



Consolidated Edison Company
of New York, Inc.
4 Irving Place
New York NY 10003
www.conEd.com

October 2009

Dear Retiree:

This letter contains important information about changes to the Retiree Health Program (Program). Please take the time to read through this information carefully.

Introducing Your New Hospital and Medical Plan Partner: CIGNA

Earlier this year, we announced that effective January 1, 2010, CIGNA will replace the current health plan administrators for all hospital and medical care benefits offered to employees and retirees of Con Edison and Orange and Rockland. Making the transition to CIGNA allows the company to continue to provide employees and retirees with comprehensive, high-quality health care coverage.

Here are a few highlights:

- Enhanced wellness and behavioral health benefits.
- No need for referrals to specialists in or out of the CIGNA network.
- 24-hour customer service and nurse line.
- A broad range of highly-recognized in-network facilities (and the doctors associated with them), are in the CIGNA network including Memorial Sloan-Kettering, Hospital for Special Surgery, Westchester Medical Center, Quest Diagnostics, and LabCorp.

Under CIGNA, you will continue to have the same health plan options and similar levels of benefits that you have today. All of your other benefits (i.e., prescription drug and vision) are not affected by this change. If you are enrolled in an HMO, your hospital and medical benefits also will not be affected by this change to CIGNA.

For retirees not covered by Medicare, most providers that participated under UnitedHealthcare are in the CIGNA network. You can check to see if your current doctor participates in the CIGNA network by going to www.cigna.com/conedison and clicking on "Open Access Plus Directory." You can also call the pre-

enrollment line at 1-800-564-7642 for assistance in determining if your health care provider is in network. Representatives are available 24 hours a day, seven days a week.

If you find that your health care provider is not part of the CIGNA network, you can go to www.cigna.com/conedison and click on the "Provider Nomination Form" link. Use this link to request that your health care provider become part of the CIGNA network.

Important Note: If you are enrolled in Medicare, your CIGNA benefits will be secondary to Medicare. Therefore, using network providers does not pertain to you. However, to reduce your out of pocket expenses, you should use providers that accept Medicare assignment whenever possible.

Company Contributions to the Program

The company recognizes the importance of providing you with a quality health care program and makes contributions toward a portion of the cost of the Program. Retirees' contributions pay for the remainder of the Program costs based on a cost sharing formula.

For retirees with pensions greater than \$1,000 per month, the cost sharing formula is based on the change in Consumer Price Index (CPI). The company's contribution for a given year is based on the amount of its previous year's contribution, plus a cost of living adjustment as measured by the change in the CPI. For the 12-month period from October 2008 to September 2009, there was a decrease in the CPI as compared to the previous 12-month period. As a result, the company's contribution to Program costs for 2010 will be the same amount contributed in 2009. For retirees receiving a monthly pension of \$1,000 or less, the cost sharing formula is different. The increase for this group of retirees will be based on the difference between total costs and the amount the company elects to contribute to the Program.

Retiree Contributions to the Program

Medical costs for the CIGNA plan are projected to increase by 6% and by 7% for prescription drugs in 2010. Because the company negotiated lower administrative fees with CIGNA, some of the expected 2010 medical cost increases will be offset. HMO premiums have also risen considerably. Since the company's contribution will not be sufficient to cover the 2010 expected Program costs, an increase in your monthly contribution will be necessary effective January 1, 2010. In addition, copayments will be increased for drugs dispensed at retail participating pharmacies from \$18 to \$22 for brand named drugs and from \$10 to \$12 for generic drugs.

Retirees with Pensions Greater than \$1,000 per Month

The following is an illustration of how retirees' contributions will change in 2010 assuming:

The retiree is not Medicare-eligible and currently contributes \$174 per month; \$125 for health care coverage and \$49 for prescription drug coverage

or

The retiree is Medicare-eligible and currently contributes \$79 per month; \$30 for health care coverage and \$49 for prescription drug coverage.

Retirees With Pensions Greater Than \$1,000 per Month					
Not Medicare-Eligible Monthly Contribution			Medicare-Eligible Monthly Contribution		
	<u>2009</u>	<u>2010</u>		<u>2009</u>	<u>2010</u>
Retiree	\$174	\$187	Retiree	\$79	\$90
Company	<u>687</u>	<u>687</u>	Company	<u>290</u>	<u>290</u>
Total	\$861	\$874	Total	\$369	\$380

The total cost of the 2010 program for retirees who are *not eligible* for Medicare will increase \$13 per month. Based on the Program's cost sharing method, the company's contribution will remain the same as last year, and retirees enrolled in CIGNA will contribute an extra \$13 per month.

Retirees *eligible* for Medicare will contribute an extra \$11 per month.

Retirees with Pensions of \$1,000 or Less per Month

If you are receiving a monthly pension of \$1,000 or less, your Retiree Health Program contributions will be adjusted differently. The following is an illustration of how your monthly contribution will change in 2010.

Retirees With Pensions \$1,000 or Less per Month					
Not Medicare-Eligible Monthly Contribution			Medicare-Eligible Monthly Contribution		
	<u>2009</u>	<u>2010</u>		<u>2009</u>	<u>2010</u>
Retiree	\$171	\$176	Retiree	\$74	\$77
Company	<u>690</u>	<u>698</u>	Company	<u>295</u>	<u>303</u>
Total	\$861	\$874	Total	\$369	\$380

As in the previous illustration, the total cost of the Program for retirees in 2010 will increase by \$13 per month. However, for retirees receiving a monthly pension of \$1,000 or less, the company's contribution will increase by \$8 and retirees will contribute an extra \$5 per month.

For retirees *eligible* for Medicare, the company will pay \$8 of the \$11 increase and retirees will contribute an extra \$3 per month.

The contribution amount for any retiree whose monthly pension rises above \$1,000 during the year will be determined under the method described above for retirees receiving a pension greater than \$1,000.

Schedule of Retiree Contributions as of January 1, 2010

The attached chart shows your monthly contribution rates.

Although Con Edison is not obligated to contribute to the Program, at the end of each year, the cost allocation between the company and retirees will be reviewed and adjusted as described in this letter. The information in this letter does not alter the company's right to change or terminate the Program at any time due to changes in laws governing employee benefit plans, the requirements of the Internal Revenue Code, Employee Retirement Income Security Act, or for any other reason. Con Edison is not obligated to contribute any fixed amount or percentage of program costs.

General Prescription Drug Coverage Reminders

Prescription drug coverage is provided by CVS/Caremark. What you pay for generic or brand-name prescription drugs depends on where you fill your prescription. In general, you will pay less for:

- Generic versus brand name prescription drugs;
- Filling maintenance medications (90 day supply) at a CVS pharmacy or through Caremark's mail order service program; and
- Prescription drugs you receive through a retail pharmacy that is in the CVS/Caremark network.

Get 20% off on select CVS brand items

Your CVS/Caremark prescription drug coverage provides you with a CVS/Caremark Extra Care Health card. You can use it to receive discounts of up to 20% on select over-the-counter CVS brand items, such as ibuprofen, nasal decongestant, and more. If you don't already have a card, you can call 1-800-601-6364 to request one.

2010 Open Enrollment

If you wish to change your retiree health care coverage effective January 1, 2010, for example, from an HMO to CIGNA or from one HMO to another, call Employee Benefits and request a Con Edison Retiree Health Benefits Enrollment/Change Form and Medicare HCFA form if you are on Medicare.

Your dependent full-time student can remain on your health insurance until the end of the month in which they reach age 23 or graduate. To enroll your dependent full-time student, you must contact Employee Benefits or your child's coverage will terminate December 31, 2009.

Your completed form must reach Employee Benefits no later than **December 15, 2009**.

Medicare Part D Coverage

Also enclosed is a creditable coverage notice pertaining to Medicare Part D. *This notice pertains to retirees who are Medicare eligible and currently covered under the Retiree Health Program and to retirees who have a dependent spouse/same-sex domestic partner or child who is covered by Medicare or Medicaid and is currently covered or eligible for coverage under the Retiree Health Program.* Please read the notice and file it in a safe place in case you or one of your dependents enrolls in Medicare Part D in the future.

Coverage Provided For Reconstructive Surgery Following Mastectomy

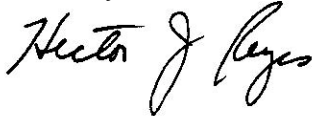
This notice is required by a federal law called the *Women's Health and Cancer Rights Act* of 1998. This notice is to inform you about how the Women's Health and Cancer Rights Act of 1998 applies to the health plans maintained by Consolidated Edison Company of New York, Inc. and Orange and Rockland and the CEI non-regulated subsidiaries ("a CEI Health Plan"). In accordance with the Women's Health and Cancer Rights Act, please know that the CEI Health Plans provide the following coverage for necessary medical and surgical benefits with respect to a mastectomy:

- Reconstruction of the breast on which the mastectomy has been performed
- Surgery and reconstruction of the other breast to produce a symmetrical appearance
- Prostheses and treatment of physical complications of all stages of mastectomy, including lymphedemas

This coverage for reconstructive surgery following a mastectomy is provided in consultation with the attending physician and the patient. Coverage is subject to the same annual deductibles and coinsurance provisions applicable to other such medical and surgical benefits provided under the particular CEI Health Plan under which you are a participant.

If you have any questions, please call Employee Benefits at 1-800-582-5056, Monday through Friday from 9:00 a.m. to 4:00 p.m.

Sincerely,

A handwritten signature in black ink that reads "Hector J. Reyes". The signature is written in a cursive style with a large, stylized initial 'H'.

Hector Reyes
Director
Employee Benefits and Compensation

This letter serves as a summary of material modifications (SMM) and notice of terms to participants required by federal law. The summary plan description booklet that is modified by this message is the Consolidated Edison Retiree Health Program (July 2003). The changes described in this message are also subject to any plan documents, including any contracts between Con Edison and the firms that insure and/or administer the plans. In the event of any conflict between this message and any plan documents, the plan documents will prevail.

Schedule of Contributions as of January 1, 2010

Retirees With Pensions Greater Than \$1,000 per Month

Hospital and Medical (CIGNA)	Retiree or Surviving Spouse		Spouse, Same-Sex Domestic Partner and/or Other Dependents	
	From	To	From	To
<i>If you retired AFTER May 31, 1988:</i>				
Medicare-eligible	\$30	\$30	\$39	\$46
Not Medicare-eligible	\$125	\$127	\$180	\$195

If you retired BEFORE June 1, 1988:

Medicare-eligible	\$30	\$30	\$39	\$46
Not Medicare-eligible	\$100	\$103	\$143	\$155

HMOs	Retiree or Surviving Spouse		Spouse, Same-Sex Domestic Partner and/or Other Dependents	
	From	To	From	To
<i>If you retired AFTER May 31, 1988:</i>				

Medicare-eligible

Aetna/US Healthcare	\$29	\$86	\$29	\$86
HIP	\$2	\$86	\$2	\$86
SecureHorizons (Oxford)	\$48	\$86	\$48	\$86
BlueMedicare (Florida)	\$0	\$0	\$0	\$0

Not Medicare-eligible

Aetna/US Healthcare	\$95	\$201	\$170	\$332
HIP	\$101	\$179	\$161	\$207
SecureHorizons (Oxford)	N/A	N/A	N/A	N/A
BlueMedicare (Florida)	N/A	N/A	N/A	N/A

If you retired BEFORE June 1, 1988:

Medicare-eligible

Aetna/US Healthcare	\$29	\$86	\$29	\$86
HIP	\$2	\$86	\$2	\$86
SecureHorizons (Oxford)	\$48	\$86	\$48	\$86
BlueMedicare (Florida)	\$0	\$0	\$0	\$0

Not Medicare-eligible

Aetna/US Healthcare	\$77	\$182	\$143	\$303
HIP	\$81	\$160	\$133	\$178
SecureHorizons (Oxford)	N/A	N/A	N/A	N/A
BlueMedicare (Florida)	N/A	N/A	N/A	N/A

Prescription Drugs (CVS/Caremark)	Retiree or Surviving Spouse		Spouse, Same-Sex Domestic Partner and/or Other Dependents	
	From	To	From	To
	\$49	\$60	\$49	\$60

Schedule of Contributions as of January 1, 2010

Retirees With Pensions of \$1,000 or Less per Month

Hospital and Medical (CIGNA)	<u>Retiree or Surviving Spouse</u>		<u>Spouse, Same-Sex Domestic Partner and/or Other Dependents</u>	
	From	To	From	To
<i>If you retired AFTER May 31, 1988:</i>				
Medicare-eligible	\$25	\$26	\$35	\$35
Not Medicare-eligible	\$122	\$125	\$172	\$178

If you retired BEFORE June 1, 1988:

Medicare-eligible	\$25	\$26	\$35	\$35
Not Medicare-eligible	\$100	\$103	\$143	\$155

HMOs	<u>Retiree or Surviving Spouse</u>		<u>Spouse, Same-Sex Domestic Partner and/or Other Dependents</u>	
	From	To	From	To
<i>If you retired AFTER May 31, 1988:</i>				

Medicare-eligible

Aetna/US Healthcare	\$29	\$85	\$29	\$85
HIP	\$2	\$85	\$2	\$85
SecureHorizons (Oxford)	\$41	\$85	\$41	\$85
BlueMedicare (Florida)	\$0	\$0	\$0	\$0

Not Medicare-eligible

Aetna/US Healthcare	\$95	\$146	\$170	\$197
HIP	\$101	\$119	\$161	\$161
SecureHorizons (Oxford)	N/A	N/A	N/A	N/A
BlueMedicare (Florida)	N/A	N/A	N/A	N/A

If you retired BEFORE June 1, 1988:

Medicare-eligible

Aetna/US Healthcare	\$29	\$85	\$29	\$85
HIP	\$2	\$85	\$2	\$85
SecureHorizons (Oxford)	\$41	\$85	\$41	\$85
BlueMedicare (Florida)	\$0	\$0	\$0	\$0

Not Medicare-eligible

Aetna/US Healthcare	\$77	\$146	\$143	\$197
HIP	\$81	\$119	\$133	\$133
SecureHorizons (Oxford)	N/A	N/A	N/A	N/A
BlueMedicare (Florida)	N/A	N/A	N/A	N/A

Prescription Drugs (CVS/Caremark)	<u>Retiree or Surviving Spouse</u>		<u>Spouse, Same-Sex Domestic Partner and/or Other Dependents</u>	
	From	To	From	To
	\$49	\$51	\$49	\$51

CREDITABLE COVERAGE DISCLOSURE NOTICE
To Retirees, Spouses, Same-Sex Domestic Partners, Surviving Spouses, and Dependents
of
Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.
and certain CEI Affiliates
For Calendar Year 2010

Important Notice from Consolidated Edison Company of New York, Inc.,
Orange and Rockland Utilities, Inc. and CEI Affiliates About Your Prescription Drug
Coverage and Medicare

Please note that this notice only pertains to you if:

- You are Medicare eligible (age 65 and older or considered disabled by the Social Security Administration) and currently covered or eligible for coverage under one of the health plans sponsored by CECONY or O&R for retired employees, or
- You have a dependent spouse/same-sex domestic partner or child who is covered by Medicare or Medicaid and who is currently covered or eligible for coverage under one of the health plans sponsored by CECONY or O&R for retired employees.

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with CECONY, O&R or a CEI Affiliate and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining a Medicare plan, you should compare your current coverage, including which drugs are covered at what cost, with the coverage costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan, (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some drug plans may offer more coverage for a higher monthly premium.

CECONY and O&R have determined that their respective prescription drug coverage are, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered creditable coverage.

Because your existing coverage is creditable coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

- You can join a Medicare drug plan when you first become eligible for Medicare and each year from November 15th through December 31st. However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.
- If you elect a prescription drug plan sponsored by CECONY or O&R for 2010, you will have creditable coverage and you can choose to delay enrollment in a Medicare drug plan without paying a Medicare late enrollment penalty. As long as you maintain creditable coverage, you will not be assessed a late enrollment penalty if you choose to enroll in a Medicare drug plan at a later date.
- If you decide to join a Medicare drug plan, your current coverage under the prescription drug plan sponsored by CECONY or O&R will be affected. **If you enroll or your dependent enrolls in a Medicare drug plan for the 2010 calendar year, you or your dependent cannot maintain coverage in the prescription drug plan sponsored by CECONY or O&R and must drop coverage under the prescription drug plan sponsored by CECONY or O&R. To drop coverage for yourself or your dependent, fill out the appropriate portion of the form on page 4. You will not be able to re-enroll in the prescription drug plan sponsored by CECONY or O&R in 2010 or in the future.**
 1. If you drop or lose your current coverage under a prescription drug plan sponsored by CECONY or O&R and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.
 2. Under the Medicare rules, if you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go 19 months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until next November to join.

For more information about this notice or your current prescription drug coverage, call Employee Benefits at 1-800-582-5056. NOTE: You will receive this notice each year. You will also get it before the next period you can join a Medicare drug plan, and if this coverage changes. You also may request a copy of this notice at any time.

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov

- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the “Medicare & You” handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).

If you no longer wish to continue your or your dependent’s coverage under the prescription drug plan sponsored by CECONY or O&R because you want to enroll in Medicare prescription drug coverage, fill out the form on page 4 and send it to Employee Benefits. Remember that you cannot elect coverage in the prescription drug plan sponsored by CECONY or O&R if you elect Medicare prescription drug coverage. You will still be eligible to enroll in a health benefits (medical, hospital, dental, and vision) sponsored by CECONY or O&R if you choose to enroll in Medicare prescription drug coverage.

Medicare Part D Prescription Drug Plan Coverage

Name _____ Employee Number _____ Social Security Number _____

I wish to drop coverage from the prescription drug plan sponsored by CECONY or O&R because I will be enrolling in Medicare prescription drug coverage for January 1, 2010. I understand that by choosing Medicare prescription drug coverage, I cannot participate in the prescription drug plan sponsored by CECONY or O&R in January 2010.

Signature _____ Date _____

I currently receive my prescription drugs under Medicaid.

Signature _____ Date _____

I have a dependent child/spouse/same-sex domestic partner who is covered by Medicare and is enrolling in Medicare prescription drug coverage. I authorize my employer to change my coverage category in the prescription portion of my drug plan.

Signature _____ Date _____ My Employer is _____

Please return forms to Con Edison, 4 Irving Place, Employee Benefits, Room 1141-S, New York, NY 10003. Attn: Medicare Part D