

Maintaining the Commitment to Excellence



Con Edison Environment, Health and Safety
Annual Report for 2005



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Modern skyscrapers and classic New York buildings may be viewed from Manhattan's beautiful Central Park.

Since 1996, Con Edison has published an environment, health and safety (EH&S) annual report to keep stakeholders informed about our environmental mission, and about health and safety issues that affect our workforce and the public. The annual reports have described the culture of EH&S excellence at Con Edison and the development of environmental and safety management systems that are integrated into our daily operating practices. Con Edison also supports a wide range of environmental education programs that reinforce our commitment to EH&S principles in the communities we serve.

In 2001, Con Edison endorsed the principles of Ceres (formerly the Coalition for Environmentally Responsible Economies), a coalition of environmental groups, investor groups, and investor funds. Ceres works to promote corporate environmental responsibility. Since then we have provided Ceres with an annual report that featured information on the company's environmental performance.

This report is also the story of the actions and programs that characterize Con Edison's commitment to EH&S excellence. The report provides an overview of the role we play in the communities that rely on us for energy services, and the ways we affect the lives of our employees, our customers, and our communities.

The framework for our work is always our six key EH&S objectives: improving safety performance, ensuring EH&S compliance, enhancing relationships with stakeholders, integrating EH&S into "The Way We Work" corporate platform of conduct, identifying and reducing significant risk potential, and promoting wise and effective use of natural resources.

In maintaining our focus on excellence, we are committed to providing reliable energy services to our customers while protecting the environment, making prudent, sustainable use of resources, and safeguarding the health and safety of our employees and the public.



Kevin Burke
Chairman, President,
and Chief Executive Officer



Randolph S. Price
Vice President,
Environment, Health and Safety



Con Edison's workforce reflects the diversity of the more than eight million people who reside, work, and play in the three-state region that Con Edison serves.

A Profile of Con Edison

Consolidated Edison, Inc.

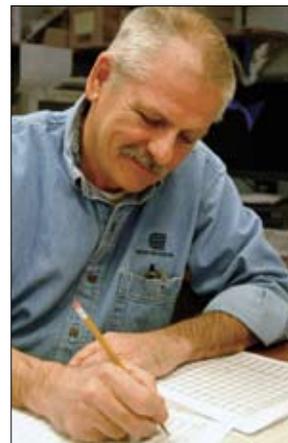
Consolidated Edison, Inc. [NYSE: ED], has approximately \$12 billion in annual revenues and \$25 billion in assets. The company provides a wide range of energy-related products and services to its customers through its subsidiaries: Consolidated Edison Company of New York, Inc. (CECONY), a regulated utility providing electric, gas, and steam service in New York City and Westchester County, New York; Orange and Rockland Utilities, Inc. (O&R), a regulated utility serving customers in a 1,350-square-mile area in southeastern New York and adjacent sections of northern New Jersey and northeastern Pennsylvania; Con Edison Solutions (CES), a retail energy services company; Con Edison Energy (CEE), a wholesale energy supply company; and Con Edison Development (CED), a company that owns and operates generating plants and participates in other infrastructure projects. For more information, visit the Consolidated Edison, Inc. Web site at www.conEdison.com.

Consolidated Edison Company of New York, Inc.

Con Edison of New York delivers energy to the five boroughs of New York City, and a large part of Westchester County. It operates one of the most complex electric power systems in the world, with extensive transmission and distribution facilities throughout its service territory. The company also supplies natural gas to more than one million New Yorkers. It operates the largest district steam system in the world, serving more than 1,800 commercial and residential customers in Manhattan from the Battery to 96th Street. For more information about Consolidated Edison Company of New York, Inc., visit www.conEd.com.

Orange and Rockland Utilities, Inc.

Orange and Rockland is an electric and gas utility headquartered in Pearl River, New York. O&R and its two utility subsidiaries, Rockland Electric Company and Pike County Light & Power Co., serve a population of more than 700,000 in seven counties in New York, northern New Jersey, and northeastern Pennsylvania. For more information about O&R, visit www.oru.com.



Attention to detail is the hallmark of Con Edison's commitment to environmental excellence.

Consolidated Edison Solutions, Inc.

Con Edison Solutions provides a wide range of energy procurement and management services to companies, helping our customers successfully navigate the new competitive energy landscape. Con Edison Solutions also supplies attractively priced electricity and value-oriented services to residential and small business customers, and has grown to more than \$500 million in revenue. For more information about Con Edison Solutions, visit www.conEdsolutions.com.

Consolidated Edison Energy, Inc.

Con Edison Energy provides energy and electrical generating capacity to Con Edison Solutions and others, and markets the output of plants owned or operated by Con Edison Development. The company also provides innovative electrical supply services to Con Edison Solutions, Con Edison Development, and others. For more information about Con Edison Energy, visit www.conEdenergy.com.

Consolidated Edison Development, Inc.

Con Edison Development is an independent power producer that develops, builds, and operates electric generation plants primarily in the Northeast and Mid-Atlantic states. It provides wholesale energy to be marketed by Con Edison Energy, Inc. in the regional wholesale markets and to support the energy requirements of Con Edison Solutions, Inc. Con Edison Development oversees a portfolio of approximately 1,700 MW of natural gas, oil, and hydro projects focused on assets located in the New England, New York, and Pennsylvania/New Jersey/Maryland power pools. For more information about Con Edison Development, visit www.conEddev.com



Con Edison makes continuous upgrades to its energy systems to ensure reliability. The White Plains substation (under construction) will bring additional power supplies to booming Westchester County.

Executive Summary

Con Edison's principal business is providing energy services to the CECONY service territory in the New York metropolitan area, and to the seven counties that make up the O&R service territory. Like bridges, tunnels, subways, expressways, airports, and telecommunications systems, Con Edison's facilities are a key component of the region's infrastructure and an integral element in sustaining a great city that serves as one of the world's prime economic engines. A healthy economy needs an increasing amount of energy for powering computers; running appliances; lighting streets; supplying new construction; heating and cooling homes; operating transit systems; and meeting the needs of growing numbers of businesses and residents.

During 2005, new usage records were set, confirming the rising demand for energy. July saw a new high for CECONY's monthly electricity send-out — the cumulative amount of energy used by customers — of 6,395,843 megawatt hours, surpassing the previous mark of 6,192,161 megawatt hours set in July 2002. In July 2005, CECONY also registered the three highest days of peak demand in the company's history of delivering electricity, culminating in the 13,059 megawatts reached on July 27. Peak electricity demand is the greatest amount of energy being supplied at a given time.

O&R also experienced an all-time record for peak demand of 1,539 megawatts on July 27. In August, O&R monthly electricity send-out reached a historical high of 687,147 megawatt hours. The dual challenges for Con Edison are to continue improving environment, health, and safety performance while delivering energy reliably to a region in which energy consumption is expected to grow. To meet these challenges, Con Edison will continue to invest for growth while ensuring that business planning fully integrates environmental, health, and safety considerations, as well as community concerns.

This report to stakeholders addresses how Con Edison carried out this mission in 2005, and also describes some of the initiatives that help us maintain our commitment to environmental, health, and safety excellence. It describes progress made, notes opportunities for improvement, and measures our successes.

Both of Consolidated Edison, Inc.'s regulated subsidiaries, Consolidated Edison Company of New York, Inc. (CECONY) and Orange and Rockland Utilities, Inc. (O&R), maintain strong environmental, health, and safety programs. These two companies together represent more than 90 percent of Consolidated Edison Inc.'s business, so this report to stakeholders concentrates chiefly on their performance.

Data in This Report

The CECONY Environmental Management Information System (e2MIS) is used to track and record significant information about environmental performance, environmental incidents, and hazardous waste. These data provide the basis for our monthly reports and are used to analyze incidents and help evaluate our progress in key performance areas. Much of the quantitative environmental data in this report was compiled from the e2MIS.

A corresponding CECONY system for health and safety data is the Safety and Health Information Management System (SHIMS), which is used by our operating organizations to log all safety-related incidents. The SHIMS data are instrumental in developing monthly reports, identifying trends, and pointing the way to improvements. The quantitative health and safety data in this report are drawn from SHIMS.

In addition to these e2MIS and SHIMS records, the company relies on information developed during compliance audits conducted throughout the year. Audit findings are communicated to appropriate company personnel. Along with these findings, lessons learned on the job are also communicated to help improve environmental, health, and safety performance.



Open communication helps ensure that health and safety data are applied to drive improved performance.

Commitment

Con Edison follows through steadfastly on its commitment to working in cooperation with federal, state, and local environmental regulators. We work to make environmental, health, and safety considerations an integral part of business and operational planning. The company has built an outstanding record of complying with the vast array of applicable environmental and safety rules and regulations, but achieving genuine excellence in environment, health, and safety requires an approach that differs from just complying with regulations. The pursuit of excellence in these efforts demands the committed support of every employee throughout the organization. At Con Edison, all employees are held accountable for knowing the corporate environmental, health, and safety requirements that apply to their work and for using this information when carrying out their assigned responsibilities.

Con Edison's Corporate Environment, Health, and Safety Policy

Consolidated Edison, Inc. is committed to striving for excellence in its environmental, health, and safety performance, while complying with all laws and regulations that apply to company operations. Business and operational decisions throughout the company incorporate environmental, health, and safety aspects into the decision-making process. All employees are held accountable for knowing the corporate environmental, health, and safety requirements that apply to their assigned responsibilities, and for using the information in planning and completing their work.

In support of this policy, Consolidated Edison, Inc.:

- Maintains procedures and provides training to meet the corporation's environmental, health, and safety standards
- Openly communicates about environmental, health, and safety issues with employees, customers, and stakeholders
- Promotes effective environmental, health, and safety program management through auditing, monitoring, reviewing, and corrective action efforts
- Advances the identification, analysis, and management of environmental, health, and safety risks to foster prediction and prevention efforts
- Recognizes and encourages outstanding environmental, health, and safety performance
- Strives to reduce waste and prevent pollution through recycling and effective work-planning programs, and promotes strategies for energy conservation
- Maintains systems, procedures, and personnel to prevent incidents and, when necessary, respond to emergencies
- Promotes research to develop new and better technologies for environmental, health, and safety management
- Establishes metrics to track progress

An Integrated Management Approach

The CECONY Environmental Management System (EMS) frames the process for developing, implementing, and documenting the environmental mission in all company business and operating groups.

The EMS elements specify how we maintain procedures and provide employee training. They define the auditing, monitoring, and review processes that drive continuing gains in performance. The system serves as the blueprint for advancing the identification, analysis, and management of environmental aspects to facilitate planning and improvement efforts. It also optimizes the management of natural resources through improved waste management, recycling, and energy conservation.

The company's Safety Management System (SMS) serves the same function with respect to health and safety, and it is described fully in the *Improving Safety Performance* portion of this report.

The company received formal corporate-wide certification for the EMS under the ISO 14001 Standard from the International Organization for Standardization in 2001. Re-certification was received early in 2005. Ongoing compliance audits by independent auditors confirm that Con Edison has comprehensive environmental management protocols in place and that they are being properly implemented.

The company has been refining its approach to environmental management for more than a decade. Ongoing situation analysis and improvements are achieved through systematic self-assessments by each department, along with formal EH&S audits performed by the Auditing department. Building and applying the EMS is everyone's responsibility. Moreover, there are more than 300 employees throughout the company assigned full time to environment, health, and safety.

The company has instituted a Validation and Improvement Process (VIP), which allows us to conduct a structured series of organizational self-assessments and evaluations of EMS element implementation. Participants in the process include EH&S managers, line managers, supervisors, and field employees. The findings of these self-assessments are used to develop specific enhancements for planning, methods, and procedures that improve EMS program implementation. As a result, the EMS remains dynamic and is adapted to new challenges while serving its core function as the foundation for maintaining our commitment to excellence in environmental stewardship.



Dynamics of an Environmental Management System

The CECONY environmental management system provides the framework for planning, organizing, implementing, and monitoring our environmental program.

Governance

Con Edison has an Environmental Quality Review Board (EQRB) comprising two outside environmental attorneys as well as a retired Sloan Business School professor, whose specialty is organizational dynamics. This EQRB reports directly to the CEO, advises the EH&S Committee of our Board of Directors, and also serves on Con Edison's Environment and Safety Committee made up of senior company officers. The Environment and Safety Committee meets monthly to track the company's EH&S performance and direct actions for continuing performance improvement.

Measuring Progress

In this section, a selection of indicators that charts Con Edison's efforts in certain key environmental initiatives during 2005 is coupled with data from recent years to produce an analytical snapshot of five-year trends in the company's performance.

State-regulated Opacity Exceedances Subject to Penalties

Like other utilities in New York State, Con Edison signed an order of consent with the New York State Department of Environmental Conservation (NYSDEC) that includes detailed reporting of opacity (smoke) events and an opacity reduction program. Six-minute opacity exceedances are subject to stipulated penalties for events not attributable to equipment malfunctions or boiler start-up and shutdown. During 2005, Con Edison experienced two opacity exceedances.

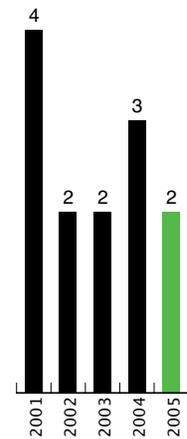
As part of the company's opacity reduction effort, all incidents are documented in e2MIS. Incidents are singled out for review and discussion by operations, technical, and maintenance managers, as well as station managers. Occurrences are investigated in detail to determine their root cause and to develop corrective measures for reducing opacity events. Since equipment problems are the most common cause of opacity incidents, Con Edison conducts a regular cycle of preventive maintenance.

Toxic Release Inventory

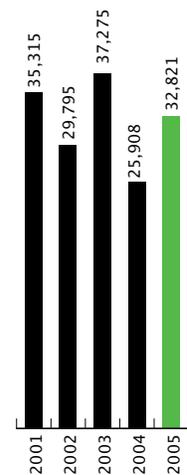
The Toxic Release Inventory (TRI) is a regulatory program administered by the United States Environmental Protection Agency (EPA). Toxic chemical release inventory data are reported to the EPA annually for specifically listed substances that are manufactured, processed, or otherwise used in a facility's operations.

Beginning in 1998, utilities became subject to federal requirements for TRI reporting. The substances covered by these reporting requirements are generally associated with the combustion of fuel, so weather can influence the totals. For example, more fuel is burned to supply steam for heating during very cold winters, whereas less fuel is needed when winters are mild. These reports are due on July 1 of each year for the previous year. The data presented here show the amounts Con Edison reported in the interval from 2001 through 2005.

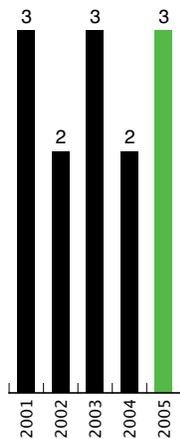
State-regulated Opacity Exceedances Subject to Penalties



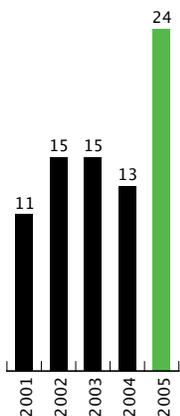
Toxic Release Inventory (lbs.)



SPDES Exceedances



Transformer Releases to Sewers and Waterways



State Pollutant Discharge Elimination System Exceedances

In accordance with the federal Clean Water Act and state Environmental Conservation Law, New York State issues permits to facilities that discharge waste water or storm water to rivers or other bodies of water, including to groundwater. These State Pollutant Discharge Elimination System (SPDES) permits specify discharge limitations and require routine monitoring of discharges to confirm compliance with those limitations. Depending on the permit and the nature of the facility covered by the permit, levels are established for suspended solids, oil content of the water, discharge temperature, pH levels for acidity or alkalinity, levels of chemical substances contained, and other parameters. Monitoring results are then reported on a monthly or quarterly basis, as required, to the NYSDEC.

During 2005, Con Edison experienced three minor wastewater discharge permit exceedances from the 2,904 samples taken. According to United States Environmental Protection Agency (EPA) criteria, this performance level is considered excellent. Although only three of the samples failed to meet permit discharge limits, we continue to strive for zero. In 2005, we held 21 SPDES permits, each specifying particular discharge sampling intervals and standards. We conduct thorough root-cause analysis of any discharges that exceed permit limits. Steps to improve performance include administrative changes to enhance operational efficiency, upgrades to maintenance practices, and investment in new engineering controls.

Transformer Releases to Sewers and Waterways

In 2005, transformer oil was released into sewers or waterways on 24 occasions. As required, these incidents were reported to regulatory agencies. In all cases of transformer oil releases, the affected areas were subsequently cleaned thoroughly.

Con Edison manages more than 75,000 pieces of oil-filled equipment, including transformers in underground vaults, on utility poles, and on pads. Because corrosion is a common cause of transformer oil release, Con Edison inspects transformers, conducts preventive maintenance on a regular basis, and, if necessary, replaces or removes transformers for thorough refurbishment before returning them to service. During 2005, the company carried out 8,671 inspections of underground transformers.

To further guard against the release of transformer oil to the environment, we install secondary containment and detection equipment where appropriate. For some underground transformer vaults that may contain storm water and any road run-off that is discharged to sewers, devices called oil minders are installed. Oil minders are designed to prevent water contaminated with oil from entering sewers and making its way to rivers or streams. In 2005, Con Edison installed 412 additional oil minders in transformer vaults, and there are more than 3,200 units in place systemwide. Oil-contaminated water is pumped into special tanker trucks and taken to a wastewater treatment facility.

Dielectric Fluid Released to the Environment

Dielectric fluid is a nonconductive oil, similar to mineral oil, used in pipe casings that enclose electrical transmission feeder cables. The oil transfers heat away from the conductors, and insulates and protects them against arcing. Overall, Con Edison's pipe-type cable system consists of more than 600 miles of cables and contains 8,700,000 gallons of dielectric fluid.

Releases result from contractor excavation work, the impact of water main breaks, corrosion, and equipment failures. Therefore, we have instituted improved operating procedures and established an online database that maps underground facilities to help curb instances of third-party damage. To help curtail dielectric fluid releases, detection and warning installations, such as an online monitoring system, can provide alerts of fluid loss as little as one gallon an hour. When releases occur, the vast majority of dielectric fluid released to the environment is collected and disposed of properly.

In addition, the company uses an advanced detection methodology to find leaks quickly and help minimize the size of fluid releases. With this methodology, a small quantity of tracer compound is added as a marker to the dielectric fluid in the casing of buried cables. If a potential leak is suspected along cables, highly sensitive sampling and monitoring equipment is mounted in laboratory vans that drive along above the cables to find the leak. This equipment can detect minute quantities of the tracer compound from air samples drawn at ground level. If elevated levels are detected, technicians can quickly pinpoint the location so that repairs can be made promptly.

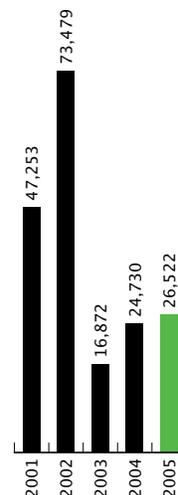
The company also conducts engineering analysis to identify potential trouble spots, which has proven valuable in correctly predicting cables that are most likely to fail. The company excavates these pipes, removes the old coating, repairs piping as necessary, and restores their coating.

Con Edison's Cable and Splice Center for Excellence is the company's cable research facility. The center has an ongoing program to evaluate new conductor designs that are suitable for use in Con Edison's operating environment. In addition, solid dielectric cables containing no oil can function safely and reliably in many applications. As system maintenance and upgrades are performed, sections of oil-filled cable are being replaced with solid dielectric conductors where feasible.

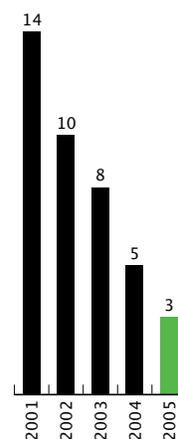
Chemical Releases Above Reportable Quantities

During 2005, there were three chemical releases exceeding federally established reportable quantities. Con Edison makes it a practice to report chemical releases even if they occur in containment areas with moats. The company has taken steps to reduce the likelihood of equipment failures that can result in chemical releases and to improve operator performance. Furthermore, root-cause analysis is used to investigate causative factors in releases and identify safer handling methods and procedures.

Dielectric Fluid Released to the Environment (gals.)



Chemical Releases Above Reportable Quantities





Wearing proper personal protective equipment, using appropriate and well-maintained tools, and following clear and comprehensive procedures help protect every company employee and the contractors who work for us.

The Safety Management System

Con Edison is committed to complying with all applicable health and safety regulations and to safeguarding its employees and the public. The cornerstone of the CECONY health and safety program continues to be our comprehensive Safety Management System, or SMS. The SMS comprises not only policies and procedures, but also frames the structure of committees and working groups, training programs and tools, communications methods, and performance monitoring. Broadly patterned after the company's effective Environmental Management System, the SMS serves as a full-spectrum resource in Con Edison's pursuit of an injury-free workplace. The influence of Con Edison's SMS extends to every company employee and all contractors.

The overall SMS is made up of 13 major categories, each clearly and explicitly addressing a different aspect of working safely. These are:

- **Standards** — These establish safety, health, and environmental considerations as an integral part of the company's business practices and hold all employees accountable for knowing those that apply to their work. They also define six key EH&S objectives that serve as the cornerstone for strategic planning and focus.
- **Procedures** — These comprise written general rules and regulations, Corporate Safety Procedures (CSPs), General Safety Instructions (GSIs), and provisions for monitoring their use and effectiveness.
- **Communications** — Free and open communication builds a dialogue among employees, allows sharing of experiences, and supports creation and maintenance of a safe work environment. Communications includes regular safety meetings, local safety gatherings, publications, intranet resources, monthly videos, and labor/management committee meetings.
- **Training** — From formal courses at the company's Learning Center, to on-the-job instruction, safety training is an essential component of working safely. Job-title and job-specific training requirements are listed in an online Web site, and training effectiveness is monitored by the EH&S training committee, which also develops recommendations to improve training effectiveness.
- **Performance Monitoring** — Using the Safety and Health Information Monitoring System (SHIMS), health and safety incidents are tracked, a database is built to provide monthly safety reports, and trend presentation and analysis are used to determine likely causes of problems and identify opportunities for performance improvement.
- **Risk Management** — Risk management teams made up of representatives from EH&S, engineering, and operating groups carry out an ongoing program of risk identification, risk prioritization, and development and implementation of risk-control and reduction measures.
- **Auditing** — Compliance audit programs provide a comprehensive health and safety review using ongoing scheduled and unannounced inspections. Management system audits are also conducted to evaluate effectiveness throughout the corporation and within specific operating units.

- **Performance Improvement** — To improve safety performance throughout the company, the SMS incorporates the results of safety audits, lessons learned on the job, root-cause analysis of incidents, recommendations for enhanced procedures, self assessments, and defined goals for both corporate initiatives and business-unit programs.
- **Rewards and Discipline** — Both are based on a structured system keyed to the principle that all employees are responsible for implementing the safety and health requirements that apply to their jobs.
- **Reporting Without Retaliation** — This provision presents an array of options for openly expressing concerns about potentially unsafe or hazardous conditions. Every employee can call a “Time Out” to stop work if a safety, health, or environmental question arises. All employees have unlimited access to an Ethics Helpline, corporate ombudsman, and independent monitor to report concerns anonymously.
- **System Oversight** — In depth, ongoing monitoring and evaluation are provided by the EH&S Committee of the Board of Directors, the Environmental Quality Review Board, the Environment and Safety Committee, corporate EH&S staff, Leadership Teams, and field safety personnel.
- **Emergency Preparedness and Response** — The company has an established Incident Command System (ICS) protocol that serves to mobilize and deploy resources in case of system emergencies.
- **Job Site Protection** — The SMS recognizes the job site as the front line for safeguarding employees at work. Specific safety measures include job briefings, job safety analysis, equipment preparation and energy-isolation processes, personal protective equipment, and contractor safety programs.



Job site protection is a key component of safety management that benefits employees and the public.

Working Together to Work Safely

As part of its continuing effort to broaden the discussion of worker safety and public safety, the company held its fifth annual safety conference in June. More than 300 union and management employees from throughout the organization participated in the event.

Public Safety

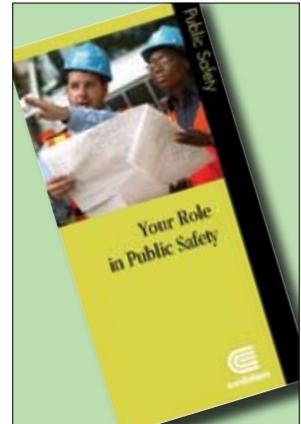
CECONY has developed a company-wide public safety communications program for all employees. This program emphasizes the public safety aspects of infrastructure management, design, maintenance, and operations. Each employee received a public safety brochure detailing elements of the company's approach to public safety. A companion training program was administered using on-the-job presentations, intranet-based tutorials complete with testing, and in-depth feature segments on *The Excellence Files*, a monthly video magazine distributed throughout the organization.

CECONY has an extensive stray voltage testing program in place to check its electrical distribution facilities. Stray voltage is the presence of electrical current along sidewalks, lampposts, service box covers, or elsewhere. Stray voltage may occur because of compromised cable insulation, cable arcing, or discontinuity in cable systems. Road-salt runoff in cold weather months and other factors can influence the likelihood of stray voltage. To mitigate the possibility of stray voltage, the company has stringent specifications for both materials and operating procedures, and electrical system design. In addition, there is a comprehensive regimen of inspection, repair, and maintenance protocols to reduce the risk of stray voltage.

To confirm the effectiveness of these measures, the company's Electric Operations group administers an annual cycle of testing for the electrical distribution infrastructure operated by the company. This includes thousands of miles of cable, more than 250,000 manholes and service boxes, and 34,000 underground transformers. The overhead electrical system is tested as well. In addition to Con Edison facilities, testing is also done for municipal lampposts on public thoroughfares throughout the service territory. The full planned cycle of stray voltage testing was successfully completed during 2005. It covered 273,980 underground structures, 193,693 overhead structures, and 172,977 streetlights.

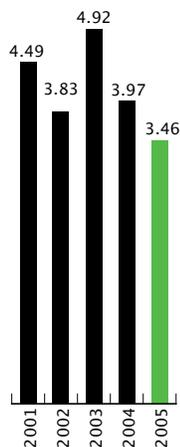
O&R also carries out stray voltage testing. In the O&R service territory, there are more than 136,000 poles associated with the overhead distribution system, and more than 16,000 underground facilities. In addition, O&R tests for stray voltage at more than 1,600 street lights and traffic signals. Of these, 400 street lights are owned by O&R, and the remaining lights and signals are owned by municipalities and by the Department of Transportation. O&R's full planned cycle of stray voltage testing for 2005 was successfully completed.

CECONY has developed the world's first mobile stray voltage detection devices. We promptly investigate any report of possible stray voltage, and if a stray voltage condition is detected, it is corrected at once, whether on Con Edison equipment, municipal equipment, or customer equipment.

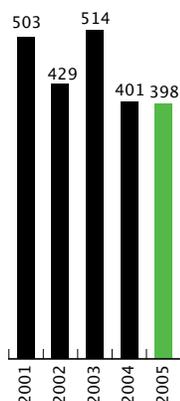


All CECONY employees have received the company's public safety brochure, and have been provided with training on public safety initiatives that pertain to the operation of energy delivery systems.

OSHA Combined Injury/ Illness Incidence Rate



Recordable Injuries*



*Recordable injuries are those where medical attention beyond first aid is required.

Recognizing that stray voltage is not unique to our service territory, we have held two industry conferences on this issue in which 20 utilities from the United States and abroad have brainstormed and shared best practices. We will continue to work with nationally recognized organizations such as the Electric Power Research Institute (EPRI) and the Edison Electric Institute (EEI) to pursue programs to mitigate stray voltage.

Safety and Health Performance for 2005

The Occupational Health and Safety Administration (OSHA) Injury/Illness Incidence Rate is a federally standardized measure for quantifying work-related injuries and illnesses normalized to the number of work hours. The lower the number, the better the performance. For 2005, the 3.46 rate represents the company's best-ever result. Likewise, the number of recordable injuries stood at an all-time low for 2005. This is a testament to all employees who worked hard to safeguard themselves, coworkers, and the public. This performance does not reflect attainment of our ultimate goal, but represents a trend in the right direction toward an injury-free workplace.

According to safety data provided by the Edison Electric Institute, this safety performance places Con Edison in the middle range when set against other broadly comparable utility companies operating in the United States.

Con Edison remains committed to continuous improvement in safety performance. The key is a targeted program of safety initiatives including reinforced safety ownership within line organizations, business-specific program improvements, and enhanced analysis of accident and incident trends. These measures, and others described more fully below, are designed to support all personnel as they work together to help achieve an injury-free workplace and maintain public safety.

Training — Con Edison's training facility, called The Learning Center, conducts skills training in the operation of our electric, gas, and steam systems, along with courses on environment, health, and safety compliance, and much more. More than 11,700 Con Edison and O&R employees received training during 2005. On-the-job training modules reinforce classroom learning, and an increasing roster of online eLearning courses facilitates job readiness, career development, and safety awareness.

Corporate Safety Procedures and General Safety Instructions — Con Edison's employees belong to different working groups, and each organization manages a different aspect of operations. There are dozens of job descriptions within these groups, and workers are active in a broad range of settings varying from dense urban sites to sparsely populated rural areas. Volumes of federal, state, and local laws and regulatory statutes govern safety and operational requirements for building, maintaining, and operating Con Edison's infrastructure. Applicable laws and safety regulations are determined and interpreted by the corporate EH&S and the Law department. Then, the corporate EH&S department develops these applicable laws and safety regulations into readily understandable Corporate Safety Procedures (CSPs). The CSPs clearly summarize relevant mandates and serve as a guide for developing health and safety policies and plans.

The practical aspects of broad policies are further distilled into General Safety Instructions (GSIs) that outline specific safety information keyed to performing particular jobs in the field in accordance with approved Corporate Safety Policies.

“Time Out” Program — Con Edison has taken steps to provide all employees with the resources they need to exercise personal initiative and actively participate in managing safety contingencies on the spot. Employees are issued a “Time Out” wallet card, and every employee can discuss any safety concern with a supervisor, and an EH&S professional can also be called in to consult. Work will not resume until the situation is assessed. Top management regularly communicates support for the program and encourages employees to use it when appropriate. This way, every individual is empowered to accept responsibility for getting work done without unacceptable environmental or safety risks to themselves, fellow workers, or the public.

“Close Call” Program — There may be cases where an incident nearly caused personal injury. The people involved, or those who witnessed the event, know what happened, and they also usually know why. In years past, employees often would not talk about the event because they worried about being blamed for what went wrong. The silence deprived everyone else of the useful safety lessons that could be learned. To correct this, a collaboration between union and management participants created Con Edison’s Close Call program. The program provides all employees with the assurance that there will be no retaliation or discipline for reporting a close call. This emphasis on open communication lets employees pinpoint what went wrong, minimize the chance of a repeat occurrence, and help others by sharing their experience.

Open Communication — The very best safety program is effective only when it is backed by a sense of common purpose, respect for teamwork, and a corporate culture that encourages the free exchange of information and ideas. Con Edison facilitates frank and unobstructed dialogue, and provides all employees with access to a wealth of environmental, health, and safety information. For example, the EH&S *InfoLine* is an intranet resource that is available to all employees. This site features a “Who We Are” portion that describes corporate EH&S and offers contact information, as well as a listing of all EH&S staff throughout the company, so people know whom to contact for their specific needs. The content-rich site provides access to all Corporate Safety Procedures; General Safety Instructions; monthly updates of environmental, health, and safety performance; a reporting mechanism for Close Calls; the monthly online newsletter, *A New Leaf*; and much more. In addition, all operating groups receive copies of *The Excellence Files*, an award-winning monthly video magazine that highlights safety and environmental stories from the field, presents topical segments featuring significant EH&S developments, and provides employees with performance updates of selected metrics.



Con Edison customer field representatives make their daily rounds throughout the communities we serve.



Green Horizons, a conference offering middle-school students hands-on lessons from subject matter experts about a variety of natural resources and environmental careers, is one of the educational efforts Con Edison sponsors through its Strategic Partnerships program.

Maintaining the Commitment to Excellence Enhancing Relationships With Stakeholders

As the operator of an extensive energy-distribution infrastructure in one of the world's most densely populated corridors, Con Edison has an extended group of stakeholders that includes customers, employees, environmental groups, shareholders, and communities where we do business. The company actively participates in an ongoing engagement with its stakeholders to keep them informed, exchange information, find common ground on issues of mutual concern, and partner with them in the cultural and civic vitality of the region.

Our Customers

The most important thing Con Edison does for the homes, businesses, institutions, and individuals is to provide reliable energy services. To meet the increased demand for energy during 2005, CECONY invested more than \$1 billion to upgrade and reinforce its electric delivery system for more than 3 million customers in New York City and Westchester County.

Among the many improvements were the electrical distribution system, including upgrades to cables and transformers; transmission system upgrades; and substation installations and circuit breakers.

In the CECONY service territory of New York City and Westchester County, electric consumption has grown by nearly 20 percent between 1994 and 2004. In 2005, New York City issued approximately 19 percent more building permits than the previous year. Home air conditioning use in the service area has grown dramatically, and customers are expected to install an additional 900,000 units over the next five years.

The O&R service territory is a thriving area, principally residential in nature, with a broad base of commercial, industrial, agricultural, and recreational facilities. The company's New Jersey territory includes a high concentration of office and research facilities. The New York franchise area is a prime and growing location for new commercial and industrial activity. In the ten-year interval since 1995, O&R invested \$566.2 million in capital improvements to bolster its customer service capabilities and to strengthen the structure of its energy delivery systems.

Power use is rising because customers are using more computers, printers, scanners, cell phone chargers, and other equipment at home for personal or business purposes. In fact, the company estimates that in 2005 its customers used more than 8 million televisions, 10.5 million cell phones, and 2.5 million personal computers.

In addition to delivering electricity, CECONY distributes natural gas to more than 370,000 customers in Manhattan, the Bronx, part of Queens, and most of Westchester County. More than 4,200 miles of gas mains and service pipes transport in excess of 200 million dekatherms of natural gas a year. A dekatherm is 10 therms. The typical New York City customer cooking with gas uses approximately 8 therms a month. O&R supplies gas service to more than 125,000 customers.

CECONY provides steam service for heating and cooling to approximately 1,800 commercial and residential customers in Manhattan. The steam is distributed through about 105 miles of mains and service lines, making it the largest district steam system in the world.



Our diverse workforce uses teamwork and open communication to ensure safe and responsible services for our customers and our environment.

Our service to customers extends beyond energy delivery. The company develops new ways for customers to manage bills, and makes it convenient to reach customer service representatives. Both CECONY and O&R have successfully implemented direct payment plans that allow paperless bill paying, and online payment options are available as well. Con Edison also has a “PowerYourWay” program that allows customers to purchase energy from providers of their choice. Competitive energy suppliers serve 31 percent of CECONY’s electric peak customer needs. At O&R, 31 percent of New York electric customers and 37 percent of gas customers purchase their energy from alternate suppliers.

Con Edison is committed to providing reliable energy services to its customers, and implementing programs, policies, and technologies that make it easier and more convenient to do business with us.

Employees and Diversity

Most Con Edison employees live within our service area, and they reflect the rich mix of ethnic and racial backgrounds that characterize the region as a whole. The company is one of the largest employers in the region and employed about 14,000 people in 2005.

For the fifth straight year, *Hispanic Magazine* named Con Edison Company of New York to its “Corporate 100” list of top companies for Latinos. The list appeared in the February 2005 issue of the magazine. The annual choices are based on firms’ diversity training, recruitment efforts, ethnic representation on their boards, and other minority-business initiatives. Funding provided for Latino-related scholarships, grants, and philanthropic donations are also factored into the selection process, as is a company’s overall image in the Hispanic community. About the companies selected for the Corporate 100 list, the magazine states, “Whether they’re coming up with innovative diversity training initiatives, doing more business with minority suppliers, donating time and funds to great causes or expanding their employee bases to include more minority workers, all of these firms go the extra mile to create opportunities for Hispanic business owners, executives, workers and charities.” Con Edison has been named to the list every year since 2001.

Con Edison was named as a “Champion of Diversity” by the New York Urban League in 2005. The company was saluted for its outstanding corporate citizenship, and for its fairness to women and minorities in hiring, contracting with vendors, and philanthropic practices.

Con Edison has placed among a distinguished group of corporations comprising the *LATINA Style 50* for 2004. This seventh annual *LATINA Style* ranking evaluates corporate America’s sensitivity to professional Hispanic women’s needs and goals in the workplace. More than 600 of the most prominent corporations in the United States were included in the extensive search, which weighs the findings of an analytical questionnaire of corporate policies and practices as they pertain to professional Hispanic women. This is the third year that Con Edison has made the *LATINA Style 50*

list. Con Edison is proud to be included in the *LATINA Style 50*, an award that reflects the company's ongoing commitment to fostering diversity in the workplace and supporting the role of women in nontraditional jobs.

Con Edison once again made *Fortune* magazine's "50 Best Companies for Minorities" list, and placed within *DiversityInc*'s "Top 50 Companies for Diversity" ranking. In *DiversityInc* subcategories, Con Edison ranked No. 5 for Latino diversity, and No. 4 for supplier diversity.

Con Edison placed twenty-second on the list, which ranks the nation's Fortune 1000 companies that have at least two women on their board of directors, a high proportion of women at all levels, and a steadily increasing percentage of women in senior management positions.

Shareholders

Consolidated Edison, Inc. has a long history of providing solid and consistent returns for investors. Net income in 2005 was \$719 million, or \$2.95 per share, compared with \$537 million, or \$2.28 per share, in 2004. Earnings from continuing operations were \$732 million, or \$3.00 per share, compared with \$549 million, or \$2.33 per share in 2004.

Including reinvested dividends, total return to shareholders in 2005 was 11.4 percent. Over the past five years, Con Edison stock has returned 57.4 percent, compared with 30.6 percent for the S&P Electric Utilities Index, and 2.8 percent for the S&P 500. Con Edison is the only utility in the S&P 500 with 25 or more consecutive years of dividend increases. In January 2006, for the thirty-second straight year, the dividend was increased to an annualized \$2.30 per share, a tangible measure of commitment to shareholder value.

Factors that influence the company's returns include weather; sales growth; pensions and post-retirement benefits costs; depreciation and property tax expenses; operations and maintenance costs; interest rates; and long-term debt. A chief determinant of returns is the company's rate structure that covers the prices customers are charged for delivery of electricity, gas, and steam. The New York State Public Service Commission (PSC) approves Con Edison's rate plans.

Consolidated Edison, Inc. ranked third out of 23 North American utilities in the 2006 *Innovest* Strategic Value Advisors U.S. Utility Industry Report. *Innovest* analyzed the corporate environmental performance of the participant electric utilities, ranking them in 12 categories, including environmental management systems, total air emissions rate, environmental accounting/reporting, and corporate governance. For environmental performance, *Innovest* gave the company its highest rating, AAA. In the category of Intangible Value Asset, Con Edison received a rating of AA, *Innovest*'s second-highest rating.

For more comprehensive financial information, visit www.conEdison.com.



Con Edison, one of the largest employers in the tri-state region, is recognized for its fairness to women and minorities in hiring and in obtaining services, goods, and materials.



Constant monitoring of plants and equipment helps ensure compliance with environmental laws and regulations.

Environmental Stewardship

Engaging in Environmental Exchanges With Industry

In October 2005, Con Edison hosted its fourth annual Environmental Excellence Forum. The event was held at the company's corporate headquarters in New York City. Attendees included top environmental executives from more than 20 Fortune 500 companies, mostly in the northeast corridor. Among the industries represented were manufacturing, chemicals, pharmaceuticals, aerospace, communications, and utilities.

The forum's theme was "Operations and the Environmental Interface." Participants explored the question of integrating the needs of operating groups with a company's environmental mission. The peer-to-peer setting ensured that discussions were informed, relevant, and based on real-world needs and experiences. The forum opened with a keynote address by Denise Sheehan, commissioner of the New York State Department of Environmental Conservation.

Earlier forums explored managing environmental risk, the influence of human factors on environmental excellence, and practical approaches to environmental leadership. Con Edison hosts these forums as a way of bringing multiple industry perspectives to bear on shared environmental concerns. In particular, the gatherings help environmental industry leaders explore different aspects of sustainable business practices that not only benefit the environment, but help build the bottom line.

Cleaner, More Efficient Energy Service

Con Edison declared full commercial operation of its East River Repowering Project on April 5, 2005, when the second of two state-of-the-art, natural-gas-fired steam generators began providing steam for the company's district steam system, and supplying electricity to New York's grid.

The repowering of Con Edison's East River station was undertaken to enhance an already environmentally beneficial steam system, and is capable of producing 5.4 million pounds of steam per hour. Steam is used for heating, hot water, and, in some buildings, to power air conditioning chillers. The use of steam-powered chillers reduces the load on the electric system during times of peak summer demand. In addition to steam, the new equipment can also produce 288 megawatts of electricity.

The two newly installed steam-electric generators have up-to-date emission-control technology and burn natural gas exclusively, making the East River station one of the cleanest combustion facilities in New York.

Endorsing Ceres Principles

Con Edison has been an endorser of the Ceres Principles since 2001. Ceres is an organization comprising a network of environmental, public interest, and community groups along with investors, advisors, and analysts representing more than \$2.7 trillion in invested capital. As a leading coalition of environmental, investor, and advocacy groups working together, Ceres provides a framework for corporations, environmental activists, and socially responsible investors to work toward excellence.

Companies that have committed to continuous environmental improvement are invited to endorse the Ceres Principles, a 10-point code of environmental conduct:

- Protection of the biosphere
- Sustainable use of natural resources
- Reduction and disposal of wastes
- Energy conservation
- Risk reduction
- Safe products and services
- Environmental restoration
- Informing the public
- Management commitment
- Audits and reports

Firms that endorse the Ceres Principles publish an annual sustainability report. As noted in the executive letter, this document serves as Con Edison's combined Ceres and environmental, health, and safety report for 2005. To see an archive of Ceres reports dating back to 2001, visit the company's Web site at www.conEdison.com.

Community Involvement

Providing environmental educational opportunities for young people and families in our service area is a key part of Con Edison's strategic partnership program. In addition to providing corporate support to many environmental organizations, large and small, we actively participate through our community relations programs and event sponsorships throughout the year.

Con Edison partners with a number of environmental organizations to supply materials and study guides for schools to use in science projects, nature projects, and conservation studies. These organizations include the National Audubon Society, the High School for Environmental Studies, New York Restoration Project, Council on the Environment, and Rocking the Boat.

Another organization the company supports is the American Littoral Society. The society's annual New York Beach Cleanup Day took place during September 2005. The company helps the society publicize this event to more than three million New Yorkers in *Customer News*, sent to every Con Edison customer six times a year. In addition, Con Edison employees were among thousands of volunteers pitching in to document and remove debris from New York State beaches and waterways, including the Long Island Sound, the Hudson River, and the Atlantic Ocean. In 2005, the American Littoral Society joined forces with New York State to organize more than 7,700 volunteers who removed and documented more than 215,000 pounds of debris at 312 beaches across New York.



Con Edison supports the City Parks Foundation, which turns parks into outdoor learning laboratories.



Con Edison sponsors Bike New York, the nation's largest mass-cycling event, and our employees participate and volunteer.

In keeping with Con Edison's commitment to help foster education programs, Con Edison sponsored the fourteenth annual Future City Competition at Polytechnic University in Brooklyn to participate in the regional Future City Competition. The competition, which coincides with National Engineers Week, is a five-month project that challenges students to design the city of the future, culminating in the final event at which students get to show the fruits of their labor, a six- by four-foot model city. Thirty schools from the New York metropolitan area are represented by teams of three students who, with the support of a mentor/engineer from the American Society of Civil Engineers (ASCE) and a teacher/coach, embark upon a multi-dimensional assignment that helps them to develop skills in such wide-ranging areas as working cooperatively in teams, conducting research, and applying sound environmental science while developing their cityscapes. The students are required to write an essay describing their concepts and explaining how their designs integrate environmental awareness. In realizing their vision, the "builders" also sharpen their computer skills by using software specially design to simulate a city. The project may not cost more than \$100 and may have only one movable part. The final task is to make a formal oral presentation of their city designed concept to the judges, who see the models for the first time at the finals.

While Con Edison has a strong history of constructive engagement with the communities it serves, the company has also extended its presence to those far outside its service territory. Con Edison crews were mobilized to assist in the restoration efforts in Mississippi and Alabama, and then on to New Orleans and Texas, to lend workers and expertise in the wake of the most destructive hurricane in American history, Katrina, followed soon thereafter by hurricane Rita.

In all, the company sent approximately 90 employees who helped to restore service to New Orleans. At every location they met appreciative residents who graciously gave our employees words of welcome and thanks. Letters and e-mails continue to arrive from Gulf Coast residents who expressed their gratitude. In addition to sending crews and equipment, Con Edison has made a corporate contribution to the American Red Cross and matched employee contributions to various wide-scale relief organizations.

Environmental Organizations We Support

| | | |
|--|--|---|
| Alley Pond Environmental Center, Inc. | Friends of the High Line | New Yorkers for Parks |
| American Littoral Society | Friends of the High School for Environmental Studies | NYS Urban and Community Forestry Council |
| Battery Conservancy | Friends of Van Cortlandt Park, Inc. | Parks & Trails New York |
| Bay Improvement Group, Inc. | Gowanus Canal Community Development Corporation | Phipps Community Development Corporation |
| Beczak Environmental Education Center, Inc. | Green Guerillas | Poppenhusen Institute |
| Bloomfield Conservancy | Greenbelt Conservancy, Inc. | Reach the World |
| Broadway Mall Association | Historic House Trust of New York City | Resources for the Future |
| Bronx Council for Environmental Quality | Historic Hudson Valley | Rev. Linnette C. Williamson Memorial Park Association, Inc. |
| Bronx River Alliance | Horticultural Society of New York, Inc. | The River Project, Inc. |
| Brooklyn Botanic Garden | Hostos Center for the Arts & Culture | Rocking the Boat |
| Brooklyn Bridge Park Coalition | Hudson Guild | Salt Marsh Alliance |
| Brooklyn Center for the Urban Environment, Inc. | Hudson River Museum of Westchester | Shorewalkers, Inc. |
| Brooklyn Children's Museum Corporation | Hudson River Park Trust | South Queens Park Association |
| Brooklyn Greenway Initiative | I-MA-Green-Nation | Staten Island Botanical Gardens, Inc. |
| CEC Stuyvesant Cove, Inc. | Inform, Inc. | Staten Island Zoological Society |
| Central Park Conservancy | Isamu Noguchi Garden Museum | Sustainable South Bronx |
| City Parks Foundation | Jay Heritage Center | Teatown Lake Reservation, Inc. |
| College of Staten Island Foundation | Lower East Side Ecology Center | Teen Challenge |
| Council on the Environment of New York City | Madison Square Park Conservancy | The Point Community Development Corporation |
| Earth Celebrations, Inc. | Magnolia Tree Earth Center of Bedford-Stuyvesant, Inc. | Trees New York |
| Earth Day New York | Metropolitan Waterfront Alliance | The Trust for Public Land |
| Earth Pledge | National Audubon Society | Tug Pegasus Preservation Project |
| Earthwatch Institute | The Nature Conservancy of New York | Union Square Partnership |
| El Carnaval del Boulevard | Neighborhood Open Space Coalition | Urban Divers Estuary Conservancy |
| Fort Tryon Park and the Heather Garden Committee | New York Aquarium | Wave Hill, Inc. |
| Fresh Air Fund | New York Botanical Garden | West Harlem Environmental Action |
| Friends of Alice Austen House | New York City Department of Environmental Protection | West Side Community Garden, Inc. |
| Friends of Brook Park | New York City Soil and Water Conservation District | Westchester County Department of Parks & Recreation |
| Friends of Cunningham Park | New York Landmarks Conservancy | Wildlife Conservation Society/New York Zoological Society |
| Friends of Hudson River Park | New York League of Conservation Voters | Yonkers Downtown Waterfront Development Corporation |
| Friends of Palisades Interstate Park Commission | New York Restoration Project | |



Working together helps improve environmental and safety performance and enhances our relationships with our stakeholders.

Working Together

Con Edison has established a corporate platform of conduct that frames a set of guidelines to help all employees work together effectively, sustain the company's commitment to the environment, and work together to provide customers with safe, reliable delivery of energy services. This effort is titled The Way We Work. Its six core principles are:

- Plan the work and work the plan
- Seek and accept responsibility
- Communicate openly
- Work in teams
- Improve continuously
- Celebrate success

As mentioned in the executive letter, the company has defined one of its six key objectives as “Integrating EH&S into The Way We Work.” One consequence is that all employees are held accountable for knowing the corporate environmental, health, and safety requirements that apply to their assigned responsibilities, and for using the information in planning and completing their work. Con Edison employees are strongly committed to the company's EH&S mission, and they strive to work safely and protect the environment.

Contractors who perform work for the company are also given training, including guidance in preparing a Health and Safety Plan (HASP), which must be provided before work begins. The company uses a formal Contractor Oversight Program to monitor contractor safety performance.

An important provision of the The Way We Work is the practice of celebrating success. Awards for EH&S achievement are presented at three levels: First-level awards recognize notable performance, and are given as warranted throughout the year; second-level awards are presented for significant EH&S achievement throughout the company. Third-level awards represent the highest honor the company presents for outstanding contributions to our environmental, health, and safety effort by employees, working as individuals or in teams. Since 1996, 730 people have been presented with third-level awards. For 2005, Con Edison recognized 69 employees at the company's tenth annual EH&S Awards Breakfast. Their contributions ranged from innovative technical solutions to operational challenges, to effective implementation of environmental programs, to personal commitment to safety on the job, and to making a positive environmental impact on behalf of the communities we serve.

In addition, for the first time, a new “Circle of Excellence” award was presented to a group of employees who distinguished themselves by having earned a minimum of three third-level EH&S Excellence Awards over the past decade.



“If there’s one thing that taking the long view shows, it’s that Con Edison is solidly set on a course of making consistent gains in our EH&S performance. Today’s award winners have set an example for planning the work and working the plan. They’ve demonstrated by their actions how they seek and accept responsibility. They’ve communicated openly throughout their organizations. They’ve worked in teams and have definitely shown a strong commitment to improving continuously.”

Kevin Burke
Chairman, President, and Chief Executive Officer
EH&S Excellence Awards 2005

Excellence Awards correspond to each of the six key EH&S objectives. Circle of Excellence honorees have earned at least three previous Excellence Awards.

Improving Safety Performance

Michael J. Coviello - splicer
Fredrick W. Klescht - operating supervisor
Christopher Labick - mechanic A
Joseph R. Martin - principal engineer
John Mazzuca - mechanic B
Frank Orlando - EH&S section manager
William Thuilot - troubleshooter Hv
Kenneth J. Trager - senior specialist

Ensuring Environment, Health, and Safety Compliance

Armand Agasian - senior engineer
Nicholas Beharry - associate engineer A
John J. Donnelly - associate engineer A
Edward G. Ecock - department manager
John F. Feliciano - operating mechanic A
Rachel Friedman - supervisor
Oleg Krotoff - senior scientist
Stephen A. Kurtz - section manager
James Lucente - project manager
Jeffrey L. Riback - assistant general counsel
Peter Tom - senior engineer
Patrick R. Williams - technical specialist
Thomas Ziehnert - specialist

Enhancing Relationships With Stakeholders

Darrell A. Blackman - operating supervisor
Joseph Carbonara - project manager
Michael D. Corcoran - senior architect
Lisa Frigand - project specialist
Andrew Manger - manager
Gail McMillan - director
Matthew Palmer - field operations planner
Eric Soto - director

Integrating EH&S Into The Way We Work

William M. Bleichner - splicer
Kristy K. Brown - management associate
Emanuel B. Byalick - splicer
Frank L. Denisco - manager
Philip J. Fowles - senior engineer
Raymond M. Hannon - troubleshooter Hv
Walter R. Hedeman - EH&S manager
Kevin Kelly - project specialist
Joseph A. Moawad - management associate
George Murray - section manager
Walter Schoepp - outside plant mechanic A
Angelo C. Vann - splicer

Identifying and Reducing EH&S Risk Potential

Michael A. Bonanno - supervisor
John W. Condon - mechanic A
Thomas Coyle - field operations planner
Jeanette Cullen - operating supervisor
Joseph T. Desimone - senior specialist
Terence J. Foxe - director, Orange and Rockland
John R. Giordano - senior specialist
Terrence L. Hunter - supervisor
Winston M. Krieger - mechanic A
John A. Marino - operating supervisor
Michael H. McCroary - supervisor
Michael A McKeon - material analyst
Peter M. Moore - senior coordinator
Daniel P. Morales - manager, Orange and Rockland
Charles F. Palmeri - operating supervisor
Patricia V. Phillips - operating supervisor
Arley C. Pressley - operating supervisor
Frank J. Salsille - mechanic A
Victoria Scicutella - operating supervisor

Making Wise and Effective Use of Natural Resources

Joseph Angiuli - mechanic B
Richard Boscarino - section manager
Elizabeth Christakos-Comack - EH&S manager
Gaspere G. Dilorenzo - outplant mechanic A
Anthony G. Drummings - project specialist
John R. Gaito - equipment operator
Alan L. Gajer - technical manager
Conrad A. Geher - equipment operator
Oleg Krotoff - senior scientist
James Lucente - project manager
Robert O'Neill - section manager
Andy C. Tiao - operations manager

Circle of Excellence Honorees

Armand Agasian
Marty Czastkiewicz
Bill Geerlings
Patrick Keelan
Kevin Kelly
Oleg Krotoff
James Lucente
Gerard Pilate
Richard Slote



Orange and Rockland has been recognized four years in a row by the National Arbor Day Foundation for its national leadership in caring for trees while meeting service objectives.

Risk Management

Being prepared to cope with and minimize the potential risks inherent in any undertaking is key to working safely and protecting the environment. Risk management is a key component of our Environmental and Safety Management Systems. Con Edison's approach to risk management is focused on identifying, analyzing, managing, and, to the greatest extent possible, eliminating environmental, health, and safety risk potentials that could affect our business and the communities we serve. Leading this effort are risk management teams composed of representatives from operating groups throughout the company.

The teams assess equipment, processes, and procedures to identify potential environmental, safety, or health risks. The tool used is called a "Failure Modes and Effects Analysis." Each potential risk is evaluated to determine its likelihood, its possible consequences, and our ability to detect or control it. The teams then compare these variables and assign a priority factor for each of the identified risks. Using this information, control and design mechanisms are evaluated so that enhanced measures can be developed to minimize these potential risks. A complete risk management reference resource is available on the company's intranet.

Con Edison has also established a Strategic Risk Council to identify, prioritize, and manage emerging regulatory requirements as well as societal and stakeholder concerns and expectations. The council uses a systematic approach and applies internal and external resources to assess and categorize risks. Priority issues are assigned to designated teams for further evaluation and management, as appropriate. Since strategic issues tend to develop over time, the council works to anticipate future risks and prevent them from developing into tactical challenges that could adversely affect the company or its ability to serve its customers.

Raising the Bar on EH&S Performance

Con Edison has a tradition of pursuing initiatives that represent opportunities for improving performance with respect to the environment.

Vehicle Hydraulics

Many Con Edison vehicles are equipped with winches, lifts, and other hydraulic mechanisms. These mechanisms rely on hydraulic oil to make them work. In older vehicles, the quantity of oil could be considerable. For example, cable-reel trucks typically used approximately 100 gallons of hydraulic oil. The large volume of oil was necessary not only to drive machinery, but also to dissipate heat build-up in the oil itself. Con Edison engineers worked with vehicle suppliers to develop more efficient and compact hydraulic systems that could operate safely using much less oil. In the case of a cable-reel truck, the hydraulic reservoir was reduced from 100 gallons to 10 gallons, representing a 90 percent reduction in volume. In step vans, the quantity was reduced from 25 gallons to 2.5 gallons, also a 90 percent reduction. The

smaller quantity of oil pays big environmental dividends. In case of a system leak, the amount of oil that can be released to the environment is considerably lessened. Also, in the course of normal maintenance, hydraulic system oil changes require much less fluid, and result in much less used oil for disposal.

O&R Wins Tree-care Honors From National Group

In 2005, for the fourth year in a row, the National Arbor Day Foundation named O&R a “Tree Line USA Utility” in recognition of O&R’s “national leadership in caring for trees while meeting service objectives.”

O&R manages vegetation along 3,800 miles of primary electric distribution and 475 miles of electric transmission in New York, New Jersey, and Pennsylvania. Included in the program is vegetation control for its gas transmission lines, electric substations, and facilities.

In an award letter to O&R, the National Arbor Day Foundation noted, “Your effort in meeting Tree Line USA requirements — training your workers in quality tree-care practices and helping your customers to plant appropriate trees near utility lines — not only helps to provide beautiful trees for the future, but also results in long-term operational savings for your utility.”

O&R’s four-year tree-trimming cycle prunes an estimated 225,000 trees per year along about 1,200 miles of right-of-way. An important part of the O&R program is letting the public know that planting appropriate species of trees near utility lines not only reduces the likelihood of tree interference, it helps beautify the community. The O&R vegetation management program is credited with a 17.5 percent decrease in tree-related electric power outages since 1991. Tree contact is the primary cause of electric service interruptions in O&R’s heavily wooded service territory.

Manufactured Gas Plants Program

From the early nineteenth century until approximately the 1940s, the gas used for street lighting, cooking, heating, and powering equipment was a manufactured product, not the natural gas that is used today. Thousands of manufactured gas plants (MGPs) nationwide heated coal, and sometimes petroleum products, to produce gas that was then piped to customers or stored in gasholder facilities. By the 1950s, virtually all MGPs had ceased operation as plentiful supplies of clean-burning natural gas became available. Most sites that formerly housed manufactured gas plants and gasholders were sold and put to other uses. At sites where such facilities operated, residual deposits of coal tar and other chemicals may remain in the soil. There are 50 locations that have been identified as sites where Con Edison or its predecessor companies operated MGPs in our service territory. In 2002, Con Edison signed a voluntary agreement with the New York State Department of Environmental Conservation (NYSDEC) to investigate 45 of these 50 locations. The other five locations are being addressed under other NYSDEC programs. In 1996, O&R and the NYSDEC signed an agreement in which the utility undertook an examination of its seven former manufactured gas plant sites in Orange and Rockland counties to determine whether any coal tar or other residue from the obsolete gas manufacturing process remains on the sites. Con Edison aggressively continues its work to carry out long-term studies of all CECONY and O&R sites to assess if there is any residual material and, working in concert with NYSDEC and the New York State Department of Health (NYSDOH), to determine if any cleanup is required.



Where Con Edison must excavate to perform maintenance or make repairs, the employees carefully build appropriate sheeting and shoring.



Con Edison's complex energy systems require substantial supplies of materials. The company has designated resource recovery coordinators in all operating groups to manage its recycling efforts.

Resource Conservation

When purchasing material, Con Edison works to find goods with substantial recycled content. For example, all general-use paper for office operations is made from 30 percent post-consumer recycled content. The stock for this EH&S Annual Report is also recycled paper, and the ink used in its production is environmentally benign. To conserve further, the report will be printed in smaller quantities over coming years, because the Internet allows broad access without the necessity of large print runs.

In the course of normal business operations, Con Edison makes use of a great deal of material, ranging from office supplies to heavy industrial equipment. Once these goods have reached the end of their service lives, the company generally does not discard them. To the greatest extent possible, Con Edison sells excess items and supplies for their second-hand value, and segregates and sells scrap metals.

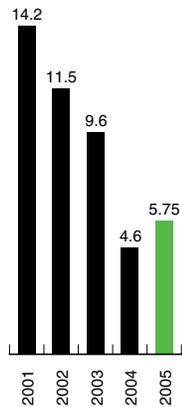
The company has designated resource conservation coordinators in all operating groups to manage the recycling of paper, batteries, toner cartridges, wooden pallets, and other materials.

With computers and other selected electronic equipment, the company turns these items over to a recycling organization called Per Scolas. This group refurbishes the computers and other equipment, and provides them at low cost, or no cost, to schools throughout the country.

Con Edison has also instituted an innovative Material Exchange Program to extend the useful life of goods it already has on hand but no longer needs. The program uses NY Wa\$teMatch, an Internet-based “trading” bulletin board through which company departments can exchange fixtures, furniture, building and office materials, and other items. Users can search postings for needed items. Likewise, department administrators can post surplus material for use by others.

By extending the usefulness of the material it discards, Con Edison’s resource conservation program lightens the burden on the waste stream and can generate revenue, which is good for the environment and for business.

Hazardous Waste Manifested Off-site
(thousands of tons)



Recycling Totals for 2004 and 2005

| | 2004 | 2005 |
|-----------------------------|------------|------------|
| Mixed paper and cardboard | 1,184 tons | 1,169 tons |
| Scrap AC/DC meters | 157 tons | 399 tons |
| Scrap OB meters | 1,200 pcs. | 620 pcs. |
| Scrap cable (regular) | 2,344 tons | 2,454 tons |
| Scrap cable (PILC) | 3,205 tons | 3,367 tons |
| Scrap iron and steel | 833 tons | 4,165 tons |
| Toner cartridges | 10 tons | 10 tons |
| Tin and aluminum gas meters | 28 tons | 36 tons |
| Network protectors | 71 pcs. | 47 pcs. |
| Computer equipment | 2,904 pcs. | 5,698 pcs. |

O&R's Recycling/Investment Recovery program is an award-winning partnership that employs workers from Rockland ARC (formerly known as the Association for Retarded Citizens) to break down retired O&R equipment into component parts for resale. The Rockland ARC workers separate waste paper; bale used cardboard; and dismantle and sort old cable, streetlights, reflectors, and meters for recycling. Those parts are then sold to recyclers.

Since its inception in 1992, the program has saved tens of thousands of yards of land-fill space, spared thousands of trees, and earned O&R back some of the investment it initially made in the material. The program also provides a meaningful work experience for Rockland ARC workers. The program's successful environmental efforts have been recognized frequently with the Certificate of Environmental Achievement from "Renew America," a national environmental enhancement organization.

Hazardous Waste Manifested Off-site

During 2005, the company shipped 5,750 tons of hazardous non-remediation waste to licensed commercial waste-handling facilities. The major part of this hazardous waste consisted of sediment that accumulates over time in underground structures, such as manholes.

The company has initiatives to reduce the amount of hazardous waste from various company operations. For example, Con Edison adopted a process that removes polychlorinated biphenyl (PCB) from external wrapping used on gas pipes. The use of this treatment allows the pipes to be sold as scrap metal and recycled, reducing the quantity of material going to landfills and providing Con Edison with another source of revenue.

Air Emissions

CECONY and O&R no longer operate generating plants to produce electricity exclusively. The companies purchase virtually all their electricity through the New York Independent System Operator (NYISO). Nevertheless, as part of its operations—principally distribution of natural gas, substation operations, the activities of its Consolidated Edison Development, Inc. (CED) subsidiary, and the combustion of fossil fuel to supply its steam system—Con Edison generates nitrogen oxides (NO_x), sulfur dioxide (SO₂), and greenhouse gas emissions.

Nitrogen Oxides (NO_x) and Sulfur Dioxide (SO₂)

Nitrogen oxides are released by combustion of fuel. The operations of the steam business unit of CECONY, along with the generating assets of CED, account for virtually all the nitrogen oxides released by Con Edison. At ground level, harmful ozone pollution and smog can result when volatile organic compounds react with NO_x in sunlight. To minimize the quantity of NO_x resulting from company operations, Con Edison has installed sophisticated control equipment and uses well-maintained combustion equipment. Operations are carried out according to rigorous procedural guidelines, and sensors constantly monitor nitrogen oxide levels so that personnel can adjust combustion to minimize NO_x emissions.

Sulfur dioxide is another substance released by the combustion of fuel, and the principal sources for Con Edison's SO₂ releases are the same as for nitrogen oxides. Sulfur dioxide reacts with water and other substances in the atmosphere to create acid rain. The quantity of sulfur dioxide produced depends on the levels of sulfur in the fuel being used. Con Edison has taken measures to use clean-burning natural gas for its combustion operations whenever possible. When oil is used, the company specifies a maximum sulfur content of 0.3 percent, by weight, making it one of the cleanest fuel oils available, resulting in minimal sulfur dioxide emissions.

Greenhouse Gases

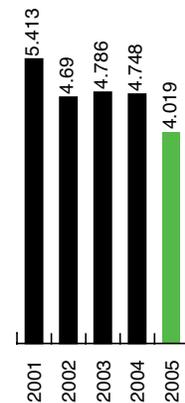
Climate change attributed to greenhouse gas emissions has emerged as an issue of worldwide concern. Con Edison's greenhouse gas emissions include three substances: carbon dioxide (CO₂), methane, and sulfur hexafluoride (SF₆).

Carbon Dioxide Emissions

The principal source of the company's carbon dioxide emissions comes from the fuel used for generating steam that supplies CECONY's district steam system, and the fuel used to power the generating assets of Con Edison Development, Inc. To help assure low emissions, the company uses only low-sulfur fuel oil and clean-burning natural gas in its utility boilers, and refined kerosene in its combustion turbines. However, steam production is entirely weather dependent, and electrical generation can be as well, so the actual CO₂ emissions are also influenced by weather conditions.

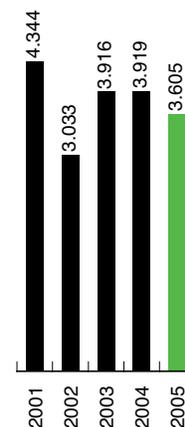
Combined CECONY and CED NO_x Emissions

(thousands of tons)



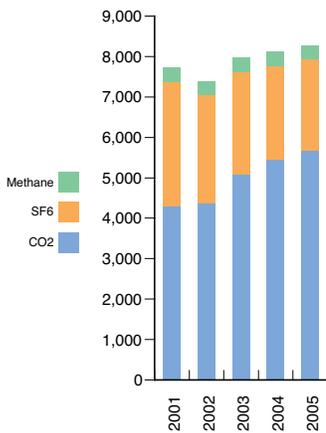
Combined CECONY and CED SO₂ Emissions

(thousands of tons)



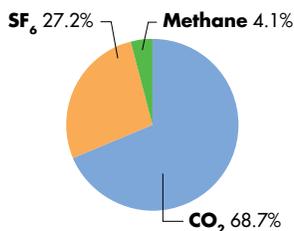
Total Con Edison, Inc. Greenhouse Gas Emissions

(CO₂e thousands of tons)



Proportion of Substances in Con Edison Total Greenhouse Gas Emissions for 2005

(CO₂e thousands of tons)



Methane Emissions

Methane is a greenhouse gas that has 21 times the heat-trapping potential of CO₂. This potential is represented as (CO₂e) and is used to compare greenhouse gases. Methane emissions result chiefly from the CECONY natural gas distribution system. The sources of these emissions include leaks from supply stations and surface facilities as well as releases from pipes. To reduce these emissions, Con Edison has enhanced inspections and maintenance at gas facilities, and continues to implement equipment upgrades on an ongoing basis. In addition, a research program is being conducted using a newly developed natural gas recovery trailer. This piece of equipment draws the natural gas from sections of pipe that must be taken out of service. Rather than releasing the gas, it is stored in the trailer until it can be reinserted into the pipe. The pilot program testing this method showed that it significantly reduced the amount of methane going into the atmosphere.

In 1993, CECONY became one of the first companies to join the United States Environmental Protection Agency's (EPA) Gas STAR program. As a STAR partner in the program's transmission and distribution sector, the company evaluates the program's best management practices for reducing natural gas emissions and works to implement those that are applicable to our operations.

In April 2003, the EPA's Natural Gas STAR Program awarded Con Edison a Certificate of Achievement "for aggressively reducing methane emissions and helping lead the way to reducing climate change impacts." The EPA has also recognized Con Edison with a "Gas STAR Partner" award for ten years of company achievement in its work to curb methane emissions.

Sulfur Hexafluoride (SF₆) Emissions

In 1999, Con Edison entered into a memorandum of understanding with the EPA, voluntarily enlisting in the sulfur hexafluoride (SF₆) Emissions Reduction Partnership for Electric Power Systems. SF₆ is an insulating material for high-voltage switching contacts and buswork used chiefly in CECONY substations. It has 23,900 times the heat-trapping potential of carbon dioxide. This potential is represented as (CO₂e) and is used to compare greenhouse gases. To date, no suitable alternative has been found for SF₆ in this application. To better manage the SF₆ in our electric infrastructure, Con Edison developed a special SF₆ optical sensor that is configured as a camera. This hand-held monitoring device can quickly spot equipment that is releasing SF₆, even in very small quantities. Con Edison works to prevent SF₆ releases by implementing rigorous technical and procedural controls and replacing equipment that may be leaking.

Regional Greenhouse Gas Initiative (RGGI)

Con Edison is one of the companies that has supported an initiative developed by the governors of seven northeast states. Known as the Regional Greenhouse Gas Initiative (RGGI), the effort aims to cut CO₂ emissions from the region's power plants and

create new investments in cleaner, more efficient energy technology. The accord takes effect in 2009. Along with new emissions limits, the plan will use a market-based strategy, called “cap and trade,” that rewards companies for outperforming the new limits and lowers overall compliance costs. Under RGGI, each state will have its own emissions cap. By announcing its support in the earliest phase of RGGI, Con Edison hopes to collaborate with industry and with policy makers to help set a useful precedent in exploring effective solutions for curbing greenhouse gas emissions.

Working With Organizations on Air Quality

In 2003, Con Edison joined with a group of companies and the World Resources Institute to explore prospective private-sector actions to address climate change. This diverse group includes companies from various sectors and differing size and geographical reach. In 2004, the World Resources Institute issued a report titled, “A Climate of Innovation: Northeast Business Action to Reduce Greenhouse Gases.” This report is intended to share experiences and build momentum among companies for the benefit of the business community, for informing emerging regional climate policy discussions, and for devising strategies to succeed in a “carbon-constrained world.” In particular, the group assessed the drivers for action, the management systems for quantifying and analyzing emissions, and the energy-related projects for reducing emissions.” The report is available through the World Resources Institute Web site at www.wri.org.

Con Edison also is actively involved in a voluntary national effort to reduce greenhouse gas emissions. In 2002, the President implemented a voluntary climate change initiative targeting a reduction of greenhouse gases. In 2004, seven power sector groups signed an umbrella Climate VISION Memorandum of Understanding with the U.S. Department of Energy and rolled out an implementation work plan that highlights the actions of the industry. Con Edison, through the Edison Electric Institute Power Partners™ signed on to this voluntary initiative.

Helping to Promote Wise Energy Choices

Con Edison encourages all customers to use energy wisely. It communicates through a variety of channels, and offers conservation programs and other resources for business and residential customers.

Incentives for Business

Sound energy management is crucial to conserving resources and the environment, but it is equally important to businesses and their bottom line. To encourage the wise use of energy, Con Edison offers load-reduction programs that help to manage energy usage during times of exceptionally high demand while rewarding commercial customers and other large energy users with financial incentives.



Con Edison endorses initiatives, including the Northeast Regional Greenhouse Gas Coalition, that focus on air quality and promote reduction of greenhouse gases.

Real-time pricing is a rate class that is available to large users of electricity who are full-service customers of Con Edison and O&R. Under this program, electricity customers pay hourly retail electric energy rates that reflect the hourly changes in wholesale energy rates. Customers can garner substantial savings over time by installing an energy management system or by using various load-curtailement strategies.

Emergency demand response is for business customers who can replace at least 100 kW of power from the supply grid by using an emergency generator, shedding load, or any combination of these when the New York Independent System Operator (ISO) declares a *power emergency*.

Special case resources are for customers who can replace at least 100 kW of power from the supply grid by using an emergency generator, shedding load, or any combination of these when the New York Independent System Operator (ISO) declares a power emergency. Participants receive a capacity payment rate during each month they pledge load reductions to the program.

Distribution load relief is for customers who can replace at least 100 kW of power from the supply grid by using an emergency generator, shedding load, or any combination of these actions when Con Edison declares a power emergency within a distribution network.

Day-ahead demand reduction is for customers who agree to reduce their usage when wholesale electric market prices exceed a predetermined “strike” price. Con Edison aggregates the load reduction nominations for customers and submits them to the ISO for evaluation. The ISO accepts these load reduction nominations as needed. Customers receive payment incentives based on forecasted wholesale prices for the load reductions if their nominations are accepted.

Clean energy programs are for business customers of O&R's New Jersey subsidiary, Rockland Electric Company. These programs provide rebates to customers for purchasing high-efficiency equipment, such as lighting, motors, and variable-speed drives. In addition, Rockland Electric offers design assistance for new buildings to improve their energy efficiency.

Commercial gas efficiency program is for commercial customers of Con Edison's gas business. Under this program, administered by the New York State Energy Research and Development Authority (NYSERDA), many small businesses are eligible for energy audits to help them make informed energy decisions and to implement energy efficiency strategies. Larger businesses are offered cost sharing or loans for energy audits and gas-efficient equipment.

The steam air-conditioning program is structured to help reduce peak summer electric load. Customers who participate are provided with reduced steam rates to help offset the costs of installing new steam air-conditioning systems.

Local partnerships, such as the Times Square Business Improvement District and the Brooklyn Chamber of Commerce, are formed to implement demand-response initia-

tives during system emergencies. Con Edison has reached out to more than 23,000 businesses under this collaborative program.

Provisions for all these initiatives are keyed to customer needs. Con Edison works with businesses to tailor the right package of one or more programs that can best conserve energy, while providing participants with incentives that benefit the environment and their profitability.

Conservation Outreach for Residential Customers

Con Edison has incentive programs for residential customers along with an extensive communications program that promotes the wise use of energy and helps customers get more information on conservation from a variety of sources.

Time-of-Use is a voluntary program under which customers will be charged for electricity at rates that depend on when it is used. Customers who participate can save money by using electricity during off-peak periods when costs are lower.



Programmable thermostats can help customers reduce their energy usage.



The New York area's economy continues to expand, and so does the need for adequate and reliable energy supplies.



The Con Edison Kids Web site is a fun, interactive place for kids of all ages to learn about energy, safety, and the environment.



Con Edison customers have the option of selecting Green Power, which supplies electricity generated by wind power.

Direct load control is a program for customers with central air conditioning who agree to have free programmable thermostats installed that Con Edison can control when needed during peak demand to reduce the energy used by the customer's central air conditioning system.

Clean energy programs have been implemented by O&R's New Jersey subsidiary, Rockland Electric Company, to provide rebates to residential customers for high-efficiency air conditioners, lighting systems, washing machines, and other appliances. Customers who install renewable energy resources, such as solar panels, also are eligible for rebates. Rockland Electric also provides free information on cost-effective energy reduction measures to low-income customers.

"Energy Savings": This feature of the Con Edison Web site spells out energy-saving measures that customers can put to work in their own homes. It also publicizes a variety of conservation initiatives.

"Con Edison Kids" Web site is a treat for children's minds, eyes, and ears. The site is a fun-filled, educational trip through the underground maze of wires, pipes, gauges, and meters that make up the Con Edison system. Characters demonstrate the do's and don'ts of gas and electric safety, and offers interesting information about energy, the environment, and how kids can help save energy in everyday settings.

EnergyLine 1-(800)-609-4488 is a toll-free information line for customers that gives energy-efficiency advice and offers booklets and a video.

Customer News, our utility bill insert, contains general conservation messages along with other items of interest. All Con Edison customers receive six issues each year. *Customer News* is also available online.

Energy education campaign: Con Edison and O&R periodically produce radio spots encouraging listeners to conserve energy. Broadcast coverage for these messages extends through the service area and covers virtually 100 percent of the customer base. Con Edison and O&R also place information pieces in major daily papers and more than 300 local newspapers for the yearly energy-efficiency educational campaign that runs principally during the summer months.

Appliance Guide shows customers how to get the most efficiency from existing appliances and helps them make energy-wise choices when purchasing new ones. Tens of thousands are distributed annually by mail and at various events and functions. The *Appliance Guide* may also be viewed, downloaded, or ordered by customers from Con Edison's Web site.

The O&R Energy Savers pamphlet provides customers with tips on energy conservation through weatherization, landscaping, and better-informed appliance use.

The Home Energy Guide pamphlet, prepared by O&R, provides a comprehensive listing of programs and services including PowerSwitch, storm preparedness, electrical safety, community involvement, and volunteerism.

Sustainable Energy Sources

By far the majority of electrical energy in the United States is generated through combustion of fossil fuels. This is necessary because that is presently the only way to meet energy demands. Use of fossil fuels consumes finite energy resources and also contributes to air emissions. But now there is an available alternative for Con Edison customers. Con Edison Solutions, a subsidiary of Consolidated Edison, Inc., is an energy services company that offers its customers a Green Power option. Con Edison Solutions is now working with a leading wind energy marketer and developer to provide an environmentally friendly energy alternative. Green Power creates no emissions and does not deplete fossil fuel reserves. It's an infinitely renewable resource that relies on wind turbines to produce electricity. Residential, commercial, and industrial customers who choose Con Edison Solutions Green Power are directly supporting pollution-free renewable electricity and a more sustainable energy future. In addition, Green Power is Green-e certified. The Green-e program certifies renewable electricity products that meet its environmental and consumer protection standards. As part of this certification, electricity providers are asked to disclose information about their product to their customers. This enables consumers to make informed purchasing decisions and helps to build wider acceptance of renewable electricity. For more information about Green Power's options, visit the Con Edison Solutions Web site at www.conEdsolutions.com.



Con Edison's stakeholders are all the customers, businesses, neighborhoods, and visitors who work, play, and enjoy the advantages of city and suburban life.

Communicating Openly

This report is an assessment of our performance during 2005, and highlights the efforts and achievements of the men and women of Con Edison. Two existing and effective tools, the Environmental Management System (EMS) and Safety Management System (SMS), provided a solid framework for our 2005 performance.

By applying these management systems, Con Edison has succeeded in sustaining the momentum achieved over the past several years while satisfying our commitments to employees, shareholders, regulators, customers, and the communities we serve. Con Edison's sustained pursuit of excellence is a cornerstone of the way we work. Our determination to achieve environmental and safety excellence in every endeavor is an indispensable element of our approach to business. We are committed to protecting the environment, making prudent use of natural resources, and safeguarding the well being of our employees, the public, and the customers we serve. This report was produced to provide a closer look at how Con Edison carries out its commitment.

If you have comments about this report, please let us know by contacting:

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About Con Edison

Consolidated Edison, Inc. is one of the nation's largest investor-owned energy companies, with approximately \$12 billion in annual revenues and \$25 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; 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 owns and operates generating plants and participates in other infrastructure projects. For additional financial, operations, and customer service information, visit Consolidated Edison, Inc.'s Web site at www.conEdison.com.





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