

Striving for Excellence



2008 Sustainability Report Overview

Sustainability is a business imperative, as well as a global imperative. We will continue to refine and expand our efforts so that the way we conduct business contributes to a more sustainable future.

Company Profile

Consolidated Edison, Inc., is one of the nation's largest investor-owned energy companies, with approximately \$14 billion in annual revenues and \$33 billion in assets. The company provides a wide range of energy-related products and services to its customers through the following subsidiaries: Consolidated Edison Company of New York, Inc., a regulated utility providing electric, gas, and steam service in New York City and Westchester County, New York; Orange and Rockland Utilities, Inc., a regulated utility serving customers in a 1,350 square mile area in southeastern New York State and adjacent sections of northern New Jersey and northeastern Pennsylvania; and Con Edison Solutions, a retail energy supply and services company; Con Edison Energy, a wholesale energy supply company; and Con Edison Development, a company that participates in infrastructure projects.

Con Edison Web sites

Con Edison	conEdison.com
Con Edison of New York	conEd.com
Orange & Rockland (O&R)	oru.com
Con Edison Solutions	conedsolutions.com
Con Edison Energy	conedenergy.com
Con Edison Development	coneddev.com

This overview report was prepared to reduce the resources required to print the full report. The full 2008 Sustainability Report is available at conEdison.com and all other company Web sites listed above.

Executive Message

To Our Stakeholders:

Con Edison has a long-standing commitment to protecting the environment and the safety of our employees and the public. As responsible corporate citizens, our focus includes sustainability.

This sustainability report describes the many ways Con Edison is working toward a brighter future. Since 2005, we have shrunk the company's carbon footprint by more than 30 percent, and continue to slash our emissions of greenhouse gases and other pollutants. Throughout our operations, we explore, encourage, and embrace new technologies and renewable resources to help us fulfill our environmental commitment.

We are giving our customers information and tools to be more energy efficient in their lives, and improving our own business practices so we can lead by example. Communities throughout our service area are benefiting from company giving. We fund, sponsor, and volunteer in more than 700 educational, environmental, and arts organizations.

We invest in our employees by giving them the skills and training to perform their jobs well and safely. The top performance of our dedicated workforce has allowed the company to deliver world-class service, day in and day out.

Sustainability is a business imperative, as well as a global imperative. We will continue to refine and expand our efforts so that the way we conduct business contributes to a more sustainable future.



Kevin Burke
Chairman, President,
and Chief Executive Officer



Randolph Price
Vice President
Environment, Health and Safety

Partnering with Stakeholders

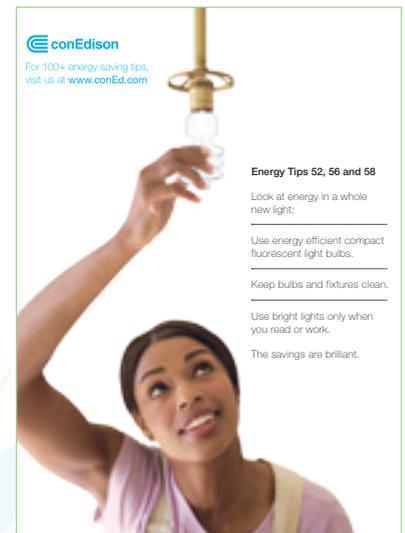


We must continue to engage our customers to help achieve a more sustainable future. We offer programs to help residential and commercial customers better manage their energy use and reduce their bills. New Power of Green Web pages offer more than 100 energy-saving tips. Energy-efficiency tips are also posted on subways, broadcast on local radio stations, and published in brochures and newsletters.

More trees are growing and fewer greenhouse gases are emitted as a result of the 10 million electronic customer payments processed last year. Our two regulated utilities, Con

Edison of New York and Orange and Rockland (O&R), contribute \$1 to the planting of trees for each customer that chooses electronic billing. In addition to saving trees through increased electronic transactions, we've planted 7,000 new trees to thank customers who signed up for paperless billing.

We extend green communications to one of our most important stakeholder groups — our employees. A new Greening House campaign delivers messages about how the company is greening the way it does business, one story at a time. Through electronic messages, the company newsletter, intranet video, and posters, Greening House also encourages employees to do their part for a more sustainable future.



A subway poster campaign offered New Yorkers energy-saving tips last spring and fall.



Greening our Business

Con Edison is a user of energy as well as a provider, so we examined our own consumption patterns. New York City's skyline grew greener when we installed energy-efficient lighting in the tower of our corporate headquarters (pictured above). At night, the tower uses 63 percent less energy than conventional lighting, lowering carbon emissions by roughly 19 tons a year.

Con Edison of New York has a recycling sales agreement with a company that re-refines at least 450,000 gallons of used transformer mineral oil each year. Recycling, instead of burning the used oil, eliminates nearly 5,000 tons of carbon dioxide a year. Further, Con Edison of New York replaces transformer mineral oil with vegetable-based natural ester oil, a renewable resource that is nontoxic and biodegradable.

In 2008, O&R made energy efficiency gains at its 90,000-square-foot facility in Spring Valley. Improvements include more energy-efficient lighting, windows, insulation, and air conditioning, along with heating upgrades. O&R will realize a carbon dioxide reduction of nearly 1,400 tons annually as a result of this work.

Con Edison has a long standing commitment to a cleaner environment. We are continually focused on lowering greenhouse gas emissions and have reduced the company's carbon footprint by more than 30 percent since 2005.

Greenhouse gas emissions generated by the company include carbon dioxide, sulfur hexafluoride (SF₆), and methane. Greenhouse gases are reported using carbon dioxide equivalence, or CO₂e, a standardized unit that accounts for the differing warming potentials of the various greenhouse gases.

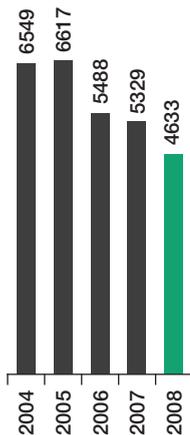


Our greenhouse gas mitigation efforts include accelerating equipment replacements and improving how we identify and repair SF₆ leaks, and increased use of natural gas at steam facilities. SF₆ emissions have been reduced by more than 80 percent since 1996 (almost 70 percent since 2005). A new laser-imaging camera can identify and repair leaks, reducing both response time and outages. An ongoing program to replace circuit breakers also mitigates SF₆ emissions. We spent approximately \$19 million in 2008 for circuit breaker replacements.

Nitrogen oxide and sulfur dioxide emissions are associated with our steam business. Con Edison of New York curbs these emissions, which contribute to acid rain, through sophisticated controls and procedural guidelines. Sensors monitor flue gases so that combustion can be adjusted. Con Edison has reduced nitrogen oxide



Con Edison Total Greenhouse Gas Emissions (thousands of tons CO₂e)



emissions by more than 60 percent, and sulfur dioxide emissions by nearly 70 percent, since 1996.

More than 40 percent of Con Edison of New York's fleet uses alternative fuel technology, including biodiesel, hybrids, and compressed natural gas. And we replace about 150 vehicles a year, making our fleet even greener.

Our energy-service company, Con Edison Solutions, expanded our presence in national energy-efficiency markets. Solutions won approval from the U.S. departments of Energy and Defense to provide energy-efficiency services at federally-owned facilities. Locally, Solutions raised the environmental profile of the Intrepid Air and Space Museum by upgrading its lighting to cut energy use by more than 650,000 kilowatt-hours annually. Last year, Solutions increased its green customer portfolio by nearly 50 percent.

Net metering opens the door for renewable energy, and helps customers go green. A large photovoltaic installation nicknamed Big Sue is Con Edison's first commercial net-metering customer connected to our underground grid. Big Sue uses a solar array to energize a commercial building in Brooklyn. Any excess power is sold to Con Edison.

We're paving the way for "intelligent" networks with O&R's smart grid pilot project in Rockland County. Advanced sensors, field devices, online decision-making software, and improved communications will increase reliability and automatically restore power after service interruptions.

In 2008, we installed our first green roof (pictured above) at our training facility in Long Island City, in cooperation with Columbia University's Center for Climate Systems Research. Thousands of plants are keeping the building cooler in summer and warmer in winter.

A Safe, Healthy Workplace



The health and safety of our employees, contractors, and the public is essential to our mission. It is with immense regret that we report the loss of two workers on the job and a contractor working on company property in 2008. These tragedies are a reminder that our business is one with risks and hazards, and we must continue to strengthen our safety culture to achieve an injury-free workplace.

In 2008, Con Edison of New York registered its best ever Occupational Health and Safety Administration (OSHA) Incidence Rate of 3.00, a federally standardized measure for quantifying work-related injuries and illnesses. O&R also lowered its OSHA rate to 5.31 for 2008.

Soft-tissue injuries account for almost half of Con Edison of New York's lost-time claims. We sponsored a series of seminars during which a soft-

tissue specialist presented background on the causes of injury, and demonstrated warm-up exercises that can minimize damage to muscles, joints, and tendons. Employees also had the option to meet individually with the trainer during the seminars. This program will be expanded in 2009.

Con Edison of New York's successful stray-voltage-testing program is making New York City's streets safer for the public. Fourteen mobile stray-voltage detector vehicles are dispatched every day to identify stray voltage at an array of structures, including scaffolding, street lamps, gratings, and manhole covers. Last year, these vehicles detected 4,874 stray voltage conditions. Each location was identified and made safe before anyone was harmed.

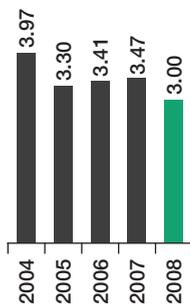
In the past, only the OSHA incidence rate and the number of motor vehicle collisions were tracked and reported

company wide. In 2008, the company introduced the "Safety Index," which provides a more comprehensive approach to measuring safety performance. The index was expanded to eight key performance indicators that now provide a more detailed scorecard on employee, public, system, and contractor safety, as well as track program improvements.

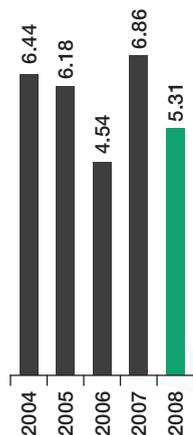
The company effectively incorporated safety aspects into planning work; increased employee understanding of the risks and necessary protections on the job; and coached better safety performance through job observation with feedback and positive reinforcement. More training on effective job briefings will be implemented in 2009.



**Con Edison of New York
OSHA Injury/Illness
Incidence Rate**



**O&R OSHA Injury/Illness
Incidence Rate**



Ongoing maintenance and repair work
keep our systems running safely and reliably.

Full report at conEdison.com

Committing to Diversity

With more than 15,000 employees, Con Edison is one of the largest employers in our region. Last year, we succeeded in recruiting, retaining, and developing talented and diverse employees at all levels. Minorities comprise more than 40 percent of the company's workforce. More than half of the employees hired by Con Edison of New York in 2008 were minorities, and 26 percent were women. We also continued to

deliver diversity training and coaching to foster a culture that embraces inclusion.

In addition to promoting a diverse workforce, we aim to increase business relationships with minority- and women-owned businesses. The company spent more than \$300 million on our Supplier Diversity program in 2008.

We continue to be recognized as a national leader in diversity: *DiversityInc*, the leading magazine on diversity in business, named Con Edison of New York number one in its new ranking of utility companies for promoting and encouraging diversity in its workforce supplier programs.

Look for Con Edison's full 2008 Diversity Report on www.conEd.com/diversity.

The company issues a Diversity Annual Report to highlight our achievements in diversity, inclusion, and equal employment opportunity.



Embracing our Communities



Con Edison enjoys close relationships with 150 local community and conservation groups. We support green education programs in local schools, and contribute to nonprofit organizations that help create green spaces and community gardens. We are proud to be a leading benefactor of the New York Botanical Garden and a sponsor of its Greening the Garden program.

The company also supports hundreds of local organizations whose activities advance strong and vibrant communities. The company carefully chooses these groups based on their ability to develop education initiatives,

training, and other programs and events to enrich the quality of life for all New Yorkers.

In addition to our strategic partnerships, nearly 1,000 Con Edison employees volunteer in programs identified by the company for supporting social, educational, and environmental initiatives.

Con Edison of New York fosters sustainable development in communities by helping new businesses get started and helping other businesses reestablish themselves. We offer these companies reduced electrical rates, and help them secure grants and business loans from federal, state, and local agencies.



Students at P.S.139 plant trees made possible by company contributions to Trees New York. We donate a \$1 every time a customer signs up for e*bill.

A Vital Business in a Dynamic Region

The New York metropolitan area has one of the nation's most dynamic economies. In the five years leading up to the current recession, the city outperformed the nation by creating a quarter-million new jobs, almost all of them outside of the financial service industry. New York City's population has grown by more than 260,000 in less than 10 years.

While the current economic outlook remains unsettled, we are confident in the resilience of our region. The strength of our company and our service area has enabled us to weather challenging economic conditions and industry shifts. We are positioned to continue to meet the region's increasing energy needs by investing \$7.3 billion to build, replace, and upgrade systems over the next



three years. Last year alone, we invested \$2.3 billion in infrastructure improvements.

We have successfully met the energy needs of our customers for 185 years. We will continue to deliver unparalleled service for our customers and contribute to the economic vitality of our service area.

Meeting Challenges



The economic horizon

The current economic crisis is challenging industries and businesses worldwide. The slowing economy is creating hardships for many of our residential and commercial customers as well. While the current economic slowdown may impact future demand for electricity, we are forecasting a seven percent increase in peak energy use over the next decade. We are confident that the historic vibrancy of our region will contribute to a resumption of healthy economic growth.

Addressing climate change

Climate change presents one of society's greatest challenges. Con Edison is working actively

to reduce the environmental impact of its business by implementing new technologies and adopting more efficient operating methods. We are also engaging with customers to promote energy conservation and providing resources that can help them use energy more wisely.

An aging workforce

Con Edison considers its talented, motivated employees to be one of its greatest assets. However, within the next five years, about 40 percent of Con Edison employees will be eligible for retirement. The rapid depletion of job knowledge and skill level will present great challenges, and lend urgency to the need to retain bright, productive, motivated employees. A strong recruitment program will also support diversity and draw qualified candidates to the company.

Operating a high-energy system in a densely populated area

Con Edison of New York provides energy to the 9 million people living in New York City and Westchester County. There are great demands on operating energy systems in this limited geographic area. Building necessary infrastructure is especially challenging in a city where real estate is scarce and expensive; prices can surpass \$25 million for a 40,000-square-foot plot. Construction of a typical substation can cost \$100 million or more. A transmission switching station can be double that cost. In addition, the company strives to address any concerns communities may have about company facilities in their neighborhoods.

Financial Performance Highlights

(in millions except per-share information and statistical data)

	2008	2007
Operating revenues	\$13,583	\$13,120
Reported net income (GAAP)	\$1,196	\$929
Income from ongoing operations	\$820	\$930
Reported earnings per share (GAAP)	\$4.38	\$3.49
Earnings per share from ongoing operations	\$3.00	\$3.50
Dividends per share	\$2.34	\$2.32
Dividend payout ratio	78%	66%
Average common shares outstanding	272.9	266.3
Total assets	\$33,472	\$28,262
Capital expenditures	\$2,326	\$2,003
Common equity ratio	50.7%	53.7%
Market capitalization	\$10,652	\$13,264
Stock price per share – year end	\$38.93	\$48.85
Return on equity	12.7%	10.8%
Total shareholder return	-15.6%	6.6%
Dividend yield – year end	6.0%	4.8%

2008 Recognition of Accomplishments

- Con Edison was ranked second in North America and fourth internationally for environmental and social performance among 26 multi-utility companies rated in a 2008 survey by Innovest Strategic Value Advisors.
- Con Edison ranked third among S&P 500 utilities in the worldwide Carbon Disclosure Project's yearly rating for the company's approach to climate change.
- Recognized by the United States Environmental Protection Agency for replacing paper insulated lead-covered cable with nonleaded solid dielectric cable.
- The National Arbor Day Foundation named O&R a "Tree Line USA Utility" for the seventh consecutive year for leadership in tree maintenance along company rights-of-way.
- *DiversityInc* magazine listed Con Edison of New York as a top 50 company for promoting and encouraging diversity.
- Con Edison of New York was recognized by *Latina Style* magazine for the seventh year in a row for providing career advancement opportunities for Hispanic women.



Workers installing new gas service for a housing development in the Bronx.

Until this year, the EH&S annual report, averaging 70 pages, was published on paper. This year, only this brief overview was printed, and the full report is Web-based instead. By reducing the number of printed pages, the following resources were saved:



75,787 gallons of wastewater flow avoided



8,392 pounds of solid waste not generated



160 million BTUs of energy saved, the amount consumed by 2 homes in one year



26,815 pounds of greenhouse gases (CO₂e) not produced, equivalent to taking 2 cars off the road for one year

The environmental impact estimates above were made using the Environmental Defense Fund Paper Calculator. For more information, visit www.papercalculator.org.

A limited quantity of this summary report was printed. The summary report is also available at conEdison.com



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