THE CONSOLIDATED EDISON RETIREMENT PLAN

Retirement marks a momentous occasion in our lives, and saving and planning for our retirement years affects us all. As you plan for your retirement years, consider the Consolidated Edison Retirement Plan (Retirement Plan) as one source of income that can help you during your retirement years. If you are entitled to a vested pension benefit and you choose an annuity form of payment, then, throughout your retirement years, the Retirement Plan can provide a monthly benefit to you. Your pension benefit together with your Social Security retirement income, your personal investments and savings will contribute toward your total retirement income.

The following summary, referred to as a Summary Plan Description (SPD), describes the Retirement Plan. The content and delivery of this booklet are intended to comply with the Employee Retirement Income Security Act of 1974, as amended (ERISA). The SPD provides you with information on how you become entitled to a benefit under the Retirement Plan (pension benefit), when you can receive your pension benefit, how your pension benefit will be calculated, and in what payment forms your pension benefit can be distributed.

Since it was first established, the Retirement Plan has undergone many changes. The provisions described in this booklet are effective January 1, 2010, unless otherwise noted. If you retired or ended your employment before January 1, 2010, your benefits may differ from the benefits described in this booklet.

The official Retirement Plan document governs the operation of the Retirement Plan. Every effort has been made to provide an accurate summary of the Retirement Plan, but in the event of any conflict between this SPD and the Retirement Plan document, the Retirement Plan document will prevail.

Generally, the Retirement Plan covers all the eligible employees of Consolidated Edison Company of New York, Inc. (CECONY) and Orange and Rockland Utilities, Inc. (O&R) (employers). Certain employees of certain affiliated companies of Consolidated Edison, Inc. (CEI Affiliates) are also eligible to participate (Participating CEI Affiliate). A Participating CEI Affiliate is also an employer. If you work for a CEI Affiliate, contact your human resources manager for information.

Although the Retirement Plan covers the management and union employees of CECONY and O&R and certain employees of some CEI Affiliates, there is only one Retirement Plan. When the word “you” or “Participant” is used, the information applies to or covers all participants or employees. Whenever information applies to or covers only one group of employees, the SPD will state which group.

The Retirement Plan is a tax qualified defined benefit plan. This means that as long as the Retirement Plan maintains its tax qualified status, the pension benefits you accrue and earn during your employment are not taxable until you actually receive them.

We urge you to read this SPD carefully and keep it for future reference. The SPD is published in full on the intranet web sites of Con Edison and O&R under Benefits. Updates, referred to as summaries of material modification, are also published on the intranet websites of Con Edison and O&R. Under ERISA, the electronic disclosure rules permit the Plan Administrator to use an electronic communication network, such as your employer’s intranet site, to provide a copy of the SPD to any participant or employee who has the ability to effectively access documents furnished on the intranet at any location where she or he performs her or his duties as an employee and for whom access to the intranet is part of those duties.

Also, the Plan Administrator may use an electronic communication network to disclose to a participant who has affirmatively consented or confirmed consent electronically, and has provided an address for the receipt of electronically furnished documents. This means that the Plan Administrator may use the intranet websites and e-mail for distributing the SPD to retirees and former participants.

By publishing the SPD on your employer’s intranet website, the Plan Administrator is fulfilling her disclosure obligations to each participant or employee who meets these conditions. However, you always have the right to request a paper copy. Paper copies will be made available and provided to those Participants for whom electronic disclosure is not available or accessible.

If you have any questions about the Retirement Plan, or if you want a printed copy of the SPD, please contact CECONY Employee Benefits, Room 1500, 4 Irving Place, New York, NY 10003, (800) 582-5056, or O&R Benefits, One Blue Hill Plaza, Pearl River, NY 10965, (845) 577-2763.

The Retirement Plan is subject to change from time to time, and material changes will be reported and made available to you. CECONY and O&R reserve the right, subject to collective bargaining obligations, to amend, modify, change or terminate the Retirement Plan at any time for employees, participants, retirees, and their dependents.

RETIREMENT PLAN HIGHLIGHTS

Corporate structure

Consolidated Edison, Inc. (CEI) is a holding company and the parent company of Consolidated Edison Company of New York, Inc. (CECONY) and Orange and Rockland Utilities, Inc. (O&R). From time to time, CEI also directly or indirectly forms or acquires affiliates and some of those affiliates become participating employers in the Retirement Plan (Participating CEI Affiliates).

Merger of three retirement plans

Effective January 1, 2001, The Consolidated Edison Retirement Plan for Management Employees and the Employees' Retirement Plan of Orange and Rockland Utilities, Inc. were merged into the Consolidated Edison Pension and Benefits Plan (Prior Plans). The Consolidated Edison Pension and Benefits Plan was amended, restated, and renamed The Consolidated Edison Retirement Plan. There is one Plan Administrator and one group of Named Fiduciaries. The Plan Administrator has been delegated the authority to oversee the administration and operation of the Retirement Plan. The Plan Administrator will apply the terms of the Retirement Plan and will, as appropriate, use discretion in interpreting the terms of the Retirement Plan when reviewing claims for benefits.

The assets of each of the Prior Plans were combined into one trust with one trustee and are available to pay the pension benefits of all participants.

Many of the benefits, terms, and conditions in the Retirement Plan apply to all participants in the Retirement Plan. When there are differences in benefits, terms or conditions – for example, in pension formulas, early retirement requirements, and eligibility requirements – the SPD will state who is covered or affected by each provision.

One plan

The Retirement Plan covers: (1) members of Local 503 of the International Brotherhood of Electrical Workers, AFL-CIO, who are employed by O&R; (2) members of Local 3 of the International Brotherhood of Electrical Workers, AFL-

CIO who are employed by CECONY; (3) members of Local 1-2 of the Utility Workers' Union of America, AFL-CIO, who are employed by CECONY; (4) employees who are on the active management payroll of CECONY; (5) employees who are on the active management payroll of O&R; and (6) certain former employees of CECONY or O&R who directly transferred to certain Participating CEI Affiliates.

The Retirement Plan also covers former employees of CECONY or O&R who have terminated employment, have a vested pension benefit and are receiving their pension benefit or deferring payment of their pension benefit. This SPD describes the Retirement Plan as it applies to employees actively employed and on the payroll of CECONY, O&R or a Participating CEI Affiliate as of January 1, 2010.

Different formulas for different groups

The pension formula is one of the most important factors in determining your pension benefit. Many factors determine which pension formula covers you including but not limited to: (1) your date of hire; (2) your employer; (3) whether you are a management employee or a member of a union; and (4) if you are a member of a union, which union.

Table summarizing the different formulas for the different participant groups			
	If you are	**You are covered by the**	**And throughout the SPD, you are referred to as a**
1.	A management employee of CECONY hired on or after January 1, 2001	cash balance formula	CEI Participant
2.	A management employee of O&R hired on or after January 1, 2001	cash balance formula	CEI Participant
3.	A Local 503 member hired by O&R on or after January 1, 2010	cash balance formula	CEI Participant
4.	A Local 3 member hired by CECONY on or after January 1, 2010	cash balance formula	CEI Participant
5.	A Local 503 member hired by O&R before January 1, 2010	career average formula	O&R Hourly Participant
6.	A Local 3 member hired by CECONY before January 1, 2010	final average pay formula or career average formula (see below)	CECONY Weekly Participant
7.	A Local 1-2 member employed by CECONY	final average pay formula or career average formula (see below)	CECONY Weekly Participant
8.	A CECONY management employee hired before January 1, 2001	final average pay formula or career average formula (see below)	CECONY Management Participant
9.	An O&R management employee hired before January 1, 2001	career average formula	O&R Management Participant
10.	An employee, who initially worked for O&R or CECONY, became a participant in the Retirement Plan and transferred directly, without any disruption in employment, to a Participating CEI Affiliate.	Formula differs. See Appendix at the end of the spd.	Group classification differs. See Appendix at the end of the spd.

11.	Special situations such as an employee who becomes a Participant as a result of a corporate transaction or a Participant who transfers to an employer as a result of the CEI divestitures of the power plants.	Formula differs. See Appendix at the end of the spd.	Group classification differs. See Appendix at the end of the spd.

In addition to these groups and formulas, there are special situations that arise from time to time that require special rules to adequately address the pension benefit of an affected individual. For example, there are special rules for a participant who transfers from one employer to another or a participant who transfers from one union to another union or to a management position. If you believe you may be in a special situation, contact Employee Benefits.

If you are a member of Local 1-2 and were actively employed at CECONY and you (1) terminated employment from CECONY during the month of June 1989; (2) were in the employ of CECONY at any time during the period from July 1, 1989 through December 31, 1989; or (3) terminated employment from CECONY with a right to a vested pension benefit prior to July 1, 1989 and were re-employed and repaid any cash-out, you will be entitled to the greater of your pension benefit calculated under the career average formula or that calculated under the final average pay formula.

If you are a CECONY Management Participant and your employment with CECONY commenced prior to January 1, 1983 and (1) you were on CECONY's active payroll during 1989, or (2) you terminated employment with a right to a vested pension benefit prior to December 31, 1982 and you were re-employed and repaid any cash-out, you will be entitled to the greater of your pension benefit calculated under the career average pay formula or that calculated under the final average pay formula.

Summary of important changes to the Retirement Plan since the last SPD

Here is a summary of the most important changes to the Retirement Plan since the publication of the last SPD.

Changes for a Local 1-2 Participant

A. The collective bargaining contract effective June 27, 2004, between CECONY and Local 1-2 resulted in two changes to the Retirement Plan.

1. The definition of final average pay changed for a Local 1-2 Participant who is actively employed, and retires on or after June 27, 2004. This Local 1-2 Participant will have his or her final average pay under the final average pay formula calculated based on his or her highest 48-months average rather than his or her highest 60-months average.

2. A Local 1-2 member who is hired on or after June 27, 2004, (Local 1-2 Tier-1 Participant) has as his or her normal form of pension benefit a single life annuity. All other forms of pension benefits, such as the 50% joint and survivor pension benefit, will be the actuarial equivalent of the single life annuity. This means that CECONY does not subsidize the joint and survivor annuities or the pre-retirement survivor annuity. Therefore, a Local 1-2 Tier-1 Participant whose pension benefit is paid in any form other than a single life annuity will have the amount of his or her monthly pension benefit reduced to receive his or her pension benefit in any form other than a single life annuity.

B. The collective bargaining contract effective June 29, 2008, between CECONY and Local Union No. 1-2 resulted in one change to the Retirement Plan.

1. Effective June 28, 2008, each Local 1-2 Participant who meets certain age – at least age 55 – and accredited service – at least 30 years – requirements and who continues in active employment will be entitled to earn a special pension accrual during the designated period. The designated period begins July 1, 2008, and ends June 30, 2012. If a Local 1-2 Participant does not meet the age and accredited service requirement during the designated period, she or he is not entitled to the special pension accrual at any future date. This is a window-type benefit – that is, a Local 1-2 Participant is eligible for this special pension accrual

only if he or she meets both the age and accredited service requirements while the window is open (during the designated period) – once the window closes, he or she is no longer entitled to this special pension accrual.

Changes for a Local 503 Participant

A. The collective bargaining agreement effective June 1, 2004, between O&R and Local 503 resulted in four changes to the Retirement Plan.

1. The pivot year component of the career average formula changed from January 1, 1998, to January 1, 2000, for a Local 503 Participant who was actively employed and retired after January 1, 2005.
2. The pivot year component of the career average formula changed from January 1, 2000, to January 1, 2003, for a Local 503 Participant who was actively employed and retired after January 1, 2008.
3. The supplemental monthly payment was increased from $600 to $800 for a Local 503 Participant who was actively employed and retired after January 1, 2005, and who began his or her pension benefit after age 60 but before age 62.
4. For an O&R hourly employee who was hired after January 1, 2005 (Local 503 Tier-1 Participant), she or he will not be entitled to a pension benefit adjustment (PBA) that is a cost-of-living adjustment.

B. The collective bargaining agreement effective June 1, 2009, between O&R and Local 503 resulted in three changes to the Retirement Plan.

1. The pivot year component of the career average formula will change from January 1, 2003, to January 1, 2006, for a Local 503 Participant who is actively employed and retires on or after January 1, 2011.
2. The supplemental monthly payment will be increased from $800 to $900 for a Local 503 Participant who is actively employed and retires on or after January 1, 2011, and begins his or her pension benefit after age 60 but before age 62.
3. An O&R hourly employee who was hired on or after January 1, 2010, will be covered under the cash balance formula.

Changes for a Local 3 Participant

A. The collective bargaining contract effective June 26, 2005, between CECONY and Local 3 resulted in four changes to the Retirement Plan.

1. The definition of final average pay changed for a Local 3 Participant who is actively employed and on the payroll of CECONY as of June 26, 2005, and who retires after that date. This Local 3 Participant will have his or her final average pay calculated based on his or her highest 48-months, rather than on his or her highest 60-month average. A Local 3 employee hired on or after June 26, 2005, will have his or her final average pay calculated based on his or her highest five-year average.

2. Effective June 26, 2005, a Local 3 employee hired on or after June 26, 2005, (Local 3 Tier-1 Participant) will have as his or her normal form of pension benefit a single life annuity and all other forms of benefits will be the actuarial equivalent of the single life annuity. This means that CECONY does not subsidize the joint and survivor annuities or the pre-retirement survivor annuity for the Local 3 Tier-1 Participant. Therefore, a Local 3 Tier-1 Participant whose pension benefit is paid in any form other than a single life annuity will have the amount of his or her monthly pension benefit reduced to receive his or her pension benefit in any form other than a single life annuity.

3. Effective June 26, 2005, a Local 3 Tier-1 Participant will be eligible for an unreduced early retirement pension benefit at age 59 – and not age 55 – with 30 years of service.

4. The pension benefit for a Local 3 Tier-1 Participant will not be eligible for a cost of living adjustment.

B. The collective bargaining contract effective June 28, 2009, between CECONY and Local 3 resulted in two changes to the Retirement Plan.

1. Effective June 28, 2009, a Local 3 employee hired on or after June 26, 2005, and before January 1, 2010, upon attainment of age 55 and 30 years of accredited service, will be eligible to elect an unreduced early retirement pension benefit.

2. A Local 3 employee who is hired on or after January 1, 2010, will be covered under the cash balance formula.

Changes for a CECONY Management Participant

There are two changes affecting a CECONY Management Participant:

1. A CECONY Management Participant who retires on or after January 1, 2005, will have his or her final average pay calculated based on his or her highest 48-month average, rather than on his or her highest 60-month average.

2. A CECONY Management Participant who retires on or after January 1, 2009, who meets certain age – at least age 55 – and accredited service–at least 30 years – requirements, and who continues in active employment, will be entitled to earn a special pension accrual during the designated period. The designated period begins January 1, 2009, and ends June 30, 2012. If a CECONY Management Participant does not meet the age and accredited service requirement during the designated period, she or he is not entitled to the special pension accrual at any future date. This is a window-type benefit – that is, he or she is eligible for this special pension accrual only if he or she meets both the age and accredited service requirements while the window is open (during the designated period) – once the window closes, he or she is no longer entitled to the special pension accrual.

Changes for an O&R Management Participant

There are five changes affecting an O&R Management Participant:

1. The pivot year component of the career average formula changed from January 1, 1998, to January 1, 2000, for an O&R Management Participant who was actively employed and retired after January 1, 2005.

2. The pivot year component of the career average formula changed from January 1, 2000, to January 1, 2003 for an O&R Management Participant who was actively employed and retired after January 1, 2008.

3. The supplemental monthly payment will be increased from $600 to $800 for an O&R Management Participant who is actively employed and retires after January 1, 2005, and who begins receiving his or her pension benefit after age 60 and before age 62.

4. The pivot year component of the career average formula will change from January 1, 2003, to January 1, 2006, for an O&R Management Participant who is actively employed and retires on or after January 1, 2011.

5. The supplemental monthly payment will be increased from $800 to $900 for an O&R Management Participant who is actively employed and retires on or after January 1, 2011, and who begins receiving his or her pension benefit after age 60 and before age 62.

Changes for certain CEI Participants

There is one change affecting certain CEI Participants:

1. Effective January 1, 2008, each CEI Participant who is on the active payroll of an employer and has earned at least one hour of service on or after January 1, 2008, will become fully vested after three years of service.

Changes for All Participants

There are two changes affecting all Participants:

1. Effective January 1, 2008, survivor pension benefits are available to a Participant who has a same-sex domestic partner (domestic partner survivor benefits). The Participant's domestic partner (domestic partner) must meet certain criteria established by the Plan Administrator. The Participant who elects this coverage bears the full costs of providing the domestic partner survivor benefit by a reduction in his or her monthly pension benefit while the coverage is in effect.

2. Effective January 1, 2008, a new pension benefit option, called a 75% joint and survivor annuity, is available to every participant. This option is available to each Participant who has not yet begun to receive his or her pension benefit, even if he or she has terminated employment before January 1, 2008.

RETIREMENT PLAN: IN DETAIL

The Retirement Plan is designed to pay you a lifetime monthly pension benefit, often referred to as an annuity, based on a formula that takes into account your earnings, length of service, and, in some cases, your age. Each employer contributes to the Retirement Plan – you make no contributions to the Retirement Plan.

Eligibility – who is eligible to participate

With some exceptions, you are eligible to participate if you are a full time employee or, if part-time, meet certain hourly requirements, and are in one of the following groups:

A CECONY Management Employee – If you are on the active management payroll of CECONY, you are eligible to participate.

A CECONY Weekly Employee – If you are on the active payroll of CECONY and a member of the collective bargaining unit represented by Local 1-2 of the Utility Workers' Union of America, AFL-CIO or a member of the collective bargaining unit represented by Local 3 of the International Brotherhood of Electrical Workers, AFL-CIO, you are eligible to participate.

An O&R Management Employee – If you are on the active management payroll of O&R, you are eligible to participate.

An O&R Hourly Employee – If you are on the active payroll of O&R, and a member of the collective bargaining unit represented by Local 503 of the International Brotherhood of Electrical Workers, AFL-CIO, you are eligible to participate.

Only an eligible employee who is hired by CECONY or O&R, becomes a Participant in the Retirement Plan and then directly transfers employment – without any break of time – to a Participating CEI Affiliate may be eligible to continue participation in the Retirement Plan. Unless you meet this special eligibility rule, if you work for a Participating CEI Affiliate, you are not eligible to participate in the Retirement Plan.

Who is not eligible to participate

You are not eligible to participate if you are not in one of the specific groups of eligible employees described above. Also, you are not eligible if you are a leased employee, a co-op employee, a temporary or seasonal employee, or an independent contractor. The Plan Administrator, in her sole discretion, will determine whether you are working as a leased employee, temporary or seasonal employee, or an independent contractor. You also are not eligible if you are covered by a special contract or employed by a CEI Affiliate that has not elected and has not been approved to participate in the Retirement Plan.

When you become a participant in the Retirement Plan

Here is a chart that summarizes when you become a Participant. There is nothing you need to do to enroll.

	If you are	**You are referred to as a**	**And you become a Participant**
1.	A management employee of CECONY hired on or after January 1, 2001	CEI Participant	On the first day of the month in which you are on the active payroll.
2.	A management employee of O&R hired on or after January 1, 2001	CEI Participant	On the first day of the month in which you are on the active payroll.
3.	A Local 503 member hired by O&R on or after January 1, 2010	CEI Participant	On the first day of the month in which you are on the active payroll.
4.	A Local 3 member hired by CECONY on or after January 1, 2010	CEI Participant	On the first day of the month in which you are on the active payroll.
5.	A Local 503 member hired by O&R before January 1, 2010	O&R Hourly Participant	On the first day of the month on or after completing one year (at least 1,000 hours) of vesting service.
6.	A Local 3 member hired by CECONY before January 1, 2010	CECONY Weekly Participant	On the first day of the month in which you are on the active payroll.
7.	A Local 1-2 member hired by CECONY	CECONY Weekly Participant	On the first day of the month in which you are on the active payroll.

8.	A CECONY management employee hired before January 1, 2001	CECONY Management Participant	On the first day of the month in which you are on the active payroll.
9.	An O&R management employee hired before January 1, 2001	O&R Management Participant	On the first day of the month on or after completing one year (at least 1,000 hours) of vesting service.
10.	A former CECONY or O&R employee who was a Participant in the Retirement Plan and transferred directly to a Participating CEI Affiliate	Group classification differs	If you transferred directly from CECONY or O&R and were a participant in the Retirement Plan, you continue to participate.

Once you become a Participant in the Retirement Plan, you begin to accrue (earn), and vest in, a pension benefit. The remainder of this SPD will explain how you become vested in and earn a pension benefit, how your pension grows, when you become eligible for a pension benefit and when you may elect to begin your pension benefit.

How you vest in your pension benefit

If you are a CEI Participant and have worked for at least one hour after January 1, 2008, you become fully vested in your pension benefit after three years of vesting service. If you are a CECONY Management Participant, CECONY Weekly Participant, O&R Management Participant, or an O&R Hourly Participant, you become fully vested in your pension benefit after five years of vesting service. You receive vesting service whether you work for CECONY, O&R or a CEI Affiliate.

Vesting service is used to determine whether you are eligible to receive benefits. When you become vested, you receive a non-forfeitable right to your pension benefit. This means you cannot lose your right to receive your pension benefit, even if you terminate employment before you retire under the Retirement Plan. Vesting service is not used to determine the amount of your pension benefit. Vesting service simply determines whether you are entitled to or “vested in” the amount of your pension benefit.

How vesting service is counted

In general, you are credited with vesting service for the hours for which you are paid or entitled to be paid, including, and with some limits, sick leave, vacation time and jury duty time. Vesting service begins on the date you first complete an hour of service and ends when you terminate employment. You earn one year of vesting service for each plan year, which is the calendar year, in which you have earned or are credited with at least 1,000 hours of service. If you have fewer than 1,000 hours of service in the plan year, the year will not be counted for vesting. If your employer does not count your hours of service, equivalences are used to determine when you have earned 1,000 hours of service.

If your work hours records are not maintained, to determine if you meet the 1,000 hours of service requirement for vesting purposes, the Retirement Plan uses the following equivalences: 190 hours of service are credited for each month of employment; 45 hours of service are credited for each week of employment; and 10 hours of service are credited for each day of employment.

If you are a CEI Participant, CECONY Management Participant, or CECONY Weekly Participant, you earn one year of vesting service in each calendar year in which you either complete at least 1,000 hours of service or are continuously employed for six months or longer.

If you are an O&R Management Participant or an O&R Hourly Participant, you earn one year of vesting service in each calendar year in which you complete at least 1,000 hours of service.

How you earn accredited service

Accredited service is different from vesting service. Accredited service is service that is used to determine the amount of your pension benefit.

You must be a Participant in the Retirement Plan to earn accredited service. You do not earn accredited service: (1) before you become a Participant; (2) during periods when you are not an eligible employee; or (3) during periods when you are not on an active payroll (other than for very special and limited circumstances, as discussed below). You earn accredited service only if you are in an eligible employee group and on the active payroll of O&R, CECONY, or a Participating CEI Affiliate, and a Participant. If accredited service was disregarded under a prior plan, it is also disregarded under this Retirement Plan.

How accredited service is counted

If you are a CEI Participant, CECONY Management Participant, or CECONY Weekly Participant, you earn one month of accredited service for each month you are on the active payroll. You earn a year of accredited service when you earned 12 months of accredited service. Months of accredited service do not have to be consecutive.

If you are an O&R Management Participant or O&R Hourly Participant, accredited service begins when you become a Participant in the Retirement Plan. You do not become a Participant until you have completed a year of vesting service. Your pre-participation year of service counts toward vesting service, but it does not count as accredited service.

If you are an O&R Management Participant or O&R Weekly Participant, you earn a year of accredited service for each calendar year during which you complete 1,000 hours of service. Once you are in the Plan, your 1,000 hours of service count for both vesting service and accredited service. Special rules apply for your first and last year of employment in calculating your accredited service.

Special rules for vesting service and accredited service

The Retirement Plan has special vesting and accrual rules that may apply to you. The rules deal with periods of time during which you may not be on the active payroll of your employer.

1. The first six months of a parental leave or family medical leave of absence (FMLA) for maternity or paternity reasons is counted if you return to the active payroll for a period equal to the lesser of the parental leave, FMLA leave, or six months. These months count for vesting service and accredited service.
2. If you take a leave because you enter the U.S. uniformed services

(including the military, National Guard, and the Commission Corps of the Public Health Service) and have reemployment rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA), the time you spend in the U.S. uniformed services will be used to calculate vesting and accredited service under the Retirement Plan, in accordance with applicable law. You must meet the requirements of USERRA, including notice to your employer, and return to employment within the prescribed time periods. Beginning on and after January 1, 2007, if you are on a qualified military leave and die while in qualified military service, your surviving spouse's or designated beneficiary's death benefit (including the surviving spouse annuity) is credited with special vesting service. If you were not vested before your leave, upon your death, you will be credited with vesting service for your period of qualified military service as if you had been employed rather than in military service. However, this period of time does not get counted for accredited service purposes.

3. If you are absent due to an approved paid sick leave, you are entitled to accredited service for that period of absence. This applies only to paid sick leave.
4. Generally, unpaid leave is not entitled to accredited service. However, if you are a CECONY Management Participant, CECONY Weekly Participant, or CEI Participant, and you are on an approved unpaid leave of absence (other than sick leave) for one time only throughout your employment, you are entitled to up to six months of accredited and vesting service during your leave of absence.
5. If you are an O&R Management Participant or O&R Hourly Participant on an approved leave of absence, you will receive vesting service for the period of the leave if you return to employment or are eligible to retire on a normal retirement date or on an early retirement date.
6. If you are an O&R Hourly Participant and a union officer (past or present), special rules apply to determine whether your service is counted for vesting and accredited service purposes. You are credited with the base

earnings and vesting and accredited service as if you were still employed with O&R at the same position you had prior to your union position.

7. If you are eligible for a disability pension benefit, you may be entitled to earn accredited service. See the sections explaining the disability pension benefits.

Breaks in service rules for vesting and accredited service

A break in service occurs when you have 500 or fewer hours of service in a calendar year. A break in service may result in a cancellation of vesting or accredited service or both. If you have more than 500 but fewer than 1,000 hours of service for vesting service or accredited service purposes, although you are not treated as having a break in service, you do not earn a year of service. If you are on a parental or FMLA leave, solely to avoid a break in service, you are credited with up to 501 hours of vesting service for any one absence in the plan year in which you take the leave or in the following plan year.

If you are not vested when you terminate employment and you have five or more consecutive one-year breaks in service and you are later rehired, your prior vesting service is not counted. If you are not vested when you terminate employment and have fewer than five consecutive one-year breaks in service and you are later rehired, your prior vesting service is counted.

If you are vested when you terminate employment and you are subsequently rehired, all prior vesting service is counted even if you have five or more consecutive one-year breaks in service.

If you are an O&R Management Participant or O&R Hourly Participant, are not vested when you terminate employment and have less than five consecutive one-year breaks-in-service, and you are later rehired, your prior vesting service may be counted after you complete a year of service following the break in service.

If you are an O&R Management Participant or O&R Hourly Participant, and you are vested when you terminate employment, and you are later rehired, all prior years of accredited service are restored only after you complete a year of vesting service following the breaks in service.

If you are a CEI Participant, CECONY Management Participant or CECONY Weekly Participant, and you are not vested when you terminate employment and have less than five consecutive one-year breaks-in-service, and you are later rehired on an active payroll as a member of an eligible employee group, and receiving compensation earnings, pay or salary, your prior accredited service may be counted.

If you are vested when you terminate employment or when you have a break in service, and you are rehired as an eligible CECONY Employee, your years of accredited service may be counted. Your prior accredited service may be restored when you are rehired only if you become a CECONY Management Participant or CECONY Weekly Participant and you did not receive a cash-out of your vested pension benefit when you terminated or did not begin receiving your monthly pension payment or annuity. If you received or began to receive a pension benefit during your break, including a cash–out, your final pension will be reduced to take into account any amount of pension benefit you already received.

Examples of how the break in service rules work

You are a CEI Participant. You need three years of vesting service to become entitled to a vested pension benefit. You terminate employment after two years of vesting service and have six consecutive one-year breaks in service. When you return to employment, your prior two years of vesting service will not be counted toward the three years of vesting service requirement. You will have to earn three new years of vesting service before you become entitled to a vested pension benefit. You will be treated as a newly hired employee for this purpose.

The period between a break in service and the date you are rehired, whether or not it is counted as vesting service, is never counted as accredited service. In order for you to receive accredited service, you must be on the active payroll and receiving compensation, earnings, pay or salary.

Suspension of benefit rule

If you are retired or have terminated employment, and you are receiving your pension benefit, and then are subsequently rehired, your pension benefit will be suspended for each month in which you work at least 40 hours. This is true even if you initially worked for one employer, for example, CECONY, and returned to work at another employer, for example, O&R or a Participating CEI Affiliate. You cannot continue to receive your monthly pension benefit while working at least 40 hours in a month for an employer. Your pension benefit will be suspended whether you are eligible to participate in the Retirement Plan or whether you accrue additional pension credit. This provision also applies if you work for a non-participating employer or non-participating CEI Affiliate.

If you continue to work beyond your normal retirement date (called late retirement), or after age 65, provided you work at least 40 hours in each calendar month, your pension benefit does not begin until after you actually terminate employment.

When You Become Eligible for A Normal Retirement, Late Retirement, Early Retirement, Disability Retirement, or Vested Pension Benefit

The Retirement Plan is designed to provide you with a normal retirement pension benefit payable at your normal retirement age. The formulas and forms of payment are designed to pay you a monthly pension annuity from age 65 until your death.

You are also entitled to work beyond your normal retirement age and receive a late retirement pension benefit. Depending on your group classification, you may be eligible for an early retirement pension benefit or a disability retirement pension benefit.

It is your responsibility to apply for pension benefits. You may request your pension benefit package as early as 90 days before but no later than, at least 30 days before your pension benefit commencement date.

Normal retirement pension benefit – when you become eligible

CEI Participant – Your normal retirement date is the first day of the month following the later of your 65^{th} birthday or the third anniversary of your participation in the Retirement Plan.

CECONY Management Participant or CECONY Weekly Participant – Your normal retirement date is the first day of the month following the later of your 65^{th} birthday or the fifth anniversary of your participation in the Retirement Plan.

O&R Management Participant or O&R Hourly Participant – Your normal retirement date is the first of the month following your attainment of age 65.

Late retirement pension benefit - -when you become eligible

Rule for each Participant – If you continue working after your normal retirement date, you will continue to accrue additional accredited service. Your pension benefit will not begin until the first day of the calendar month after you actually retire. This is true for each Participant.

Early retirement pension benefit – when and if you are eligible

CEI Participant – There is no early retirement pension benefit. Once you are fully vested, you may receive your vested pension benefit at any time after you terminate employment.

CECONY Management Participant or CECONY Weekly Participant –

When your age and years of accredited service total at least 75 points, you may elect to retire before your normal retirement age - and receive an early retirement pension benefit. Your 75 points are determined by adding your age and your years of accredited service, rounding to the nearest whole year. If you are at least age 55 and have at least 30 years of accredited service or you are at least age 60 and have 15 years of accredited service on the date you retire, you may elect to begin your early retirement pension benefit immediately without any reduction to your normal retirement pension benefit.

If you have a total of 75 points but are not at least age 60 with 15 years of accredited service or are not at least age 55 with 30 years of accredited service, you may still elect to begin your early retirement pension benefit immediately after you terminate employment. Your monthly pension benefit will be permanently reduced to take into account the fact that you are beginning your pension benefit before your normal retirement date. When you reach age 65, the amount of your monthly pension benefit does not increase and will never be increased to what you would have received had you waited to begin your pension benefit at your normal retirement date. This age-related adjustment is made to your pension benefit when you begin to receive your pension benefit before normal retirement age because payments are expected to continue over a longer period of time.

If you do not want to receive a reduced monthly pension benefit, you may defer your pension benefit until age 65. At that time, you will receive a normal retirement pension benefit and it will be calculated based on your years of accredited service and compensation as of your employment termination date. Because you delay the commencement of your pension benefit until age 65, your pension benefit is not reduced.

O&R Management Participant or an O&R Hourly Participant –

If you are actively employed and attain at least age 55, you may elect to retire and receive an early retirement pension benefit, provided you have completed at least 10 years of vesting service. Your early retirement pension benefit is subject to reduction. This age-related adjustment is made to your pension benefit when you begin to receive your pension benefit before normal retirement age because payments are expected to continue over a longer period of time.

If you are at least age 60 and have at least 10 years of vesting service or you have 85 points and retire from active employment, you may begin your early retirement pension benefit without a reduction. You calculate your 85 points by adding your age and your accredited service. You have 30 days following your termination of employment to elect commencement of your early retirement pension benefit. If you do not elect to begin your pension benefit within this 30-day period, your pension benefit is automatically deferred to your normal retirement age.

You may elect to defer your early retirement pension benefit, or if you make no election, your early retirement pension benefit is automatically deferred. If you do not begin your early retirement pension benefit when you are first eligible, and subsequently you elect to begin your pension benefit prior to age 65, you will be subject to the same reductions as a terminated vested O&R Management Participant or a terminated vested O&R Hourly Participant.

If you do not want to receive a reduced pension benefit, you must defer your pension benefit until age 65. At that time, you will receive a normal retirement pension benefit based on your years of accredited service and compensation as of your employment termination date. When you delay the commencement of your pension benefit until age 65, your pension benefit is not reduced.

Disability pension benefit – when and if you are eligible

A disability pension benefit is a special pension benefit only available if you are totally and permanently disabled when you terminate employment.

CEI Participant – There is no disability pension benefit for a CEI Participant. A CEI Participant who terminates employment on account of a disability may elect to begin receiving his or her vested pension benefit immediately following termination of employment.

CECONY Management Participant or CECONY Weekly Participant – You must terminate employment on account of your total and permanent disability and your disability must be the reason for your termination. If you are a CECONY Management Participant, you are considered totally and permanently disabled only if the Plan Administrator determines that you are unable to engage in any work. If you are a CECONY Weekly Participant, you are considered totally and permanently disabled if the Social Security Administration makes that determination. You are not eligible for a disability pension benefit if you terminate employment for any reason other than disability, or if your disability occurs at any time on or after you terminate employment. Your Social Security disability or total and permanent disability must have occurred while you were actively employed. You are not eligible for a disability pension benefit if you report to Social Security that you became disabled on the day you terminated employment.

If you have 75 points at the time you terminate employment because of total and permanent disability or because you qualify for Social Security disability benefits, you can receive an immediate pension benefit or defer the start of your pension benefit to a later date. In some cases, your disability pension benefit may be calculated as if you had accredited service between the date you terminate employment and the date you begin your pension benefit.

If you are age 50 or older and have completed 20 years of accredited service at the time you terminate employment because of a total and permanent disability, or you qualify for Social Security disability benefits, you can receive an unreduced immediate pension benefit (that is, you are treated as if you have attained age 55 and have completed 30 years of accredited service) or defer the start of your pension benefit to a later date.

If you have at least five years of vesting service at the time you terminate employment because of a totally and permanent disability and qualify for social security disability benefits, but do not have 75 points, are younger than age 50, or have fewer than 20 years of accredited service, you can receive an immediate pension benefit or defer the start of your pension benefit to a later date. In some cases, your disability pension benefit may be calculated as if you had accredited service between the date you terminate employment and the date you begin your pension benefit.

If you believe you may be entitled to a disability pension benefit, contact your Benefits Department for further information.

O&R Management Participant or O&R Weekly Participant – You are eligible for a disability pension benefit if the Social Security Administration determines that you are totally and permanently disabled or the Plan Administrator determines you are totally and permanently disabled while in active employment.

There is no minimum age requirement to receive a disability pension and the benefit is not reduced because you receive your disability pension benefit prior to your normal retirement date.

Vested pension benefit – when you become eligible

CEI Participant, CECONY Management Participant or CECONY Weekly Participant – You can receive your vested pension benefit at any time following your termination of employment. If you do not elect to begin your pension benefit earlier, and your vested pension benefit is worth more than $1,000, your pension benefit will begin at your normal retirement age. If your vested pension benefit is worth less than $1,000, you will receive it in a single-sum upon termination of employment.

O&R Management Participant or O&R Hourly Participant –

After terminating employment, you can receive a vested benefit in any month on or after age 65. You may receive a vested benefit beginning at age 55 if you have at least 10 years of vesting service when you terminate your employment.

How a normal retirement pension benefit is calculated for a CEI Participant

The cash balance formula provides you with a normal retirement pension benefit. As a CEI Participant, your employer provides you with quarterly compensation credits and interest credits. As you continue to work and participate in the Retirement Plan, your cash balance account continues to grow through these two credits. Your pension benefit is fully non-contributory which means your employer is funding your pension benefit.

Your normal retirement pension benefit at your normal retirement age – generally age 65 – is equal to your cash balance account as of your normal retirement date, converted to a single life annuity. Your cash balance account is a hypothetical bookkeeping account that is credited with two employer allocations: one is based on your annual compensation (a compensation credit) and the other is based on an interest percentage (interest credit). The interest percentage changes quarterly based on certain government interest rates.

Compensation credits

Your compensation credit amount is determined by using the following formula:

Cash balance formula for CEI Participants Your compensation credit				
Sum of age + years of accredited service *(each rounded to the nearest whole number as of the allocation date)*	Less than 35	At least 35 but less than 50	At least 50 but less than 65	65 and over
Compensation credit percentage of annual compensation, as defined below, in each Calendar Quarter	4%	5%	6%	7%
Additional compensation credit percentage of annual compensation, as defined below, over the Social Security taxable wage base in the quarter.	4%	4%	4%	4%

Once you are a Participant, you receive a compensation credit to your cash balance account on the last day of each calendar quarter in each plan year. You must be on an active payroll and earning or being credited with compensation to earn a compensation credit. If you are not on the payroll during the full quarter, you will earn a compensation credit prorated for the number of months you are on the payroll.

In order to calculate your compensation credit, you add your age and years of accredited service as of the last day of each calendar quarter to come up with a number of points (fewer than 35 points to over 65 points). Depending upon your points, you will receive a compensation credit of 4%, 5%, 6% or 7% of your annual compensation for that calendar quarter, as shown on the above chart.

Also, during any quarter in the calendar year in which your annual compensation, as defined below, exceeds the taxable wage base, you will receive an additional compensation credit. In the quarter in which your cumulative annual compensation, as defined below, exceeds the taxable wage base, your annual compensation above the taxable wage base will receive an additional compensation credit of 4%.

The Retirement Plan uses a specific definition of annual compensation for the cash balance formula. This specific definition determines what parts of your compensation will go into the calculation for your compensation credit. The same definition will be used to determine whether your annual compensation has exceeded the taxable wage base. The definition of annual compensation is different for a Local 3 employee, a Local 503 employee or a management employee. In all cases, however, your annual compensation for the calendar quarter is your compensation for the calendar quarter calculated at your rate of compensation as of the end of the quarter. This means that if you received a raise during the quarter, all your compensation for that quarter will be deemed earned at your new higher rate. If you terminate employment during a calendar quarter, your rate of pay is your rate as of your termination date.

If you are a Local 3 employee, annual compensation is your annual basic straight–time compensation plus one hundred percent of the aggregate amount of your pay attributable exclusively to Sunday premium pay and night shift and midnight differential premium pay received during the quarter.

If you are a Local 503 employee, annual compensation is your annual rate of pay excluding bonuses, overtime, and special pay.

If you are a management employee, annual compensation means your basic straight –time compensation and excludes overtime, deferred compensation, most long-term or short-term incentive payments, or other employer benefit or compensation plans, and all forms of special pay. However, certain bonus payments, such as an award from the CECONY variable pay plan or the O&R annual team incentive plan (ATIP), are taken into account in the quarter in which paid, with some restrictions.

A CEI Participant who is employed at O&R and earns an ATIP award will have the full amount of his or her ATIP award taken into account in the quarter in which it is paid. A CEI Participant who is employed at CECONY or at a Participating CEI Affiliate, and who earns a variable pay award, will have the variable pay award taken into account in the quarter in which it is paid provided it does not exceed 25%. If the variable pay award exceeds 25% of annual compensation, the amount of the variable pay award in excess of 25% is not taken into account. Other than the ATIP, all other short-term incentive plan payments are subject to the 25% of annual compensation limit.

A variable pay award paid from a plan sponsored by a Participating CEI Affiliate will be included only if such amount is from a short –term incentive plan that has been explicitly approved by the Plan Administrator as a plan from which an award will be included in the determination and calculation of a Participant's pension benefit. The Plan Administrator has final authority and discretion to determine which short-term incentive plans qualify for inclusion. Approval by the Plan Administrator of any short-term incentive plan has no retroactive effect; that is, until the plan is approved, no payments will be taken into account as annual compensation. A variable pay award does not include an award under a long-term incentive plan.

Payments from an executive incentive plan are not taken into account as compensation or payments from a short-term incentive plan and are not considered or included for purposes of determining compensation credit.

Interest credits

As of the last day of each calendar quarter, your cash balance account is also increased by an amount equal to one-fourth of the applicable IRS interest rate, multiplied by your cash balance account as of the first day of the calendar quarter. The applicable IRS interest rate is the rate on 30-year Treasury securities published by the Internal Revenue Service for the second full calendar month immediately preceding the calendar quarter in which the interest rate is credited. However, the Retirement Plan sets a minimum and a maximum interest rate for the interest crediting rate. The quarterly rate cannot be less than 0.75% or more than 2.25% per calendar quarter. For example, the IRS interest rate for 30-year Treasury securities for the quarter October – December 2010 is 0.9975% (one-fourth of 3.99%). Your cash balance account for that quarter would be credited with interest at the interest rate of 0.9975%. Your cash balance account continues to receive an interest credit during the period between your termination of employment and your pension benefit commencement date. Once you begin payment of your pension benefit, interest credits are no longer made to your cash balance account.

To determine which interest rate is used each quarter, refer to the table below. The rates can be found at www.irs.gov. There is one 30-year Treasury rate published each month based on the average of the daily yields on 30-year Treasury bonds during the preceding month.

Which rate is used?	
To determine the interest credit for...	Use the rate that is published in the previous...
First day of first quarter – January 1	November
First day of second quarter – April 1	February
First day of third quarter – July 1	May
First day of fourth quarter – October 1	August

Example: Normal retirement pension benefit for a CEI Participant who is a management employee

Alan's accredited service date (hire date) as a management employee was January 1, 2002. His birth date is December 31, 1971. He will be terminating employment on December 31, 2036 at age 65. Alan has 35 years of accredited service. Since Alan worked the entire 12-month period of 2036, he earns a year of credited service for 2036. During his employment, his annual compensation did not exceed the taxable wage base.

Because we are projecting into the future, the example has to rely on certain assumptions and make certain projections. The assumptions and projections are hypothetical and only for illustration purposes. For this example, however, we were able to use the actual 30-year Treasury rates that are used through the first quarter of 2011. Thereafter, an assumption is made of a 4% a year crediting rate on the 30-year Treasury Bonds.

Alan's normal retirement pension benefit calculated under the cash balance formula

		A.	B.
		First quarter as a Participant	**Quarter ending in termination or retirement date**
	Part I – Calculate compensation credit		
1.	Quarter ending	3/31/2002	12/31/2036
2.	Nearest age at end of quarter	30	65
	Add age to accredited service	+	+
3.	Nearest year(s) of accredited service at end of quarter	0	35
4.	Points for compensation credit	30 Points	100 Points
5.	Annual rate of compensation at end of quarter	$65,600.00	$151,885.00
6.	Taxable wage base (TWB) for the year	$84,900.00	$198,200.00
7.	Months worked in the quarter	3	3
8.	Total Pay earned in quarter	$16,400.00	$37,971.00
9.	Pay for the quarter multiplied by the % points for a compensation credit	4%	7%
10.	Compensation credit for quarter	$656.00	$2,657.97
11.	Pay earned in quarter over TWB	$0	$0
12.	Pay over TWB multiplied by the % points for the compensation credit on the excess annual compensation	x	x
13.	Pay over TWB multiplied by % points	4%	4%
14.	Compensation credit for pay over TWB	$0	$0
15.	Add compensation credits for all pay and compensation credits for pay above TWB	$656.00	$2,657.97
		+	+
		0	0
16.	Total compensation credit for quarter	$656.00	$2,657.97
Part II – Calculate interest credit			
17.	Account balance at beginning of quarter	$0	$419,372.27
18.	Interest crediting rate	1.3300%	1.0000%
		x	x
19.	Interest credit on account balance at beginning of quarter	$0	$4,193.72
Part III – Calculate cash balance account at end of quarter or at termination of employment or retirement			
20.	Add compensation credit and interest credit to the account balance at beginning of quarter to calculate account balance at end of quarter		
	compensation credit	$656.00	$2,657.97
	plus	+	+
	interest credit	$0	$4,193.72
	plus	+	+
	account balance at beginning of quarter	$0	$419,372.27
		=	=
21.	Account balance at end of quarter	$656.00	$426,223.98
	Alan’s normal retirement pension benefit calculated under the cash balance formula and shown in the form of a cash balance single sum		$426,223.98

Example: Normal Retirement for a CEI Participant who is a member of Local 3 or Local 503

Rhonda's accredited service date (hire date) as a union employee was January 1, 2010. Her birth date is December 31, 1979. She will be terminating employment on December 31, 2044. She will be age 65 and have 35 years of accredited service. During her employment, her annual compensation never exceeded the taxable wage base.

Because we are projecting into the future, the example has to rely on certain assumptions and make certain projections. The assumptions and projections are hypothetical and only for illustration purposes. For this example, however, we were able to use the actual 30-year Treasury rates through the first quarter of 2011. Thereafter, an assumption is made of a 4% a year interest crediting rate on the 30-year Treasury bonds.

Rhonda's normal retirement pension benefit under the cash balance formula			
		A	**B**
		First quarter as a Participant	**Quarter ending in termination or retirement date**
Part I – Calculate compensation credit			
1.	Quarter ending	3/31/2010	12/31/2044
2.	Nearest age at end of quarter	30	65
	Add age to accredited service	+	+
3.	Nearest year(s) of accredited service at end of quarter	0	35
4.	Points for compensation credit	30 Points	100 Points
5.	Annual rate of compensation at end of quarter	$35,000.00	$81,036.00
6.	Taxable wage base (TWB) for the year	$106,800.00	$241,500.00
7.	Months worked in the quarter	3	3
8.	Total pay earned in quarter	$8,750.00	$20,259.00
9.	Pay for the quarter multiplied by the %	x	x
	Points for a compensation credit	4%	7%
10.	Compensation credit for quarter	$350.00	$1,418.13
11.	Pay earned in quarter over TWB	$0	$0

Rhonda's normal retirement pension benefit under the cash balance formula			
		A	**B**
		First quarter as a Participant	**Quarter ending in termination or retirement date**
12.	Pay for the quarter over TWB multiplied by the % points for the compensation credit on the excess annual compensation	x	x
		4%	4%
13.	Compensation credit for pay over TWB	$0	$0
14.	Add compensation credits for all pay and compensation credits for pay above TWB	$350.00	$1,418.13
		+	+
		$0	$0
15.	Total compensation credit for quarter	$350.00	$1,418.13
Part II – Calculate interest credit			
16.	Account balance at beginning of quarter	$0	$222,535.17
17.	Multiply interest crediting rate by account balance at beginning of quarter	x	x
18.	Interest crediting rate	1.0475%	1.0000%
19.	Interest credit on account balance at beginning of quarter	$0	$2,225.35
Part III – Calculate cash balance account at end of quarter or at termination of employment or retirement			
20.	Add compensation credit and interest credit to the account balance at beginning of quarter to calculate account balance at end of quarter		
	Total compensation credit for the quarter	$350.00	$1,418.13
	plus	+	+
	interest credit for the quarter	$0	$2,225.35
	plus	+	+
	account balance at beginning of quarter	$0	$222,535.17
		=	=
21.	Account balance at end of quarter	$350.00	$226,178.65
	Rhonda's normal retirement pension benefit calculated under the cash balance formula and shown in the form of a cash balance single sum.		$226,178.65

Example: Normal Retirement for a CEI Participant who has paid above the Social Security Taxable Wage Base (TWB)

Lydia's accredited service date (hire date) as a management employee was January 1, 2002. Her birth date is December 31, 1971. She will be terminating employment on December 31, 2036. She will be age 65 and have 35 years of accredited service.

Because we are projecting into the future, the example has to rely on certain assumptions and make certain projections. The assumptions and projections are hypothetical and only for illustration purposes. For this example, however, we were able to use the actual 30-year Treasury rates through the first quarter of 2011. Thereafter, an assumption is made of a 4% a year interest crediting rate on the 30-year Treasury bonds.

Lydia's normal retirement pension benefit under the cash balance formula			
		A	**B**
		First quarter as a Participant	**Quarter ending in termination or retirement date**
Part I – Calculate compensation credit			
1.	Quarter ending	3/31/2002	12/31/2036
2.	Nearest age at end of quarter	30	65
	Add age to accredited service	+	+
3.	Nearest year(s) of accredited service at end of quarter	0	35
4.	Points for compensation credit	30 Points	100 Points
5.	Annual rate of compensation at end of quarter	$98,400.00	$227,828.00
6.	Taxable wage base (TWB) for the year	$84,900.00	$198,200.00
7.	Months worked in the quarter	3	3
8.	Total pay earned in quarter	$24,600.00	$56,957.00
9.	Pay for the quarter multiplied by the % Points for a compensation credit	x	x
		4%	7%
10.	Compensation credit for quarter	$984.00	$3,986.98
11.	Pay earned in quarter over TWB	$0	$38,241.00
12.	Pay over TWB multiplied by the points	x	x
13.	Pay over TWB multiplied by % points	4%	4%
14.	Compensation credit for pay over TWB	$0	$1,529.63
15.	Add compensation credits for all pay and compensation credits for pay above TWB	$984.00	$3,986.98
		+	+
		0	$1,529.63
16.	Total compensation credit for quarter	$984.00	$5,516.61

Lydia's normal retirement pension benefit under the cash balance formula			
		A	**B**
		First quarter as a Participant	**Quarter ending in termination or retirement date**
Part II – Calculate interest credit			
17.	Account balance at beginning of quarter	$0	$723,998.53
18.	Interest crediting rate	1.3300%	1.0000%
		x	x
19.	Interest credit on account balance at beginning of quarter	$0	$7,239.99
Part III – Calculate cash balance account at end of quarter or at termination of employment or retirement			
20.	Add compensation credit and interest credit to the account balance at beginning of quarter to calculate account balance at end of quarter		
	compensation credit	$984.00	$5,516.61
	plus	+	+
	interest credit	$0	$7,239.99
	plus	+	+
	account balance at beginning of quarter	$0	$723,998.53
		=	=
21.	Account balance at end of quarter	$984.00	$736,755.13
	Lydia's normal retirement pension benefit calculated under the cash balance formula and shown in the form of a cash balance single sum.		$736,755.13

How a normal retirement pension benefit is calculated for a CECONY Management Participant or a CECONY Weekly Participant

Your normal retirement pension benefit is calculated according to either a formula referred to as the final average pay formula or a formula referred to as a career average formula both of which take into account your annual compensation and your accredited service. The final average pay formula was closed for participation purposes for (1) CECONY management employees who were hired on or after January 1, 2001, and (2) Local 3 members hired on or after January 1, 2010. The career average formula was closed for participation purposes in 1989. The final average pay formula and the career average formula are grandfathered formulas; this means that if you were not on the active payroll on the date the formulas were closed, you are not eligible to be covered under them.

Both formulas use your annual compensation to calculate your pension benefit. Annual compensation is based on your annual basic straight-time salary rate in the last pay period of each calendar year (annual compensation) and, beginning January 1, 1999, if applicable, your annual variable pay award. Annual compensation includes some of your before-tax contributions, such as those made to the Thrift Savings Plan. Annual compensation excludes premium pay, overtime, deferred compensation, long-term incentive payments, payments for other employee benefit or compensation plans, and all forms of special pay. Short-term incentive payments are also excluded, except if those payments are awarded from specific enumerated plans, as discussed below.

Effective November 15, 2001, if you are a CECONY Management Participant or you were a CECONY Management Participant and you transferred to a Participating CEI Affiliate, any amount of your variable pay award that exceeds 25% of your annual basic straight-time salary rate as of January 1st of the year in which the variable pay is paid (not awarded) is not included in your pension calculation. The 25% limitation or cap means that your variable pay award will be taken into account but only up to an amount equal to 25% of your annual compensation. For example, if your annual compensation rate as of January 1, 2011, is $130,000, the Retirement Plan will take your 2011 variable pay award into account but only up to, and not in excess of, $32,500.

A variable pay award paid from a plan sponsored by a Participating CEI Affiliate will be included in annual compensation only if such amount is from a short-term incentive plan that has been explicitly approved by the Plan Administrator as a plan from which an award will be included in the determination and calculation of a Participant's pension benefit. The Plan Administrator has final authority and discretion to determine which short-term incentive plans qualify for inclusion. Approval by the Plan Administrator of any short-term incentive plan has no retroactive effect; that is, until the plan is approved, no payments will be taken into account as annual compensation. A variable pay award does not include an award under a long-term incentive pay.

If you are a CECONY Management Participant and are covered under the final average pay formula, your pension benefit is based on your final average pay or salary as the case may be, which is the average of your annual compensation plus the includable amount of your annual variable pay awards (calculated to the nearest whole dollar) during the highest 48 consecutive calendar months in the last 120 months of accredited service. Months of accredited service that are separated by a break in service, depending upon the length of the break in service, are treated as consecutive months.

If you are a CECONY Weekly Participant, annual compensation is based on your regular stated rate of pay in the last pay period of each calendar year. Annual Compensation includes some of your before-tax contributions, such as those made to the Thrift Savings Plan. Except as noted below, annual compensation excludes premium pay, overtime, or similar payments. Your pension benefit is based on your final average pay, which is the average of your annual basic straight-time compensation (calculated to the nearest whole dollar) for the highest 48 consecutive calendar months in the last 120 months of accredited service. Months of accredited service that are separated by a break in service, depending upon the length of the break in service, are treated as consecutive months.

For a Local 3 employee hired on or after June 29, 2005, final average pay is the highest 60 consecutive months in the last 120 months of accredited service.

A member of Local 1-2 and a member of Local 3 have 100% of the aggregate amount of pay from premium pay for night, midnight, and Sunday premium only taken into account in determining annual compensation. This amount is added to the annual basic straight-time compensation rate for that calendar year to determine final average pay. For example, if your stated rate of pay in your last pay period in December is $35 an hour and your aggregate amount of premium pay is $3,000, your annual compensation for that year is: $35 an hour x (40 hours a week x 52 weeks a year) + $3,000 = $75,800. Premium pay for night, midnight, and Sunday premium is not taken into account in the career average formula.

Federal tax law limits the amount of your annual compensation that can be taken into account in calculating your annual compensation. The maximum limit for calendar years (and plan years) 2010 and 2011 is $245,000. Any compensation you earn above the tax law limit in each plan year is not taken into account in determining your pension benefit. This limit may change in future years.

If you are a CECONY Management Participant, the final average pay formula takes into account your annual compensation above the taxable wage base in effect at the time you terminate employment.

The Social Security taxable wage base in effect in the last month of your employment is the maximum amount of earnings on which you and your employer pay Social Security (FICA) OASDI taxes each year. This amount is adjusted annually. In 2010 and 2011, the Social Security taxable wage base is $106,800.

Final average pay formula for a CECONY Management Participant & a CECONY Weekly Participant	
PART I	1.5% (.015) of your final average pay (or salary) multiplied by the years of accredited service up to and including the 24th year, plus
PART II	2.00% (.020) of your final average pay (or salary) multiplied by the years of accredited service from the 25th year up to and including 30th year, plus
PART III	0.50% (.005) of your final average pay (or salary) multiplied by years of accredited service after 30 years of accredited service, plus.
PART IV	If you are a CECONY Management Participant, 0.35% of your final average salary in excess of the Social Security taxable wage base multiplied by the years of accredited service up to a maximum of 30 years.
PART V	This Part V applies only to certain CECONY Weekly Participants and CECONY Management Participants who meet certain age and accredited service requirements. For an eligible CECONY Weekly Participant who is a Local 1-2 Employee, Part V applies starting July 1, 2008, and ends on June 30, 2012. For an eligible CECONY Management Participant, Part V applies starting January 1, 2009, and ends June 30, 2012. If you are a CECONY Weekly Participant or a CECONY Management Participant at least age 55 and have at least 30 years of accredited service, you will receive an extra accrual of .5% (.005) for each year or part of the year during the designated period in which you continue in employment and satisfy both those conditions (the extra accrual is referred to as a special pension accrual).

The career average formula is used if it provides a greater benefit than the final average pay formula.

Career Average Formula	
PART I	2.2% of your total salary (pay) up to 30 years accredited service, plus
PART II	1.5% of the resulting amount for each year of accredited service over 30 years.

The career average formula applies to a CECONY Management Participant who: (1) was on the active payroll of CECONY on both December 31, 1982 and during the 1989 calendar year, or (2) terminated employment with a right to a vested pension benefit prior to December 31, 1982, and who was rehired and repaid any cash-out. The career average formula applies to a CECONY Weekly Participant who: (1) terminated employment during the month of June 1989; or (2) was in the employ of CECONY at any time during the period from July 1, 1989 through December 31, 1989; or (3) terminated employment with a right to a vested pension benefit prior to July 1, 1989, and was rehired and repaid any cash-out. The career average formula is based on total salary (pay) for up to 30 years.

Total salary (pay) includes the total of your annual compensation in the year you retire and in each of the 14 years before retirement date, plus your annual compensation for each earlier year you worked, credited at your annual compensation for the 14th (pivot) year before the year you retire. The career average formula for a CECONY Weekly Participant does not take into account any premium pay.

Example: Normal retirement pension benefit for a CECONY Management Participant. In this example, John is entitled to the greater of the pension benefit calculated under the final average pay formula or career average formula. He has variable pay and his final average pay exceeds the Social Security taxable wage base.

John's accredited service date (hire date) is June 5, 1967. His birth date is February 8, 1947. He is terminating employment on February 28, 2012. He is age 65. He is credited with 44 years and 9 months – 537 months – of accredited service. Because he was on the active payroll on December 31, 1982, and during the 1989 calendar year, his pension benefit is the greater of his pension benefit calculated under the final average pay formula or his pension benefit calculated under the career average formula.

When calculating his pension benefit under the final average pay formula, the following will apply: (1) Part III, because he was at least age 55 with at least 30 years of accredited service; (2) Part IV, because his final average pay was greater than the taxable wage base; and (3) Part V, because he attained age 55 and had 30 or more years of accredited service during the designated period. Under Part V, John will be credited with 38 months of a special pension accrual.

A. John's normal retirement pension benefit calculated under the final average pay formula		
		Normal
1.	Final average pay	$159,929.00
2.	Basic pension percentage – Years 1-24	0.01500
3.	Service (Max. 24 Years)	24.00
4.	Basic pension percentage – Years 25-30	0.02000
5.	Additional accredited service (Max 6 Years)	6.00
6.	Regular early retirement factor	1.00000
7.	Calculation [(1*2*3) + (1*4*5)]*6	$76,765.92
8.	Social Security Taxable Wage Base	$111,713.00
9.	Pension percentage above taxable wage base	0.00350
10.	IRS reduction factor	1.000
11.	Excess pension (1-8) * 9 * 10 * (3+5)	$5,062.70
12.	Accredited service in excess of 30 Years	14.75
13.	Additional pension percentage	0.005
14.	Additional pension (1 * 6 * 12 * 13)	$11,794.76
15.	Special accrual final average pay, if applicable	$159,929.00
16.	Special accrual service, if applicable	3.167
17.	Special accrual benefit, if applicable (15 * 16 * .005)	$2,532.21
18.	Total actual pension (7 + 11 + 14 + 17)	$96,155.59

B. John's normal retirement pension benefit calculated under the career average formula						
Total Wages	=	Earnings in year of termination	+	Earnings in full years prior to termination (Max 14 years)	+	Earnings in months prior to pivot year
$2,943,667.00 from accredited service date to termination or retirement date		$24,167.00		$1,684,500.00		$1,235,000.00
Basic pension	=	Total wages	x	Basic pension %		
$64,760.67		$2,943,667.00		0.022		
Additional Pension	=	Basic Pension	x	Monthly %	x	Excess Over 30 Years
$14,328.30		$64,760.67		.00125		177 months
Normal retirement pension benefit	=	$64,760.67	+	$14,328.30	=	$79,088.97 John's normal retirement pension benefit under the career average formula

John's normal retirement pension benefit will be calculated under the final average pay formula – $96,155.59 – because it is greater than his normal retirement pension benefit calculated under the career average formula – $79,088.97.

Example: Normal retirement pension benefit for a CECONY Weekly Participant. In this example, Helen is entitled to the greater of the pension benefit calculated under the final average pay formula or the career average formula.

Helen's accredited service date (hire date) is November 27, 1967. Her birth date is October 15, 1946. Helen is terminating employment on January 1, 2011. She is age 65. She is credited with 43 years and 2 months – 518 months – of accredited service. Because Helen was employed in the June – December 1989 period, her pension benefit is the greater of her pension benefit calculated under the final average pay formula or her pension benefit calculated under the career average formula. Also, because Helen attained at least age 55 and had 30 or more years of accredited service during the designated period, she is entitled to a special pension accrual. She is credited with 30 months of the special pension accrual. In addition, Helen had premium time which is included in only the final average pay formula.

A. Helen's normal retirement pension benefit calculated under the final average pay formula		
		Normal
1.	Final average pay	$69,806.00
2.	Basic pension percentage – Years 1-24	0.01500
3.	Accredited service (Max. 24 Years)	24.00
4.	Basic pension percentage – Years 25-30	0.02000
5.	Additional accredited service (Max 6 Years)	6.00
6.	Regular early retirement factor	1.00000
7.	Calculation [(1*2*3) + (1*4*5)]*6	$33,506.88
8. .	Accredited service in excess of 30 years	13.7
9.	Additional pension percentage	0.005
10.	Additional pension [(1*6*8*9)]	$4,596.73
11.	Special accrual final average pay, if applicable	$69,806.00
12.	Special accrual service, if applicable	2.50
13.	Special accrual benefit, if applicable [(11*12*.005)]	$872.58
14.	Total accrual pension [(7+10+13)]	38,976.19

B. Helen's normal retirement pension benefit calculated under the career average formula						
Total wages	=	Earnings in year of termination	+	Earnings in full years prior to termination (Max 14 years)	+	Earnings in months prior to pivot year
$1,449,552.00		$0		$759,325.00		$690,227.00
Basic pension	=	Total wages	x	Basic pension %		
$31,890.14		$1,449,552.00		0.022		
Additional pension	=	Basic pension	x	Monthly %	x	Excess over 30 years
$6,298.30		$31,890.14		.00125		158 months
Normal	=	31,890.14	+	$6,298.30	=	$38,188.44 Helen's normal retirement pension benefit under the career average formula

Helen's normal retirement pension benefit will be calculated under the final average pay formula – $38,976.19 – since it is greater than her normal retirement pension benefit calculated under the career average formula – $38,188.44.

How a normal retirement pension benefit is calculated for an O&R Management Participant or an O&R Hourly Participant

An O&R Management or an O&R Hourly Participant's normal retirement pension benefit is calculated according to a career average formula using annual base earnings and accredited service.

If you are an O&R Management Participant, your annual base earnings are based on your annual salary rate and generally exclude overtime, special pay, or similar payments. Your annual base earnings are determined prior to any before-tax contributions and allocations, such as those made to the Consolidated Edison Thrift Savings Plan. ATIP awards paid after January 1, 1997, are included in the definition of annual base earnings – annual compensation – in the year paid for purposes of determining your annual compensation.

If you are an O&R Hourly Participant, your annual base earnings are what you earn for your regular workweek and exclude bonuses, overtime, special pay, or similar payments. Your annual base earnings are determined prior to any before-tax contributions and allocations such as those made to the Thrift Savings Plan.

If you retire after January 1, 2008, your normal retirement pension benefit is an annual amount calculated in accordance with the Table A, below.

<table>
<tr><th colspan="2">Table A

The career average formula for an O&R Management Participant or an O&R Hourly Participant retiring after January 1, 2008 but before January 1, 2011</th></tr>
<tr><td></td><td></td></tr>
<tr><td>PART I</td><td>Prior accredited service calculation
(a) 1.5% of your annual salary rate on January 1, 2003, divided by 12, multiplied by
(b) the total number of months of accredited service you earned before January 1, 2003, plus</td></tr>
<tr><td>PART II</td><td>Future accredited service calculation
(a) 2% of your base earnings received for each year of accredited service after December 31, 2002, plus
(b) 2% of 2 times your final annual salary rate at termination of employment.</td></tr>
<tr><td>PART III</td><td>Add the Prior accredited service total to the Future accredited service total</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="2">In determining whether you use Part I of the formula, you use the greater of your accrued pension benefit under Part I or under the all accredited service formula. The all accredited service formula is calculated by multiplying 2% of your compensation for each year you are a Participant until 2003

ATIP is included in the final salary rate for an O&R Management Participant</td></tr>
</table>

If you retire after January 1, 2011, your normal retirement pension benefit is an annual amount calculated in accordance with the Table B, below.

Table B **The career average formula for an O&R Management Participant or an O&R Hourly Participant retiring after January 1, 2011**	
PART I	Prior accredited service calculation (a) 1.5% of your annual salary rate on January 1, 2006, divided by 12, multiplied by (b) the total number of months of accredited service you earned before January 1, 2006, plus
PART II	Future accredited service calculation (a) 2% of your base earnings received for each year of accredited service after December 31, 2005, plus (b) 2% of 2 times your final annual salary rate at termination of employment.
PART III	Add the prior accredited service total to the future accredited service total.
In determining whether you use Part I of the formula, you use the greater of your accrued pension benefit under Part I or under the all accredited service formula. The all accredited service formula is calculated by multiplying 2% of your compensation for each year you are a Participant until 2003 ATIP is included in the final salary rate for an O&R Management Participant	

The following examples illustrate how a normal retirement pension benefit is calculated for an O&R Management Participant or an O&R Hourly Participant. The first example illustrates how the formula in effect for 2009 would affect your total normal retirement pension benefit. The second example illustrates how the formula in effect for 2011 is applied. An O&R Hourly Employee hired on and after January 1, 2005, is not entitled to the pension benefit adjustment.

Example: Normal retirement pension benefit for an O&R Management Employee retiring after January 1, 2011 under the career average formula and using Table B

Vivian started work with O&R on August 1, 1974. She was 26 years old. She became a participant on August 1, 1975. On August 1, 2013, at age 65, Vivian retired under the career average formula in effect for Participants retiring after January 1, 2011. The pivot year component of the career average formula had been updated from 2003 to 2006. Vivian was in the Retirement Plan a total of 365 months from 1975 until 2006.

To determine Vivian's pension benefit (1) first, apply Part I – Prior service calculation; then (2) apply Part II – Future service calculation; and then (3) add the Prior service calculation amount to the Future service calculation amount. If you want to calculate Vivian's monthly normal retirement pension benefit, divide the total by 12. Because she is retiring at age 65, there is no reduction to her normal retirement pension benefit.

The career average formula for an O&R Management Participant retiring on or after January 1, 2011. Vivian's date of retirement is August 1, 2013.				
Part I –Prior service calculation:				
$70,888 – Vivian's annual salary rate as of January 1,2006 – her pivot year salary rate multiplied by				
× 1.5% ÷ 12 × 365 months of service	=	$	32,342.65	
Part II –Future service calculation:				
2006 base earnings with ATIP	=	$	75,931.00	
2007 base earnings with ATIP	=	$	80,671.00	
2008 base earnings with ATIP	=	$	83,395.00	
2009 base earnings with ATIP	=	$	84,711.00	
2010 base earnings with ATIP	=	$	86,212.00	
2011 base earnings with ATIP	=	$	88,800.00	
2012 base earnings with ATIP		$	88,800.00	
2013 base earnings $84,600 projected up to the last full month prior to month of				
Retirement ($84,600 ÷ 12) × 7 months	=	$	49,350.00	
ATIP paid in April 2013		$	4,200.00	
2013 final salary rate plus ATIP × 2*				
($84,600 + 4,200) - $88,800	=	$	177,600.00	
		$	819,670.00	
			× 2%	
Future service total		$	16,393.40	
Part III –add Prior service total to Future service total :				
Add the Prior service total		$	32,342.65	
Annual normal retirement pension benefit		$	48,736.05	
Divide $48,736.05 by 12 for the monthly normal retirement pension benefit amount		$	4,061.34	
(rounded)		$	4,061.00	
Base earnings for all years include ATIP. *There are two extra years at the annual salary rate in effect on the date of termination or retirement.				

Vivian's monthly normal retirement pension benefit is $4,061.00.

Example: Normal retirement pension benefit for an O&R Hourly Employee retiring after January 1, 2011 under the career average formula and using Table B.

Pat started work with O&R on December 31, 1973. He was age 25. He became a Participant on January 1, 1975. On April 1, 2013, at age 65, Pat will retire under the career average formula in effect for 2011. The pivot year component of the career average formula had been updated from 2003 to 2006. Pat was in the Retirement Plan a total of 372 months from 1975 to 2006.

To determine Pat's pension benefit under Table B, (1) first, apply Part I – Prior service calculation; then (2) apply Part II – Future service calculation; and then (3) add the Prior service calculation to the Future service calculation. If you want to calculate Pat's monthly normal retirement pension benefit, divide the total by 12. Because he is retiring at age 65, there is no reduction to his normal retirement pension benefit.

The career average formula for an O&R Hourly Participant retiring on or after 1/1/11. Pat's retirement date is April 1, 2013.				
Part I –Prior service calculation:				
$64,300 –Pat's annual salary rate as of January 1, 2006 – his pivot year salary rate multiplied by				
× 1.5% ÷ 12 × 372 months of accredited service	=	$	29,899.50	
Part II – Future service calculation				
Future service calculation:				
2006 base earnings	=	$	66,032.00	
2007 base earnings	=	$	66,713.00	
2008 base earnings	=	$	71,127.92	
2009 base earnings	=	$	73,900.00	
2010 base earnings	=	$	74,520.00	
2011 base earnings			76,400.00	
2012 base earnings			78,300.00	
2013 base earnings, up to the last full month prior to month of				
Retirement ($78,300 ÷ 12) × 3 months	=	$	19,575.00	
2013 final salary rate x 2				
$78,300	=	$	156,600.00	
		$	683,167.92	
			× 2%	
Future service total		$	13,663.36	
Part III –add Prior service total to Future service total :				
Add the Prior service total		$	29,899.50	
Annual normal retirement pension benefit		$	43,562.86	
Divide $43,562.86 by 12 for the monthly normal retirement pension benefit amount		$	3,630.24	
(rounded)		$	3,630.00	

Pat's monthly normal retirement pension benefit is $3,630.00

How a late retirement pension benefit is calculated for each Participant

Your pension benefit does not begin until you actually terminate employment. You cannot continue to be on the active payroll receiving salary or pay and also collect your pension benefit. Therefore, if you continue to work after your normal retirement age, which in most cases is age 65, you will not receive your pension benefit until you actually terminate employment. There are two exceptions to this rule. One is triggered if you work fewer than 40 hours in one month and one covers certain employees who were grandfathered under earlier federal tax laws.

In general, your late retirement pension benefit is determined the same way as your normal retirement pension benefit. The cash balance formula is based on your age up to the date you actually terminate employment. The final average pay or career average pay formulas is based on your annual compensation and years of accredited service up to the date you terminate employment.

If you terminated employment earlier and received any pension benefit payments, including a cash-out or a single-sum payment, your late retirement pension benefit will be offset (reduced) by the value of any pension benefit payments already made to you. This means that your final pension benefit will be reduced by the value or amount of any pension benefit payments you previously received, including any monthly pension benefits you may have received if you worked fewer than 40 hours a month or for any other reason. The Plan Administrator has full and final discretion to determine the methodology for calculating the offset to your final pension benefit.

Example: Late retirement under the final average pay formula for a CECONY Management Participant

Kevin’s accredited service date – hire date – was May 9, 1983. His birth date is August 19, 1942. His termination date is November 30, 2010. On his termination date, he was 68 years old and had 27 years and 7 months – 331 months – of accredited service. His late retirement pension benefit is calculated only under the final average pay formula. Because he had not earned at least 30 years of accredited service, he is not entitled to a special pension accrual.

Kevin's late retirement pension benefit calculated under the final average pay formula		
		Late
1.	Final average pay	$104,856.00
2.	Basic pension percentage – Years 1-24	0.01500
3.	Accredited service (Max. 24 Years)	24.00
4.	Basic pension percentage – Years 25-30	0.02000
5.	Additional accredited service (Max 6 Years)	3.58
6.	Calculation [(1 x 2 x 3) + (1 x 4 x 5)]	$45,255.85
7.	Accredited service in excess of 30 years	0.00
8.	Additional pension percentage for accredited service in excess of 30	0.005
9.	Additional pension (1 x 7 x 8)	0.00
10.	Special pension accrual final average pay, if applicable	N/A
11.	Special pension accrual service, if applicable	N/A
12.	Special pension accrual benefit, if applicable (10 x 11 x .005)	N/A
13.	Total Actual Pension	$45,255.85

How an early retirement benefit is calculated for a CECONY Weekly Participant or a CECONY Management Participant

When your age and years of accredited service total 75 (75 points), you may elect to retire early – before your normal retirement age – and immediately receive an early retirement pension benefit. The early retirement pension benefit differs from the vested retirement benefit in that there is less of a reduction to your monthly pension benefit for beginning your pension benefit early because you have satisfied certain age and service requirements.

An early retirement pension benefit is calculated the same way as a normal retirement pension benefit except that certain reduction factors are applied. In almost all cases, your monthly early retirement pension benefit will be reduced depending on your age and years of service when you begin your pension benefit.

Early retirement reduction factors will not apply if you are at least age 55 and you have at least 30 years of accredited service when your early retirement pension benefit begins, other than for certain reductions that may be required under the federal tax laws. The same is true if you are at least age 60 and you have at least 15 years of accredited service when your early retirement pension benefit begins, other than for certain reductions that may be required under the federal tax laws.

If you are a CECONY Management Participant and you begin your pension benefit before age 65, even if your early retirement pension benefit would not otherwise be reduced (as stated above), federal law requires that certain reduction factors apply. Reduction factors are applied to Part IV of the final average pay formula (the part of your early retirement pension benefit that takes into account the .35% of your final average salary over the taxable wage base).

Also, all pension benefits are subject to maximum annual limits under the federal tax laws. Early retirement pension benefits that exceed any of the federal tax law's maximum annual amounts will be reduced to the legally permissible amount. This means that, in addition to reductions resulting from the pension benefit, in some cases, federal tax laws require certain reductions to apply to an early retirement pension benefit.

If you have 75 points, and begin your pension benefit before age 60, your normal retirement pension benefit may be reduced to determine your early retirement pension benefit.

If you have 75 points but fewer than 30 years of accredited service, and begin receiving your pension benefit between ages 55 and before age 60, your normal retirement pension benefit is reduced by 1.5% for each year you are under age 60 (prorated for each month). This reduction begins when you start receiving payment of your early retirement benefit before age 60, as shown in the following table. This table does not apply if you have less than 75 points or if you have 75 points but begin your pension benefit before age 55. This table also does not apply if you are at least age 55 and have at least 30 years of accredited service, or if you are at least age 60 and have at least 15 years of service.

Early retirement pension benefit reductions for a CECONY Management Participant or a CECONY Weekly Participant who has at least 75 points and is at least age 55.	
If you have at least 75 points when you begin your early retirement pension benefit, and you are at least age	Your monthly pension benefit is reduced by:
60	0%
59	1.5%
58	3.0%
57	4.5%
56	6.0%
55	7.5%

In order to receive an unreduced early retirement pension benefit based on 30 years of accredited service and attainment of age 55, you must attain age 55. If you terminate employment with 30 years of accredited service but before you attain age 55, the Retirement Plan permits you to delay beginning your early retirement pension benefit until you reach age 55.

If you die, however, during the period between your date of termination of employment and the date of your 55th birthday, your early retirement pension benefit may be negatively affected. If you die before attaining age 55, your surviving spouse or domestic partner, if applicable, is not entitled to the unreduced early retirement pension benefit. If you are single at the date of your death, your entire pension benefit is forfeited and no one will receive any money from the Retirement Plan**.**

If you are married or have a registered domestic partner at the date of your death, your surviving spouse or surviving domestic partner will receive a survivor's death benefit. However, the survivor's death benefit is a 50% survivor annuity which is equal to 50% of the amount that you would have received had you not died but instead had retired and begun your pension on the first day of the month following the day you died. Reduction factors apply regardless of any written election you may have made at the time of your termination of employment or retirement. Unless your surviving spouse or domestic partner waits until the date that you would have attained age 65, the reduction factor that is used is the one applied to your age at death and not to the age you would have been if you had survived until the first date payments begin.

The reduction factors for early retirement pension benefit payments that begin before attainment of age 55 are shown as a percentage of your monthly pension benefit in the table below. The reduction factors apply if you have 75 points but you begin your early retirement pension benefit before you are age 55. These factors are based on your age (prorated monthly) when your early retirement pension benefit begins.

Early retirement pension benefit reductions for a CECONY Management Participant or a CECONY Weekly Participant who has 75 points and begins pension benefits before attainment of age 55 or who has at least 75 points and dies before beginning his or her pension benefit.	
Use this table if (1) you have at least 75 points and (2) you are the age, shown below, when you begin your early retirement pension benefit. Also, use the table if (1) you have at least 75 points and (2) you die at the age, shown below, before beginning your pension benefit.	Your monthly pension
Age	**Benefit is Reduced by:**
54	45.6%
53	49.2%
52	52.8%
51	56.4%
50	58.8%
49	61.2%
48	63.6%
47	66.0%
46	68.4%
45	70.8%

If you are a CECONY Management Participant and you begin your pension benefit before age 65 (with or without 75 points) federal law requires that reductions are applied to the part of your pension benefit that takes into account the .35% of your final average salary over the taxable wage base, if applicable, as follows.

Early retirement pension benefit reductions for a CECONY Management Participant under the final average pay formula	
Pension start age	The .35% formula part (Part IV) is reduced by:
64	7.7%
63	15.4%
62	23.1%
61	26.9%
60	30.8%
59	34.6%
58	38.5%
57	42.3%
56	47.1%
55	51.4%
54	54.4%
53	57.4%
52	60.5%
51	63.4%
50	65.5%
49	67.5%
48	69.5%
47	71.5%
46	73.5%
45	75.5%

Example: Early retirement pension benefit for a CECONY Management Participant

Raymond's accredited service date (hire date) is July 28, 1982. His birth date is July 24, 1954. He is terminating employment on July 31, 2010. He is 56 years old. He is credited with 28 years and 1 month – 337 months – of accredited service. He elects to begin his early retirement pension benefit immediately following termination of employment. Because he was employed before January 1, 1983, his pension benefit is the greater of the amount calculated under the final average pay formula or the amount calculated under the career average formula. Because his final average salary is more than the taxable wage base, Part IV of the final average pay formula applies.

A. Raymond's early retirement pension benefit calculated under the final average pay formula			
		Normal	**Early**
1.	Final average pay	$137,429.00	$137,429.00
2.	Basic pension percentage – years 1-24	0.01500	0.01500
3.	Accredited service (max. 24 years)	24.00	24.00
4.	Basic pension percentage – years 25-30	0.02000	0.02000
5.	Additional accredited service (max 6 years)	4.08	4.08
6.	Regular early retirement factor	1.00000	0.94000
7.	Calculation [(1*2*3) + (1*4*5)]*6	$60,688.65	$57,047.33
8.	Social Security Taxable Wage Base	106,800	$106,800
9.	Pension percentage above taxable wage base	0.00350	0.00350
10.	IRS reduction factor	1.000	0.52900
11.	Excess pension (1-8) * 9 * 10 * (3+5)	$3,010.22	$1,592.41
12.	Accredited service in excess of 30 years	0.00	0.00
13.	Additional pension percentage	0.005	0.005
14.	Additional pension (1 * 6 * 12 * 13)	0.00	0.00
15.	Special accrual final average pay, if applicable	N/A	N/A
16.	Special accrual service, if applicable	N/A	N/A
17.	Special accrual benefit, if applicable (15 * 16 * .005)	N/A	N/A
18.	Total actual pension (7 + 11 + 14 + 17)	$63,698.87	$58,639.74

B. Raymond's early retirement pension benefit calculated under the career average formula						
Total wages	=	Earnings in year of termination	+	Earnings in full years prior to termination (Max 14 years)	+	Earnings in months prior to pivot year
$2,773,459.00		$90,908.00		$1,533,700.00		$1,148,851.00
Basic pension	=	Total wages	x	Basic pension %		
$61,016.10		$2,773,459.00		0.022		
Additional pension accrual	=	Basic pension	x	Monthly %	x	Excess over 30 years
$0.00		$61,016.10		.00125		0
Early retirement	=	Basic pension	x	Early retirement factor		
$57,355.13		$61,016.10		0.94000		
Raymond's early retirement pension benefit under career average beginning August 1, 2010, is $57,355.13						

Raymond's early retirement pension benefit will be calculated under the final average pay formula – $58,639.74 – because it is greater than his pension benefit calculated under the career average formula - $57,355.13.

Example: Early retirement pension benefit for a CECONY Weekly Participant

Michelle's accredited service date (hire date) is in March 19, 1990. Her birth date is September 12, 1954. She is terminating employment on August 1, 2010. She is 56 years old. She is credited with 20 years and 5 months – 245 months – of accredited service. She elects to begin her early retirement pension benefit immediately following retirement.

Michelle's normal retirement pension benefit calculated under the final average pay formula			
		Normal	Early
1.	Final average pay	$70,596.00	$70,596.00
2.	Basic pension percentage – years 1-24	0.01500	0.01500
3.	Accredited service (Max. 24 Years)	20.42	20.42
4.	Basic pension percentage – years 25-30	0.02000	0.02000
5.	Additional accredited service (Max 6 Years)	0.00	0.00
6.	Regular early retirement factor	1.00000	0.94875
7.	Calculation [(1*2*3) + (1*4*5)]*6	$21,623.55	$20,515.34
8.	Accredited service in Excess of 30 Years	0.00	0.00
9.	Additional Pension Percentage	0.005	0.005
10.	Additional Pension (1 * 6 * 8 * 9)	0.00	0.00
11.	Special accrual final average pay, if applicable	N/A	N/A
12.	Special accrual accredited service, if applicable	N/A	N/A
13.	Special accrual benefit, if applicable (11 * 12 * .005)	N/A	N/A
14.	Total actual pension (7 + 10 + 13)	$21,623.55	$20,515.34

How an early retirement pension benefit is calculated for an O&R Management Participant or an O&R Hourly Participant

If you are an O&R Management Participant or an O&R Hourly Participant, when you reach age 55 and have at least 10 years of vesting service, you may retire and begin receiving an early retirement pension benefit in the month immediately following your termination of employment or retirement. In order to receive an early retirement pension benefit, you must meet both requirements – attainment of at least age 55 and 10 years of vesting service – while actively employed. You cannot retire before age 55 and receive an early retirement pension benefit when you reach age 55, even with 10 years of vesting service.

An early retirement pension benefit is calculated the same way as a normal retirement pension benefit. However, an early retirement pension benefit may be reduced depending on your age, your years of service at the time you leave the company, and when payments begin.

If you are at least age 55 with 10 years of vesting service, you may begin receiving pension payments immediately following termination of employment. If you do not have 85 points, or are not at least age 60 with at least 10 years of vesting service, your early retirement pension benefit is reduced 4% for each year (or 1/3 of 1% for each month) that you receive your pension benefit before your 60th birthday.

Early Reduction*pension benefit for an O&R Management Participant or an O&R Hourly Participant who retires with 10 years of Vesting Service and attains age 55	
Age	Benefit is Reduced ** by:
60	0%
59	4%
58	8%
57	12%
56	16%
55	20%
If you are at least age 55 with at least 10 years of Vesting Service but have less than 85 Points.* * The reductions shown in the table above are based on whole ages only. When your benefit is calculated, it will be based on a reduction that takes into account your actual age, including months, at the time of your retirement. Your Early Retirement pension benefit is reduced by 1/3 of 1% for each month that you receive your pension benefit before your 60th birthday.*	

There is no reduction of your early retirement pension benefit if you terminate employment on or after age 60 with 10 years of vesting service and begin payment immediately, or if your age and years of vesting service equal 85 points. If you terminate employment on or after age 55 with 10 years of vesting service, and do not want to begin receiving your early retirement pension benefit immediately, you can defer receiving it up to age 65. The benefit will be calculated as your normal retirement pension benefit but will be based on your vesting service and annual compensation as of your early retirement date.

If you are an O&R Participant whose early retirement pension benefit begins on or after the date you turn age 60, but before you reach age 62, the Retirement Plan also provides for a special supplemental payment of $800 a month, or, if you retire on and after January 1, 2011, $900 a month. This supplemental early retirement payment will continue up to but no more than 24 consecutive months. In all cases, the last supplemental payment ends in the month you attain age 62. For example, if you retire when you are age 61, your supplemental payments will still end in the month in which you attain age 62 even if you did not receive 24 monthly payments.

The monthly supplement also ends on the first day of the month of the earlier of (1) your death; or (2) your reemployment with an employer (if it causes you to stop receiving a monthly pension benefit). The early retirement supplemental payment does not continue beyond death to a surviving spouse or beneficiary.

If you terminate employment before age 55 with at least 10 years of vesting service, you may elect to receive your pension benefit before your Normal Retirement Date at any time after you attain age 55. However, in this event, you receive a vested pension benefit. This benefit is calculated in a similar way as the early retirement benefit, except the reduction is 6% for each year (or ½ of 1% for each calendar month) and the reduction is applied to your pension benefit for each year that your benefit is paid before age 65, rather than age 60 (see chart below).

Early Retirement O&R Mgt. & Hourly

EARLY PENSION BENEFIT REDUCTIONS* for INITIAL DEFERRAL PAYMENTS BETWEEN AGES 55-65	
Age	Benefit is Reduced ** by:
65	0%
64	6%
63	12%
62	18%
61	24%
60	30%
59	36%
58	42%
57	48%
56	54%
55	60%

**If you terminate employment prior to age 55 but are at least age 55 with 10 years of vesting service at the time your pension benefit begins.*
*** The reductions shown in the table above are based on whole ages only. When your benefit is calculated, it will be based on a reduction that takes into account your actual age, including months, at the time of your retirement. Your Early Retirement pension benefit is reduced by 1/2 of 1% for each month that you receive your pension benefit before your 65th birthday.*

O&R Examples

The following examples illustrate how an early retirement pension benefit is calculated for an O&R Management Participant and an O&R Hourly Participant. Under each formula, the pension benefit is subject to a benefit reduction for early retirement.

The example illustrates how the formula in effect for 2011 affects your total Early Retirement pension benefit if you retire after January 1, 2011 with 85 Points.

Example: Early retirement under the rule of 85 Points – using the formula in effect for 2011 for an O&R Hourly Participant

Gerry, an hourly employee, began employment with O&R on January 12, 1984. He was age 30. He became a Participant on February 1, 1985. On July 1, 2011, at age 58, Gerry retired under the career average formula in effect for 2011. The pivot year component had been updated in 2011 from 2003 to 2006. Gerry's age – 58 – plus his years of accredited service –31 – totaled 89 points. He satisfies the 85 point rule.

To determine Gerry's early retirement pension benefit under Table B, (1) first, apply Part I – Prior service calculation; then (2) apply Part II – Future service calculation; and then (3) total the Prior service calculation to the Future service calculation. If you want to calculate Gerry's monthly normal retirement pension benefit, divide the total by 12. Because he is retiring at with 85 points, there is no reduction to his early retirement pension benefit.

The early retirement pension benefit calculated under the career average formula for an O&R Hourly Participant retiring on or after January 1, 2011. Gerry's retirement date is July 1, 2011.				
Prior accredited service calculation:				
{[$61,070 (Annual salary rate as of January 1, 2006 – pivot year)				
× 1.5%] ÷ 12} × 251 months of service	=	$	19,160.71	
Future accredited service calculation:				
2006 base earnings	=	$	62,950.00	
2007 base earnings	=	$	64,210.00	
2008 base earnings	=	$	66,425.00	
2009 base earnings	=	$	67,863.00	
2010 base earnings	=	$	69,220.00	
2011 base earnings, up to the last full month prior to month of				
Retirement ($69,220 ÷ 12) × 6 months	=	$	34,610.00	
2011 Final salary rate × 2	=	$	138,440.00	
		$	503,718.00	
			× 2%	
Future accredited service Total		$	10,074.36	
			+	
Add the Prior accredited service Total		$	19,160.71	
Annual Normal retirement pension benefit		$	29,235.07	
Divide $29,235.07 by 12 for the monthly benefit amount		$	2,436.26	
(rounded)		$	2,436.26	

Example: early retirement – using the formula in effect for 2011 for an O&R Hourly Participant

Sharon, an hourly employee, began employment with O&R on May 15, 1986. She was age 32. She became a Participant on June 1, 1987. On March 1, 2011, at age 57, Sharon retires and immediately begins her early retirement pension benefit using the formula in effect for 2011. The pivot year component of the career average formula had been updated in 2011 from 2003 to 2006. The Rule of 85 does not apply because Sharon's age (57) and her service (25 years) equal 82 points. Sharon was in the Retirement Plan a total of 223 months from 1979 until 1998.

To determine Sharon's early retirement pension benefit under Table B, (1) first, apply Part I – Prior service calculation; then (2) apply Part II – Future service calculation; and then (3) total the Prior service calculation to the Future service calculation. If you want to calculate Sharon's monthly normal retirement pension benefit, divide the total by 12. Because Sharon is retiring without 85 points, and immediately beginning her early retirement pension benefit, there is a reduction to her early retirement pension benefit. The early retirement reduction factor is 4% per year for each year prior to Sharon's 60^{th} birthday.

The early retirement pension benefit calculated under the career average formula for an O&R Participant retiring on or after January 1, 2011. Sharon's retirement date is March 1, 2011.				
Prior accredited service calculation:				
{[$64,800 (Annual salary rate as of January 1, 2006 – pivot year)				
$\times$ 1.5%] $\div$ 12} $\times$ 223 months of accredited service	=	$	18,063.00	
Future accredited service calculation:				
2006 base earnings	=	$	66,744.00	
2007 base earnings	=	$	68,746.00	
2008 base earnings	=	$	70,808.00	
2009 base earnings	=	$	73,229.00	
2010 base earnings	=	$	75,426.00	
2011 base earnings, up to the last full month prior to month of				
retirement ($76,180 $\div$ 12) $\times$ 2 months	=	$	12,696.67	
2011 Final Salary Rate				
$76,180 $\times$ 2	=	$	152,360.00	
		$	520,009.67	
			$\times$ 2%	
Future accredited service Total		$	10,400.19	
			+	
Add the Prior accredited service Total		$	18,063.00	
Annual early retirement pension benefit		$	28,463.19	
12% reduction (3 years at 4%)		$	(3,415.58)	
Annual early retirement after reduction		$	25,047.61	
Divide $25,047.61 by 12 for the monthly benefit		$	2,087.30	
(rounded)		$	2,087.00	

How a disability pension benefit is calculated for a CECONY Management Participant or a CECONY Weekly Participant

If you are eligible for a disability pension benefit, until you attain age 65, you can elect to defer payment of your disability pension benefit. During the deferral period, you will continue to earn accredited service up to the earliest of: your death; the end of your disability; the date you begin any gainful employment, self-employment, or any similar activity in which you receive wages or earned income, or your normal retirement date. Your disability pension benefit is based on your annual compensation as of the date you terminate employment. If this rule applies to you, and you elect to defer payment of your disability pension benefit your accredited service may be determined as of the date you begin receiving your disability pension benefit. If you elect to begin your disability pension benefit before your normal retirement age, your benefit is subject to the same reduction factors as if you elected an early retirement pension benefit or a vested benefit, as the case may be. Your disability pension benefit is determined the same way as your normal retirement pension benefit.

If you are a CECONY Management Participant, your annual compensation during the deferral period does not include any variable pay award. In addition, the Social Security Taxable Wage Base in effect at the time of your termination of employment will be the taxable wage base applied when determining your final average salary.

If you are a CECONY Participant with 75 points when you elect to begin receiving your disability pension benefit but are not age 50 with at least 20 years of accredited service as of your actual termination date, your benefit is reduced by 1.5% for each year you begin to receive your disability pension benefit before attainment of age 60.

If you do not have 75 points and are not age 50 with at least 20 years of accredited service, your disability pension benefit is subject to the same reduction factors as a vested pension benefit. The reduction factors are applied if you start your disability pension benefit before age 65.

If you are a CECONY Management Participant under age 65, and your final average salary (pay) exceeds the Social Security taxable wage base, your disability pension benefit will be reduced by the reduction factors required by federal law. See the table called “Early retirement pension benefit reductions for a CECONY Management Participant under the final average pay formula.”

If you are age 50 or older with at least 20 years of accredited service, your disability pension benefit is not subject to a reduction at the time of your termination of employment on account of disability.

How a disability pension benefit is calculated for an O&R Management Participant or an O&R Hourly Participant

If you are an O&R Management Participant or an O&R Hourly Participant, you may be eligible for a disability pension benefit if you are in receipt of a Social Security disability award or if you become totally and permanently disabled, as determined by the representative of the Plan Administrator, while in active employment. You must have completed at least 10 years of accredited service, have fewer than 85 Points, and have not attained age 60.

If you meet these criteria, you are entitled to a disability pension benefit payable on your termination date because of your disability. The disability pension benefit is calculated the same way as your normal retirement pension benefit. It is based on your annual base earnings and accredited service immediately prior to the date of your termination of employment. Although you receive the benefit before your normal retirement date, there are no reductions in your disability pension benefit for its early commencement, and no minimum age requirement.

If your disability pension benefit does not begin immediately following your termination of employment, your disability pension benefit will be treated as an early retirement pension benefit, if you are otherwise eligible for an early retirement pension benefit, and subject to the same reductions.

If you are receiving a disability pension benefit, the Plan requires you to submit proof of your continuing disability up to age 65 to the Plan Administrator. If the continuation of your disability pension benefit is subject to adequate evidence of your continual total and permanent disability, O&R and the Plan Administrator have adopted special rules governing entitlement to the disability pension benefit. If you are affected by this provision, contact the Employee Benefits Department. Proof of disability is not required after age 65.

How a vested pension benefit is calculated

If you are covered under the cash balance formula, you become vested in your pension benefit when you complete or are credited with three years of vesting service. If you are covered under the final average pay or career average formulas, you become vested in your pension benefit when you complete or are credited with five years of vesting service.

If you terminate employment after you are fully vested, you have a right to receive a vested pension benefit payable on your normal retirement date. If you terminate employment before you are vested, no benefit is payable. Because the vesting schedules are three years – 100% or five years – 100%, when you terminate employment, you are either vested or not vested. You are never partially vested.

How a vested pension benefit is calculated for a CEI Participant

If you are entitled to a vested pension benefit, you may elect to receive your vested pension benefit at any time after you terminate employment, even if it is prior to your normal retirement date.

If you decide to take your pension benefit in the form of an annuity payment, certain assumptions, based on the applicable IRS mortality table and the applicable IRS interest rate, are made to determine your monthly pension benefit.

How a vested pension benefit is calculated for a CECONY Management Participant or a CECONY Weekly Participant

If you are vested and do not have 75 points when you terminate employment, you may elect to receive your vested pension benefit immediately in the form of an annuity or a cash-out. The annuity can be payable immediately or deferred up to, but no later than, your normal retirement date.

If you elect to receive a cash-out or an annuity before you have 75 points, your pension benefit is calculated based on its present value payable at your normal retirement date, using actuarial factors that are part of the Retirement Plan.

Cash-outs are only available before you have 75 points. Once you have 75 points, your pension benefit will be in the form of an annuity.

If you do not make an election and the present value of your pension benefit exceeds $1,000, you will be considered to have elected a deferred annuity.

Your vested pension benefit is calculated based on your annual compensation, accredited service, and, if applicable, the taxable wage base in effect, each at your termination from employment date.

How a vested pension benefit is calculated for an O&R Management Participant or an O&R Hourly Participant

If you terminate employment after completing at least five years of vesting service, your vested pension benefit begins on your normal retirement date. If you have at least 10 years of vesting service when you terminate employment, you can receive a vested pension benefit as of the first day of any month on or after age 55. The vested pension benefit will be determined in the same way as a normal retirement pension benefit, but will be based on your accredited service and annual compensation at your termination from employment date and subject to a reduction.

Your vested pension benefit will be reduced by 6% for each year (or ½ of 1% for each calendar month) that your vested pension benefit is paid before the first of the month on or after you reach age 65. This means that while your vested pension benefit can begin before your normal retirement age, beginning your vested pension early results in permanent reductions to your monthly retirement income. .

How Your Pension Benefit Is Paid – Forms of Payment

Forms of pension benefit payment for each single Participant

If you are single on the date you elect to begin your pension benefit and the date your pension begins, your normal form of pension benefit is a single life annuity. A single life annuity pays you a lifetime monthly benefit that ends in the month of your death.

Instead of a single life annuity, you may elect an optional form of pension benefit. The charts below show the optional forms of pension benefit that you can elect if you are single on the date of your election and the date your pension benefit begins. Following the charts are explanations of the optional forms of benefits.

If the present value of your vested pension benefit is less than $1,000, you are not entitled to elect any other form of payment and will automatically receive a lump-sum payment following your termination of employment. The present value is determined by using the interest rate specified in the Internal Revenue Code (IRC), section 417(e)(3)(C) for the second full calendar month preceding the calendar year in which your pension benefit occurs and the applicable mortality table described in the Internal Revenue Code section 417(e)(3)(B).

<table>
<tr><th colspan="3">Forms of pension benefit payments for a Participant who is single on the date of his or her election and on the date that his or her pension benefit begins</th></tr>
<tr><td colspan="3"></td></tr>
<tr><th>CEI Participant</th><th>Normal</th><th>Optional Forms</th></tr>
<tr><td>This applies to a CEI Participant who is single at time he or she makes an election to begin payment of his or her pension benefit and on the date his or her pension benefit begins.</td><td>The normal form of pension benefit is a single life annuity.</td><td>If you are single when you make an election to begin your pension benefit, instead of receiving a single life annuity, you may elect to receive your pension benefit in one of the following forms:

1) A 12-year certain and life annuity with level income;

2) A 12-year certain and life annuity without level income;

3) A single life annuity with level income;

4) A cash balance single-sum payment, even if you have 75 points.</td></tr>
</table>

<table>
<tr><th colspan="3">Forms of pension benefit payments for a Participant who is single on the date of his or her election and on the date that his or her pension benefit begins</th></tr>
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<tr><th>CECONY Participant</th><th>Normal</th><th>Optional Forms</th></tr>
<tr><td>This applies to a CECONY Management or CECONY Weekly Participant who is single at time he or she makes an election to begin payment of his or her pension benefit and on the date his or her pension benefit begins.</td><td>The normal form of pension benefit is a single life annuity.</td><td>If you are single when you make an election to begin your pension benefit, instead of receiving a single life annuity, you may elect to receive your pension benefit in one of the following forms:

1) A 12-year certain and life annuity without level income;

2) A 12-year certain and life annuity with level income;

3) A single life annuity with level income; or

4) If you have fewer than 75 points, a cash-out.</td></tr>
</table>

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<tr><td></td><td></td><td></td></tr>
<tr><td>O&R Participant

This applies to an O&R Management or O&R Hourly Participant who is single at the time he or she makes an election to begin payment of his or her pension benefit and on the date the benefit begins.</td><td>Normal

The normal form of pension benefit is a single life annuity.</td><td>Optional Forms

If you are single when you make your election to begin your pension benefit, instead of receiving a single life annuity, you may elect to receive your pension benefit in one of the following forms:

1) A 50% joint and survivor annuity with or without a pop-up option;

2) A 75% joint and survivor annuity with or without a pop-up option; or

3) A 100% joint and survivor annuity with or without a pop-up option.</td></tr>
</table>

Description of the optional forms of pension benefit

For a single CEI Participant, CECONY Management Participant, or a CECONY Weekly Participant –

Twelve-year certain and life annuity option with or without level income – In order to elect the twelve-year certain and life annuity option, you must be alive both when you make this election and when your pension benefit begins. This is the only form of pension benefit that gives a single CECONY Management Participant or CECONY Weekly Participant the chance to leave a death benefit to a designated beneficiary. You may elect this option with or without the level income option explained below.

Under the twelve-year certain and life annuity option, you receive a reduced monthly benefit payable as a single life annuity during your lifetime. You receive a lower monthly pension benefit than the normal form of a single life annuity because there is a cost associated with the 12-year certain (144-monthly payment period). You pay the cost by receiving a smaller monthly pension benefit than what you would receive under the single life annuity.

Under this option, if you die before the end of the 144-monthly payment period, the same monthly benefit you were receiving is payable to your designated beneficiary until the end of the 144-monthly payment period. It is important to designate at least one contingent beneficiary. If your primary designated beneficiary dies after you but before the end of the 144-monthly payment period, and if you named a contingent beneficiary, he or she will succeed to the remaining payments. If your designated beneficiary dies after you, but before all 144-monthly payments have been made, and you did not name a contingent beneficiary, your designated beneficiary's estate will be entitled to the remainder.

During the 144-monthly payment period, you may change your beneficiary. If your designated beneficiary dies before you die, and during the 144-monthly payment period, you may name one or more contingent beneficiaries.

If you live beyond the 144-monthly payment period, you will continue to receive the same monthly pension benefit until you die. If you die after the 144-monthly payment period, there is no death benefit for any beneficiary.

Level income option – In addition to a single life annuity or a twelve-year certain and life annuity, you may elect the level income option. The level income option is designed to provide you with a "level income," beginning on the date you start your pension benefit by taking into account the theoretical amount you may receive from Social Security retirement income. However, the amount you actually receive, if any, from Social Security and the date you actually begin to receive your Social Security, if ever, is based strictly on the federal rules governing the Social Security Administration. These rules change from time to time.

You can elect to include the level income option only if your pension benefit begins before you are eligible for normal Social Security retirement income benefits. Once you reach your normal Social Security retirement age, which, depending upon your date of birth, is between age 65 to age 67, you cannot elect this option.

You receive a **temporary** higher monthly pension benefit amount. This amount is greater than the amount you would have received if you had elected a single life annuity without the level income option. The temporary higher monthly pension amount is calculated based upon an estimate of your Social Security retirement income benefit. The estimate of your Social Security benefits is based only on your employment wage history with Con Edison, O&R or a CEI Affiliate. The level income option is determined using the interest rate specified in IRC §417(e)(3)(C) for the second full calendar month preceding the calendar year in which you begin your pension benefit and the applicable mortality table described in IRC §417(e)(3)(B) .

At the time you elect this option, you will also elect your leveling date: either your early Social Security retirement age or your normal Social Security retirement age. After you make this election and your pension benefit begins, your pension benefit is unaffected by when you actually begin your Social Security retirement benefit.

Before your leveling date, the amount you are receiving from the Retirement Plan is higher than the amount you will receive from the Retirement Plan once you reach your elected leveling date. Once you reach your elected leveling date, the amount you will receive from the Retirement Plan is permanently reduced to a lower amount and will never increase (other than for a possible cost –of –living adjustment that may apply to your pension benefit). You continue to receive the lower, reduced amount until you die.

The following example shows a comparison between the monthly pension benefit amount payable with and without the level income option.

Example: Sarah is terminating employment and beginning her early retirement pension benefit. She is 58 years old. Her early retirement monthly pension benefit as a single life annuity is $2,291. Sarah's estimated monthly Social Security benefit at her social security retirement age of 66 is $1,850. Her early retirement pension benefit is temporarily increased by $900.00 until her normal Social Security retirement age 66. Once her monthly pension benefit is decreased, it is decreased permanently until her death.

This example is for illustration purposes only and is based on an assumption that the Retirement Plan will continue paying a cost-of-living adjustment of 2.0% and an assumption that Social Security will increase by 2%. Both future cost-of-living adjustments are purely hypothetical assumptions.

MONTHLY PENSION COMPARISON						
	With LEVEL INCOME OPTION			*Without* LEVEL INCOME OPTION		
Age	**Monthly Pension**	**Monthly Soc. Sec.**	**Total**	**Monthly Pension**	**Monthly Soc. Sec.**	**Total**
58	$3,191	-	$3,191	$2,291	-	$2,291
59	$3,255	-	$3,255	$2,337	-	$2,337
60	$3,320	-	$3,320	$2,384	-	$2,384
61	$3,386	-	$3,386	$2,431	-	$2,431
62	$3,454	-	$3,454	$2,480	-	$2,480

63	$3,523	-	$3,523	$2,530	-	$2,530
64	$3,594	-	$3,594	$2,580	-	$2,580
65	$3,666	-	$3,666	$2,632	-	$2,632
Leveling date						
66	$1,816	$1,850	$3,666	$2,685	$1,850	$4,535
67	$1,852	$1,887	$3,739	$2,739	$1,887	$4,626
68	$1,889	$1,925	$3,814	$2,784	$1,925	$4,719
69	$1,927	$1,963	$3,890	$2,850	$1,963	$4,813
70	$1,966	$2,003	$3,969	$2,907	$2,003	$4,910
71	$2,005	$2,043	$4,048	$2,965	$2,043	$5,008
72	$2,045	$2,084	$4,129	$3,024	$2,084	$5,108
73	$2,086	$2,126	$4,212	$3,085	$2,126	$5,211
74	$2,128	$2,168	$4,296	$3,147	$2,168	$5,315
All figures are rounded to the nearest dollar						

Cash-out– The cash-out option is available only if you are a CECONY Management Participant or CECONY Weekly Participant and you have fewer than 75 points. A cash-out is a lump-sum payment of the present value of your pension benefit payable at your normal retirement age. The present value is determined using the mortality table and the interest rate governed by the IRC.

Cash balance single-sum – The cash balance single sum is available only if you are a CEI Participant. You may elect a single-sum payment in the amount of your hypothetical cash balance account. This is true even if you have more than 75 points at the time you take your distribution. The present value of the amount of this benefit is determined using the mortality table and interest rate governed by the IRC.

Description of the optional forms of the pension benefit for a single O&R Management Participant or an O&R Hourly Participant

50% joint and survivor annuity option with or without pop-up – You may elect a 50% joint and survivor annuity with or without a pop-up option. You may name anyone as your beneficiary. Under this option, you will receive a reduced monthly pension benefit during your lifetime that is less than the monthly amount that you would have received had you elected the single life annuity option.

If you die before your designated beneficiary, 50% of your monthly pension benefit will be payable to your beneficiary for the remainder of his or her lifetime. Unless you elected the pop-up option, if your beneficiary dies before you, the same reduced monthly pension benefit will continue to be paid to you.

You may also elect a pop-up option. The pop-up option works like this – if you are receiving your monthly pension benefit, and your designated beneficiary dies before you die, your monthly pension benefit "pops-up" to what you would have received had you elected a single life annuity.

If you elect the pop-up option, the amount of your monthly pension benefit is further reduced (in addition to the reduction for the 50% joint and survivor annuity) to pay for the pop-up option.

If you have begun to receive your pension benefit and your beneficiary dies before you, even if you have the pop-up option, upon your death, no further benefits are payable. You cannot name another beneficiary once your pension benefit begins.

75% joint and survivor annuity option with or without pop -up – You may elect a 75% joint and survivor annuity with or without the pop-up option. You may name anyone to be your beneficiary. Under this option, you will receive a reduced monthly pension benefit during your lifetime that is less than the monthly amount that you would have received had you elected the single life annuity option.

If you die before your designated beneficiary, 75% of your monthly pension benefit will be payable to your beneficiary for the remainder of his or her lifetime. Unless you elected the pop-up option, if your beneficiary dies before you, the same reduced monthly pension benefit will continue to be paid to you.

You may also elect a pop-up option. The pop-up option works like this – if you are receiving your monthly pension benefit, and your designated beneficiary dies before you die, your monthly pension benefit "pops-up" to what you would have received had you elected a single life annuity.

If you elect the pop-up option, the amount of your monthly pension benefit is further reduced (in addition to the reduction for the 75% joint and survivor annuity) to pay for the pop-up option.

If you have begun to receive your pension benefit and your beneficiary dies before you, even if you have the pop-up option, upon your death, no further benefits are payable. You cannot name another beneficiary once your pension benefit begins.

100% joint and survivor annuity with or without pop-up

You may elect a 100% joint and survivor annuity with or without the pop-up option. You may name anyone as your beneficiary. Under the 100% joint and survivor annuity option, you will receive a reduced monthly pension benefit during your lifetime that is less than the monthly amount you would have received had you elected the single life annuity option.

If you die before your designated beneficiary, 100% of your monthly pension benefit will be payable to your beneficiary for the remainder of his or her lifetime. Unless you elected the pop-up option, if your beneficiary dies before you, the same reduced monthly pension benefit will continue to be paid to you.

You may also elect a pop-up option. The pop-up option works like this – if you are receiving your monthly pension benefit, and your designated beneficiary dies before you die, your monthly pension benefit “pops-up” to what you would have received had you elected a single life annuity.

If you elect the pop-up option, the amount of your monthly pension benefit is further reduced (in addition to the reduction for the 100% joint and survivor annuity) to pay for the pop-up option.

If you have begun to receive your pension benefit and your beneficiary dies before you, even if you have the pop-up option, upon your death, no further benefits are payable. You cannot name another beneficiary once your pension benefit begins.

How Your Pension Benefit is Paid – Forms of Payment

Forms of pension benefit payment for each married Participant

If you are married on the date that you elect to begin your pension benefit and the date your pension benefit begins, the normal form of your pension benefit payment is a 50% joint and surviving spouse annuity. The 50% joint and surviving spouse annuity provides you with a lifetime monthly pension benefit. If your spouse is alive at the date of your death, he or she will receive a monthly lifetime benefit equal to 50% of the pension benefit payable to you.

Your surviving spouse must be the same spouse to whom you were married on the date you started receiving your pension benefit. If the person to whom you were married at the time your pension benefit begins dies before you, under the 50% joint and surviving spouse annuity option, no further benefit is paid at your death to another spouse. In other words, if you remarry, that spouse is not entitled to and has no right to the surviving spouse annuity. You may provide otherwise if you have a qualified domestic relations order.

Forms of pension benefit payments for a Participant who is married on the date of his or her election and on the date his or her pension benefit begins		
CEI Participant	**Normal Form**	**Optional Forms**
This applies to a CEI Participant who is married at the time he or she elects and begins payment of his or her pension benefit.	The normal form of pension benefit is a 50% joint and surviving spouse annuity.	Instead of receiving a 50% joint and surviving spouse annuity, you may elect to receive your pension benefit in one of the following forms. You must be alive to elect one of these following optional forms and your spouse must consent to the optional form. If you die before your pension begins, your surviving spouse will receive a 50% surviving spouse annuity. 1) A 12-year certain and life annuity without level income; 2) A 12-year certain and life annuity with level income; 3) A 75% joint and survivor annuity with or without a pop-up option; 4) A 100% joint and survivor annuity with or without a pop-up option; or 5) A cash balance single-sum payment. Your spouse must consent and waive his or her right to a survivor annuity.

CECONY Participant	**Normal Form**	**Optional Forms**
This applies to a CECONY Management or Weekly Participant who is married at the time he or she elects and begins payment of his or her pension benefit.	The normal form of pension benefit is a 50% joint and surviving spouse annuity.	Instead of receiving a 50% joint and surviving spouse annuity, you may elect to receive your pension benefit in one of the following forms. You must be alive to elect one of these following optional forms and your spouse must consent to the optional form. If you die before your pension begins, your surviving spouse will receive a 50% surviving spouse annuity. 1) A 12-year certain and life annuity; 2) A 12-year certain and life annuity with the level income; 3) A 75% joint and surviving spouse annuity with or without a pop-up option; 4) A 100% joint and surviving spouse annuity with or without a pop-up option; or 5) If you have less than 75 point at the date your pension benefit begins, a cash-out. Your spouse must consent and waive his or her right to a survivor annuity.

Forms of pension benefit payments for a Participant who is married on the date of his or her election and on the date his or her pension benefit begins		
O&R Participant This applies to an O&R Management or O&R Hourly Participant who is married at the time he or she elects and begins payment of his or her pension benefit.	**Normal** The normal form of pension benefit is a 50% joint and surviving spouse annuity	**Optional Forms** Instead of receiving a 50% joint and surviving spouse annuity, you may elect to receive your pension benefit in one of the following forms. You must be alive to elect one of these following optional forms and your spouse must consent to the optional form. If you die before your pension begins, your surviving spouse will receive a 50% surviving spouse annuity. 1) A 50% joint and survivor annuity with a pop-up option; 2) A 75% joint and survivor annuity with or without a pop-up option; or 3) A 100% joint and survivor annuity with or without a pop-up option.

Description of the optional forms of pension benefits for a married CEI Participant, a married CECONY Management Participant, or a married CECONY Weekly Participant

Twelve -year certain and life annuity option – In order to elect the twelve-year certain and life annuity option, you must be alive both when you make this election and when your pension benefit begins. Under this option, you receive a reduced monthly pension benefit during your lifetime. You receive a lower monthly pension benefit than the normal form of a 50% joint and survivor annuity because there is a cost associated with the 12-year certain (144-monthly payment period). You pay the cost by receiving a smaller monthly pension benefit than what you would receive under the 50% joint and survivor annuity.

Under this option, if you die before the end of 144-monthly payment period, the same monthly pension amount that you were receiving will be paid to your spouse or, if your spouse dies during this period, your contingent beneficiary, until the end of the 144-monthly payment period. If you and your spouse survive beyond the 144-monthly payment period, upon your later death, your spouse will receive a monthly lifetime benefit equal to 50% of your monthly pension benefit.

It is important to designate at least one contingent beneficiary. Your contingent beneficiary receives any remaining payments if you and your spouse die within the 144-monthly payment period.

During the 144-monthly payment period, you may change your contingent beneficiary. If your contingent beneficiary dies before you die, and during the 144-monthly payment period, you may name another contingent beneficiary.

If you live beyond the 144-monthly payment period, you will continue to receive the same monthly pension benefit until you die. If you die after the 144-monthly payment period, your surviving spouse will receive a monthly lifetime benefit equal to 50% of your monthly pension benefit.

Level income option – In addition to a joint and surviving spouse annuity or a twelve-year certain and life annuity, you may elect the level income option. The level income option is designed to provide you with a "level income" beginning on the date you start your pension benefit by taking into account the theoretical amount you may receive from Social Security retirement income. However, the amount you actually receive, if any, from Social Security, and the date you actually begin to receive your Social Security, if ever, is based strictly on the federal rules governing the Social Security Administration. These rules change from time to time.

You can elect this option only if your pension benefit begins before you are eligible for normal Social Security retirement income benefits. Once you reach your normal Social Security retirement age, which, depending upon your date of birth, is between age 65 to age 67, you cannot elect this option.

You receive a **temporary** higher monthly pension benefit amount. This amount is greater than the amount you would have received if you had elected a joint and surviving spouse annuity without the level income option. The temporary higher monthly pension amount is calculated based upon an estimate of your Social Security retirement income benefits. The estimate of your Social Security benefits is based only on your employment wage history with Con Edison, O&R, or a CEI Affiliate. The level income option is determined using the interest rate specified in IRC §417(e)(3)(C) for the second full calendar month preceding the calendar year in which you begin your pension benefit and the applicable mortality table described in IRC §417(e)(3)(B).

At the time you elect this option, you will also elect your leveling date: either your early Social Security retirement age or your normal Social Security retirement age. After you make this election and your pension benefit begins, your pension benefit is unaffected by when you actually begin your Social Security retirement benefit.

Before your leveling date, the amount you are receiving from the Retirement Plan is higher than the amount you will receive from the Retirement Plan once you reach your elected leveling date. Once you reach your elected leveling date, the amount you will receive from the Retirement Plan is permanently reduced to a lower amount, and will never increase (other than for a possible cost-of-living adjustment which may apply to your pension benefit). You continue to receive the lower reduced amount until you die. The example, shown above for a single Participant who elects level income, demonstrates the difference in amount with and without level income.

Only your benefit is subject to the leveling option. If you die before your spouse, the surviving spouse death benefit is not subject to leveling.

75% Joint and surviving spouse annuity with or without pop-up option

You may elect a 75% joint and surviving spouse annuity with or without the pop-up option. You receive a reduced monthly pension benefit during your lifetime that is less than the monthly amount that you would have received had you received the 50% joint and surviving spouse annuity. If you are a CEI Participant, a Local 1-2 Tier 1 Participant, or a Local 3 Tier 1 Participant, you receive a reduced monthly pension benefit during your lifetime that is less than the monthly amount that you would have received had you received the single life annuity. If you die before your spouse, the same monthly pension benefit that you were receiving will continue to be paid to your surviving spouse for the remainder of his or her lifetime. Unless you elected the pop-up option, if your spouse dies before you, the same reduced lifetime benefit will continue to be paid to you.

You may a pop-up option. The pop-up option works like this – if you are already receiving your monthly pension benefit and your spouse dies before you die, your monthly pension benefit "pops-up" to what you would have received had you received a 50% joint and surviving spouse annuity, or in the case of a CEI Participant, a Local 1-2 Tier 1 Participant, or a Local 3 Tier 1 Participant, a single life annuity.

If you elect the pop-up option, the amount of your monthly pension benefit is further reduced (in addition to the reduction for the 75% joint and survivor annuity) to pay for the pop-up option.

100% Joint and surviving spouse annuity with or without pop-up option

You may elect a 100% joint and surviving spouse annuity with or without the pop-up option. Under the 100% joint and surviving spouse annuity option, you will receive a reduced monthly pension benefit during your lifetime that is less than the monthly amount you would have received had you received the 50% joint and surviving spouse annuity. If you are a CEI Participant, a Local 1-2 Tier 1 Participant, or a Local 3 Tier 1 Participant, you receive a reduced monthly pension benefit during your lifetime that is less than the monthly amount that you would have received had you received the single life annuity. If you die before your spouse, the same monthly pension benefit that you were receiving will continue to be paid to your surviving spouse for the remainder of his or her lifetime. Unless you elected the pop-up option, if your spouse dies before you, the same reduced lifetime benefit will continue to be paid to you.

You may elect a pop-up option. The pop-up option works like this – if you are already receiving your monthly pension benefit and your spouse dies before you die, your monthly pension benefit "pops-up" to what you would have received had you received a 50% joint and surviving spouse annuity, or, in the case of a CEI Participant, a Local 1-2 Tier 1 Participant, or a Local 3 Tier 1 Participant, a single life annuity.

If you elect the pop-up option, the amount of your monthly pension benefit is further reduced (in addition to the reduction for the 100% joint and survivor annuity) to pay for the pop-up option.

Cash balance single-sum – This option is available only if you are a CEI Participant. You may elect, with spousal consent, a single-sum payment in the amount of your hypothetical cash balance account. This is true even if you have more than 75 points at the time you take your distribution. The present value of the amount of this benefit is determined using the mortality table and interest rate governed by the IRC.

Cash-out – This option is available only if you are a CECONY Management Participant or a CECONY Weekly Participant with fewer than 75 points. You may elect, with spousal consent, a cash-out. A cash-out is a lump-sum payment of the present value of your pension benefit payable at your normal retirement age. The present value is determined using the mortality table and the interest rate governed by the IRC.

Description of the optional forms of pension benefit for a married O&R Management Participant or a married O&R Hourly Participant

50% joint and survivor annuity with pop-up option

Unless you make a different election, you will receive a 50% joint and survivor annuity. You may designate your spouse or another person to be your beneficiary. However, if you do not name your spouse as your beneficiary, your spouse must consent to your designation in a notarized writing on a form furnished by and filed with the Plan Administrator.

Under the 50% joint and survivor annuity, you receive a reduced monthly pension benefit during your lifetime. If you die before your beneficiary, 50% of your monthly pension benefit will be payable to your beneficiary for his or her lifetime. Unless you elect the pop-up option, if your spouse or beneficiary dies before you, the same reduced monthly pension benefit will continue to be paid to you.

You may elect a 50% joint and survivor annuity with a pop-up option. The pop-up option works like this – if you are already receiving your monthly pension benefit, and your designated beneficiary or spouse dies before you die, your monthly pension benefit "pops-up" to what you would have received had you elected a single life annuity.

If you elect the pop-up option, the amount of your monthly pension benefit is further reduced (in addition to the reduction for the 50% joint and survivor annuity) to pay for the pop-up option.

75% joint and survivor annuity with or without pop-up option

You may elect a 75% joint and survivor annuity with or without the pop-up option. You may designate your spouse or another person to be your beneficiary. However, if you do not name your spouse as your beneficiary, your spouse must consent to your designation in a notarized writing on a form furnished by and filed with the Plan Administrator.

If you elect the 75% joint and survivor annuity, you will receive a reduced monthly pension benefit during your lifetime that is less than the amount you would have received had you elected the single life annuity option. If you die before your spouse or beneficiary, 75% of your monthly pension benefit will continue to be payable to your spouse or beneficiary for the remainder of his or her lifetime.

Unless you elect the pop-up option, if your spouse or beneficiary dies before you, the same reduced lifetime benefit will continue to be paid to you.

You may also a pop-up option. The pop-up option works like this – if you are already receiving your monthly pension benefit, and your spouse or designated beneficiary dies before you die, your monthly pension benefit "pops-up" to what you would have received had you elected a single life annuity.

If you elect the pop-up option, the amount of your monthly pension benefit is further reduced (in addition to the reduction for the 75% joint and survivor annuity) to pay for the pop-up option.

100% Joint survivor annuity with or without pop-up option

You may elect a 100% joint and survivor annuity with or without the pop-up option. You may designate your spouse or another person to be your beneficiary. However, if you do not name your spouse as your beneficiary, your spouse must consent to your designation in a notarized writing on a form furnished by and filed with the Plan Administrator.

If you elect the 100% joint and survivor annuity, you will receive a reduced monthly pension benefit during your lifetime that is less than the amount you would have received had you elected the single life annuity option. If you die before your spouse or beneficiary, 100% of your monthly pension benefit will continue to be payable to your spouse or beneficiary for the remainder of his or her lifetime.

Unless you elect the pop-up option, if your spouse or beneficiary dies before you, the same reduced lifetime benefit will continue to be paid to you.

You may also elect a pop-up option. The pop-up option works like this – if you are already receiving your monthly pension benefit, and your spouse or designated beneficiary dies before you die, your monthly pension benefit "pops-up" to what you would have received had you elected a single life annuity.

If you elect the pop-up option, the amount of your monthly pension benefit is further reduced (in addition to the reduction for the 100% joint and survivor annuity) to pay for the pop-up option.

Description of the optional forms of pension benefit for a Participant who elects a same-sex domestic partner pension benefit

Effective January 1, 2008, you may elect a pre- retirement domestic partner survivor benefit or a post-retirement domestic partner survivor benefit (domestic partner survivor benefit). This option is only available to same-sex domestic partners.

In order to elect a domestic partner survivor benefit, you and your domestic partner must register your domestic partnership on a form provided and approved by the Plan Administrator. The requirements are subject to change from time to time by the Plan Administrator.

Under the pre-retirement domestic partner survivor benefit, if you die before your pension benefit begins, your domestic partner will receive a 50% survivor benefit. The amount of his or her survivor benefit will equal 50% of what you would have received had you retired rather than died on your date of death and had begun receiving your pension benefit on the first day of the month following your death. In determining what you would have received had you retired rather than died, a reduction occurs to your pension benefit to take into account the pre-retirement domestic partner survivor benefit. The reduction occurs at the time that your domestic partner receives his or her domestic partner survivor benefit.

If you elected the pre-retirement domestic partner survivor benefit and do not die before your pension benefit commences, your pension benefit still is reduced to pay for the pre-retirement domestic partner survivor benefit.

When making an election for the pre-retirement domestic partner survivor benefit, you and your domestic partner must consent to the reduction of your pension benefit, and acknowledge that your pension benefit will be reduced. Once you elect a pre-retirement domestic partner survivor annuity, it remains in effect until you notify the Plan Administrator of the death of your domestic partner or the termination of the relationship. You must notify, in writing, the Plan

Administrator within 60 days of the earliest of (a) the death of your domestic partner or (b) the date on which any of the criteria for your relationship is no longer met.

You also may elect a post-retirement domestic partner survivor benefit. The post-retirement domestic partner survivor benefit is payable as a 50% joint and survivor annuity. Your domestic partner is your beneficiary who, upon your death, will receive a single life annuity equal to 50% of what you were receiving as of the date of your death. When making an election for the post-retirement domestic partner survivor annuity, you and your domestic partner must consent to and acknowledge that your pension benefit will be reduced.

All Participants: Lump-Sum payment of $1,000 or less

If the present value of your pension benefit (based on actuarial assumptions) at your normal retirement date, or your earlier employment termination date, is $1,000 or less, you will automatically receive your benefit as a lump-sum payment. You will not be able to elect the other payment options previously described. If you are married at the time your pension benefit begins, your spouse's consent is not required.

Cost-of-living adjustment (COLA) for certain CECONY Management Participants or CECONY Weekly Participants

If you are a CECONY Management Participant or a CECONY Weekly Participant, your monthly pension benefit may increase by a cost-of-living adjustment (COLA) during your retirement. The COLA is not available to a Local 3 Tier 1 Participant or to his or her surviving spouse, beneficiary or domestic partner.

If you are, or your surviving spouse, domestic partner, or your designated beneficiary is, eligible for a COLA, your pension benefit may be annually adjusted effective each April by the COLA. If adjustments are made, the adjustment occurs in the following April to pension benefits that began prior to December 31 of the previous year.

The COLA is based on the increase, if any, in the consumer price index (CPI) for each 12-month period ending on December 31. The adjustment is 75% of the percentage increase (rounded to the nearest one-tenth percent) in the CPI for the preceding year, up to a maximum of 3% of your pension amount. For example, if the CPI increased by 1.75% in one year, your current pension amount would increase by 1.31% (.75 x 1.75%) in April of the following year. For a surviving spouse or a domestic partner receiving a survivor death benefit after the Participant's pension benefit began, the eligibility for the COLA is based on when Participant first started receiving his or her pension benefit. The Named

Fiduciaries, in their sole discretion, may substitute another index or measurement for the CPI.

Pension benefit adjustment (PBA) for certain O&R Management Participants or O&R Hourly Participants

If you are an O&R Management Participant or an O&R Hourly Participant, your pension benefit may be adjusted by the pension benefit adjustment (PBA). You are eligible to receive the PBA if you terminate employment with either a normal retirement, early retirement, or a disability retirement from O&R, or if you are vested and terminate employment at O&R on or after January 1, 1993. You are not eligible for a PBA if you are a member of Local 503 and were first hired on or after January 1, 2005.

The Retirement Plan provides that each July 1, your pension benefit may increase by 75% of the cumulative percentage change in the Consumer Price Index for all Urban Consumers CPI-U (CPI) for the year after the cumulative inflation exceeds 20% (subject to a cumulative maximum percentage). The cumulative percentage change in the CPI for a year is calculated by taking the difference between the CPI for the year before your pension benefit started and the CPI for the year before the July 1 calculation date. That amount is divided by the CPI for the year before your pension benefit began.

When the 20% cumulative inflation has been met, the PBA percentage in any year will be 75% of the cumulative percentage change in the CPI for the prior year after subtracting the minimum 20%. The PBA percentage is capped at a cumulative 3%. However, 3% is not guaranteed every year. You will be entitled to 75% of the cumulative percentage change over 20% or, if lower, 75% of the maximum percentage (3% cumulative).

The PBA percentage will then be applied to your original monthly pension benefit to come up with the dollar PBA increase. If your pension benefit began before January 1, 1989, the June 1993 monthly pension benefit is used instead of your original monthly pension benefit.

Example: Donald retired from O&R on June 1, 2002, with a monthly pension benefit of $3,000. The CPI for 2001 (the year before Donald's pension benefit started) was 177.1. Each year, the Plan Administrator calculates the cumulative percentage change.

Step 1	Subtract 177.1	CPI for 2001		
	From 214.537	CPI for 2009	= 37.43	CPI change since 2001
Step 2	Divide 37.43 by 177.1		= 21.13%	Cumulative percentage change in CPI since 2001
The PBA which would be payable as of July 1, 2009 and monthly thereafter:				
Step 3	Subtract 20.00% from 21.13%		=1.13%	Excess over 20.00%
Step 4	Multiply 1.13% by 75%		=.8475%	PBA percentage
Step 5	Multiply $3,000 original pension by .8475%		=25.42	Monthly increase effective July 1, 2009

Death Benefits – protection for your spouse, domestic partner or beneficiary

The primary purpose of the Retirement Plan is to provide you with retirement income. In some cases, upon your death, the Retirement Plan may provide a death benefit for your surviving spouse, domestic partner or beneficiary. A death benefit may be available depending upon your marital status, whether you die before or after your pension benefit begins and your group classification.

If you are a single vested CEI Participant and die before your pension begins

Your designated beneficiary, or, if you did not designate a beneficiary, your estate, is entitled to a death benefit equal to 100% of your Cash Balance Account.

If you are a married vested CEI Participant and die before your pension begins

Your surviving spouse is entitled to a death benefit equal to 100% of your Cash Balance Account. Your surviving spouse may elect to receive the benefit as single life annuity or a cash balance single sum at any time prior to what would have been your normal retirement date.

If you are a single vested CECONY Management Participant or a CECONY Weekly Participant and die before your pension begins

There are no death benefits payable to your estate or beneficiary. Your entire vested pension benefit is forfeited. This is true whether, at the date of your death, you were actively employed, had terminated your employment, were on a leave, or had retired.

If you are a married vested CECONY Management Participant or a CECONY Weekly Participant and have at least 75 points and die before your pension begins

Your surviving spouse is eligible to receive a surviving spouse annuity. Your surviving spouse may elect to start his or her annuity immediately or defer payment until the date you would have reached your normal retirement age. The amount of the surviving spouse benefit is 50% of the benefit that you would have received if, instead of dying, you had terminated employment on the date of death and had begun payment of your pension benefit. This is true whether, at the date of your death, you were actively employed, had terminated your employment, were on a leave, or had retired.

If you are a single O&R Management Participant or O&R Hourly Participant or you have been married for less than one year and you die before your pension benefits begin

There is no benefit payable to anyone upon your death even if you are vested in your pension benefit. This is true whether, at the date of your death, you were actively employed, had terminated your employment, were on a leave, or had retired.

If you are a married O&R Management Participant or O&R Hourly Participant and die while actively employed

Your spouse will receive a survivor spouse allowance equal to 50% of the benefit that you would have received if you had retired as of the first day of the month after the date of your death and were age 65. If your surviving spouse is more than two years younger than you at the time of your death, this benefit is reduced by one percent for each full year greater than two by which your age exceeded your surviving spouse's age. For example, if you die at age 60 and your spouse is age 56, your spouse's benefit would be reduced two percent.

If you are a married O&R Management Participant or an O&R Hourly Participant and die after you terminate employment but before you begin receiving your pension benefit

If you did not waive your spouse's protection for at least one year before your death, and you die after you terminate employment, but before your pension benefit begins, your spouse will receive a death benefit. The amount of this death benefit and how it is calculated depends on whether you would have been entitled to an early retirement pension benefit.

If you are vested, and die before your pension begins, your spouse's death benefit is a single life annuity equal 50% of the amount you would have received if you had retired and elected the 50% joint and survivor option. The spouse's death benefit is calculated as if your pension benefit had started the first day of the month after your death. Your pension benefit is calculated taking into account earnings up until your termination date. If you had10 years of vesting service when you terminated employment, your spouse's death benefit is payable at any time after the date that you would have reached age 55. Your surviving spouse also can elect to postpone the payments up until the date you would have reached your normal retirement age.

Unless your spouse elects to postpone the payments to the date that you would have attained age 65, there will be a reduction of 6% per year for each year (or 1/2 of 1% for each calendar month), that the benefit is paid before you would have been age 65.

If you were not eligible for an early retirement pension benefit at termination of employment, your spouse's death benefit is still an annuity equal to your spouse's portion of the 50% joint and survivor option. The benefit is calculated based on your earnings up to your termination date. Your surviving spouse, however, does not begin to receive the benefit until the later of your death, or your 65th birthday.

Waiving an O&R Management Participant or an O&R Hourly Participant's spouse's death benefit

In all cases, if you do not waive your spouse's death benefit protection, the spouse's death benefit protection is automatically in force. There is a reduction for the protection. The reduction represents the cost for the spouse's death benefit protection and is applied to the amount of your spouse's death benefit. The fee for this protection begins on the date of your termination of employment until the earlier of the date your pension benefit begins or the date of your death. The reduction is based on your age and the number of years the protection is active and is charged against your pension benefit. You can choose to waive this protection with your spouse's consent on a notarized waiver on a form furnished by and filed with the Plan Administrator.

When your pension benefit or your spouse's death benefit begins, it is reduced to account for the charge for the spouse's benefit protection you received from your termination date up until the date your pension benefit, or your spouse's death benefit, begin. The factors for will be prorated monthly in the established age ranges in a manner determined by the Plan Administrator.

If you die before your pension benefit begins, and you have waived the surviving spouse benefit protection, your spouse will not receive a death benefit. Any contributions (plus any interest and minus any payments previously made to you), to the Retirement Plan will be paid to your spouse, unless another beneficiary was elected with your spouse's written consent.

If you had at least 10 years of accredited service at the time of your termination of employment, your surviving spouse is eligible to receive a spouse's death benefit on the later of your death, or the month in which you would have attained age 55.

Important Information for All Participants

Maximum Benefits

Government regulations require the Retirement Plan to have certain maximum benefit limitations. If this applies, your Benefits Department will notify you.

Applying for Pension Benefits

You must notify your manager or supervisor in advance of the date you plan to retire. Depending upon your employer, you may need to notify your manager of supervisor in writing at least two or three months prior to the date you plan to retire. Copies of the notice must also be sent to Payroll and the Benefits Department. Contact your Benefits Department for information.

Withholding taxes

Federal law requires your employer to withhold federal income tax from your pension each month unless you elect otherwise.

You may choose from among several withholding options by completing the Withholding Certificate for Pension or Annuity Payments Form (Form W-4P). You may elect not to have taxes withheld; however, you may have to pay an estimated tax if you choose this option. If you do not make any withholding election, taxes are withheld as though you are a married person claiming three withholding allowances.

About eligible roll over distributions

You, your surviving spouse, or your former spouse under a qualified domestic relations order, may roll over certain eligible distributions (cash-out or cash balance single sum payments) from the Retirement Plan to another employer's qualified plan (including a IRC 401(a), 403(a), certain governmental 457(b) plans, or 403(b) annuity contracts) or to an individual retirement arrangement (IRA), if the plan or IRA accepts rollover amounts. Under Federal law, plans are not required to accept rollovers. Therefore, you must check to find out whether the new plan receives rollovers. Amounts rolled from one type of plan to another may be subject to different distribution restrictions and tax rules after the rollover.

If you do not elect to roll over your distribution directly from this Retirement Plan, your distribution will be subject to a 20 percent withholding tax. Payments also may be subject to a 10 percent early withdrawal penalty. Distributions that are not eligible for rollover include lifetime annuity options; cash–out or cash balance single sums made to beneficiaries other than your spouse; annual distributions totaling less than $200 in a calendar year; or distributions you receive because you have reached age 70½. If your distribution is a cash-out or cash balance single sum payment, you must decide whether to roll over the payment to an IRA or another eligible retirement plan or to receive the payment in cash.

By electing to roll over the cash-out or cash balance single sum payment, you avoid the 20 percent withholding tax on the amount transferred. The plan receiving the direct rollover can be either a qualified rollover IRA or another employer's qualified retirement plan that accepts rollover contributions. Your cash-out or cash balance single sum payment may not be rolled over to a Roth IRA, a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). If you do not elect a direct rollover and instead take the distribution in cash, you will receive 80 percent; the remaining 20 percent will be withheld for Federal income tax. You still will have 60 days from the date you receive the check to change your mind and roll over part or all of the distribution, including the amount withheld for taxes. However, to roll over the entire amount, including the 20 percent withheld, you will have to supply the money to cover the amount withheld. The amount withheld will be an advance payment to the Internal Revenue Service of the Federal income taxes you may owe for the year of the distribution. In addition, any lump-sum payment not rolled over is subject to a 10 percent early distribution penalty tax unless you are age 55 or older at the time of separation from service; you are age 59½ or older at the time of distribution; the distribution was due to death or total and permanent disability; the money was distributed under a qualified domestic relations order; or, you have deductible medical expenses that exceed your retirement payments.

There is no guarantee that the tax treatment of pension benefits will not be altered by future changes in tax laws or regulations. State tax rules also may apply. Only a qualified tax adviser can help you with how current or future tax laws, regulations, or rules may affect your specific situation.

Important information for you to consider when starting your pension benefit before normal retirement age

You may choose to delay receiving your benefits after you terminate employment, although payments must begin no later than the first day of the month after you reach age 65. You should carefully consider the consequences of whether to start your pension benefit now versus later. In deciding whether to defer your pension benefit, you should consider factors such as early retirement adjustments, tax liabilities, and the availability of optional forms and survivor options, and anticipated life expectancy. The amount of your monthly benefit may be reduced to reflect the earlier retirement. If you defer your benefit, you will delay paying income taxes, although you might lose the value of an early retirement subsidy. You should also consider how your benefits will be paid if you die before payments begin. Consult your tax advisor or IRS publications for additional information.

Offsets and overpayments

If at any time the Retirement Plan makes a payment to you, your surviving spouse, designated beneficiary, domestic partner, estate, or any other person that is more than the amount to which you are entitled (Overpayment), the Retirement Plan, Plan Administrator, and/or Employer – Con Edison’s O&R and each participating or non-participating CEI Affiliate – is authorized and will seek full reimbursement of the Overpayment. An Overpayment is any amount that exceeds the correct pension benefit without regard to the reason for the Overpayment. If the Plan discovers the Overpayment while you or your beneficiary is receiving a periodic payment (such as an annuity payment), the Retirement Plan will offset future payments in accordance with the rules and procedures required by the Internal Revenue Service. All offsets will be made without the necessity of consent. All offsets will be made over a period of time to ensure repayment of the full amount to the Retirement Plan. If the Retirement Plan cannot offset future payments, legal action will be taken to obtain full reimbursement of the Overpayment.

Plan information

This booklet is a summary plan description (SPD) of The Consolidated Edison Retirement Plan. It provides information about the Plan, as required by the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is a defined benefit employee pension benefit plan as defined under ERISA.

Plan name

The Consolidated Edison Retirement Plan

Name and Address of Plan Sponsor

Consolidated Edison Company of New York, Inc
4 Irving Place
New York, NY 10003

Plan identification

The Consolidated Edison Retirement Plan is identified as follows:

Employer Identification Number: 13-5009340

Plan Number: 001

Plan Administrator

Mary Adamo

Vice President - Human Resources

Consolidated Edison Company of New York, Inc.

4 Irving Place
New York, NY 10003
Telephone: (212) 460-4600

Plan type

Defined benefit pension plan.

Top-heavy plan provisions

Federal regulations require that the Retirement Plan include provisions that would take effect in the event the Retirement Plan was ever to become top-heavy. The Retirement Plan will be considered top-heavy if a large percentage of the Retirement Plan's benefits have accrued in favor of key employees. Neither Con Edison nor O&R expect this Retirement Plan to become top-heavy.

Plan Administrator's Discretion

The Plan Administrator has discretionary authority to control and manage the operation and administration of the Retirement Plan, including interpreting the terms of the Retirement Plan, determining eligibility for and entitlement to benefits under the Retirement Plan, determining the amount of benefits, determining any facts and resolving any questions relevant to administration of the Plan, and remedying and correcting any ambiguities, inconsistencies or omissions in the Retirement Plan. Any action taken by the Plan Administrator pursuant to such discretionary authority shall be final, conclusive and binding on all participants, beneficiaries and others. The Plan Administrator has authority to make changes in the Retirement Plan to facilitate the administration of the Retirement Plan.

Collective Bargaining Agreements

The Retirement Plan is maintained, in part, pursuant to many collective bargaining agreements: (1) the agreements between Orange and Rockland Utilities, Inc. and the International Brotherhood of Electrical Workers, AFL-CIO, Local No. 503, (2) the Collective Bargaining Contracts between Consolidated Edison Company of New York, Inc. and the Utility Workers' Union of America, AFL-CIO, Local No. 1-2; and (3) the Collective Bargaining Contracts between Consolidated Edison Company of New York, Inc. (Staten Island) and the International Brotherhood of Electrical Workers, AFL-CIO, Local No. 3. A copy of each collective bargaining agreement is available, upon written request, to the

Benefits Department. The collective bargaining agreements are available for examination.

Agent for Service of Legal Process

If any dispute arises under the Plan, service of legal process may be made on the Plan Administrator or on the Trust Fund Trustee.

Plan Year

The Plan's fiscal records are kept on a calendar year basis beginning January 1 and ending December 31.

Funding

The Retirement Plan is funded through a trust. The trustee of the trust is State Street Bank and Trust Co. The address for State Street Bank and Trust Co. is State Street Corporation, Lafayette Corporate Center, 2 Avenue de Lafayette, Boston, MA 02111-2900

Claims

Claims for benefits should be submitted in writing by you or an authorized representative to the Plan Administrator:

Plan Administrator for the Consolidated Edison Retirement Plan
4 Irving Place, Room 1500
New York, NY 10003

If your claim for benefits is denied in whole or in part, you will be informed in writing by the Plan Administrator of the reasons for the denial within 90 days. Your notification will include specific references to the plan provisions on which the denial is based; a description of additional information or material necessary to process the claim and why such information is necessary; and information on what action you can take to submit your claim for review.

If special circumstances require an extension of time for processing the claim, written notice of an extension shall be furnished to you prior to the end of the initial period of 90 days following the date on which the claim was filed. The extension notice will indicate the date the Plan Administrator expects to render the benefit determination.

Such extensions will not exceed a period of 90 days beyond the end of the initial period. If the claim has not been granted, and if written notice of the denial of the claim is not furnished within 90 days following the date on which the claim is filed, the claim shall be deemed denied for the purpose of proceeding to the claim review procedure.

If your claim is denied by the Plan Administrator, you may file a written appeal with the Plan Administrator within 60 days after the date of the denial. You should include with your appeal any information or material that you believe can assist the Plan Administrator in reviewing your claim. You have the right to include information that was not submitted in your initial request.

You or your representative also may review Retirement Plan documents relevant to your claim and submit written comments to the Plan Administrator. You will be informed in writing, normally within 60 days after receipt of your appeal, about the decision on your appeal. This written notice will include the reasons for the decision and references to relevant Retirement Plan provisions. If special circumstances require an extension of time for processing, the extension will not exceed a period of 60 days and the decision shall be rendered as soon as possible, but no later than 120 days after receipt of the request for review provided that written notice and explanation of the delay are given to you prior to commencement of the extension.

You may not bring an action for benefits under the Retirement Plan until you have submitted a written application for benefits; have been notified by the Plan Administrator that the application is denied; have filed a written request for an appeal of the application; and, have been notified in writing that the Plan Administrator has affirmed the denial of your claim, unless the Plan Administrator does not take action within the time required under the Retirement Plan's claim and appeal procedures.

Plan Documents

This summary describes the main provisions of The Consolidated Edison Retirement Plan. The official Plan documents govern the operation of the

Retirement Plan. In the event of any conflict between this booklet and the Retirement Plan documents, the Retirement Plan documents prevail.

Copies of Retirement Plan documents, collective bargaining agreements and contracts, together with annual reports and Retirement Plan descriptions filed with the U.S. Department of Labor, are available for review by any participant at:

Con Edison Employee Benefits Department
4 Irving Place
15th Floor
New York, NY 10003

Employee Benefits can provide you with the addresses of other locations in your area where you can review copies of the documents. Or, you may ask Employee Benefits to send you copies of specific documents. There may be a reasonable charge for copies you request.

Name and Address of Employers Maintaining the Plan:

- Consolidated Edison Company of New York, Inc.
  4 Irving Place
  New York, NY 10003

- Orange and Rockland Utilities, Inc.
  One Blue Hill Plaza
- Pearl River, NY 10965

- Consolidated Edison Development, Inc.
  111 Broadway, 16th Floor
  New York, NY 10006

- Consolidated Edison Solutions, Inc.
  701 Westchester Avenue, Suite 300
  East White Plains, NY 10604

- Consolidated Edison Energy, Inc.
  701 Westchester Avenue
  White Plains, NY 10604

Consolidated Edison Company of New York, Inc. has the right to appoint and remove the Trustee. Administrative expenses of the Retirement Plan and Trust Fund are paid by the Trust Fund.

There are also Named Fiduciaries for the Plan. They are the Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer of Consolidated Edison Company of New York, Inc. The Named Fiduciaries are responsible for selecting the Plan Administrator and choosing the investment managers, and monitoring their performance.

Contribution and Funding

Con Edison and the employers make contributions to a trust fund that pays the entire cost of The Consolidated Edison Retirement Plan. Con Edison is responsible for the funding policy of the Retirement Plan and for determining the amount of contributions to the Plan based on periodic actuarial valuations. The Retirement Plan is intended to be a tax-qualified plan and employer contributions are intended to qualify as tax-deductible under the Internal Revenue Code. You will receive an annual funding notice detailing the financial status of the Plan.

Benefits insured by the Pension Benefit Guaranty Corporation

The Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency, insures your pension benefits under the Retirement Plan. If the Plan ends without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits.

The PBGC guarantee generally covers normal and early retirement benefits; disability benefits if you become disabled before the Retirement Plan terminates; and certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates; (2) some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates; (3) benefits that are not vested because you have not worked long enough for your employer; (4) benefits for which you have not met all of the requirements at the time the Plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay and severance pay.

Even if certain benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your Plan has and how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026, or call (202) 236-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to (202) 326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at http://www.pbgc.gov.

Plan continuance and plan amendment

Consolidated Edison Company of New York, Inc. intends to continue The Consolidated Edison Retirement Plan but reserves the right to amend, suspend, change, modify, or end it at any time for employees, former employees, retirees and beneficiaries. The decision to amend or end the Retirement Plan may be due to changes in federal or state laws governing retirement benefits, the requirements of the Internal Revenue Code or ERISA, or any other reason. A Retirement Plan change may transfer Plan assets and liabilities to another plan or split this Retirement Plan into two or more parts. The Plan Administrator also has the authority to make certain amendments to the Retirement Plan.

If the Retirement Plan is terminated, you may have a vested or non-forfeitable right to a benefit. The amount of your benefit, if any, will depend on Plan assets, the terms of the Retirement Plan, and the benefit guarantee of the

PBGC. Plan assets will be allocated among participants and beneficiaries according to ERISA in the following order:

- Certain annuities that participants have been receiving or could have been receiving for three years prior to the plan termination
- Other vested benefits guaranteed by the PBGC;
- Other vested benefits; and
- Remaining plan benefits.

If the Plan is fully funded, you will receive your full accrued benefit in the form of a lump-sum payment or an insurance company annuity contract. The exact form of payment may be set by law; if there is a choice, the Plan Administrator will decide the type and timing of payment. After all benefits have been paid and legal requirements have been met, the Plan will turn over any remaining Plan assets to the company.

Qualified domestic relations order (QDRO)

Your account may become subject to a qualified domestic relations order (QDRO), if properly served on the Plan. A QDRO is an order, decree or judgment from a state court directing the Plan Administrator to transfer or pay all or a portion of your pension benefits to a former spouse or dependent. You may request from the Plan Administrator, free-of-charge, a copy of the Plan's procedures governing QDROs.

Protecting Your Benefits

Only you, or in the case of your death or a QDRO, your spouse, another designated beneficiary, or your estate may receive benefits from the Plan. You may not assign, pledge, or otherwise encumber or dispose of your interest in the Retirement Plan. Benefits cannot be used or pledged as collateral to borrow money (except as a loan from the Plan), for payment of debts or other such reasons. Your account also is not subject to claims by creditors, except in limited instances. The Plan Administrator must obey an IRS levy or a QDRO.

Statement of ERISA Rights

As a participant in the Retirement Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants are entitled to:

Examine, without charge, at the Employee Benefits Department, Room 1500, 4 Irving Place, New York, NY 10003, and at other specified locations, such as union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefits Administration.

Upon written request to the Plan Administrator, obtain copies of documents governing operation of the Plan including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and an updated summary plan description. The Plan administrator may charge a reasonable amount for the copies.

Receive an annual funding notice. The Plan administrator is required by law to furnish each participant with annual funding notice summary.

Upon written request once in every twelve month period, obtain a statement free of charge telling whether you have a right to receive a pension at normal retirement age and, if so, what your benefits would be at normal retirement age under the Plan if you stop working now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Retirement Plan. The people who operate the Retirement Plan, called "fiduciaries" of the Retirement Plan, have a duty to do so prudently and in the interest of you and other participants and beneficiaries.

No one, including your employer, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision, without charge, and to appeal a denial of your claim, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court.

In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in a federal court.

If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or you need assistance in obtaining documents from the Plan

Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, DC 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

APPENDICES

Special situations – Here is a list of special situations that are current as of the date of the publication of this spd. This spd may not include the most recent provisions relating to your particular benefits; please contact Employee Benefits if you have any questions.

A. Transferred O&R Management Participant

You are a Transferred O&R Management Participant if (1) you were an O&R Management Participant and on the active management payroll of O&R in July 1999, and (2) subsequently, without a break in service, transferred directly to CECONY from O&R.

If you are a Transferred O&R Participant, solely for calculation of your pension benefit, you will receive the greater of your pension benefit calculated under Method I –All O&R pension benefit or your pension benefit calculated under Method II –O&R and CECONY pension benefit.

Under Method I –All O&R pension benefit, your pension benefit is calculated under only the career average formula for an O&R Management Participant. All of your accredited service with CECONY is treated as if you had worked only at O&R. Your pension benefit will be calculated as if you were an O&R Management Participant and had earned all you accredited service while employed at O&R.

Under Method II –O&R and CECONY pension benefit, your pension benefit is calculated in three steps. First, your pension benefit is calculated under the career average formula for an O&R Management Participant from your first participation date at O&R until your transferred date to CECONY (frozen O&R pension benefit). Second, your pension benefit is calculated under the final average pay formula for a CECONY Management Participant from your transfer date to CECONY until the earliest of your employment termination date or retirement date from CECONY (CECONY pension benefit). Third, you add your O&R frozen pension benefit to your CECONY pension benefit.

In general, your pension benefit will be the greater of Method I or Method II. However, contact Employee Benefits for a complete description of the way your pension benefit will be determined.

B. CECONY Participants at Divested Operations

You are a CECONY Participant at a Divested Operation if, as a result of the divestiture of some of CECONY's fossil fuel electricity generation facilities (divested operations), you were a CECONY Management Participant or a CECONY Weekly Participant and you were transferred directly to the buyer(s) of the divested operations (divestiture buyer). This section only applies to you if, as of the date of the divestiture of the fossil fuel electricity generation facility, you had been assigned to one of the divested operations and had remained in the employ of the divestiture buyer. You had to have been on the active payroll of CECONY as of the actual date of the divestiture of the generation facility to which you had been assigned.

If you are a CECONY Participant at a Divested Operation, and you decide to elect an early retirement pension benefit from the Retirement Plan, you will have your accredited service under the Retirement Plan determined as follows. Your period of employment with the divestiture buyer (post divestiture service), will count when determining whether you have satisfied the accredited service requirements in meeting 75 points, 30 years of accredited service or, if at age 60, 15 years of accredited service. There are some limitations and restrictions on how the Retirement Plan counts your post divestiture service.

Your post divestiture service does not count for other important purposes. For example, and very importantly, your post divestiture service does not count as accredited service for benefit accrual purposes under the Retirement Plan. This means, in general, that your post divestiture service does not count for computing the amount of your pension benefit. Also, your post divestiture service does not count for determining if you are entitled to a special pension accrual. Unless you are on the active payroll of CECONY during the designated period, you are not eligible for the special pension accrual.

Finally, post divestiture service is not taken into account for any period after you begin your pension benefit from the Retirement Plan.

Contact Employee Benefits for a complete description of the way your pension benefit will be determined.

C. Affected IP Employees

You are an Affected IP Employee if you were a CECONY Management Participant or CECONY Weekly Participant and, as of the sale date of Indian Point ("IP divestiture"), had been assigned to Indian Point, and remained in the employ of the buyer of Indian Point ("divestiture buyer").

If you are an Affected IP Employee, and you decide to elect an early retirement pension benefit from the Retirement Plan, you will have your accredited service under the Retirement Plan determined as follows. Your period of employment with the divestiture buyer (post divestiture service), will count when determining whether you have satisfied the accredited service requirements in meeting 75 points, 30 years of accredited service or, if at age 60, 15 years of accredited service. There are some limitations and restrictions on how the Retirement Plan counts your post divestiture service.

Your post divestiture service does not count for other important purposes. For example, and very importantly, your post divestiture service does not count as accredited service for benefit accrual purposes under the Retirement Plan. This means, in general, that your post divestiture service does not count for computing the amount of your pension benefit. Also, your post divestiture service does not count for determining if you are entitled to a special pension accrual. Unless you are on the active payroll of CECONY during the designated period, you are not eligible for the special pension accrual.

Finally, post divestiture service is not taken into account for any period after you begin your pension benefit from the Retirement Plan.

Contact Employee Benefits for a complete description of the way your pension benefit will be determined.

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