan assets for their pension and other postretirement benefit plans. The Companies' current investment policy for pension plan assets includes investment targets of 55 to 65 percent equities and 35 to 45 percent fixed income and other securities. At June 30, 2016, the pension plan investments consisted of 58 percent equity and 42 percent fixed income and other securities.

For the Utilities' pension and other postretirement benefit plans, regulatory accounting treatment is generally applied in accordance with the accounting rules for regulated operations. In accordance with the Statement of Policy issued by the NYSPSC and its current electric, gas and steam rate plans, CECONY defers for payment to or recovery from customers the difference between the pension and other postretirement benefit expenses and the amounts for such expenses reflected in rates. Generally, O&R also defers such difference pursuant to its rate plans.

### **Material Contingencies**

For information concerning potential liabilities arising from the Companies' material contingencies, see Notes B, G and H to the Second Quarter Financial Statements.

### **Item 3: Quantitative and Qualitative Disclosures About Market Risk**

For information about the Companies' primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Financial and Commodity Market Risks," in Part I, Item 2 of this report, which information is incorporated herein by reference.

### **Item 4: Controls and Procedures**

The Companies maintain disclosure controls and procedures designed to provide reasonable assurance that the information required to be disclosed in the reports that they submit to the Securities and Exchange Commission (SEC) is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. For each of the Companies, its management, with the participation of its principal executive officer and principal financial officer, has evaluated its disclosure controls and procedures as of the end of the period covered by this report and, based on such evaluation, has concluded that the controls and procedures are effective to provide such reasonable assurance. Reasonable assurance is not absolute assurance, however, and there can be no assurance that any design of controls or procedures would be effective under all potential future conditions, regardless of how remote.

There was no change in the Companies' internal control over financial reporting that occurred during the Companies' most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Companies' internal control over financial reporting.

## Part II Other Information

### Item 1: Legal Proceedings

For information about certain legal proceedings affecting the Companies, see Notes B, G and H to the financial statements in Part I, Item 1 of this report, which information is incorporated herein by reference.

### Item 1A: Risk Factors

There were no material changes in the Companies' risk factors compared to those disclosed in Item 1A of the Form 10-K.

### Item 6: Exhibits

#### Con Edison

Exhibit 4.1.1	Form of CEI's 2.00% Debentures, Series 2016 A (Designated in CEI's Current Report on Form 8-K, dated May 10, 2016 (File No. 1-14514) as Exhibit 4).
Exhibit 4.1.2	\$400 million Credit Agreement dated as of June 10, 2016 among CEI, as Borrower, the Lenders party thereto and Mizuho Bank, Ltd., as Administrative Agent and as Lead Arranger and Bookrunner.
Exhibit 10.1	Amendment, dated June 13, 2016, to the Consolidated Edison Thrift Savings Plan.
Exhibit 10.2	Contribution Agreement, dated as of April 20, 2016, by and between Crestwood Pipeline and Storage Northeast LLC and Con Edison Gas Pipeline and Storage Northeast, LLC (Designated in CEI's Current Report on Form 8-K, dated April 20, 2016 (File No. 1-14514) as Exhibit 10).
Exhibit 12.1	Statement of computation of Con Edison's ratio of earnings to fixed charges for the six-month periods ended June 30, 2016 and 2015, and the 12-month period ended December 31, 2015.
Exhibit 31.1.1	Rule 13a-14(a)/15d-14(a) Certifications – Chief Executive Officer.
Exhibit 31.1.2	Rule 13a-14(a)/15d-14(a) Certifications – Chief Financial Officer.
Exhibit 32.1.1	Section 1350 Certifications – Chief Executive Officer.
Exhibit 32.1.2	Section 1350 Certifications – Chief Financial Officer.
Exhibit 101.INS	XBRL Instance Document.
Exhibit 101.SCH	XBRL Taxonomy Extension Schema.
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase.
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase.
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

#### CECONY

Exhibit 4.2.1	Form of CECONY's 3.85% Debentures, Series 2016 A (Designated in CECONY's Current Report on Form 8-K, dated June 14, 2016 (File No. 1-1217) as Exhibit 4).
Exhibit 12.2	Statement of computation of CECONY's ratio of earnings to fixed charges for the six-month periods ended June 30, 2016 and 2015, and the 12-month period ended December 31, 2015.
Exhibit 31.2.1	Rule 13a-14(a)/15d-14(a) Certifications – Chief Executive Officer.
Exhibit 31.2.2	Rule 13a-14(a)/15d-14(a) Certifications – Chief Financial Officer.
Exhibit 32.2.1	Section 1350 Certifications – Chief Executive Officer.
Exhibit 32.2.2	Section 1350 Certifications – Chief Financial Officer.
Exhibit 101.INS	XBRL Instance Document.
Exhibit 101.SCH	XBRL Taxonomy Extension Schema.
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase.
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase.
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, instruments defining the rights of holders of long-term debt of Con Edison's subsidiaries other than CECONY, the total amount of which does not exceed ten percent of the total assets of Con Edison and its subsidiaries on a consolidated basis, are not filed as exhibits to Con Edison's Form 10-K or Form 10-Q. Con Edison agrees to furnish to the SEC upon request a copy of any such instrument.



**Signatures**

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

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

Date: August 4, 2016

By \_\_\_\_\_ /s/ Robert Høglund

**Robert Høglund**  
**Senior Vice President, Chief**  
**Financial Officer and Duly**  
**Authorized Officer**

**\$400,000,000  
CREDIT AGREEMENT**  
dated as of

**June 10, 2016**  
among

**Consolidated Edison, Inc.,  
as Borrower,**

**The Lenders Party Hereto**

and

**Mizuho Bank, Ltd.,  
as Administrative Agent  
and  
as Lead Arranger and Bookrunner**

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EXHIBIT D	Assignment and Assumption Agreement

## CREDIT AGREEMENT

AGREEMENT dated as of June 10, 2016 among CONSOLIDATED EDISON, INC., as the Borrower, the LENDERS party hereto and MIZUHO BANK, LTD., as Administrative Agent.

The parties hereto agree as follows:

### ARTICLE 1 DEFINITIONS

Section 1.01. *Definitions.* The following terms, as used herein, have the following meanings:

“**Administrative Agent**” means Mizuho Bank, Ltd., in its capacity as administrative agent for the Lenders hereunder, and its successors in such capacity.

“**Administrative Questionnaire**” means, with respect to each Lender, an administrative questionnaire in the form prepared by the Administrative Agent, completed by such Lender and returned to the Administrative Agent (with a copy to the Borrower).

“**Affiliate**” means, (i) any Person that directly, or indirectly through one or more intermediaries, controls the Borrower (a “**Controlling Person**”) or (ii) any Person (other than the Borrower or a Subsidiary of the Borrower) which is controlled by or is under common control with a Controlling Person. As used herein, the term “**control**” means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Anti-Corruption Laws**” shall mean all laws, rules and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries concerning or relating to bribery or anti-corruption.

“**Applicable Lending Office**” means, with respect to any Lender, (i) in the case of its Base Rate Loans, its Domestic Lending Office and (ii) in the case of its Euro-Dollar Loans, its Euro-Dollar Lending Office.

“**Approved Fund**” means any Fund that is administered or managed by (i) a Lender, (ii) an affiliate of a Lender or (iii) an entity or an affiliate of an entity that administers or manages a Lender.

“**Assignment and Assumption Agreement**” has the meaning set forth in Section 9.06(b).

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“**Bail-In Legislation**” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“**Bankruptcy Event**” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance

of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that (except with respect to a Lender that is subject to a Bail-in Action) a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a governmental authority or instrumentality thereof so long as such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such governmental authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

**“Base Rate”** means, for any day, a rate per annum equal to the highest of (i) the Prime Rate for such day, (ii) the sum of ½ of 1% plus the Federal Funds Rate for such day, or (iii) the Euro-Dollar Rate for a one-month Interest Period determined on such day (or if such day is not a Euro-Dollar Business Day, the immediately preceding Euro-Dollar Business Day) plus 1%; provided, that, if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

**“Base Rate Loan”** means a Loan which bears interest at a rate determined on the basis of the Base Rate pursuant to the applicable Notice of Borrowing or Notice of Interest Rate Election or the provisions of Section 2.07(a) or Article 8.

**“Borrower”** means Consolidated Edison, Inc., a New York corporation.

**“Borrower’s 2015 Annual Report”** means the Borrower’s Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the SEC pursuant to the Exchange Act.

**“Borrowing”** has the meaning set forth in Section 1.03.

**“Change in Law”** means the occurrence of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any governmental authority, or (c) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any governmental authority; provided however, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law” after the date hereof regardless of the date enacted, adopted, issued or implemented.

**“Change of Control”** means if any person or group of persons (within the meaning of Section 13 or 14 of the Exchange Act) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the SEC under said Act) of 40% or more of the outstanding shares of common stock of the Borrower; or, during any period of 12 consecutive calendar months, individuals who either (a) were directors of the Borrower on the first day of such period, (b) were nominated or elected as a director of the Borrower by at least a majority of such directors or (c) are serving as a director of the Borrower pursuant to the Borrower’s emergency by-laws shall cease to constitute a majority of the Borrower’s board of directors.

**“Closing Date”** means the date on which all the conditions precedent in Article 3 are satisfied or waived in accordance with Section 9.05 and the Loans are made to the Borrower pursuant to Section 2.01.

**“Commitment”** means (i) with respect to each Lender listed on the Commitment Schedule, the amount set forth opposite such Lender’s name on the Commitment Schedule, and (ii) with respect to any Eligible Assignee which becomes a Lender pursuant to Section 9.06(b), the amount of the transferor Lender’s Commitment assigned to it pursuant to Section 9.06(b), in each case as such amount may be changed from time to time pursuant to Section 9.06(b); *provided* that, if the context so requires, the term “Commitment” means the obligation of a Lender to extend credit up to such amount to the Borrower hereunder.

**“Commitment Schedule”** means the Commitment Schedule attached hereto.

**“Consolidated Debt”** means, at any date, the Debt (other than Non-recourse Debt) of the Borrower and its Consolidated Subsidiaries, determined on a consolidated basis as of such date.

**“Consolidated Subsidiary”** means, at any date, any Subsidiary or other entity the accounts of which would be consolidated with those of the Borrower in its consolidated financial statements if such statements were prepared as of such date.

**“Consolidated Total Capital”** means, at any date, the sum of (x) Consolidated Debt plus (y) consolidated stockholders’ equity of the Borrower and its Consolidated Subsidiaries (including for this purpose any amount attributable to stock which is required to be redeemed or is redeemable at the option of the holder, if certain events or conditions occur or exist or otherwise), in each case determined at such date.

**“Credit Exposure”** means, with respect to any Lender at any time, (i) the amount of its Commitment (whether used or unused) at such time or (ii) if its Commitment has terminated, the aggregate outstanding principal amount of its Loans at such time.

**“Debt”** of any Person means, at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such Person as lessee which are capitalized in accordance with GAAP, (v) all non-contingent obligations (and, for purposes of Section 5.09 and the definitions of Material Debt and Material Financial Obligations, all contingent obligations) of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, (vi) all Debt secured by a Lien on any asset of such Person, whether or not such Debt is otherwise an obligation of such Person, and (vii) all Guarantees by such Person of Debt of another Person (each such Guarantee to constitute Debt in an amount equal to the amount of such other Person’s Debt Guaranteed thereby).

**“Default”** means, any condition or event which constitutes an Event of Default with respect to the Borrower or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

**“Defaulting Lender”** means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans or (ii) pay over to the Administrative Agent any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or the Administrative Agent in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s good faith determination that a condition precedent (specifically identified and including the



particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Domestic Business Days after request by the Administrative Agent, acting in good faith, to provide a confirmation in writing that it will comply with its obligations to fund prospective Loans under this Agreement, *provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent's receipt of such confirmation in form and substance satisfactory to it, or (d) has become, or has a Parent that has become, the subject of a Bankruptcy Event or a Bail-In Action.

**"Derivatives Obligations"** of any Person means all obligations of such Person in respect of any rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of the foregoing transactions.

**"Domestic Business Day"** means any day except a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

**"Domestic Lending Office"** means, as to each Lender, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Domestic Lending Office) or such other office as such Lender may hereafter designate as its Domestic Lending Office by notice to the Borrower and the Administrative Agent.

**"EEA Financial Institution"** means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;

**"EEA Member Country"** means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

**"EEA Resolution Authority"** means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

**"Eligible Assignee"** means (i) a Lender; (ii) an affiliate of a Lender; (iii) an Approved Fund; and (iv) any other Person (other than the Borrower or any Affiliate or Subsidiary of the Borrower, a Defaulting Lender or any Affiliate or Subsidiary of a Defaulting Lender or a natural Person) approved by the Administrative Agent and, unless (x) such Person is taking delivery of an assignment in connection with physical settlement of a credit derivatives transaction or (y) an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed). If the consent of the Borrower to an assignment or to an Eligible Assignee is required hereunder (including a consent to an assignment which does not meet the minimum assignment thresholds specified in paragraph (b)(i) of Section 9.06), the Borrower shall be deemed to have given its consent five Domestic Business Days after the date notice thereof has been delivered by the assigning Lender (through the Administrative Agent) unless such consent is expressly refused by the Borrower prior to such fifth Domestic Business Day.

**“Environmental Laws”** means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to the environment or the effect of the environment on human health or to emissions, discharges or releases of pollutants, contaminants, Hazardous Substances or wastes into the environment, including (without limitation) ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, Hazardous Substances or wastes or the clean-up or other remediation thereof.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

**“EU Bail-In Legislation Schedule”** means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

**“ERISA Group”** means the Borrower, any Subsidiary of the Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any Subsidiary of the Borrower, are treated as a single employer under Section 414 of the Internal Revenue Code.

**“Euro-Dollar Business Day”** means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

**“Euro-Dollar Lending Office”** means, as to each Lender, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Euro-Dollar Lending Office) or such other office, branch or affiliate of such Lender as it may hereafter designate as its Euro-Dollar Lending Office by notice to the Borrower and the Administrative Agent.

**“Euro-Dollar Loan”** means a Loan which bears interest at a Euro-Dollar Rate pursuant to the applicable Notice of Borrowing or Notice of Interest Rate Election.

**“Euro-Dollar Margin”** means 1.00% per annum.

**“Euro-Dollar Rate”** means a rate of interest determined pursuant to Section 2.06(b) on the basis of a London Interbank Offered Rate.

**“Euro-Dollar Reference Bank”** means the principal London office of Mizuho Bank, Ltd.

**“Euro-Dollar Reserve Percentage”** means, for any day, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of “Eurocurrency liabilities” (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Euro-Dollar Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Lender to United States residents).

**“Events of Default”** has the meaning set forth in Section 6.01.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended from time to time.

**“FATCA”** has the meaning set forth in Section 8.04(a).

**“Federal Funds Rate”** means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, *provided* that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Mizuho Bank, Ltd. on such day on such transactions as determined by the Administrative Agent.

**“FERC”** means the Federal Energy Regulatory Commission.

**“Fiscal Quarter”** means a fiscal quarter of the Borrower.

**“Fiscal Year”** means a fiscal year of the Borrower.

**“Fund”** means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

**“GAAP”** means generally accepted accounting principles as in effect from time to time, applied on a basis consistent (except for changes concurred in by the Borrower’s independent public accountants) with the most recent audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries delivered to the Lenders.

**“Group of Loans”** means, at any time, a group of Loans consisting of (i) all Loans which are Base Rate Loans at such time or (ii) all Euro-Dollar Loans having the same Interest Period at such time, *provided* that, if a Loan of any particular Lender is converted to or made as a Base Rate Loan pursuant to Article 8, such Loan shall be included in the same Group or Groups of Loans from time to time as it would have been in if it had not been so converted or made.

**“Guarantee”** by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt (whether arising by virtue of partnership arrangements, by virtue of an agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise), (ii) to reimburse a bank for amounts drawn under a letter of credit for the purpose of paying such Debt or (iii) entered into for the purpose of assuring in any other manner the holder of such Debt of the payment thereof or to protect such holder against loss in respect thereof (in whole or in part), *provided* that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

**“Hazardous Substances”** means any toxic, radioactive, caustic or otherwise hazardous substance, including petroleum, its derivatives and by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics.

**"Indemnitee"** has the meaning set forth in Section 9.03(b).

**"Interest Period"** means, with respect to each Euro-Dollar Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in an applicable Notice of Interest Rate Election and ending one, two, three or six months thereafter, as the Borrower may elect in such notice; *provided that*:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day;

(b) any Interest Period which begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) below, end on the last Euro-Dollar Business Day of a calendar month; and

(c) any Interest Period which would end after the Maturity Date shall end on the Maturity Date.

For purposes hereof, the date of a Euro-Dollar Loan initially shall be the date such Euro-Dollar Loan is made and thereafter shall be the effective date of the most recent continuation or conversion of such Euro-Dollar Loan, which date, for the avoidance of doubt shall be the last day of the immediately preceding Interest Period for such Euro-Dollar Loan.

**"Internal Revenue Code"** means the Internal Revenue Code of 1986, as amended, or any successor statute.

**"Lead Arranger"** means Mizuho Bank, Ltd. in its capacity as a lead arranger and bookrunner in respect of this Agreement.

**"Lender"** means (i) each bank or other institution listed on the Commitment Schedule, (ii) each Eligible Assignee which becomes a Lender pursuant to Section 9.06(b), (iii) each Person which becomes a Lender pursuant to Section 8.06 and (iii) their respective successors.

**"Lien"** means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, or any other type of preferential arrangement that has substantially the same practical effect as a security interest, in respect of such asset. For purposes hereof, the Borrower or any of its Subsidiaries shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

**"Loan"** means a loan made or to be made by a Lender pursuant to Section 2.01; *provided that*, if any such loan or loans (or portions thereof) are combined or subdivided pursuant to a Notice of Interest Rate Election, the term "Loan" shall refer to the combined principal amount resulting from such combination or to each of the separate principal amounts resulting from such subdivision, as the case may be.

**"London Interbank Offered Rate"** has the meaning set forth in Section 2.06(b).

**"Material Adverse Effect"** means, (i) a material adverse effect upon the business, financial condition or results of operations of the Borrower and its Subsidiaries, taken as a whole; (ii) a material adverse effect on the ability of the Borrower to perform its

obligations under this Agreement and the Notes; or (iii) a material adverse effect on the rights and remedies of the Administrative Agent and the Lenders under this Agreement and the Notes.

**“Material Debt”** means Debt (except (i) Debt of the Borrower outstanding hereunder and (ii) Non-recourse Debt) of the Borrower and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, in an aggregate principal or face amount exceeding \$150,000,000.

**“Material Financial Obligations”** means a principal or face amount of Debt (other than (i) the Loans and (ii) Non-recourse Debt) and/or payment or collateralization obligations in respect of Derivatives Obligations of the Borrower and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, exceeding in the aggregate \$150,000,000.

**“Material Plan”** means, at any time, a Plan or Plans having aggregate Unfunded Liabilities in excess of \$150,000,000.

**“Material Subsidiary”** means, at any time, any Subsidiary of the Borrower that is a “significant subsidiary” (as such term is defined in Regulation S-X of the SEC (17 C.F.R. §210.1-02(w) (or any successor provision)), but treating all references therein to the “registrant” as references to the Borrower).

**“Maturity Date”** means the date which is two (2) years following the Closing Date, or if such date is not a Domestic Business Day, the immediately preceding Domestic Business Day.

**“Multiemployer Plan”** means, at any time, an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the ERISA Group during such five year period.

**“Non-recourse Debt”** means Debt of any Subsidiary of the Borrower or any other Person with respect to which such Subsidiary has granted any security interest, lien, mortgage, encumbrance, guarantee or other credit support of any kind: (a) as to which none of the Borrower or any other Subsidiary of the Borrower (i) provides any guarantee of or credit support with respect to such Debt of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Debt) or (ii) is directly or indirectly liable (as a guarantor or otherwise) (other than for fraud, misrepresentation, misapplication of funds, waste, environmental claims, voluntary bankruptcy, collusive involuntary bankruptcy, prohibited transfers and violations of single purpose entity covenants) and (b) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against such Subsidiary or other Person) would permit (upon notice, lapse of time or both) any holder of any other Debt of the Borrower or any other Subsidiary of the Borrower to declare a default under such other Debt or cause the payment thereof to be accelerated or payable prior to its stated maturity.

**“Notes”** means promissory notes of the Borrower, substantially in the form of Exhibit A hereto, evidencing the obligation of the Borrower to repay the Loans made to it, and **“Note”** means any one of such promissory notes issued hereunder.

**“Notice of Borrowing”** has the meaning set forth in Section 2.02.

**“Notice of Interest Rate Election”** has the meaning set forth in Section 2.07.

**“Other Taxes”** has the meaning set forth in Section 8.04(a).

**“Parent”** means, with respect to any Lender, any Person controlling such Lender.

**“Participant”** has the meaning set forth in Section 9.06(d).

**“Participant Register”** has the meaning set forth in Section 9.06(d).

**“PBGC”** means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

**“Percentage”** means, with respect to any Lender at any time, the percentage which the amount of its Commitment at such time represents of the aggregate amount of all the Commitments at such time, subject to adjustment as provided in Section 2.20 when a Defaulting Lender shall exist. At any time after the Commitments shall have terminated, the term “Percentage” shall refer to a Lender’s Percentage immediately before such termination, adjusted to reflect any subsequent assignments pursuant to Section 9.06(b) and to any Lender’s status as a Defaulting Lender at the time of determination.

**“Person”** means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

**“Plan”** means, at any time, an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

**“Prime Rate”** means the rate of interest determined by Mizuho Bank, Ltd. in New York City from time to time as its Prime Rate. Each change in the Prime Rate shall be effective from and including the day Mizuho Bank, Ltd. makes such change.

**“PSC”** means the New York State Public Service Commission.

**“Quarterly Payment Dates”** means each March 31, June 30, September 30 and December 31.

**“Regulation U”** means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

**“Required Lenders”** means, at any time, Lenders having more than 50% in aggregate amount of the Credit Exposures at such time (exclusive in each case of the Credit Exposure(s) of Defaulting Lenders).

**“Sanctions”** shall mean any economic or financial sanctions or trade embargoes administered or enforced by the United States Department of Treasury’s Office of Foreign Assets Control, the United States Departments of State or Commerce or any other United States governmental authority.

**“SEC”** means the Securities and Exchange Commission.

**“Subsidiary”** means, as to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time

directly or indirectly owned by such Person. Unless otherwise specified, "Subsidiary" means a Subsidiary of the Borrower.

"**Taxes**" has the meaning set forth in Section 8.04(a).

"**Unfunded Liabilities**" means, with respect to any Plan at any time, the amount (if any) by which (i) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

"**United States**" means the United States of America.

"**U.S. Person**" means a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code.

"**U.S. Tax Compliance Certificate**" has the meaning set forth in Section 8.04(f)(3).

"**Write-Down and Conversion Powers**" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.02. *Accounting Terms and Determinations.* Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP; *provided* that, if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any provision hereof to eliminate the effect of any change in GAAP after the date hereof (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend any provision hereof for such purpose), then such provision shall be applied with respect to the Borrower on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such provision is amended in a manner reasonably satisfactory to the Borrower and the Required Lenders.

Section 1.03. *Types of Borrowings.* The term "**Borrowing**" denotes (i) the aggregation of Loans made or to be made by one or more Lenders pursuant to Article 2 on the Closing Date, all of which Loans are of the same type and, except in the case of Base Rate Loans, have the same initial Interest Period or (ii) if the context so requires, the borrowing of such Loans. Borrowings are classified for purposes hereof by reference to the pricing of Loans comprising such Borrowing (e.g., a "Euro-Dollar Borrowing" is a Borrowing comprised of Euro-Dollar Loans).

## ARTICLE 2 THE CREDITS

Section 2.01. *Loans.* Each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make a Loan to the Borrower pursuant to this Section, which Loan (a) shall not exceed such Lender's Commitment, (b) shall be made in a single draw on the Closing Date and (c) may be prepaid in accordance with Section 2.10, but once prepaid, may not be re-borrowed. The Borrowing shall be made from the several Lenders ratably in proportion to their respective Commitments in effect on the date of the Borrowing. Each Lender's Commitment shall terminate immediately and

without further action upon the Closing Date after giving effect to the funding of such Lender's Loans on such date.

Section 2.02. *Notice of Borrowing.* The Borrower shall give the Administrative Agent notice (a "**Notice of Borrowing**") not later than 10:30 A.M. (New York City time) on (x) the date of each Base Rate Borrowing and (y) the third Euro-Dollar Business Day before each Euro-Dollar Borrowing, specifying:

- (a) the date of such Borrowing, which shall be a Domestic Business Day in the case of a Base Rate Borrowing or a Euro-Dollar Business Day in the case of a Euro-Dollar Borrowing;
  - (b) the aggregate amount of such Borrowing;
  - (c) whether the Loans comprising such Borrowing are to bear interest initially at the Base Rate or a Euro-Dollar Rate;
- and
- (d) in the case of a Euro-Dollar Borrowing, the duration of the initial Interest Period applicable thereto, subject to the provisions of the definition of Interest Period;

*provided* that, in the case of any Euro-Dollar Borrowing to be made on the Closing Date, the Borrower shall have delivered to the Administrative Agent, concurrently with or prior to the delivery of the Notice of Borrowing in respect of such Borrowing, a duly executed funding indemnity letter in form and substance reasonably satisfactory to the Administrative Agent.

Section 2.03. *[Reserved]*.

Section 2.04. *Notice to Lenders; Funding of Loans.* (a) Promptly after receiving the Notice of Borrowing, the Administrative Agent shall notify each Lender of the contents thereof and of such Lender's share (if any) of such Borrowing and such Notice of Borrowing shall not thereafter be revocable by the Borrower.

(b) Not later than 12:00 Noon (New York City time) on the Closing Date, each Lender shall make available its share of such Borrowing, in Federal or other funds immediately available in New York City, to the Administrative Agent at its address specified in or pursuant to Section 9.01. Unless the Administrative Agent determines that any applicable condition specified in Article 3 has not been satisfied, the Administrative Agent will make the funds so received from the Lenders available to the Borrower at the Administrative Agent's aforesaid address.

(c) Unless the Administrative Agent shall have received notice from a Lender before the time of Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available to the Administrative Agent on the date of such Borrowing in accordance with Section 2.04(b) and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such share available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) if such amount is repaid by the Borrower, a rate per annum equal to the higher of the Federal Funds Rate and the interest rate applicable to such Borrowing pursuant to Section 2.06 and (ii) if



such amount is repaid by such Lender, the Federal Funds Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, the Borrower shall not be required to repay such amount and the amount so repaid by such Lender shall constitute such Lender's Loan included in such Borrowing for purposes of this Agreement. The failure of any Lender to make the Borrowing hereunder shall not relieve any other Lender of its obligation to fund such Borrowing; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make its Loan hereunder.

Section 2.05. *Maturity of Loans.* Each Loan shall mature, and the principal amount thereof shall be due and payable (together with interest accrued thereon), on the Maturity Date.

Section 2.06. *Interest Rates.* (a) Each Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made until it becomes due, at a rate per annum equal to the Base Rate for such day. Such interest shall be payable quarterly in arrears on each Quarterly Payment Date. Any overdue principal of or interest on any Base Rate Loan shall bear interest (after as well as before judgment), payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the Base Rate for such day.

(b) Each Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for each day during each Interest Period applicable thereto, at a rate per annum equal to the sum of the Euro-Dollar Margin for such day plus the London Interbank Offered Rate applicable to such Interest Period. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof.

The "**London Interbank Offered Rate**" applicable to any Interest Period means the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service, or any successor to or, if such service is not available, substitute for such service providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 A.M. (London time) two Euro-Dollar Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "London Interbank Offered Rate" applicable to such Interest Period means the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the respective rates per annum at which deposits in dollars are offered to the Euro-Dollar Reference Bank in the London interbank market at approximately 11:00 A.M. (London time) two Euro-Dollar Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Euro-Dollar Loan of such Euro-Dollar Reference Bank to which such Interest Period is to apply and for a period of time comparable to such Interest Period. Anything herein to the contrary notwithstanding, if the London Interbank Offered Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

(c) Any overdue principal of or interest on any Euro-Dollar Loan shall bear interest (after as well as before judgment), payable on demand, for each day until paid at a rate per annum equal to the higher of (i) the sum of 2% plus the Euro-Dollar Margin for such day plus the London Interbank Offered Rate applicable to such Loan on the day before such payment was due and (ii) the sum of 2% plus the Euro-Dollar Margin for such day plus a rate per annum equal to the quotient obtained (rounded upward, if necessary, to the next higher 1/100 of 1%) by dividing (x) the average (rounded upward, if necessary, to the next

higher 1/16 of 1%) of the respective rates per annum at which one day (or, if such amount due remains unpaid more than three Euro-Dollar Business Days, then for such other period of time not longer than three months as the Administrative Agent may select) deposits in dollars in an amount approximately equal to such overdue payment due to the Euro-Dollar Reference Bank are offered to such Euro-Dollar Reference Bank in the London interbank market for the applicable period determined as provided above by (y) 1.00 minus the Euro-Dollar Reserve Percentage (or, if the circumstances described in clause 8.01(a) or 8.01(b) shall exist, at a rate per annum equal to the sum of 2% plus the Base Rate for such day).

(d) [Reserved]

(e) The Administrative Agent shall determine each interest rate applicable to the Loans hereunder. The Administrative Agent shall promptly notify the Borrower and the participating Lenders of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(f) The Euro-Dollar Reference Bank agrees to use its best efforts to furnish quotations to the Administrative Agent as contemplated by this Section. If the Euro-Dollar Reference Bank does not furnish a timely quotation, the Administrative Agent shall determine the relevant interest rate on the basis of the quotation or quotations furnished by the Lenders or, if none of such quotations is available on a timely basis, the provisions of Section 8.01 shall apply.

Section 2.07. *Method of Electing Interest Rates.* (a) The Loans included in each Borrowing shall bear interest initially at the type of rate specified by the Borrower in the applicable Notice of Borrowing. Thereafter, the Borrower may from time to time elect to change or continue the type of interest rate borne by each Group of Loans (subject to Section 2.07(d) and the provisions of Article 8), as follows:

(i) if such Loans are Base Rate Loans, the Borrower may elect to convert such Loans to Euro-Dollar Loans as of any Euro-Dollar Business Day; and

(ii) if such Loans are Euro-Dollar Loans, the Borrower may elect to convert such Loans to Base Rate Loans as of any Domestic Business Day or elect to continue such Loans as Euro-Dollar Loans for an additional Interest Period, subject to Section 2.12 if any such conversion is effective on any day other than the last day of an Interest Period applicable to such Loans.

Each such election shall be made by delivering a notice (a "**Notice of Interest Rate Election**") to the Administrative Agent not later than 10:30 A.M. (New York City time) on the third Euro-Dollar Business Day before the conversion or continuation selected in such notice is to be effective. A Notice of Interest Rate Election may, if it so specifies, apply to only a portion of the aggregate principal amount of the relevant Group of Loans; *provided* that (i) such portion is allocated ratably among the Loans comprising such Group and (ii) the portion to which such Notice applies, and the remaining portion to which it does not apply, are each at least \$5,000,000 (unless such portion is comprised of Base Rate Loans). If no such notice is timely received before the end of an Interest Period for any Group of Euro-Dollar Loans, the Borrower shall be deemed to have elected that such Group of Loans be converted to Base Rate Loans at the end of such Interest Period.

(b) Each Notice of Interest Rate Election shall specify:

(i) the Group of Loans (or portion thereof) to which such notice applies;

(ii) the date on which the conversion or continuation selected in such notice is to be effective, which shall comply with the applicable clause of Section 2.07(a) above;

(iii) if the Loans comprising such Group are to be converted, the new type of Loans and, if the Loans resulting from such conversion are to be Euro-Dollar Loans, the duration of the next succeeding Interest Period applicable thereto; and

(iv) if such Loans are to be continued as Euro-Dollar Loans for an additional Interest Period, the duration of such additional Interest Period.  
Each Interest Period specified in a Notice of Interest Rate Election shall comply with the provisions of the definition of Interest Period.

(c) Promptly after receiving a Notice of Interest Rate Election from the Borrower pursuant to Section 2.07(a) above, the Administrative Agent shall notify each Lender of the contents thereof and such notice shall not thereafter be revocable by the Borrower.

(d) The Borrower shall not be entitled to elect to convert any Loans to, or continue any Loans for an additional Interest Period as, Euro-Dollar Loans if (i) the aggregate principal amount of any Group of Euro-Dollar Loans created or continued as a result of such election would be less than \$5,000,000, (ii) a Default shall have occurred and be continuing when the Borrower delivers notice of such election to the Administrative Agent or (iii) the number of separate Groups of Euro-Dollar Loans created or continued as a result of such election would exceed five.

(e) If any Loan is converted to a different type of Loan, the Borrower shall pay, on the date of such conversion, the interest accrued to such date on the principal amount being converted.

Section 2.08. *[Reserved]*

Section 2.09. *[Reserved]*

Section 2.10. *Optional Prepayments.* (a) The Borrower may (i) upon same Domestic Business Day's notice to the Administrative Agent, prepay any Group of Base Rate Loans or (ii) subject to Section 2.12, upon at least three Euro-Dollar Business Days' notice to the Administrative Agent, prepay any Group of Euro-Dollar Loans, in each case in whole at any time, or from time to time in part in amounts aggregating \$5,000,000 or any larger multiple of \$1,000,000, by paying the principal amount to be prepaid together with interest accrued thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Loans of the several Lenders included in such Group of Loans.

(b) *[Reserved]*

(c) Promptly after receiving a notice of prepayment pursuant to this Section, the Administrative Agent shall notify each Lender of the contents thereof and of such Lender's ratable share (if any) of such prepayment, and such notice shall not thereafter be revocable by the Borrower.

Section 2.11. *General Provisions as to Payments.* (a) The Borrower shall make each payment of principal of, and interest on, the Loans and of fees hereunder, without defense, setoff or counterclaim, not later than 12:00 Noon (New York City time) on the

date when due, in Federal or other funds immediately available in New York City, to the Administrative Agent at its address specified in or pursuant to Section 9.01. The Administrative Agent will promptly distribute to each Lender its ratable share of each such payment received by the Administrative Agent for the account of the Lenders. Whenever any payment of principal of, or interest on, the Base Rate Loans or any payment of fees shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of, or interest on, the Euro-Dollar Loans shall be due on a day which is not a Euro-Dollar Business Day, the date for payment thereof shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Euro-Dollar Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) Unless the Borrower notifies the Administrative Agent before the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance on such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

Section 2.12. *Funding Losses.* If (i) the Borrower makes any payment of principal with respect to any Euro-Dollar Loan or any Euro-Dollar Loan is converted to a Base Rate Loan (whether such payment or conversion is pursuant to Article 2, 6 or 8 or otherwise) on any day other than the last day of an Interest Period applicable thereto, or the last day of an applicable period fixed pursuant to Section 2.06(c), (ii) the Borrower fails to borrow, prepay, convert or continue any Euro-Dollar Loan after notice has been given to any Lender in accordance with Section 2.04(a), 2.07(c) or 2.10(c) or (iii) a Lender assigns its interest in any Euro-Dollar Loan other than on the last date of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 8.06, the Borrower shall reimburse each Lender within 15 days after demand for any resulting loss or expense incurred by it (or by an existing or prospective Participant in the related Loan), including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after such payment or conversion or failure to borrow, prepay, convert or continue; *provided* that such Lender shall have delivered to the Borrower a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

Section 2.13. *Computation of Interest and Fees.* Interest based on the Prime Rate hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Section 2.14. *Notes; Evidence of Debt.* (a) The Borrower hereby agrees that, upon the request of any Lender at any time, such Lender's Loans shall be evidenced by a promissory note or notes of the Borrower (each a "**Note**"), substantially in the form of Exhibit A hereto, payable to such Lender (or its registered assigns) and representing the obligation of the Borrower to pay the unpaid principal amount of the Loans made to the

Borrower by such Lender, with interest as provided herein on the unpaid principal amount from time to time outstanding.

(b) Each Lender shall record the date, amount and type of the Loan made by it and the date and amount of each payment of principal made by the Borrower with respect thereto, and may, if such Lender so elects in connection with any transfer or enforcement of its Note, endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding; *provided* that a Lender's failure to make (or any error in making) any such recordation or endorsement shall not affect the Borrower's obligations hereunder or under the Notes. Each Lender is hereby irrevocably authorized by the Borrower so to endorse its Note and to attach to and make a part of its Note a continuation of any such schedule as and when required.

The Loan made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing hereunder. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

Section 2.15. *Regulation D Compensation.* If and so long as a reserve requirement of the type described in the definition of "Euro-Dollar Reserve Percentage" is prescribed by the Board of Governors of the Federal Reserve System (or any successor), each Lender subject to such requirement may require the Borrower to pay, contemporaneously with each payment of interest on each of such Lender's Euro-Dollar Loans, additional interest on such Euro-Dollar Loan at a rate per annum determined by such Lender up to but not exceeding the excess of (i) (A) the applicable London Interbank Offered Rate divided by (B) one *minus* the Euro-Dollar Reserve Percentage over (ii) the applicable London Interbank Offered Rate. Any Lender wishing to require payment of such additional interest (x) shall so notify the Borrower and the Administrative Agent, in which case such additional interest on the Euro-Dollar Loans of such Lender to the Borrower shall be payable to such Lender at the place indicated in such notice with respect to each Interest Period commencing at least three Euro-Dollar Business Days after such Lender gives such notice and (y) shall notify the Borrower at least five Euro-Dollar Business Days before each date on which interest is payable on the Euro-Dollar Loans of the amount then due it under this Section.

Section 2.16. *Change of Control.* If a Change of Control shall occur with respect to the Borrower, (i) the Borrower will, promptly after the occurrence thereof, (x) give each Lender notice thereof and shall describe in reasonable detail the facts and circumstances giving rise thereto and (y) if requested, furnish to the Administrative Agent updated documentation and other information that is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act and (ii) each Lender may, by three Domestic Business Days' notice to the Borrower and the Administrative Agent given not later than 60 days after such notice of Change of Control is received, declare the Loans held by it (together with accrued interest thereon) and any other amounts payable hereunder for its account to be, and such Loans and such other amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Section 2.17. *[Reserved]*

Section 2.18. *[Reserved]*

Section 2.19. *[Reserved]*

Section 2.20. *Defaulting Lenders.* Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) the Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.05); provided, that this clause (a) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of each Lender or each Lender affected thereby; and

(b) Any payment of principal, interest, or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article 6 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.04 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment of any amounts owing to the Lenders, as a result of any judgment of a court of competent jurisdiction obtained by any Lender, against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *third*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *fourth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 2.20(b) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

In the event that the Administrative Agent and the Borrower agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Percentage.

### ARTICLE 3 CONDITIONS

Section 3.01. *Closing.* The effectiveness of the Commitments and the obligation of any Lender to make a Loan are subject to the satisfaction (or waiver in accordance with Section 9.05) of the following conditions:

(a) receipt by the Administrative Agent of:

(i) counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, the Administrative Agent shall have received in form satisfactory to it

telegraphic or other written confirmation from such party of execution of a counterpart hereof by such party);

(ii) the opinions of the General Counsel or Vice President - Legal Services of the Borrower substantially in the form of Exhibit B hereto, dated the Closing Date and covering such additional matters relating to the transactions contemplated hereby as the Required Lenders may reasonably request;

(iii) evidence satisfactory to it that all filings, consents and approvals, if any, required to be made with, or obtained from, any governmental authority in connection with the transactions contemplated hereby shall have been made or obtained and shall be, in each case, in full force and effect on and as of the Closing Date;

(iv) all documents the Administrative Agent may reasonably request relating to the existence of the Borrower, the corporate authority for and the validity of this Agreement and the Notes, and any other matters relevant hereto, all in form and substance satisfactory to the Administrative Agent;

(v) at least five (5) business days prior to the Closing Date, all documentation and other information about the Borrower and its Affiliates as shall have been reasonably requested in writing at least ten (10) business days prior to the Closing Date by the Administrative Agent that is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act; and

(vi) a Notice of Borrowing as required by Section 2.02;

(b) the Borrower shall have paid to the Administrative Agent the upfront fees, arrangement fees, administrative agency fees and expenses payable by the Borrower on the Closing Date;

(c) the fact that, immediately before and after such Borrowing, no Default shall have occurred and be continuing; and

(d) the fact that the representations and warranties of the Borrower contained in this Agreement shall be true on and as of the Closing Date;

*provided* that this Agreement shall not become effective or be binding on any party hereto unless all of the foregoing conditions are satisfied (or waived in accordance with Section 9.05) not later than July 15, 2016.

#### ARTICLE 4 REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

Section 4.01. *Corporate Existence and Power.* The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has all corporate powers and all material governmental licenses, consents, authorizations and approvals required to carry on its business as now conducted.

Section 4.02. *Corporate and Governmental Authorization; No Contravention.* The execution, delivery and performance by the Borrower of this Agreement and the Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, or constitute a default

under, any provision of applicable law or regulation or of the Borrower's certificate of incorporation or by-laws or of any agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or any Subsidiary of the Borrower or result in the creation or imposition of any Lien on any asset of the Borrower or any Subsidiary of the Borrower

Section 4.03. *Binding Effect.* This Agreement constitutes a valid and binding agreement of the Borrower and each Note of the Borrower, if and when executed and delivered in accordance with this Agreement, will constitute a valid and binding obligation of the Borrower, in each case enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity.

Section 4.04. *Financial Information.* (a) The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of December 31, 2015 and the related consolidated statements of income, cash flows, capitalization and retained earnings for the Fiscal Year then ended, reported on by PricewaterhouseCoopers LLP and set forth in the Borrower's 2015 Annual Report, fairly present, in all material respects, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such Fiscal Year in conformity with GAAP.

(b) The unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of March 31, 2016 and the related consolidated statements of income, cash flows, capitalization and retained earnings for the quarter then ended set forth in the Borrower's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 fairly present, in all material respects, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such period in conformity with GAAP.

(c) As of the Closing Date, there has, since December 31, 2015, been no material adverse change in the business, financial position or results of operations of the Borrower and its Consolidated Subsidiaries, considered as a whole.

Section 4.05. *Litigation.* Except (solely with respect to clause (a) below) as disclosed in the Borrower's periodic reports filed with the SEC pursuant to the Exchange Act prior to the date hereof, there is no action, suit or proceeding pending against, or to the Borrower's knowledge threatened against or affecting, the Borrower or any Subsidiary of the Borrower before any court or arbitrator or any governmental body, agency or official (a) in which, as of the Closing Date, there is a reasonable possibility of an adverse decision which could materially adversely affect the business, consolidated financial position or consolidated results of operations of the Borrower and its Consolidated Subsidiaries, considered as a whole, or (b) which in any manner draws into question the validity or enforceability of this Agreement or the Notes.

Section 4.06. *Compliance with ERISA.* Each member of the ERISA Group of the Borrower has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group of the Borrower has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan, or made any amendment to any Plan, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Internal Revenue Code or (iii) incurred any liability under



Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

Section 4.07. *Environmental Matters.* In the ordinary course of its business, the Borrower conducts an ongoing review of the effect of Environmental Laws on the business, operations and properties of the Borrower and its Subsidiaries, in the course of which it identifies and evaluates associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties presently or previously owned, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat, any costs or liabilities in connection with off-site disposal of wastes or Hazardous Substances and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the Borrower has reasonably concluded that, except as disclosed in the Borrower's periodic reports filed with the SEC pursuant to the Exchange Act from time to time, such associated liabilities and costs, including the costs of complying with Environmental Laws, are unlikely to have a Material Adverse Effect.

Section 4.08. *Taxes.* The Borrower and its Subsidiaries have filed all United States Federal income tax returns and all other material tax returns which are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Borrower or any Subsidiary of the Borrower, except to the extent that any such assessment is being contested in good faith by appropriate proceedings. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of material taxes or other governmental charges are, in the Borrower's opinion, adequate.

Section 4.09. *Subsidiaries.* Each of the Borrower's Material Subsidiaries (if any) is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and has all powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

Section 4.10. *Investment Company Status.* The Borrower is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 4.11. *Full Disclosure.* As of the Closing Date, neither the Borrower's Form 10-K for the year ended December 31, 2015, as of the date of filing of such Form 10-K, nor any registration statement (other than a registration statement on Form S-8 (or its equivalent)) or report on Form 10-K, 10-Q and 8-K (or their equivalents) which the Borrower shall have subsequently filed with the SEC, as at the time of filing of such registration statement or report, as applicable, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements contained therein, in the light of the circumstances under which they were made, not misleading.

Section 4.12. *Sanctions and Anti-Corruption Laws.* The Borrower and its Subsidiaries have implemented and maintain in effect policies that, in order to provide assurance that the Borrower and its Subsidiaries comply with applicable Anti-Corruption Laws and Sanctions, instruct their respective directors and officers with respect to compliance with applicable Anti-Corruption Laws and Sanctions. Neither the Borrower nor any of its Subsidiaries nor, to the knowledge of the Borrower, any of its or their respective directors or officers (x) is the subject or, to the Borrower's knowledge, target of any Sanctions, (y) is in violation of any Anti-Corruption Laws in any material respect or (z)

is located, organized or resident in a country or territory that is, or whose government is, the subject or target of any Sanctions.

ARTICLE 5  
COVENANTS

The Borrower agrees that, so long as any Lender has any Credit Exposure hereunder or any interest or fees accrued hereunder remain unpaid:

Section 5.01. *Information.* The Borrower will deliver to each of the Lenders:

(a) as soon as available and in any event within 95 days after the end of each Fiscal Year, a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income, cash flows, capitalization and retained earnings for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on in a manner acceptable to the SEC by PricewaterhouseCoopers LLP or other independent public accountants of nationally recognized standing;

(b) as soon as available and in any event within 50 days after the end of each of the first three Fiscal Quarters of each Fiscal Year, a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Quarter, the related consolidated statements of income and cash flows for such Fiscal Quarter and the related consolidated statements of income and cash flows for the portion of the Fiscal Year ended at the end of such Fiscal Quarter, setting forth in the case of each such statement of income and cash flows in comparative form the figures for the corresponding period in the previous Fiscal Year, all certified (subject to normal year-end adjustments) as to fairness of presentation and consistency with GAAP, in all material respects, by the Borrower's chief financial officer, chief accounting officer or controller, or treasurer;

(c) within the time frames specified for the delivery of each set of financial statements referred to in clauses 5.01(a) and 5.01(b) above, a certificate of the Borrower's chief financial officer or chief accounting officer (i) setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Section 5.10 and (ii) stating whether any Default with respect to the Borrower exists on the date of such certificate and, if any Default with respect to the Borrower then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(d) within five Domestic Business Days after any officer of the Borrower obtains knowledge of any Default with respect to the Borrower, if such Default with respect to the Borrower is then continuing, a certificate of the Borrower's chief financial officer or chief accounting officer setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(e) promptly after the mailing thereof to the Borrower's shareholders generally, copies of all financial statements, reports and proxy statements so mailed;

(f) promptly after the filing thereof, copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and reports on Forms 10-K, 10-Q and 8-K (or their equivalents) filed by the Borrower with the SEC;

(g) if and when any member of the ERISA Group of the Borrower (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or Multiemployer Plan or makes any amendment to any Plan which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a certificate of the Borrower's chief financial officer or chief accounting officer setting forth details as to such occurrence and the action, if any, which the Borrower or applicable member of the ERISA Group of the Borrower is required or proposes to take; and

(h) from time to time such additional information regarding the financial position or business of the Borrower and its Subsidiaries as the Administrative Agent, at the request of any Lender, may reasonably request.

Information required to be delivered pursuant to clauses (a), (b), (e) or (f) above which is filed by the Borrower with the SEC shall be deemed to have been delivered on the date when so filed or posted. The Borrower shall promptly notify the Lenders that such information has been posted on the Borrower's website or filed with the SEC and shall deliver paper copies of the information referred to in clauses (a), (b), (e) or (f) to the Administrative Agent for any Lender which requests such delivery.

*Section 5.02. Payment of Obligations.* The Borrower will pay and discharge, and will cause each Subsidiary of the Borrower to pay and discharge, at or before maturity, all their respective material obligations and liabilities (including, without limitation, tax liabilities and claims of materialmen, warehousemen and the like which if unpaid might by law give rise to a Lien), except where the same are contested in good faith by appropriate proceedings and except where the failure to pay and discharge the same could not reasonably be expected to have a Material Adverse Effect with respect to the Borrower.

*Section 5.03. Maintenance of Property; Insurance.* (a) The Borrower will keep, and will cause each Material Subsidiary of the Borrower to keep, all material property necessary in its business in good working order and condition, ordinary wear and tear excepted.

(b) The Borrower will, and will cause each Material Subsidiary of the Borrower to, maintain (either in the Borrower's name or in such Subsidiary's own name) with financially sound and responsible insurance companies, insurance on all their respective properties in at least such amounts (with no greater risk retention) and against at least such risks as are usually maintained, retained or insured against in the same general area by companies of established repute engaged in the same or a similar business. The Borrower will furnish to the Lenders, upon request from the Administrative Agent, information presented in reasonable detail as to the insurance so carried.

Section 5.04. *Conduct of Business and Maintenance of Existence.* Except as otherwise permitted in accordance with Section 5.07, the Borrower and its Material Subsidiaries will continue to engage in business of the same general type as now conducted by the Borrower and its Material Subsidiaries, and will preserve, renew and keep in full force and effect their respective corporate existences and their respective rights, privileges and franchises necessary or desirable in the normal conduct of business; *provided* that nothing in this Section shall prohibit:

- (a) the merger of a Subsidiary of the Borrower into the Borrower if, after giving effect thereto, no Default shall have occurred and be continuing;
- (b) the merger or consolidation of a Subsidiary of the Borrower with or into a Person other than the Borrower if, after giving effect thereto, no Default shall have occurred and be continuing; or
- (c) the termination of the corporate existence of a Subsidiary of the Borrower if the Borrower in good faith determines that such termination is in the best interest of the Borrower and is not materially disadvantageous to the Lenders.

Section 5.05. *Compliance with Laws.* The Borrower will comply, and will cause each Subsidiary of the Borrower to comply, in all material respects with all applicable laws, ordinances, rules, regulations and requirements of governmental authorities (including, without limitation, Environmental Laws, Sanctions and Anti-Corruption Laws and ERISA and the rules and regulations thereunder), except where the necessity of compliance therewith is contested in good faith by appropriate proceedings or except where the failure to comply could not reasonably be expected to have a Material Adverse Effect with respect to the Borrower.

Section 5.06. *Inspection of Property, Books and Records.* The Borrower will keep, and will cause each Material Subsidiary of the Borrower to keep, proper books of record and account in which full and correct entries shall be made of all dealings and transactions in relation to its business and activities; and will permit, and will cause each Subsidiary of the Borrower to permit, at reasonable times and upon five Domestic Business Days' notice, representatives of any Lender at such Lender's expense to visit and inspect any of their respective properties, to examine and make abstracts from any of their respective books and records and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants.

Section 5.07. *Consolidations, Mergers and Transfers of Assets.* (a) The Borrower will not consolidate or merge with or into any other Person; *provided* that the Borrower may merge with another Person if:

- (i) either (x) the Borrower is the corporation surviving such merger or (y) the Person (if other than the Borrower) surviving such merger or formed by such consolidation (any such Person, the "**Successor**"), shall be organized and existing under the laws of the United States, any state thereof or the District of Columbia and shall expressly assume, in a writing executed and delivered to the Administrative Agent for delivery to each of the Lenders, in form reasonably satisfactory to the Administrative Agent, the due and punctual payment of the principal of and interest on its Loans and the performance of the other obligations under this Agreement and its Notes on the part of the Borrower to be performed or observed, as fully as if such Successor were originally named as the Borrower in this Agreement; and
- (ii) after giving effect to such merger, no Default with respect to the Borrower shall have occurred and be continuing.

(b) The Borrower will not sell, lease or otherwise transfer, directly or indirectly, all or substantially all of its assets, to any other Person.

Section 5.08. *Use of Proceeds*. The proceeds of the Loans will be used by the Borrower for its general corporate purposes, other than hostile acquisitions. None of such proceeds will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any "margin stock" within the meaning of Regulation U.

Section 5.09. *Negative Pledge*. Neither the Borrower nor any Subsidiary of the Borrower will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

(a) Liens existing on the date of this Agreement securing Debt outstanding on the date of this Agreement in an aggregate principal or face amount not exceeding \$150,000,000;

(b) Liens securing the obligations of a Subsidiary under Non-Recourse Debt on the assets of such Subsidiary;

(c) any Lien existing on any asset of any Person at the time such Person becomes a Subsidiary and not created in contemplation of such event;

(d) any Lien on any asset securing obligations incurred or assumed for the purpose of financing all or any part of the cost of acquiring ownership or use of such asset or a related asset, *provided* that such Lien attaches to such asset concurrently with or within 90 days after such acquisition;

(e) any Lien on any asset of any Person existing at the time such Person is merged or consolidated with or into the Borrower or a Subsidiary and not created in contemplation of such event;

(f) any Lien existing on any asset prior to the acquisition thereof by the Borrower or a Subsidiary and not created in contemplation of such acquisition;

(g) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of the foregoing clauses of this Section, *provided* that such Debt is not increased and is not secured by any additional assets;

(h) Liens arising in the ordinary course of its business which (i) do not secure Debt or Derivatives Obligations and (ii) do not secure any single obligation (or class of obligations having a common cause) in an amount exceeding \$25,000,000;

(i) Liens on cash and cash equivalents securing Derivatives Obligations;

(j) Liens in the ordinary course of business for the purpose of securing or collateralizing energy purchases or sales as may be required from time to time by an independent system operator or similar system-governing body in any jurisdiction; and

(k) Liens not otherwise permitted by the foregoing clauses of this Section securing Debt of the Borrower and its Subsidiaries in an aggregate

principal or face amount not at any time exceeding 5% of Consolidated Total Capital of the Borrower.

Section 5.10. *Debt to Total Capital.* The ratio of Consolidated Debt of the Borrower to Consolidated Total Capital of the Borrower shall not at any time exceed 0.65 to 1.

Section 5.11. *Transactions with Affiliates.* The Borrower will not, and will not permit any Subsidiary of the Borrower to, directly or indirectly, pay any funds to or for the account of, make any investment (whether by acquisition of stock or indebtedness, by loan, advance, transfer of property, guarantee or other agreement to pay, purchase or service, directly or indirectly, any Debt, or otherwise) in, lease, sell, transfer or otherwise dispose of any assets, tangible or intangible, to, or participate in, or effect, any transaction with, any Affiliate of the Borrower except (i) on an arms-length basis on terms at least as favorable to the Borrower or such Subsidiary of the Borrower as could have been obtained from a third party that was not an Affiliate of the Borrower or (ii) as otherwise permitted by the PSC and FERC; *provided* that the foregoing provisions of this Section shall not prohibit (x) any such Person from declaring or paying any lawful dividend or other payment ratably in respect of all its capital stock of the relevant class and (y) the Borrower from purchasing its own common stock, so long as in each case, after giving effect thereto, no Default shall have occurred and be continuing.

Section 5.12. *Sanctions; Anti-Corruption Laws.* The Borrower shall not, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, or knowingly lend, contribute or otherwise make available such proceeds to any joint venture partner or other Person, (i) to fund or facilitate any activities or business of, with or related to any Person that is or in any country or territory that is, or whose government is, at the time of such funding or facilitation, the subject or target of Sanctions or (ii) in any other manner that would result in a violation of Sanctions or Anti-Corruption Laws by any Person.

## ARTICLE 6 DEFAULTS

Section 6.01. *Events of Default.* If one or more of the following events ("**Events of Default**") shall have occurred and be continuing with respect to the Borrower:

- (a) the Borrower shall (i) fail to pay when due any principal of any Loan (whether at stated maturity or at optional prepayment); or (ii) default in the payment of any interest on any Loan, any fee or any other amount payable by it hereunder when due and such default shall have continued unremedied for five days;
- (b) the Borrower shall fail to observe or perform any covenant contained in Article 5, other than those contained in Sections 5.01 through 5.06;
- (c) the Borrower shall fail to observe or perform any covenant or agreement (other than those covered by clause 6.01(a) or 6.01(b) above) contained in this Agreement or any amendment hereof for 7 days after the Administrative Agent gives notice thereof to the Borrower at the request of any Lender;
- (d) any representation or warranty made by the Borrower in, or pursuant to, this Agreement shall prove to have been incorrect in any material respect when made (or deemed made);
- (e) the Borrower or any Material Subsidiary of the Borrower shall fail to make one or more payments in respect of Material Financial Obligations of the Borrower when due or within any applicable grace period;

(f) any event or condition shall occur which results in the acceleration of the maturity of any Material Debt of the Borrower or enables the holder of such Debt of the Borrower or any Person acting on such holder's behalf to accelerate the maturity thereof;

(g) the Borrower or any Material Subsidiary of the Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(h) an involuntary case or other proceeding shall be commenced against the Borrower or any Material Subsidiary of the Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Borrower or any Material Subsidiary of the Borrower under the federal bankruptcy laws as now or hereafter in effect;

(i) any member of the ERISA Group of the Borrower shall fail to pay when due an amount or amounts aggregating in excess of \$150,000,000 which it shall have become liable to pay under Title IV of ERISA; or notice of intent to terminate a Material Plan shall be filed under Title IV of ERISA by any member of the ERISA Group of the Borrower, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer, any Material Plan; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which could cause one or more members of the ERISA Group to incur a current payment obligation in excess of \$150,000,000; or

(j) judgments or orders (other than judgments or orders in respect of Non-recourse Debt) for the payment of money exceeding \$150,000,000 in aggregate amount shall be rendered against the Borrower or any Subsidiary of the Borrower and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgments or orders or (ii) such judgments or orders shall continue unsatisfied and unstayed for a period of 30 days;

then, and in every such event, the Administrative Agent shall if requested by the Required Lenders, by notice to the Borrower declare the Loans (together with accrued interest thereon and all other amounts due and owing hereunder) to be, and such Loans (together with accrued interest thereon and all other amounts due and owing hereunder) shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; *provided* that, if any Event of Default specified in clause 6.01(g) or 6.01(h) occurs, then without any notice to the Borrower or any other act by the Administrative Agent or the

Lenders, the Loans (together with accrued interest thereon and all other amounts due and owing hereunder) shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Section 6.02. *Notice of Default.* The Administrative Agent shall give notice to the Borrower under Section 6.01(c) promptly upon being requested to do so by any Lender and shall thereupon notify all the Lenders thereof.

## ARTICLE 7 THE AGENTS

Section 7.01. *Appointment and Authorization.* Each Lender irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto.

Section 7.02. *Administrative Agent and Affiliates.* Mizuho Bank, Ltd. shall have the same rights and powers under this Agreement as any other Lender and may exercise or refrain from exercising the same as though it were not the Administrative Agent, and Mizuho Bank, Ltd. and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or affiliate of the Borrower as if it were not the Administrative Agent.

Section 7.03. *Action by Administrative Agent.* The obligations of the Administrative Agent hereunder are only those expressly set forth herein. Without limiting the generality of the foregoing, the Administrative Agent shall not be required to take any action with respect to any Default, except as expressly provided in Article 6.

Section 7.04. *Consultation with Experts.* The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 7.05. *Liability of Administrative Agent.* None of the Administrative Agent, its affiliates and their respective directors, officers, agents and employees shall be liable for any action taken or not taken by it in connection herewith (i) with the consent or at the request of the Required Lenders (or such different number of Lenders as any provision hereof expressly requires for such consent or request) or (ii) in the absence of its own gross negligence or willful misconduct. None of the Administrative Agent, its affiliates and their respective directors, officers, agents and employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with this Agreement or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of the Borrower; (iii) the satisfaction of any condition specified in Article 3, except receipt of items required to be delivered to the Administrative Agent; or (iv) the validity, effectiveness or genuineness of this Agreement, the Notes or any other instrument or writing furnished in connection herewith. The Administrative Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement or other writing (which may be by facsimile or similar writing) believed by it to be genuine or to be signed by the proper party or parties. Without limiting the generality of the foregoing, the use of the term "**agent**" in this Agreement with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.



Section 7.06. *Indemnification*. The Lenders shall, ratably in proportion to their Credit Exposures (determined at the time such indemnity is sought), indemnify the Administrative Agent, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence, bad faith or willful misconduct) that such indemnitees may suffer or incur in connection with this Agreement or any action taken or omitted by such indemnitees hereunder.

Section 7.07. *Credit Decision*. Each Lender acknowledges that it has, independently and without reliance on any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance on any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

Section 7.08. *Successor Administrative Agent*. The Administrative Agent may resign at any time by giving notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank organized or licensed under the laws of the United States or of any State thereof and having a combined capital and surplus of at least \$100,000,000. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent resigns as Administrative Agent hereunder, the provisions of this Article shall inure to its benefit as to actions taken or omitted to be taken by it while it was Administrative Agent.

Section 7.09. *Administrative Agent's Fee*. The Borrower shall pay to the Administrative Agent for its own account fees in the amounts and at the times previously agreed upon by the Borrower and the Administrative Agent.

#### *ARTICLE 8* CHANGE IN CIRCUMSTANCES

Section 8.01. *Basis for Determining Interest Rate Inadequate or Unfair*. If on or before the first day of any Interest Period for any Euro-Dollar Loans:

(a) the Administrative Agent is advised by the Euro-Dollar Reference Bank that deposits in dollars in the applicable amounts are not being offered to the Euro-Dollar Reference Bank in the relevant market for such Interest Period, or

(b) Lenders having at least 50% in aggregate amount of the Commitments advise the Administrative Agent that the London Interbank Offered Rate, as determined by the Administrative Agent will not adequately and fairly reflect the cost to such Lenders of funding their Euro-Dollar Loans for such Interest Period,

the Administrative Agent shall forthwith give notice thereof to the Borrower and the Lenders, whereupon until the Administrative Agent notifies the Borrower that the

circumstances giving rise to such suspension no longer exist, (i) the obligations of the Lenders to make Euro-Dollar Loans or to continue or convert outstanding Loans as or into Euro-Dollar Loans shall be suspended and (ii) each outstanding Euro-Dollar Loan shall be converted into a Base Rate Loan on the last day of the then current Interest Period applicable thereto. Unless the Borrower notifies the Administrative Agent at least two Domestic Business Days before the date of any affected Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, if such affected Borrowing is a Euro-Dollar Borrowing, such Borrowing shall instead be made as a Base Rate Borrowing.

Section 8.02. *Illegality.* If, on or after the date hereof, any Change in Law shall make it unlawful or impossible for any Lender (or its Euro-Dollar Lending Office) to make, maintain or fund its Euro-Dollar Loans and such Lender shall so notify the Administrative Agent, the Administrative Agent shall forthwith give notice thereof to the other Lenders and the Borrower, whereupon until such Lender notifies the Borrower and the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Euro-Dollar Loans, or to convert outstanding Loans into Euro-Dollar Loans or continue outstanding Loans as Euro-Dollar Loans, in each case to the Borrower shall be suspended. Before giving any notice to the Administrative Agent pursuant to this Section, such Lender shall designate a different Euro-Dollar Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. If such notice is given, each Euro-Dollar Loan of such Lender then outstanding to the Borrower shall be converted to a Base Rate Loan either (a) on the last day of the then current Interest Period applicable to such Euro-Dollar Loan if such Lender may lawfully continue to maintain and fund such Loan as a Euro-Dollar Loan to such day or (b) immediately if such Lender shall determine that it may not lawfully continue to maintain and fund such Loan as a Euro-Dollar Loan to such day. Interest and principal on any such Base Rate Loan shall be payable on the same dates as, and on a pro rata basis with, the interest and principal payable on the related Euro-Dollar Loans of the other Lenders.

Section 8.03. *Increased Cost and Reduced Return.* (a) If on or after the date hereof, in the case of any Loan or any obligation to make Loans, any Change in Law

(i) shall impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Euro-Dollar Loan any such requirement with respect to which such Lender is entitled to compensation during the relevant Interest Period under Section 2.15), special deposit, insurance assessment or similar requirement against assets of, deposits with or for the account of, or credit (including letters of credit and participations therein) extended by, any Lender (or its Applicable Lending Office);

(ii) shall impose on any Lender (or its Applicable Lending Office) or on the London interbank market any other condition, cost or expense (other than taxes) affecting its Euro-Dollar Loans, its Notes or its obligation to make Euro-Dollar Loans; or

(iii) shall subject any Lender or Agent to any taxes (other than (A) Taxes, (B) taxes described in (i), (ii), (iii) or (iv) of the exclusions from Taxes and (C) Other Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office) of making or maintaining any Euro-Dollar Loan (or, in the case of a Change in Law with respect to taxes, any Loan) or to reduce the amount of any sum

received or receivable by such Lender (or its Applicable Lending Office) under this Agreement or under its Notes with respect thereto, by an amount deemed by such Lender to be material, then, within 15 days after demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction.

(b) If any Lender shall have determined that, after the date hereof, any Change in Law has or would have the effect of reducing the rate of return on capital or liquidity of such Lender (or its Parent) as a consequence of such Lender's obligations hereunder to a level below that which such Lender (or its Parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy or liquidity) by an amount deemed by such Lender to be material, then from time to time, within 15 days after demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender (or its Parent) for such reduction.

(c) Each Lender will promptly notify the Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to it. A certificate of any Lender claiming compensation under this Section and setting forth the additional amount or amounts necessary to compensate such Lender, as the case may be, shall be conclusive in the absence of manifest error.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; *provided* that no Borrower shall be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; *provided further* that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

*Section 8.04. Taxes.* (a) For the purposes of this Agreement, the following terms have the following meanings:

**"FATCA"** means (a) Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, (b) any agreement entered into pursuant to Section 1471(b)(1) of the Code and (c) any intergovernmental agreement between the United States and any other jurisdiction which facilitates the implementation of any law or regulation referred to in clause (a) above and any fiscal or regulatory legislation, rules or official administrative practices adopted pursuant to any such intergovernmental agreement. For purposes of this Agreement, the term "applicable law" includes FATCA.

**"Taxes"** means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings with respect to any payment by or on account of the Borrower pursuant to this Agreement or under any Note, and all liabilities with respect thereto, *excluding* (i) in the case of each Lender and the Administrative Agent, taxes imposed on its net income, and franchise or similar taxes imposed on it, by a jurisdiction under the laws of which it is organized or in which its principal executive office is located

or, in the case of a Lender, in which its Applicable Lending Office is located, (ii) in the case of each Lender, any United States withholding tax imposed on such payment, but not excluding any portion of such tax that exceeds the United States withholding tax which would have been imposed on such a payment to such Lender under the laws and treaties in effect when such Lender first becomes a party to this Agreement, (iii) taxes attributable to such Lender's or Agent's failure to comply with Section 8.04(e), (f) or (g) and (iv) any U.S. Federal withholding Taxes imposed under FATCA.

**"Other Taxes"** means any present or future stamp or documentary taxes and any other excise or property taxes, or similar charges or levies, which arise from any payment made pursuant to this Agreement or under any Note or from the execution, delivery, registration or enforcement of, or otherwise with respect to, this Agreement or any Note.

(b) All payments by or on account of the Borrower to or for the account of any Lender or the Administrative Agent hereunder or under any Note shall be made without deduction for any Taxes, except as required by applicable law. If any withholding agent shall be required by law to deduct any Taxes from any such payment, (i) the sum payable by the Borrower shall be increased as necessary so that after all required deductions for Taxes are made (including deductions applicable to additional sums payable under this Section) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such withholding agent shall make such deductions, (iii) such withholding agent shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) if the withholding agent is the Borrower, the Borrower shall promptly furnish to the Administrative Agent, at its address specified in or pursuant to Section 9.01, the original or a certified copy of a receipt evidencing payment thereof.

(c) In addition, the Borrower agrees to pay any Other Taxes.

(d) The Borrower agrees to indemnify each Lender and the Administrative Agent for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted (whether or not correctly) by any jurisdiction on amounts payable under this Section) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be paid within 15 days after such Lender or the Administrative Agent (as the case may be) makes demand therefor.

(e) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under this Agreement or any Note shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 8.04(f), (g) and (h)) below shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such

Lender. Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Without limiting the generality of the foregoing, each Lender that is not a U.S. person, before it signs and delivers this Agreement in the case of each Lender listed on the signature pages hereof and before it becomes a Lender in the case of each other Lender, and from time to time thereafter if requested in writing by the Borrower or the Administrative Agent (but only so long as such Lender remains lawfully able to do so), shall provide each of the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) with whichever of the following is applicable:

(i) in the case of a Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest hereunder or under any Note, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments hereunder or under any Note, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed copies of IRS Form W-8ECI;

(iii) in the case of a Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially in the form of Exhibit C-1 to the effect that such Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Internal Revenue Code (a "**U.S. Tax Compliance Certificate**") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(iv) to the extent a Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit C-2 or Exhibit C-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided* that if the Lender is a partnership and one or more direct or indirect partners of such Lender are claiming the portfolio interest exemption, such Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit C-4 on behalf of each such direct and indirect partner.

(g) Any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax.

(h) If a payment made to a Lender hereunder or under any Note would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the

Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (g), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(i) If a Lender, that is otherwise exempt from or subject to a reduced rate of withholding tax, becomes subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes.

(j) If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section as a result of a change in law or treaty occurring after such Lender first became a party to this Agreement, then such Lender will, at the Borrower's request, change the jurisdiction of its Applicable Lending Office if, in the judgment of such Lender, such change will eliminate or reduce any such additional payment which may thereafter accrue and is not otherwise disadvantageous to such Lender.

(k) Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Taxes and without limiting the obligation of the Borrower to do so), (ii) any taxes attributable to such Lender's failure to comply with the provisions of Section 9.06(d) relating to the maintenance of a Participant Register and (iii) any taxes excluded from the definition of Taxes and attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with this Agreement or any Note, and any reasonable expenses arising therefrom or with respect thereto. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender hereunder or under any Note or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (k).

Section 8.05. *Base Rate Loans Substituted for Affected Euro-Dollar Loans.* If (i) the obligation of any Lender to make, or to continue or convert outstanding Loans as or to, Euro-Dollar Loans has been suspended pursuant to Section 8.02 or (ii) any Lender has demanded compensation from the Borrower under Section 8.03 or 8.04 with respect to its Euro-Dollar Loans, and in any such case the Borrower shall, by at least five Euro-Dollar Business Days' prior notice to such Lender through the Administrative Agent, have elected that the provisions of this Section shall apply to such Lender, then, unless and until such Lender notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer exist, all Loans which would otherwise be made by such Lender as (or continued as or converted to) Euro-Dollar Loans shall instead be Base Rate Loans on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Loans of the other Lenders. If such Lender notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer exist, the principal amount of each such Base Rate Loan shall be converted into a Euro-Dollar Loan on the first day of the next succeeding Interest Period applicable to the related Euro-Dollar Loans of the other Lenders.

Section 8.06. *Substitution of Lender.* If (i) the obligation of any Lender to make Euro-Dollar Loans has been suspended pursuant to Section 8.02 or (ii) any Lender has demanded compensation under Section 8.03 or 8.04, the Borrower shall have the right, with the assistance of the Administrative Agent, to seek a mutually satisfactory substitute bank or banks (which may be one or more of the Lenders) to purchase the Loans and assume the Commitment of such Lender.

## ARTICLE 9 MISCELLANEOUS

Section 9.01. *Notices.* All notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party: (a) in the case of the Borrower or the Administrative Agent, at its address or facsimile number set forth on the signature pages hereof, (b) in the case of any Lender, at its address or facsimile number set forth in its Administrative Questionnaire or in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Borrower. Each such notice, request or other communication shall be effective (i) if given by facsimile when deemed received as provided below, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) except as provided below, if given by any other means, when delivered at the address referred to in this Section; *provided* that notices to the Administrative Agent under Article 2 or Article 8 shall not be effective until received.

Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices to any Lender pursuant to Article 2 if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, *provided* that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to a facsimile number or e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

Section 9.02. *No Waivers.* No failure or delay by the Administrative Agent or any Lender in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.03. *Expenses; Indemnification.* (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses of the Administrative Agent, including reasonable fees and disbursements of one special counsel for the Administrative Agent, in connection with the preparation and administration of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default or alleged Default hereunder

and (ii) if an Event of Default occurs, all out-of-pocket expenses incurred by the Administrative Agent and each Lender, including (without duplication) the fees and disbursements of outside counsel and the allocated cost of inside counsel, in connection with such Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings resulting therefrom.

(b) The Borrower agrees to indemnify the Administrative Agent, the Lead Arranger and each Lender, their respective affiliates and the respective directors, officers, agents and employees of each of the foregoing (each an "Indemnitee") and hold each Indemnitee harmless from and against any and all liabilities, losses, claims, damages, costs and expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, which may be incurred by such Indemnitee in connection with any investigative, administrative or judicial proceeding (whether or not such Indemnitee shall be designated a party thereto) brought or threatened relating to or arising out of this Agreement, any actual or proposed use of proceeds of Loans hereunder or the transactions contemplated hereunder; *provided* that no Indemnitee shall have the right to be indemnified hereunder for such Indemnitee's own gross negligence, bad faith or willful misconduct, in each case as determined by a court of competent jurisdiction in a final and non-appealable judgment.

(c) This Section 9.03 shall survive any termination of this Agreement, the termination or assignment of the Commitments and the repayment of all outstanding Loans.

(d) To the fullest extent permitted by applicable law, the Borrower shall not assert, and the Borrower hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof.

Section 9.04. *Set-offs; Sharing.* (a) If (i) an Event of Default has occurred and is continuing and (ii) the Required Lenders have requested the Administrative Agent to declare the Loans to be immediately due and payable pursuant to Article 6, or the Loans have become immediately due and payable without notice as provided in Article 6, then the Administrative Agent, each Lender are hereby authorized by the Borrower at any time and from time to time, to the extent permitted by applicable law, without notice to the Borrower (any such notice being expressly waived by the Borrower), to set off and apply all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Administrative Agent or such Lender to or for the account of the Borrower against any obligations of the Borrower to the Administrative Agent or such Lender now or hereafter existing under this Agreement, regardless of whether any such deposit or other obligation is then due and payable or is in the same currency or is booked or otherwise payable at the same office as the obligation against which it is set off and regardless of whether the Administrative Agent or such Lender shall have made any demand for payment under this Agreement. The Administrative Agent and each Lender agree promptly to notify the Borrower after any such set-off and application is made by such party; *provided* that any failure to give such notice shall not affect the validity of such setoff and application. The rights of the Administrative Agent and the Lenders under this subsection are in addition to any other rights and remedies which they may have.

(b) Each Lender agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest then due with respect to the Loans held by it which is greater than the proportion received by any other Lender in



respect of the aggregate amount of principal and interest then due with respect to the Loans held by such other Lender, the Lender receiving such proportionately greater payment shall purchase such participations in the Loans held by the other Lenders, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Loans held by the Lenders shall be shared by the Lenders pro rata; *provided* that nothing in this Section shall impair the right of any Lender to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other than indebtedness in respect of the Loans. The Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in a Loan, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower in the amount of such participation.

Section 9.05. *Amendments and Waivers.* Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Required Lenders (and, if the rights or duties of the Administrative Agent are affected thereby, by it); *provided* that no such amendment or waiver shall:

(a) unless signed by each affected Lender, (i) increase the Commitment of any Lender, (ii) reduce the principal of or rate of interest on any Loan or any interest thereon or any fees hereunder, (iii) postpone the date fixed for any payment of principal of or interest on any Loan or any fees hereunder or for the termination of any Commitment or (iv) alter the pro rata treatment of the Lenders as provided herein in a manner adverse to any Lender; or

(b) unless signed by all Lenders, change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans, or the number of Lenders, which shall be required for the Lenders or any of them to take any action under this Section or any other provision of this Agreement.

Section 9.06. *Successors and Assigns.* (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void).

(b) Any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of the Loans at the time owing to it); *provided* that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Loans at the time owing to it or in the case of an assignment to a Lender or an affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Loans subject to each such assignment (determined as of the date the Assignment and Assumption Agreement, as hereinafter defined, with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000, unless each of the Administrative Agent and, so long as no Event of Default with respect to the Borrower has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan assigned and (iii) the parties to each assignment shall execute and deliver to the Administrative Agent an agreement, substantially in the form of Exhibit D hereto (an **"Assignment and**

**Assumption Agreement**"), together with a processing and recordation fee of \$3,500, and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption Agreement, the Eligible Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 8.03, 8.04 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of (and stated interest on) the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Lender may, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i), (ii) or (iii) of Section 9.05(a) that affects such Participant. Subject to paragraph (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.12 and 2.15 and Article 8 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.04 as though it were a Lender, provided such Participant agrees to be subject to Section 9.04 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations hereunder

or under any Note (the "**Participant Register**"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Loans or its other obligations hereunder or under any Note) to any Person except to the extent that such disclosure is necessary to establish that such Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) A Participant shall not be entitled to receive any greater payment under Section 8.03 or 8.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent or except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. A Participant organized under the laws of a jurisdiction outside the United States shall not be entitled to the benefits of Section 8.04 unless such Participant complies with the requirements of Section 8.04 as though it were a Lender (it being understood that the documentation required under Section 8.04(f) shall be delivered to the participating Lender)).

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 9.07. *[Reserved]*.

Section 9.08. *No Reliance on Margin Stock*. Each of the Lenders represents to each Agent and each of the other Lenders that it in good faith is not relying upon any "margin stock" (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for in this Agreement.

Section 9.09. *Confidentiality*. (a) The Administrative Agent and each Lender agrees to keep any information delivered or made available by the Borrower pursuant to this Agreement confidential from anyone other than persons employed or retained by such Lender who are engaged in evaluating, approving, structuring or administering the credit facility contemplated hereby; *provided* that nothing herein shall prevent any Lender from disclosing such information (a) to its and its affiliates' directors, officers, employees, controlling persons and agents, including accountants, legal counsel and other advisors who need to know such information (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential), (b) to any other Lender or to the Administrative Agent, (c) to any other Person if reasonably incidental to the administration of the credit facility contemplated hereby, (d) upon the order of any court or administrative agency (in which case such Person agrees to inform the Borrower promptly thereof to the extent practicable and not prohibited by law or such order), (e) upon the request or demand of any regulatory agency or authority or self-regulatory authority, (f) which had been publicly disclosed other than as a result of a disclosure by the Administrative Agent or any Lender prohibited by this Agreement, (g) in connection with any litigation to which

the Administrative Agent, any Lender or its subsidiaries or Parent may be a party and the enforcement of rights hereunder, (h) to the extent necessary in connection with the exercise of any remedy hereunder, (i) subject to provisions substantially similar to those contained in this Section, to any actual or proposed Participant or Eligible Assignee or to any direct or indirect contractual counterparties (or the professional advisors thereto) to any swap or derivative transaction relating to the Borrower and its obligations and (j) to any rating agency or CUSIP Bureau when required by it.

(b) Notwithstanding anything herein to the contrary, any party hereto (and any employee, representative or other agent of thereof) may disclose to any and all Persons, without limitation of any kind, the U.S. federal income tax treatment and the U.S. federal income tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure. However, no disclosure of any information relating to such tax treatment or tax structure may be made to the extent nondisclosure is reasonably necessary in order to comply with applicable securities laws.

Section 9.10. *Governing Law; Submission to Jurisdiction.* This Agreement and each Note shall be governed by and construed in accordance with the laws of the State of New York. The Borrower hereby submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, of any State court located in the City and County of New York and any appellate court thereof for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

Section 9.11. *Counterparts; Integration.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

Section 9.12. **WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

Section 9.13. *USA PATRIOT Act Notice.* Each Lender that is subject to the USA PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that, pursuant to the requirements of the USA PATRIOT Act, it may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the USA PATRIOT Act.

Section 9.14. *No Fiduciary Duty.* The Borrower agrees that in connection with all aspects of the Loans contemplated by this Agreement and any communications in connection therewith, the Borrower and its Subsidiaries, on the one hand, and the Agents, the Lenders and their respective affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Agents, the Lenders or their respective affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

Section 9.15. *Survival*. Each party's rights and obligations under Articles 7, 8 and 9 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations hereunder or under any Note.

Section 9.16. *Acknowledgment And Consent To Bail-In Of EEA Financial Institutions*. Notwithstanding anything to the contrary in this Agreement, any Note or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Agreement or any Note, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any Note; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CONSOLIDATED EDISON, INC.

By: /s/ Scott Sanders

Name: Scott Sanders

Title: Vice President and Treasurer

Notice Information:

Consolidated Edison, Inc.

Address: 4 Irving Place

New York, NY 10003

Attn: Vice President and Treasurer

Phone: 212-460-2710

Fax: 718-923-7044

Email: sanderss@coned.com

MIZUHO BANK, LTD.,  
as Administrative Agent and Lender

By: /s/ Nelson Chang

Name: Nelson Chang  
Title: Authorized Signatory

Notice Information:

Mizuho Bank, Ltd.  
Address: 1800 Plaza Ten

Harborside Financial Ctr.  
17th Floor  
Jersey City, NJ 07311

Attn: Cole Darrington

Nobuhiko Sakyo

Phone: 201-626-9329  
Fax: 201-626-9935  
Email: lau\_agent@mizuhocbus.com

CANADIAN IMPERIAL BANK OF  
COMMERCE, NEW YORK BRANCH  
as Lender

By: /s/ Gordon Eadon  
Gordon Eadon  
Authorized Signatory

By: /s/ Josh Hogarth  
Josh Hogarth  
Authorized Signatory



KeyBank National Association  
as Lender

By: /s/ Richard Gerling

Name: Richard Gerling  
Title: Senior Vice President

Sumitomo Mitsui Banking Corporation  
as Lender

By: /s/ James D. Weinstein

Name: James D. Weinstein  
Title: Managing Director

TD Bank, N.A.,  
as Lender

By: /s/ Vijay Prasad

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Name: Vijay Prasad  
Title: Senior Vice President

The Bank of New York Mellon,  
as Lender

By: /s/ Richard K. Fronapfel Jr.

Name: Richard K. Fronapfel, Jr.

Title: Vice President

The Bank of Nova Scotia,  
as Lender

By: /s/ David Dewar

---

Name: David Dewar

Title: Director

The Bank OF Tokyo-Mitsubishi UFJ, LTD.,  
as Lender

By: /s/ Chi-Chen Chen

Name: Chi-Cheng Chen

Title: Director

U.S. BANK NATIONAL ASSOCIATION  
as Lender

By: /s/ James O'Shaughnessy

Name: James O'Shaughnessy

Title: Vice President

**COMMITMENT SCHEDULE**

<b>Lender</b>	<b>Title</b>	<b>Commitment</b>
Mizuho Bank, Ltd.	Administrative Agent	\$56,000,000.00
Canadian Imperial Bank of Commerce, New York Branch	Lender	\$43,000,000.00
KeyBank National Association	Lender	\$43,000,000.00
Sumitomo Mitsui Banking Corporation	Lender	\$43,000,000.00
TD Bank, N.A.	Lender	\$43,000,000.00
The Bank of New York Mellon	Lender	\$43,000,000.00
The Bank of Nova Scotia	Lender	\$43,000,000.00
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Lender	\$43,000,000.00
U.S. Bank National Association	Lender	\$43,000,000.00
<b>Total</b>		<b>\$400,000,000</b>



AMENDMENT  
TO THE  
CONSOLIDATED EDISON  
THRIFT SAVINGS PLAN

Pursuant to the authority delegated to the Plan Administrator by the Board of Trustees, granted under the terms of The Consolidated Edison Thrift Savings Plan (the "Plan") as set forth in Section 10.02, and the authority given to the Plan Administrator pursuant to Board resolutions dated July 15, 2004 and November 18, 2004, to amend the Plan for administrative changes, the undersigned approves the following amendment, effective January 1, 2016.

1. Section 13.01(b) of the Plan is amended as follows:

Active employees may not rollover or transfer amounts between TRASOP Accounts and Plan Accounts. Former employees may rollover the value of their accounts to the Thrift Savings Plan as described in Section 3.06(b).

2. Section 13.04 of the Plan is amended in its entirety as follows:

13.04 Distribution of Shares

(a) In General: Unless a Participant elects to defer, distribution of his or her TRASOP Account shall commence not later than 60 days after the close of the Plan Year in which the latest of the following events occurs: (1) the Participant attains age 65, (2) the 10th anniversary of the year in which the Participant commenced participation in the TRASOP, or (3) the Participant becomes disabled, dies or terminates employment with the Company or an Affiliate. Notwithstanding the foregoing, a Participant's failure to make an affirmative written election to defer a distribution hereunder is deemed an election to defer the commencement of his or her TRASOP Account, subject to Section 13.04(a)(ii) below.

(i) All distributions from a Participant's TRASOP Account shall be made in Cash; provided, however, that a Participant or Beneficiary shall have the right to elect to receive a distribution, other than a distribution upon termination of the TRASOP, in Shares by contacting the Record Keeper to request such a distribution. Participants must have an established brokerage account in order to receive Shares. Shares requested in accordance with this Section 13.04 shall be delivered, or a cash distribution in respect of such Shares shall be made to the Participant, as soon as practicable after the effective date of the application

(ii) Unless a Participant elects to commence distribution of his or her TRASOP Account sooner, in accordance with this Section 13.04, distribution of a Participant's TRASOP Account shall be made no later than the Participant's Required Beginning Date as defined in Section 7. Distributions shall be made as a lump sum payment of a Participant's TRASOP Account balance.

(b) In-Service Distributions. Notwithstanding any provision to the contrary, any Participant who is an active employee of the Company and who has held Shares in his or her TRASOP Account for at least eighty-four months may elect to receive a full or partial distribution of his or her TRASOP Account in Shares or its cash equivalent.

(c) Distributions following Disability or Termination of Employment.

Following a disability or a termination of employment, a Participant may elect a distribution any time prior to his or her Required Beginning Date as set forth in Section 13.04(e).

(d) Distributions upon Participant's Death.

Distributions in respect of Shares allocated to the Participant's TRASOP Account shall be made to the Participant's Beneficiary in a lump sum as soon as practicable following confirmation of the Participant's death.

- (e) Form of Distribution.
  - (i) A Participant may elect to receive a distribution of his or her TRASOP Account as a full or partial lump sum.
  - (ii) Accounts of \$1,000 or less. A terminated Participant with an Account Balance equal to or less than \$1,000 shall receive a distribution of his or her account in a single lump sum distribution as soon as practicable following termination.
- (f) Units. The interests of a TRASOP Participant in his or her TRASOP Account shall be measured in units, the number and value of which shall be determined daily.
- (g) Operation of Fund. Except in the case of a final distribution from a Participant's TRASOP Account, all distributions in Shares from such TRASOP Account shall be made in respect of whole Shares only, and any fractional Share which is otherwise distributable shall be purchased from the Participant by the Trustee and distributed as a cash payment. In the case of a final distribution from a Participant's TRASOP Account (except a distribution upon termination of the TRASOP), such distribution shall be made in respect of the number of whole Shares then remaining in the Participant's TRASOP Account, together with a cash payment in respect of any fractional Share. The Trustee, in each such case, shall purchase such fractional Share from the Participant at a price equal to the cash payment to be made to the Participant. Whenever the Trustee requires funds for the purchase of fractional Shares, such funds shall be drawn from the accumulated income of the TRASOP Trust Fund, if any, and otherwise shall be advanced by the Company upon the Trustee's request, subject to reimbursement from future income of the TRASOP Trust. All fractional Shares so purchased by the Trustee shall be allocated to the TRASOP Account of the remaining Participants at such intervals as shall be determined by the Plan Administrator, but no later than the end of the next succeeding Plan Year. The Trustee shall sell any Shares in respect of which a cash distribution is to be made. The Trustee may make such sales on any securities exchange where Shares are traded, in the over-the-counter market, or in negotiated transactions. Such sales may be on such terms as to price, delivery and otherwise as the Trustee may determine to be in the best interests of the Participants. The Trustee shall complete such sales as soon as practical under the circumstances having due regard for any applicable requirements of law affecting the timing or manner of such sales. All brokerage commissions and other direct selling expenses incurred by the Trustee in the sale of Shares under this Subsection shall be paid as provided in Section 10.05.

Upon any termination of the TRASOP, the Trust shall continue until all Shares which have been allocated to Participants' TRASOP Accounts have been distributed to the Participants, unless the Board directs an earlier termination of the TRASOP Trust Fund. Upon the final distribution of Shares, or at such earlier time as the Board shall have fixed for the termination of the TRASOP Trust Fund, the Plan Administrator shall direct the Trustee to allocate to the Participants any Shares then held by the Trustee and not yet allocated, and the Trustee shall distribute to the Participants any whole Shares which have been allocated to their TRASOP Accounts but which have not been distributed, shall sell all fractional Shares and distribute the proceeds to the respective Participants entitled to such fractional Shares, shall liquidate any remaining assets (other than Shares) held by the TRASOP Trust Fund, and shall apply the proceeds of

such liquidation and any remaining funds held by the Trustee, the disposition of which is not otherwise provided for, to a distribution to all Participants then receiving a final distribution of Shares, in proportion to the whole and fractional Shares to which each is entitled; and the TRASOP Trust Fund shall thereupon terminate.

IN WITNESS WHEREOF, the Plan Administrator has caused this Amendment to be executed this 13th day of June, 2016.

By: /s/ Richard Bagwell  
Richard Bagwell  
Plan Administrator of the Consolidated Edison Thrift Savings Plan

**Consolidated Edison, Inc.**  
**Ratio of Earnings to Fixed Charges**  
(Millions of Dollars)

	For the Six Months Ended June 30, 2016	For The Twelve Months Ended December 31, 2015	For the Six Months Ended June 30, 2015
<b>Earnings</b>			
Net Income	\$542	\$1,193	\$589
Preferred Stock Dividend	—	—	—
(Income)/Loss from Equity Investees	(13)	(34)	(15)
Minority Interest Loss	—	—	—
Income Tax	288	605	300
Pre-Tax Income	\$817	\$1,764	\$874
Add: Fixed Charges*	366	701	346
Add: Distributed Income of Equity Investees	—	—	—
Subtract: Interest Capitalized	—	—	—
Subtract: Pre-Tax Preferred Stock Dividend Requirement	—	—	—
<b>Earnings</b>	<b>\$1,183</b>	<b>\$2,465</b>	<b>\$1,220</b>
<b>* Fixed Charges</b>			
Interest on Long-term Debt	\$324	\$618	\$304
Amortization of Debt Discount, Premium and Expense	7	14	7
Interest Capitalized	—	—	—
Other Interest	12	24	13
Interest Component of Rentals	23	45	22
Pre-Tax Preferred Stock Dividend Requirement	—	—	—
<b>Fixed Charges</b>	<b>\$366</b>	<b>\$701</b>	<b>\$346</b>
Ratio of Earnings to Fixed Charges	3.2	3.5	3.5

## CERTIFICATIONS

I, John McAvoy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 of Consolidated Edison, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2016

/s/ John McAvoy

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John McAvoy

Chairman, President and Chief Executive Officer

## CERTIFICATIONS

I, Robert Hoglund, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 of Consolidated Edison, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2016

/s/ Robert Hoglund

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Robert Hoglund

Senior Vice President and Chief Financial Officer

**Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002**

I, John McAvoy, the Chief Executive Officer of Consolidated Edison, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ John McAvoy*

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John McAvoy

Date: August 4, 2016



**Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002**

I, Robert Hoglund, the Chief Financial Officer of Consolidated Edison, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert Hoglund

Robert Hoglund

Date: August 4, 2016

**Consolidated Edison Company of New York, Inc.**  
**Ratio of Earnings to Fixed Charges**  
(Millions of Dollars)

	For the Six Months Ended June 30, 2016	For the Twelve Months Ended December 31, 2015	For the Six Months Ended June 30, 2015
<b>Earnings</b>			
Net Income	\$472	\$1,084	\$559
Preferred Stock Dividend	—	—	—
(Income)/Loss from Equity Investees	—	—	—
Minority Interest Loss	—	—	—
Income Tax	264	574	293
Pre-Tax Income	\$736	\$1,658	\$852
Add: Fixed Charges*	321	629	312
Add: Distributed Income of Equity Investees	—	—	—
Subtract: Interest Capitalized	—	—	—
Subtract: Pre-Tax Preferred Stock Dividend Requirement	—	—	—
<b>Earnings</b>	<b>\$1,057</b>	<b>\$2,287</b>	<b>\$1,164</b>
<b>* Fixed Charges</b>			
Interest on Long-term Debt	\$283	\$553	\$275
Amortization of Debt Discount, Premium and Expense	7	14	7
Interest Capitalized	—	—	—
Other Interest	9	19	9
Interest Component of Rentals	22	43	21
Pre-Tax Preferred Stock Dividend Requirement	—	—	—
<b>Fixed Charges</b>	<b>\$321</b>	<b>\$629</b>	<b>\$312</b>
Ratio of Earnings to Fixed Charges	3.3	3.6	3.7

## CERTIFICATIONS

I, John McAvoy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 of Consolidated Edison Company of New York, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2016

/s/ John McAvoy

John McAvoy

Chairman and Chief Executive Officer

## CERTIFICATIONS

I, Robert Hoglund, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 of Consolidated Edison Company of New York, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2016

/s/ Robert Hoglund

Robert Hoglund

Senior Vice President and Chief Financial Officer

**Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002**

I, John McAvoy, the Chief Executive Officer of Consolidated Edison Company of New York, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John McAvoy

John McAvoy

Date: August 4, 2016

**Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002**

I, Robert Hoglund, the Chief Financial Officer of Consolidated Edison Company of New York, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert Hoglund

Robert Hoglund

Date: August 4, 2016