



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

April 2010

Dear Consolidated Edison Retirement Plan Participant:

The Pension Protection Act of 2006 (PPA) requires that all participants receive the attached notice of the Retirement Plan funding status (Notice). This Notice provides details regarding the funded status of the Retirement Plan and how the Retirement Plan's assets are invested. In addition, the Notice includes a summary of federal rules governing the termination of pension plans and of benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC).

The PBGC is a federal agency created to protect pension benefits in private-sector defined benefit plans. If a company decides to discontinue its defined benefit plan without sufficient money to pay benefits earned by the participants, the PBGC's insurance program will take over the payment of benefits but only up to the limits set by law.

This material is furnished for your information. It does not affect your benefits under the plan nor does it require any action on your part.

Sincerely,

Hector J. Reyes
Director
Employee Benefits and Compensation

**ANNUAL FUNDING NOTICE
2009 Plan Year**

The Consolidated Edison Retirement Plan

Introduction

This Notice ("Notice") includes important funding information about the Consolidated Edison Retirement Plan ("the Retirement Plan"). This Notice also provides a summary of federal rules governing the termination of a single-employer defined benefit pension plan, such as the Retirement Plan, and of benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This Notice is for the plan year beginning 1/1/2009 and ending 12/31/2009 ("Plan Year").

Funding Target Attainment Percentage

The funding target attainment percentage of a plan is a measure of how well the plan is funded on a particular date. This percentage for a plan year is obtained by dividing the Plan's Net Plan Assets by Plan Liabilities on the Valuation Date. In general, the higher the percentage, the better funded the plan. The Retirement Plan's funding target attainment percentage for the 2009 Plan Year and two preceding plan years is shown in the chart below, along with a statement of the value of the Retirement Plan's assets and liabilities for the same period.

| Plan Year | 2009 | 2008 | 2007 |
|--------------------------------------------------|------------------|------------------|----------------|
| 1. Valuation Date | 1/1/2009 | 1/1/2008 | 1/1/2007 |
| 2. Plan Assets | | | |
| a. Total Plan Assets | \$ 6,718,486,429 | \$ 8,544,779,376 | Not applicable |
| b. Funding Standard Carryover Balance | \$ 592,350,877 | \$ 975,396,300 | Not applicable |
| c. Prefunding Balance | \$ 0 | \$ 0 | Not applicable |
| d. Net Plan Assets (a)-(b)-(c)=(d) | \$ 6,126,135,552 | \$ 7,569,383,076 | Not applicable |
| 3. Plan Liabilities | \$ 6,778,719,127 | \$ 8,254,935,487 | Not applicable |
| 4. At-Risk Liabilities | Not applicable | Not applicable | Not applicable |
| 5. Funding Target Attainment Percentage (2d)/(3) | 90.37% | 91.70% | Not applicable |

Supplementary Information Regarding Funding Percentages

The Retirement Plan's funding percentage for the 2009 Plan Year, without subtracting the Funding Standard Carryover and Prefunding Balances (items b. and c.), was 99.11% for 2009 using the Plan Assets shown in the chart as # 2(a) and the Plan's Liabilities shown in the chart as # 3. The Retirement Plan's funding percentage for the 2008 Plan Year, without subtracting the Funding Standard Carryover and Prefunding Balances (items b. and c.), was 103.51% for 2008 because the Plan Assets shown in the chart as # 2(a) exceeded the Plan's Liabilities shown in the chart as # 3. The Funding Standard Carryover Balance and Prefunding Balance shown in the chart are considered credit balances. A plan might have a carryover balance, for example, if in a prior year the employer made contributions at a level in excess of the minimum level required by law. Generally, the excess payments are counted as "credits" and may be applied in future

years toward the minimum level of contributions a plan sponsor is required by law to make to the plan in those years.

Transition Data

For a brief transition period, the Retirement Plan is not required by law to report certain funding related information because such information may not exist for plan years before 2008. The Retirement Plan has entered "not applicable" in the chart above to identify the information it does not have. In lieu of that information, however, the Retirement Plan is providing you with comparable information that reflects the funding status of the Retirement Plan under the law then in effect. For the 2007 Plan Year, the Retirement Plan's funding target attainment percentage determined under the Internal Revenue Service's transitional rules was 78.33%, the Retirement Plan's assets were \$7,723,154,110, and the Retirement Plan's liabilities were \$8,426,307,835.

The funding target attainment percentage shown in the preceding paragraph is based on reducing the Retirement Plan's assets by its credit balance. The funding percentage without subtracting the credit balance was 91.66% for the 2007 Plan Year.

Credit Balances

Credit balances (called "funding standard carryover balance" or "prefunding balance") were subtracted from the Retirement Plan's assets before calculating the funding target attainment percentage in the chart above. While pension plans are permitted to maintain credit balances for funding purposes, such credits may not be taken into account when calculating a plan's funding target attainment percentage.

Fair Market Value of Assets

The asset values for the 2009 Plan Year shown in the chart above and 2007 Plan Year reported in the Transition Data Section above are actuarial values, not market values. In 2008, the actuarial value was the same as the market value. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of 12/31/2009, the fair market value of the Retirement Plan's assets was \$6,877,374,265. On this same date, the Retirement Plan's liabilities were \$9,029,119,782.

Participant Information

The total number of participants in the Retirement Plan as of its valuation date – January 1, 2009 - was 31,762. Of this number, 15,390 were active participants, 15,302 were retired or separated from service and receiving benefits, and 1,070 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

The law requires that every defined benefit pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for promised benefits. The funding policy of the Retirement Plan is to contribute the current year accounting cost as long as it is greater than the minimum required contribution. In no event will we fund more than the maximum tax-deductible contribution under the Pension Protection Act of 2006.

Once money is contributed to the plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries that are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Retirement Plan is to maintain an appropriate level and form of assets adequate to meet payment obligations, maximize the long-term total return on the Trust assets within a prudent level of risk, and maintain a level of volatility that will not have a material impact on the Company's expected levels of contribution and expense. The target asset allocation is 65% equities (47% U.S. equities and 18% international equities), 27% fixed income and 8% real estate.

In accordance with the Retirement Plan's investment policy, the Retirement Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations

| | |
|---------------------------------------------------------------------------|-------|
| Interest-bearing cash | 2.3% |
| U.S. Government securities | 16.6% |
| Corporate debt instruments (other than employer securities): | |
| Preferred | 4.6% |
| All other | 3.2% |
| Corporate stocks (other than employer securities): | |
| Preferred | 0.0% |
| Common | 63.7% |
| Partnership/joint venture interests | 0.0% |
| Real estate (other than employer real property) | 4.8% |
| Loans (other than to participants) | 1.1% |
| Participant loans | 0.0% |
| Value of interest in common/collective trusts | 2.7% |
| Value of interest in pooled separate accounts | 0.0% |
| Value of interest in master trust investment accounts | 0.0% |
| Value of interest in 103-12 investment entities | 0.2% |
| Value of interest in registered investment companies (e.g., mutual funds) | 0.4% |
| Funds held in insurance co. general account (unallocated contracts) | 0.0% |
| Employer-related investments: | |
| Employer securities | 0.0% |
| Employer real property | 0.0% |
| Buildings and other property used in plan operation | 0.0% |
| Other | 0.4% |

Right to Request a Copy of the Annual Report

A pension plan is required to file with the U.S. Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the U.S. Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202-693-8673. You may also obtain a copy of the Retirement Plan's annual report by making a written request to the plan administrator.

Summary of Rules Governing Termination of Single-Employer Plans

Employers can end a pension plan through a process called "plan termination." There are two ways an employer can terminate its pension plan. The employer can end the plan in a "standard termination" but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. The plan must either purchase an annuity from an insurance company (which will provide you with lifetime benefits when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Before purchasing your annuity, your plan administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC's guarantee ends when your employer purchases your annuity or gives you the lump-sum payment.

If the plan is not fully-funded, the employer may apply for a distress termination if the employer is in financial distress. To do so, however, the employer must prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

If a single-employer pension plan terminates without enough money to pay all benefits, the PBGC will take over the plan and pay pension benefits through its insurance program. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The PBGC pays pension benefits up to certain maximum limits. The maximum guaranteed benefit is \$4,500 per month, or \$54,000 per year, payable in the form of a straight life annuity, for a 65-year-old person in a plan that terminates in 2010. The maximum benefit may be reduced for an individual who is younger than age 65. The maximum benefit will also be reduced when a benefit is provided to a survivor of a plan participant.

The PBGC guarantees “basic benefits” earned before a plan is terminated, which includes:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right when a plan terminates, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements at the time the plan terminates.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding \$5,000.

Even if certain benefits are not guaranteed, participants and beneficiaries still may receive some of those benefits from the PBGC depending on how much money the terminated plan has and how much the PBGC collects from the employer.

Where to Get More Information

For more information about this notice, you may contact:

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4 Irving Place
New York, NY 10003-3598
212-460-3999

For identification purposes, the official plan number is 001 and the plan sponsor’s employer identification number or “EIN” is 13-5009340. For more information about the PBGC and benefit guarantees, go to PBGC’s website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).