VAN SAUN BRUCE
Form 4
March 27, 2018

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
VAN SAUN BRUCE

(Last) (First) (Middle)

C/O CITIZENS FINANCIAL GROUP, INC., 600 WASHINGTON BLVD.

(Street)

STAMFORD, CT 06901

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CITIZENS FINANCIAL GROUP INC/RI [CFG]

3. Date of Earliest Transaction (Month/Day/Year)
03/23/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chairman and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/23/2018		F		20,536	D	$ 42.95	597,474	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
VAN SAUN BRUCE C/O CITIZENS FINANCIAL GROUP, INC. 600 WASHINGTON BLVD. STAMFORD, CT 06901	X		Chairman and CEO	

Signatures

/s/ Lindsey Cameron, as Attorney-in-Fact	03/27/2018
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Benefits paid

(404) (380) (355) (375) (354) (330)

Administrative expenses

(30) (40) (31) (29) (38) (29)

Fair Value of Plan Assets at end of Year

$8,400 $8,124 $7,511 $8,025 $7,780 $7,214

Funded status

$(296) $(176) $(572) $(112) $13 $(343)

Unrecognized net loss

1,640 1,516 1,908 1,524 1,397 1,750

Unrecognized prior service costs

52 63 75 42 51 62

Net Prepaid Benefit Cost

$- $- $1,411 $- $- $1,469

Accumulated Benefit Obligation

$7,927 $7,534 $7,297 $7,392 $7,025 $6,796

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Notes to the Financial Statements Continued

In December 2006, Con Edison adopted SFAS No. 158. This Statement requires an employer to recognize an asset or liability for the overfunded or underfunded status of its pension and other postretirement benefit plans. For a pension plan, the asset or liability is the difference between the fair value of the plan s assets and the projected benefit obligation. For any other postretirement benefit plan, the asset or liability is the difference between the fair value of the plan s assets and the accumulated postretirement benefit obligation. The Statement required employers to recognize all unrecognized prior service costs and credits and unrecognized actuarial gains and losses in accumulated other comprehensive income (OCI), net of tax. Such amounts will be adjusted as they are subsequently recognized as components of net periodic benefit cost or income pursuant to the current recognition and amortization provisions. For the Utilities, generally regulatory accounting treatment is applied in accordance with SFAS No. 71. Unrecognized prior service costs or credits and unrecognized gains and losses are recorded to regulatory assets or liabilities, rather than OCI.

Upon adoption of SFAS No. 158, Con Edison recognized an additional pension liability of $85 million and eliminated the prepaid pension asset of $1.5 billion. A regulatory asset of $1.5 billion was recorded for the unrecognized net losses and unrecognized prior service costs associated with the Utilities consistent with SFAS No. 71. An OCI charge of $8 million (net of taxes) was recorded for the unrecognized net losses and unrecognized prior service costs associated with the competitive energy businesses and O&R s New Jersey and Pennsylvania utility subsidiaries. Con Edison of New York recognized a pension asset of $13 million, eliminated a pension liability of $28 million and eliminated the prepaid pension asset of $1.5 billion. A regulatory asset of $1.4 billion was recorded for the unrecognized net losses and unrecognized prior service costs in accordance with SFAS No. 71. A credit to OCI of $8 million (net of taxes) was recorded which represents the reversal of OCI charges associated with the supplemental retirement plans partially offset by the unrecognized net losses and unrecognized prior service costs associated with former employees of the Utilities employed by the competitive energy businesses. In the first quarter of 2007, in accordance with SFAS No. 158 and based on the final actuarial valuation as of December 31, 2006, Con Edison adjusted the estimated amounts recorded upon adoption of SFAS No. 158 by increasing its pension liability by $83 million and the related regulatory asset by $81 million and recognizing a charge of $1 million (net of taxes) to other comprehensive income (OCI). Con Edison of New York reversed the pension asset of $13 million it recorded upon adoption of SFAS No. 158 and recorded a pension liability of $64 million and an additional regulatory asset of $77 million.

The estimated net loss and prior service cost for the pension plan that will be amortized from accumulated OCI and the regulatory asset into net periodic benefit cost over the next year for Con Edison are $182 million and $8 million, respectively. Included in these amounts are $160 million and $7 million, respectively, for Con Edison of New York.

At December 31, 2007 and 2006, Con Edison s investments include $71 million and $59 million, respectively, held in external trust accounts for benefit payments pursuant to the supplemental retirement plans. Included in these amounts for Con Edison of New York were $59 million and $47 million, respectively. The accumulated benefit obligations for the supplemental retirement plans for Con Edison and Con Edison of New York were $155 million and $122 million as of December 31, 2007 and $138 million and $105 million as of December 31, 2006, respectively.

Assumptions

The actuarial assumptions were as follows:

	2007	**2006**	**2005**
Weighted-average assumptions used to determine benefit obligations at December 31:			
Discount rate	6.00%	6.00%	5.70%
Rate of compensation increase			
Con Edison of New York	4.00%	4.00%	4.00%
O&R	4.00%	4.00%	4.00%

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:			
Discount rate	6.00%	5.70%	5.90%
Expected return on plan assets	8.50%	8.50%	8.80%
Rate of compensation increase			
Con Edison of New York	4.00%	4.00%	4.00%
O&R	4.00%	4.00%	4.00%

The expected return assumption reflects anticipated returns on the plan s current and future assets. The Companies expected return was based on an evaluation of the current environment, market and economic outlook, relationships between the economy and asset class performance patterns, and recent and long-term trends in asset class performance. The projections were based on the plan s target asset allocation and were adjusted for historical and expected experience of active portfolio management results compared to benchmark returns.

Discount Rate Assumption

To determine the assumed discount rate, the Companies use a model that produces a yield curve based on yields on selected

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highly rated (Aaa or Aa, by Moody s Investors Service) corporate bonds. Bonds with insufficient liquidity, bonds with questionable pricing information and bonds that are not representative of the overall market are excluded from consideration. For example, the bonds used in the model cannot be callable, they must have a price between 50 and 200, the yield must lie between 1 percent and 20 percent, and the amount of the issue must be in excess of $100 million. The spot rates defined by the yield curve and the plan s projected benefit payments are used to develop a weighted average discount rate.

Expected Benefit Payments

Based on current assumptions, the Companies expect to make the following benefit payments over the next ten years:

(Millions of Dollars)	2008	2009	2010	2011	2012	2013-2017
Con Edison	$ 439	$ 461	$ 485	$ 508	$ 532	$ 2,981
Con Edison of New York	409	430	453	474	496	2,784

Expected Contributions

Based on estimates as of December 31, 2007, the Companies are not required under funding regulations and laws to make any contributions to the pension plan during 2008. The Companies policy is to fund their accounting cost to the extent tax deductible, therefore, Con Edison and Con Edison of New York expect to make discretionary contributions of $131 million and $98 million, respectively, to the pension plan during 2008.

Plan Assets

The asset allocations for the pension plan at the end of 2007, 2006 and 2005, and the target allocation for 2008 are as follows:

Asset Category	Target Allocation 2008	Plan Assets at December 31 2007	2006	2005
Equity Securities	65%	65%	66%	67%
Debt Securities	27%	28%	28%	28%
Real Estate	8%	7%	6%	5%
Total	100%	100%	100%	100%

Con Edison has established a pension trust for the investment of assets to be used for the exclusive purpose of providing retirement benefits to participants and beneficiaries.

Pursuant to resolutions adopted by Con Edison s Board of Directors, the Management Development and Compensation Committee of the Board of Directors (the Committee) has general oversight responsibility for Con Edison s pension and other employee benefit plans. The pension plan s Named Fiduciaries have been granted the authority to control and manage the operation and administration of the plans, including overall responsibility for the investment of assets in the trust and the power to appoint and terminate investment managers. The Named Fiduciaries consist of Con Edison s chief executive, financial and accounting officers and others the Board of Trustees may appoint in addition to or in place of the designated Named Fiduciaries.

The investment objective for the pension trust is to maximize the long-term total return on the trust assets within a prudent level of risk. The investment strategy is to diversify its funds across asset classes, investment styles and fund managers. The target asset allocation is reviewed periodically based on asset/liability studies and may be modified as appropriate. The target asset allocation for 2008 reflects the results of such a study conducted in 2007.

Individual fund managers operate under written guidelines provided by Con Edison, which cover such areas as investment objectives, performance measurement, permissible investments, investment restrictions, trading and execution, and communication and reporting requirements. Manager performance, total fund performance, and compliance with asset allocation guidelines are monitored on an ongoing basis, and reviewed by the Named Fiduciaries and reported to the Committee on a regular basis. Changes in fund managers and rebalancing of the portfolio are undertaken as appropriate. The Named Fiduciaries approve such changes, which are also reported to the Committee.

The Companies also offer a defined contribution savings plan that covers substantially all employees and made contributions to the plan as follows:

	For the Years Ended December 31		
(Millions of Dollars)	**2007**	**2006**	**2005**
Con Edison	$ 21	$ 20	$ 19
Con Edison of New York	19	18	17

Note F Other Postretirement Benefits

The Utilities currently have contributory comprehensive hospital, medical and prescription drug programs for all retirees, their dependents and surviving spouses.

Con Edison of New York also has a contributory life insurance program for bargaining unit employees and provides basic life insurance benefits up to a specified maximum at no cost to retired management employees. O&R has a non-contributory life insurance program for retirees. Certain employees of Con

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Edison s competitive energy businesses are eligible to receive benefits under these programs.

Investment plan gains and losses are fully recognized in expense over a 15-year period for the Companies and other actuarial gains and losses are fully recognized in expense over a 10-year period, provided, however, that the Utilities generally defer any difference between expenses recognized under SFAS No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions, and the current rate allowances for their electric, gas and steam operations.

Net Periodic Benefit Cost

The components of the Companies net periodic postretirement benefit costs for 2007, 2006 and 2005 were as follows:

	Con Edison			Con Edison of New York		
(Millions of Dollars)	**2007**	**2006**	**2005**	**2007**	**2006**	**2005**
Service cost	$ 18	$ 17	$ 14	$ 14	$ 13	$ 10
Interest cost on accumulated other postretirement benefit obligation	93	87	84	82	77	74
Expected return on plan assets	(81)	(78)	(79)	(74)	(72)	(73)
Amortization of net actuarial loss	67	58	72	58	49	63
Amortization of prior service cost	(14)	(15)	(15)	(14)	(15)	(15)
Amortization of transition obligation	4	4	4	4	4	4
Net Periodic Postretirement Benefit Cost	$ 87	$ 73	$ 80	$ 70	$ 56	$ 63
Cost capitalized	(30)	(23)	(25)	(25)	(19)	(21)
Cost deferred	(33)	(33)	(24)	(30)	(27)	(18)
Cost charged to operating expenses	$ 24	$ 17	$ 31	$ 15	$ 10	$ 24

Funded Status

The funded status of the programs at December 31, 2007, 2006 and 2005 was as follows:

	Con Edison			Con Edison of New York		
(Millions of Dollars)	**2007**	**2006**	**2005**	**2007**	**2006**	**2005**
Change in Benefit Obligation						
Benefit obligation at beginning of year	$ 1,566	$ 1,568	$ 1,315	$ 1,376	$ 1,383	$ 1,157
Service cost	18	17	14	14	13	10
Interest cost on accumulated postretirement benefit obligation	93	87	84	82	77	74
Net actuarial loss/(gain)	29	(17)	244	40	(9)	221
Benefits paid and administrative expenses	(125)	(121)	(108)	(114)	(110)	(97)
Participant contributions	19	20	19	19	19	18
Medicare prescription benefit	9	4	-	9	3	-
Plan amendments	21	8	-	7	-	-
Benefit Obligation at End of Year	$ 1,630	$ 1,566	$ 1,568	$ 1,433	$ 1,376	$ 1,383
Change in Plan Assets						
Fair value of plan assets at beginning of year	$ 1,005	$ 926	$ 882	$ 927	$ 861	$ 826
Actual return on plan assets	10	114	59	11	105	56
Employer contributions	76	65	71	64	52	58
Participant contributions	19	19	18	19	19	18
Benefits paid	(122)	(119)	(104)	(114)	(110)	(97)

Fair Value of Plan Assets at End of Year	$ 988	$ 1,005	$ 926	$ 907	$ 927	$ 861
Funded Status	$ (642)	$ (561)	$ (642)	$ (526)	$ (449)	$ (522)
Unrecognized net loss	500	466	576	450	405	496
Unrecognized prior service costs	(47)	(81)	(104)	(68)	(89)	(103)
Unrecognized net transition liability at January 1, 1993*	18	22	26	18	22	26
Accrued Postretirement Benefit Cost	$ -	$ -	$ (144)	$ -	$ -	$ (103)

* Being amortized over a period of 20 years and reduced by an additional amount in 2002 due to plan amendments.

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For discussion of SFAS No. 158 and the application of SFAS No. 71 in recording unrecognized prior service costs or credits and unrecognized gains and losses, see Note E. Upon adoption of SFAS No. 158, Con Edison recognized an additional liability for other postretirement benefits of $408 million. A regulatory asset of $390 million was recorded for the unrecognized net losses, unrecognized prior service costs and unrecognized transition liability associated with the Utilities consistent with SFAS No. 71. An OCI charge of $11 million (net of taxes) was recorded for the unrecognized net losses, unrecognized prior service costs and unrecognized transition liability associated with the competitive energy businesses and O&R s New Jersey and Pennsylvania utility subsidiaries. Con Edison of New York recognized an additional liability for other postretirement benefits of $338 million. A regulatory asset of $338 million was recorded for the unrecognized net losses, unrecognized prior service costs and unrecognized transition liability in accordance with SFAS No. 71. A charge to OCI of $1 million (net of taxes) was recorded for the unrecognized net losses, unrecognized prior service costs and unrecognized transition liability associated with operations that do not fall under SFAS No. 71. In the first quarter of 2007, in accordance with SFAS No. 158 and based on the final actuarial valuation as of December 31, 2006, Con Edison adjusted the estimated amounts recorded upon adoption of SFAS No. 158 by increasing its liability for other postretirement benefits by $27 million and the related regulatory asset by $29 million and recognizing a credit of $1 million (net of taxes) to OCI. Con Edison of New York recorded an additional liability for other postretirement benefits of $37 million and an additional regulatory asset of $37 million.

The estimated net loss, prior service costs and transition obligation for the other postretirement benefits that will be amortized from accumulated OCI and the regulatory asset into net periodic benefit cost over the next year for Con Edison are $67 million, $(12) million and $4 million, respectively. Included in these amounts are $58 million, $(14) million and $4 million, respectively, for Con Edison of New York.

Assumptions

The actuarial assumptions were as follows:

	2007	2006	2005
Weighted-average assumptions used to determine benefit obligations at December 31:			
Discount Rate	6.00%	6.00%	5.70%
Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:			
Discount Rate	6.00%	5.70%	5.90%
Expected Return on Plan Assets			
Tax-Exempt	8.50%	8.50%	8.80%
Taxable			
Con Edison of New York	7.50%	7.50%	7.80%
O&R	8.00%	8.00%	8.30%

Refer to Note E for descriptions of the basis for determining the expected return on assets, investment policies and strategies, and the assumed discount rate.

The health care cost trend rate used to determine net periodic benefit cost for the year ended December 31, 2007 was 9 percent, which is assumed to decrease gradually to 4.5 percent by 2012 and remain at that level thereafter. The health care cost trend rate used to determine benefit obligations as at December 31, 2007 was 8 percent, which is assumed to decrease gradually to 4.5 percent by 2012 and remain at that level thereafter.

A one-percentage point change in the assumed health care cost trend rate would have the following effects at December 31, 2007:

(Millions of Dollars)	Con Edison Increase	Con Edison Decrease	Con Edison of New York Increase	Con Edison of New York Decrease
	1-Percentage-Point			
Effect on accumulated other postretirement benefit obligation	$ 17	$ (2)	$ (2)	$ 15
Effect on service cost and interest cost components for 2007	1	(1)	(1)	1

Expected Benefit Payments

Based on current assumptions, the Companies expect to make the following benefit payments over the next ten years:

(Millions of Dollars)	2008	2009	2010	2011	2012	2013-2017
Gross Benefit Payments						
Con Edison	$ 112	$ 117	$ 123	$ 128	$ 131	$ 686
Con Edison of New York	100	105	109	113	116	607
Medicare prescription benefit receipts						
Con Edison	$ 10	$ 11	$ 12	$ 13	$ 14	$ 84
Con Edison of New York	9	10	11	12	12	75

Expected Contributions

Based on estimates as of December 31, 2007, Con Edison and Con Edison of New York expect to make contributions of $75 million and $61 million, respectively, to the other postretirement benefit plans in 2008.

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Plan Assets

The asset allocations for Con Edison of New York s other postretirement benefit plans at the end of 2007, 2006 and 2005, and the target allocation for 2008 are as follows:

	Target Allocation	Plan Assets at December 31		
Asset Category	**2008**	**2007**	**2006**	**2005**
Equity Securities	65%	65%	65%	66%
Debt Securities	35%	35%	35%	34%
Total	100%	100%	100%	100%

Con Edison has established postretirement health and life insurance benefit plan trusts for the investment of assets to be used for the exclusive purpose of providing other postretirement benefits to participants and beneficiaries.

Refer to Note E for a discussion of Con Edison s investment policy for its benefit plans.

Effect of Medicare Prescription Benefit

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 created a benefit for certain employers who provide postretirement drug programs. FASB Staff Position (FSP) No. FAS 106-2, issued by the FASB in May 2004, provides accounting and disclosure requirements relating to the Act. The Companies   actuaries have determined that each of their prescription drug plans provides a benefit that is at least actuarially equivalent to the Medicare prescription drug plan and projections indicate that this will be the case for 20 years; therefore, the Companies are eligible to receive the benefit that the Act makes available. When the plans   benefits are no longer actuarially equivalent to the Medicare plan, 25 percent of the retirees in each plan are assumed to begin to decline participation in the Companies   prescription programs.

Note G   Environmental Matters

Superfund Sites

Hazardous substances, such as asbestos, polychlorinated biphenyls (PCBs) and coal tar, have been used or generated in the course of operations of the Utilities and their predecessors and are present at sites and in facilities and equipment they currently or previously owned, including sites at which gas was manufactured or stored.

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes (Superfund) impose joint and several liability, regardless of fault, upon generators of hazardous substances for investigation and remediation costs (which include costs of demolition, removal, disposal, storage, replacement, containment, and monitoring) and environmental damages. Liability under these laws can be material and may be imposed for contamination from past acts, even though such past acts may have been lawful at the time they occurred. The sites at which the Utilities have been asserted to have liability under these laws, including their manufactured gas plant sites and any neighboring areas to which contamination may have migrated, are referred to herein as   Superfund Sites.

For Superfund Sites where there are other potentially responsible parties and the Utilities are not managing the site investigation and remediation, the accrued liability represents an estimate in 2007 dollars of the amount the Utilities will need to pay to discharge their related obligations. For Superfund Sites (including the manufactured gas plant sites) for which one of the Utilities is managing the investigation and remediation, the accrued liability represents an estimate in 2007 dollars of the company s share of undiscounted cost to investigate the sites and, for sites that have been investigated in whole or in part, the cost to remediate the sites. Remediation costs are estimated in light of the information available, applicable remediation standards, and experience with similar sites.

The accrued liabilities and regulatory assets related to Superfund Sites at December 31, 2007 and 2006 were as follows:

(Millions of Dollars)	**Con Edison 2007**	**Con Edison 2006**	**Con Edison of New York 2007**	**Con Edison of New York 2006**
Accrued Liabilities:				
Manufactured gas plant sites	$ 267	$ 228	$ 212	$ 180
Other Superfund Sites	60	64	59	63
Total	$ 327	$ 292	$ 271	$ 243
Regulatory assets	$ 378	$ 318	$ 312	$ 255

Most of the accrued Superfund Site liability relates to sites that have been investigated, in whole or in part. As investigations progress on these and other sites, the Utilities expect that additional liability will be accrued, the amount of which is not presently determinable but may be material. Under their current rate agreements, the Utilities are permitted to recover or defer as regulatory assets (for subsequent recovery through rates) certain site investigation and remediation costs.

Environmental remediation costs incurred and insurance recoveries received related to Superfund Sites at December 31, 2007 and 2006, were as follows:

(Millions of Dollars)	**Con Edison 2007**	**Con Edison 2006**	**Con Edison of New York 2007**	**Con Edison of New York 2006**
Remediation costs incurred	$ 50	$ 53	$ 42	$ 45
Insurance recoveries received*	1	3	1	3

* Reduced amount deferred for recovery from customers

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Notes to the Financial Statements Continued

In 2006, Con Edison of New York estimated that for its manufactured gas plant sites, its aggregate undiscounted potential liability for the investigation and remediation of coal tar and/or other manufactured gas plant-related environmental contaminants could range up to $1.1 billion. In 2007, O&R estimated that for its manufactured gas plant sites, each of which has been investigated, the aggregate undiscounted potential liability for the remediation of such contaminants could range up to $115 million. These estimates were based on the assumption that there is contamination at the sites that have not yet been investigated and additional assumptions about these and the other sites regarding the extent of contamination and the type and extent of remediation that may be required. Actual experience may be materially different.

Asbestos Proceedings

Suits have been brought in New York State and federal courts against the Utilities and many other defendants, wherein a large number of plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises of the Utilities. The suits that have been resolved, which are many, have been resolved without any payment by the Utilities, or for amounts that were not, in the aggregate, material to them. The amounts specified in all the remaining thousands of suits total billions of dollars; however, the Utilities believe that these amounts are greatly exaggerated, based on the disposition of previous claims. In 2006, Con Edison of New York estimated that its aggregate undiscounted potential liability for these suits and additional suits that may be brought over the next 15 years is $10 million. The estimate was based upon a combination of modeling, historical data analysis and risk factor assessment. Actual experience may be materially different. In addition, certain current and former employees have claimed or are claiming workers compensation benefits based on alleged disability from exposure to asbestos. Under its current rate agreements, Con Edison of New York is permitted to defer as regulatory assets (for subsequent recovery through rates) costs incurred for its asbestos lawsuits and workers compensation claims. The accrued liability for asbestos suits and workers compensation proceedings (including those related to asbestos exposure) and the amounts deferred as regulatory assets for the Companies at December 31, 2007 and 2006 were as follows:

	Con Edison		Con Edison of New York	
(Millions of Dollars)	**2007**	**2006**	**2007**	**2006**
Accrued liability asbestos suits	$ 10	$ 10	$ 10	$ 10
Regulatory assets asbestos suits	$ 10	$ 10	$ 10	$ 10
Accrued liability workers compensation	$ 116	$ 117	$ 111	$ 112
Regulatory assets workers compensation	$ 41	$ 42	$ 41	$ 42

Note H Other Material Contingencies

Manhattan Steam Main Rupture

In July 2007, a Con Edison of New York steam main located in midtown Manhattan ruptured. It has been reported that one person died and others were injured as a result of the incident. Several buildings in the area were damaged. Debris from the incident included dirt and mud containing asbestos. The response to the incident required the closing of several buildings and streets for various periods. As of December 31, 2007, with respect to the incident, the company incurred estimated operating costs of $23 million for property damage, clean up and other response costs, recorded $10 million in actual and expected insurance recoveries and invested $17 million in capital, retirement and other costs. Over 30 plaintiffs have sued the company seeking generally unspecified compensatory and, in some cases, punitive damages, for personal injury, property damage and business interruption. The company has notified its insurers of the incident and believes that the policies currently in force will cover most of the company s costs, which the company is unable to estimate, but which could be substantial, to satisfy its liability to others in connection with the incident. See also Rate Agreements Con Edison of New York Steam in Note B.

Northeast Utilities Litigation

Con Edison and Northeast Utilities are pursuing claims against each other for damages as a result of the alleged breach of their agreement and plan of merger, dated as of October 13, 1999, as amended and restated as of January 11, 2000. The litigation, entitled Consolidated Edison, Inc. v. Northeast Utilities, was commenced in March 2001 and is pending in the United States District Court for the Southern District of New York. The parties are seeking to recover from each other fees and expenses each incurred in connection with the merger agreement and preparing for the merger. In addition, Con Edison is seeking to recover from Northeast Utilities compensation for synergies that were lost when the merger did not occur, together with the attorney s fees it has incurred in connection with the litigation. In January 2008, the court denied Northeast Utilities motion to dismiss Con Edison s claim for lost synergies. The Company expects a trial in this case to begin in 2008. Con Edison does not expect that the lawsuit will have a material adverse effect on its financial position, results of operations or liquidity.

Other Contingencies

See Power Outage Proceedings in Note B and Lease In/Lease Out Transactions in Note J.

Guarantees

Con Edison and its subsidiaries enter into various agreements providing financial or performance assurance primarily to third parties on behalf of their subsidiaries. In addition, a Con Edison

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Development subsidiary has issued a guarantee on behalf of an entity in which it has an equity interest. Maximum amounts guaranteed by Con Edison totaled $1.4 billion and $1.2 billion at December 31, 2007 and 2006, respectively.

A summary, by type and term, of Con Edison s total guarantees at December 31, 2007 is as follows:

Guarantee Type (Millions of Dollars)	0 3 years	4 10 years	> 10 years	Total
Commodity transactions	$ 879	$ 30	$ 205	$ 1,114
Affordable housing program	-	17	-	17
Intra-company guarantees	25	-	1	26
Other guarantees	226	40	-	266
Total	$ 1,130	$ 87	$ 206	$ 1,423

Commodity Transactions Con Edison guarantees payments on behalf of its competitive energy businesses in order to facilitate physical and financial transactions in gas, pipeline capacity, transportation, oil, electricity and related commodity services. In addition, a Con Edison Development subsidiary has guaranteed payment for fuel oil purchases by a 42 MW foreign generating project in which it has an equity interest. To the extent that liabilities exist under the contracts subject to these guarantees, such liabilities are included in Con Edison s consolidated balance sheet.

Affordable Housing Program Con Edison Development guarantees the repurchase and remarketing obligations of one of its subsidiaries for debt relating to moderate-income rental apartment properties eligible for tax credits under Section 42 of the Internal Revenue Code. In accordance with Emerging Issues Task Force (EITF) No. 94-01, Accounting for Tax Benefits Resulting from Investments in Affordable Housing Projects, neither the rental apartment properties nor the related indebtedness is included on Con Edison s consolidated balance sheet.

Intra-company Guarantees Con Edison guarantees electricity sales made by Con Edison Energy and Con Edison Solutions to O&R and Con Edison of New York.

Other Guarantees Con Edison, Con Edison Development and its subsidiaries also guarantee the following:

$41 million relates to guarantees issued by Con Edison covering RCN Corporation s lease payment to use Con Edison of New York s conduit system in accordance with a tariff approved by the PSC and rent payment obligations under various lease agreements for office buildings (see Note T). RCN Corporation is obligated to reimburse Con Edison for any payments made under these guarantees. In the case of the guarantee to Con Edison of New York, this obligation is partially secured by a letter of credit of $19 million, and, in the case of the lease guarantees, this reimbursement is fully secured by letters of credit;

$25 million for a parental guarantee provided by Con Edison on Con Edison Solutions indemnity agreement for surety bonds;

$18 million for guarantees and standby financial letters of credit in connection with investments in energy infrastructure, power and cogeneration projects;

$182 million relates to guarantees issued by Con Edison covering certain representations and obligations of Con Edison Development and its subsidiary in connection with their December 2007 agreements to sell substantially all of their ownership interests in their generating projects to North American Energy Alliance, LLC. See Note U. The company is unable to estimate the maximum limit of loss under these guarantees.

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Note I Non-Utility Generators and Other Power Purchase Agreements

Con Edison of New York has long-term power purchase agreements (PPAs) with non-utility generators (NUGs) and others for generating capacity. The company recovers its purchase power costs in accordance with provisions approved by the PSC. See Recoverable Energy Costs in Note A.

At December 31, 2007, the significant terms of the PPAs were as follows:

Facility	Equity Owner	Plant Output (MW)	Contracted Output (MW)	Contract Start Date	Contract Term (Years)
Indian Point	Entergy Nuclear Indian Point 2, LLC	1,000	1,000*	April 2004	8
Independence	Sithe/Independence Partners, LP	1,000	740	November 1994	20
Linden Cogeneration	East Coast Power, LLC	715	645	May 1992	25
Astoria Energy	Astoria Energy, LLC	500	500	May 2006	10
Selkirk	Selkirk Cogen Partners, LP	345	265	September 1994	20
Brooklyn Navy Yard	Brooklyn Navy Yard Cogeneration Partners, LP	325	295	November 1996	40
Indeck Corinth	Indeck Energy Services of Corinth, Inc.	140	131	July 1995	20
Wheelabrator	Wheelabrator Westchester, LP	51	51	April 1984	25

* Contracted output will decrease to 650 MW in 2010 and 350 MW in 2011.

Assuming performance by the parties to the PPAs, Con Edison of New York is obligated over the terms of the PPAs to make capacity and other fixed payments.

For the years 2008 through 2012, the capacity and other fixed payments under the contracts are estimated to be as follows:

(Millions of Dollars)	2008	2009	2010	2011	2012
Con Edison of New York	$ 474	$ 489	$ 485	$ 483	$ 479

For energy delivered under most of the PPAs, Con Edison of New York is obligated to pay variable prices. The company s payments under the PPAs for capacity, energy and other fixed payments in 2007, 2006 and 2005 were as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2007	2006	2005
Indian Point	$ 468	$ 400	$ 373
Linden Cogeneration	525	539	594
Selkirk	193	187	206
Astoria Energy	281	164	-

Brooklyn Navy Yard	142	150	139
Independence	105	105	106
Indeck Corinth	87	81	109
Wheelabrator	29	25	32

Note J Leases

Con Edison s subsidiaries lease electric generating and gas distribution facilities, other electric transmission and distribution facilities, office buildings and equipment. In accordance with SFAS No. 13, these leases are classified as either capital leases, operating leases or leveraged leases. Most of the operating leases provide the option to renew at the fair rental value for future periods. Generally, it is expected that leases will be renewed or replaced in the normal course of business.

Capital leases: For ratemaking purposes capital leases are treated as operating leases; therefore, in accordance with SFAS No. 71, the amortization of the leased asset is based on the rental payments recovered from customers. The following assets under capital leases are included in the Companies consolidated balance sheets at December 31, 2007 and 2006:

	Con Edison		Con Edison of New York	
(Millions of Dollars)	**2007**	**2006**	**2007**	**2006**
Utility Plant				
Transmission	$ 6	$ 12	$ 6	$ 7
Common	22	23	20	23
Total	$ 28	$ 35	$ 26	$ 30

The accumulated amortization of the capital leases for Con Edison and Con Edison of New York was $45 million and $44 million, respectively, at December 31, 2007, and $41 million and $40 million, respectively, at December 31, 2006.

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The future minimum lease commitments for the above assets are as follows:

(Millions of Dollars)	Con Edison	Con Edison of New York
2008	$ 10	$ 8
2009	8	8
2010	7	7
2011	7	7
2012	5	5
All years thereafter	-	-
Total	37	35
Less: amount representing interest	9	9
Present value of net minimum lease payment	$ 28	$ 26

Con Edison of New York subleases one of its capital leases. The minimum rental to be received in the future under the non-cancelable sublease is $18 million.

Operating leases: The future minimum lease commitments under the Companies non-cancelable operating lease agreements are as follows:

(Millions of Dollars)	Con Edison	Con Edison of New York
2008	$ 43	$ 40
2009	43	40
2010	42	40
2011	42	40
2012	42	41
All years thereafter	99	97
Total	$ 311	$ 298

Lease In/Lease Out Transactions

In each of 1997 and 1999, Con Edison Development entered into a transaction in which it leased property and then immediately subleased it back to the lessor (termed Lease In/Lease Out, or LILO transaction). The transactions respectively involve gas distribution and electric generating facilities in the Netherlands, with a total investment of $259 million. The transactions were financed with $93 million of equity and $166 million of non-recourse, long-term debt secured by the underlying assets. In accordance with SFAS No. 13, Con Edison is accounting for the two LILO transactions as leveraged leases. Accordingly, the company s investment in these leases, net of non-recourse debt, is carried as a single amount in Con Edison s consolidated balance sheet and income is recognized pursuant to a method that incorporates a level rate of return for those years when net investment in the lease is positive, based upon the after-tax cash flows projected at the inception of the leveraged leases. At December 31, 2007 and December 31, 2006, the company s investment in these leveraged leases was $9 million and $24 million, respectively, comprised of a $235 million gross investment less $226 million of deferred tax liabilities in 2007 and a $232 million gross investment less $208 million of deferred tax liabilities in 2006.

On audit of Con Edison s tax return for 1997, the Internal Revenue Service (IRS) disallowed the tax losses in connection with the 1997 LILO transaction. In December 2005, Con Edison paid a $0.3 million income tax deficiency asserted by the IRS for the tax year 1997 with respect to the 1997 LILO transaction. In April 2006, the company paid interest of $0.2 million associated with the deficiency and commenced an action in the United States Court of Federal Claims, entitled Consolidated Edison Company of New York, Inc. v. United States, to obtain a refund of this tax payment and interest. A trial was completed in November 2007 and the parties are in the process of filing post trial briefs. A decision is expected later this year.

In connection with its audit of Con Edison s federal income tax returns for the tax years 1998, 1999, 2000, 2001 and 2006, the IRS disallowed $195 million of net tax deductions taken with respect to both of the LILO transactions for the tax years. For the tax years 1998 through 2001, Con Edison filed appeals of these audit level disallowances with the Appeals Office of the IRS, where consideration of this matter is pending. Con Edison is preparing a similar appeal with respect to the tax year 2006. In connection with its audit of Con Edison s federal income tax returns for the tax years 2002, 2003, 2004 and 2005, the IRS indicated that it intends to disallow $180 million of net tax deductions taken with respect to both of the LILO transactions for the tax years. If and when these audit level disallowances become appealable, Con Edison intends to file appeals of the disallowances with the Appeals Office of the IRS.

Con Edison believes that its LILO transactions have been correctly reported, and has not recorded any reserve with respect to the disallowance of tax losses, or related interest, in connection with its LILO transactions. Con Edison s estimated tax savings, reflected in its financial statements, from the two LILO transactions through December 31, 2007, in the aggregate, was $171 million. If Con Edison were required to repay all or a portion of these amounts, it would also be required to pay interest of up to $63 million at December 31, 2007.

In July 2006, the FASB issued FSP No. FAS 13-2, Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction, which became effective for fiscal years beginning after December 15, 2006. This FSP requires the expected timing of income tax cash flows generated by Con Edison s LILO transactions to be reviewed at least annually. If the expected timing of the cash flows is revised, the rate of return and the allocation of income would be recalculated from the inception of the LILO transactions, and the company would be required to recalculate the accounting effect of the LILO transactions, which

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would result in a charge to earnings that could have a material adverse effect on the company s results of operations.

Note K Goodwill and Intangible Assets

In 2007 and 2006, Con Edison completed impairment tests for its goodwill of $406 million related to the O&R merger, and determined that it was not impaired. For the impairment test, $245 million and $161 million of the goodwill were allocated to Con Edison of New York and O&R, respectively.

Con Edison s intangible assets consist of the following:

	December 31, 2007			December 31, 2006		
		Accumulated			Accumulated	
(Millions of Dollars)	**Gross**	**Amortization**	**Net**	**Gross**	**Amortization**	**Net**
Con Edison Development Power purchase agreement	$ -	$ -	$ -	$ 112	$ 33	$ 79
Other	3	1	2	2	1	1
Total	$ 3	$ 1	$ 2	$ 114	$ 34	$ 80

As a result of the pending sale of Con Edison Development assets, the intangible asset related to the power purchase agreement has been reclassified to Noncurrent Assets Held for Sale. In addition, the related amortization expense of $9 million for the year ended December 31, 2007, and $10 million for the years ended December 31, 2006 and 2005 was reclassified to Income/(Loss) from Discontinued Operations (Net of Income Taxes) in the accompanying Con Edison consolidated statements of income. Amortization ceased at the time that the Con Edison Development assets were reclassified as held for sale. See Note U.

Future amortization expense from the remaining intangible assets will be immaterial.

Note L Income Tax

The components of income tax are as follows:

	Con Edison			Con Edison of New York		
(Millions of Dollars)	**2007**	**2006**	**2005**	**2007**	**2006**	**2005**
Charge/(benefit) to operations:						
State						
Current	$ 30	$ 4	$ 66	$ 20	$ -	$ 65
Deferred net	72	86	9	70	78	1
Federal						
Current	72	73	394	46	55	385
Deferred net	284	250	(95)	262	228	(115)
Amortization of investment tax credits	(6)	(6)	(7)	(6)	(6)	(7)
Total Charge to Operations	452	407	367	392	355	329
Charge/(benefit) to other income:						
State						

Current	8	(8)	(7)	-	(6)	-
Deferred net	(8)	1	1	-	5	2
Federal						
Current	(9)	(13)	(23)	5	(12)	(8)
Deferred net	(6)	2	10	(5)	7	7
Total Charge/(Benefit) to Other Income	(15)	(18)	(19)	-	(6)	1
Total	$ 437	$ 389	$ 348	$ 392	$ 349	$ 330

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The tax effect of temporary differences, which gave rise to deferred tax assets and liabilities, is as follows:

(Millions of Dollars)	Con Edison 2007	Con Edison 2006	Con Edison of New York 2007	Con Edison of New York 2006
Deferred tax liabilities:				
Depreciation	$ 2,075	$ 2,029	$ 1,873	$ 1,841
Regulatory liability future income tax	1,240	1,118	1,165	1,048
Unrecognized pension and other postretirement costs SFAS No. 158	855	788	794	726
State income tax	474	454	394	380
Capitalized overheads	432	475	399	442
Other	544	439	378	272
Total deferred tax liabilities	5,620	5,303	5,003	4,709
Deferred tax assets:				
Unrecognized pension and other postretirement costs SFAS No. 158	855	788	794	726
Regulatory asset future income tax	125	123	109	107
State income tax	47	55	18	34
Other	207	327	139	241
Total deferred tax assets	1,234	1,293	1,060	1,108
Net Liabilities	4,386	4,010	3,943	3,601
Investment Tax Credits	79	85	75	81
Deferred Income Taxes and Investment Tax Credits	$ 4,465	$ 4,095	$ 4,018	$ 3,682
Deferred Income Taxes Recoverable Energy Costs	86	96	77	87
Total Deferred Income Taxes and Investment Tax Credits	$ 4,551	$ 4,191	$ 4,095	$ 3,769

In April 2007, the New York state statutory income tax rate decreased from 7.5% to 7.1%, retroactive to January 1, 2007. The rate decrease resulted in a reduction of $20 million and $19 million to the net accumulated deferred tax liabilities for Con Edison and Con Edison of New York, respectively, of which $19 million and $18 million were deferred for customers benefit for Con Edison and Con Edison of New York, respectively.

Reconciliation of the difference between income tax expense and the amount computed by applying the prevailing statutory income tax rate to income before income taxes is as follows:

(% of Pre-tax income)	Con Edison 2007	Con Edison 2006	Con Edison 2005	Con Edison of New York 2007	Con Edison of New York 2006	Con Edison of New York 2005
Statutory Tax Rate						
Federal	35%	35%	35%	35%	35%	35%
Changes in computed taxes resulting from:						
State income tax	5	5	4	4	5	4
Depreciation related differences	1	1	2	1	1	2
Cost of removal	(6)	(6)	(6)	(6)	(6)	(6)
Other	(3)	(1)	(4)	(3)	(2)	(3)
Effective Tax Rate	32%	34%	31%	31%	33%	32%

Uncertain Tax Positions

In January 2007, the Companies adopted FIN 48. This interpretation clarifies the accounting for uncertain tax positions in accordance with FASB Statement No. 109. Under the interpretation, an enterprise is not allowed to recognize, in its financial statements, the benefit of a tax position unless that position is more likely than not to be sustained upon examination by taxing authorities, including resolution of any related appeals and litigation processes, based solely on the technical merits of the position.

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The IRS has essentially completed its field audits of the Companies federal income tax returns through 2006. The Companies federal income tax returns for 2002 through 2006 reflect certain tax positions with which the IRS does not or may not agree, including tax positions with respect to the deduction of certain construction-related costs for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The field audits of the Companies New York state income tax returns have been completed through 2002. Any adjustments to federal income tax returns will result in the Companies filing the federal audit changes with New York state to incorporate in the applicable state income tax returns.

The Companies uncertain tax positions include the simplified service cost method (SSCM) used to determine the extent to which construction-related costs could be deducted in 2002 through 2005. The Companies expect that they will be required to repay, with interest, a portion of their past SSCM tax benefits ($316 million, of which $288 million is attributable to Con Edison of New York) and to capitalize and depreciate over a period of years costs they previously deducted under SSCM. Interest on all past SSCM tax benefits for Con Edison and Con Edison of New York would be approximately $103 million and $94 million, respectively. Repayment of the SSCM tax benefits would not otherwise affect the Companies results of operations because deferred taxes have been previously provided for the related temporary differences between the SSCM deductions taken for federal income tax purposes and the corresponding amounts charged to expense for financial reporting purposes.

In June 2007, Con Edison paid $160 million to the Internal Revenue Service, $147 million of which is attributable to Con Edison of New York, as a deposit for the repayment, including related interest, that the Companies expect will be required with respect to the past SSCM benefits. As a result, for federal income tax purposes, interest will continue to accrue only on the portion of the liability, if any, that exceeds the deposit. Con Edison and Con Edison of New York have recorded the deposit as a noncurrent asset on their consolidated balance sheet.

Upon adoption of FIN 48, Con Edison and Con Edison of New York reclassified previously recorded tax liabilities of $151 million and $139 million, respectively, which primarily related to SSCM, to a liability for uncertain tax positions. At December 31, 2007, the liabilities for uncertain tax positions for Con Edison and Con Edison of New York were $155 million and $142 million, respectively, and accrued interest on the liabilities amounted to $35 million and $31 million, respectively. The Companies recognize interest accrued related to the liability for uncertain tax positions in interest expense and penalties, if any, in operating expenses in the Companies consolidated income statements. In 2007, Con Edison recognized interest expense for uncertain tax positions of $11 million, of which $9 million is attributable to Con Edison of New York.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits for Con Edison and Con Edison of New York follows:

(Millions of Dollars)	Con Edison	Con Edison of New York
Balance at January 1, 2007	$ 151	$ 139
Additions based on tax positions related to the current year	-	-
Additions based on tax positions of prior years	19	17
Reductions for tax positions of prior years	(15)	(14)
Balance at December 31, 2007	$ 155	$ 142

The Companies do not expect the total amounts of uncertain tax positions or unrecognized tax benefits to significantly increase or decrease within the next 12 months.

Note M Stock-Based Compensation

The Companies may compensate employees and directors with, among other things, stock options, restricted stock units and contributions to a discount stock purchase plan. The Stock Option Plan (the 1996 Plan) provided for awards of stock options to officers and employees for up to 10 million shares of Con Edison common stock. The Long Term Incentive Plan (LTIP) among other things, provides for awards of restricted stock units, stock options and, to Con Edison s non-officer directors, deferred stock units for up to 10 million shares of common stock (of which not more than four million shares may be restricted stock or stock units).

Shares of Con Edison common stock used to satisfy the Companies obligations with respect to stock-based compensation may be new (authorized, but unissued) shares, treasury shares or shares purchased in the open market. The shares used during the period ended December 31, 2007 have been new shares.

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In January 2006, Con Edison adopted SFAS No. 123(R),   Share-Based Payment,   applying the modified prospective approach. Pursuant to SFAS No. 123(R), the Companies have recognized the cost of stock-based compensation as an expense using a fair value measurement method. The following table summarizes stock-based compensation expense recognized by the Companies in the period ended December 31, 2007, 2006 and 2005:

	Con Edison			Con Edison of New York		
(Millions of Dollars)	**2007**	**2006**	**2005**	**2007**	**2006**	**2005**
Stock options	$ 1	$ 7	$ -	$ 1	$ 6	$ -
Restricted stock units	2	1	5	1	1	4
Performance-based restricted stock	5	11	4	4	10	3
Non-officer director deferred stock compensation	1	1	1	1	1	1
Total	$ 9	$ 20	$ 10	$ 7	$ 18	$ 8

If the Companies had applied the fair value recognition provisions of SFAS No. 123,   Accounting for Stock-Based Compensation,   as amended by SFAS No. 148,   Accounting for Stock-Based Compensation   Transition and Disclosure   An Amendment of FASB Statement No. 123,   for the purposes of recognizing expense for stock-based compensation arrangements, the following table illustrates the effect on net income and earnings per share for the period ended December 31, 2005:

(Millions of Dollars, except per share amounts/Shares in Millions)	**Con Edison 2005**	**Con Edison of New York 2005**
Net income, as reported	$ 719	$ 705
Add: Stock-based compensation expense included in reported net income, net of related tax effects	6	5
Deduct: Total stock-based compensation expense determined under fair value method for all awards, net of related tax effects	10	8
Pro forma net income	$ 715	$ 702
Earnings per common share:		
Basic as reported	$ 2.95	
Basic pro forma	$ 2.93	
Diluted as reported	$ 2.94	
Diluted pro forma	$ 2.92	

Stock Options

Stock options generally vest over a three-year period and have a term of ten years. Options are granted at an exercise price equal to the fair market value of a common share when the option was granted. The Companies generally recognize compensation expense (based on the fair value of stock option awards) over the continuous service period in which the options vest. Awards to employees currently eligible for retirement are expensed in the month awarded.

The outstanding options are   equity awards   because shares of Con Edison common stock are delivered upon exercise of the options. As equity awards, the fair value of the options is measured at the grant date. There were no options granted in 2007. The weighted-average fair values of options granted in 2006 and 2005 are $3.81 and $4.51 per share, respectively. These values were estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2006	2005
Risk-free interest rate	4.62%	3.95%
Expected life	4.6 years	4.6 years
Expected stock volatility	13.41%	19.00%
Expected dividend yield	5.06%	5.37%

The weighted average risk-free rate is calculated using the five-year U.S. Treasury securities rate on the grant date of each stock option and then weighted for the number of shares awarded. The expected life of the options is based on historical employee exercise behavior and post-vesting cancellations. The expected stock volatility is calculated using the quarterly closing prices of Con Edison stock over a period of five years, which approximates the expected term of the options. The expected dividend yield is calculated using the annualized dividend divided by the stock price on the date of grant.

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A summary of changes in the status of stock options awarded as of December 31, 2007, 2006 and 2005 is as follows:

	Con Edison		Con Edison of New York	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at 12/31/04	7,808,184	$ 41.302	6,759,251	$ 41.381
Granted	1,300,950	42.723	1,037,750	42.713
Exercised	(1,149,533)	38.529	(1,023,650)	38.457
Forfeited	(92,450)	43.943	(75,950)	44.668
Outstanding at 12/31/05	7,867,151	41.913	6,697,401	42.000
Granted	1,663,900	45.133	1,410,700	45.175
Exercised	(854,550)	39.584	(729,700)	39.805
Forfeited	(58,900)	44.283	(31,800)	45.006
Outstanding at 12/31/06	8,617,601	42.773	7,346,601	42.842
Exercised	(1,971,450)	41.770	(1,793,500)	41.780
Forfeited	(49,301)	42.865	(21,251)	42.899
Outstanding at 12/31/07	6,596,850	$ 43.072	5,531,850	$ 43.187

The change in the fair value of all outstanding options from their grant dates to December 31, 2007 and 2006 (aggregate intrinsic value) for Con Edison were $38 million and $46 million, respectively. The change in the fair value of all outstanding options from their grant dates to December 31, 2007 and 2006 (aggregate intrinsic value) for Con Edison of New York was $31 million and $38 million, respectively. The aggregate intrinsic value of options exercised in 2007 and 2006 was $16 million and $7 million, respectively, and the cash received by Con Edison for payment of the exercise price was $82 million and $34 million, respectively. The weighted average remaining contractual life of options outstanding is four years as of December 31, 2007.

The following table summarizes stock options outstanding at December 31, 2007 for each plan year for the Companies:

		Con Edison			Con Edison of New York		
Plan Year	Remaining Contractual Life	Options Outstanding	Weighted Average Exercise Price	Options Exercisable	Options Outstanding	Weighted Average Exercise Price	Options Exercisable
2006	9	1,635,800	$ 45.161		1,399,700	$ 45.188	
2005	8	1,252,000	42.745		1,020,750	42.722	
2004	7	929,900	43.768	929,900	742,350	43.763	742,350
2003	6	798,100	39.939	798,100	627,900	39.964	627,900
2002	5	853,050	42.510	853,050	715,550	42.510	715,550
2001	4	368,800	37.750	368,800	320,800	37.750	320,800
2000	3	130,150	32.500	130,150	94,650	32.500	94,650
1999	2	555,000	47.938	555,000	537,600	47.938	537,600
1998	1	74,050	42.563	74,050	72,550	42.563	72,550
Total		6,596,850	$ 43.072	3,709,050	5,531,850	$ 43.187	3,111,400

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The exercise prices of options awarded in 2006 and 2005 range from $43.50 to $46.88 and $42.18 to $43.72, respectively. The total expense to be recognized in future periods for unvested stock options outstanding as of December 31, 2007 is $1 million for Con Edison and Con Edison of New York.

Restricted Stock Units

Restricted stock unit awards under the LTIP have been made as follows: (i) to officers and certain employees, including awards that provide for adjustment of the number of units (performance-restricted stock units or Performance RSUs); and (ii) in connection with the directors deferred compensation plan. Each restricted stock unit awarded represents the right to receive, upon vesting, one share of Con Edison common stock, or, except for units awarded under the directors plan, the cash value of a share or a combination thereof.

In accordance with SFAS No. 123(R), for outstanding restricted stock awards other than Performance RSUs or awards under the directors deferred compensation plan, the Companies have accrued a liability based on the market value of a common share on the grant date and are recognizing compensation expense over the vesting period. The weighted average vesting period for outstanding awards is three years and is based on the employee s continuous service to Con Edison. Prior to vesting, the awards are subject to forfeiture in whole or in part under certain circumstances. The awards are liability awards because each restricted stock unit represents the right to receive, upon vesting, one share of Con Edison common stock, the cash value of a share or a combination thereof. As such, prior to vesting, changes in the fair value of the units are reflected in net income. At December 31, 2007 and 2006, there were 114,505 and 92,500 units outstanding, respectively, for Con Edison, of which 62,505 and 41,700 units outstanding, respectively, for Con Edison of New York. The weighted average fair value as of the grant date of the outstanding units other than Performance RSUs or awards under the directors deferred compensation plan for December 31, 2007 and 2006 was $42.834 and $40.877 per unit, respectively, for Con Edison. The weighted average fair value as of the grant date of the outstanding units for December 31, 2007 and 2006 was $45.838 and $43.233 per unit, respectively, for Con Edison of New York. At December 31, 2006, 130,000 vested restricted stock units were distributed to a retired officer. The total expense to be recognized by the Companies in future periods for unvested awards outstanding as of December 31, 2007 for Con Edison and Con Edison of New York was $1 million.

The number of units in each annual Performance RSU award is subject to adjustment as follows: (i) 50 percent of the units awarded will be multiplied by a factor that may range from 0 to 150 percent based on Con Edison s total shareholder return relative to a specified peer group during a specified performance period (the TSR portion); and (ii) 50 percent of the units awarded will be multiplied by a factor that may range from 0 to 132 percent based on determinations made in connection with Con Edison of New York s Executive Incentive Plan, or, for certain officers, the O&R Annual Team Incentive Plan or goals relating to Con Edison s competitive energy businesses (the EIP portion). Units generally vest when the performance period ends.

For the TSR portion of Performance RSU, the Companies use a Monte Carlo simulation model to estimate the fair value of the awards. The fair value is recomputed each reporting period as of the earlier of the reporting date and the vesting date. For the EIP portion of Performance RSU, the fair value of the awards is determined using the market price as of the earlier of the reporting date or the vesting date. Performance RSU awards are liability awards because each Performance RSU represents the right to receive, upon vesting, one share of Con Edison common stock, the cash value of a share or a combination thereof. As such, changes in the fair value of the Performance RSUs are reflected in net income. The following table illustrates the assumptions used to calculate the fair value of the awards:

	2007
Risk-free interest rate	2.91% -4.00%
Expected term	3 years
Expected volatility	13.92%
Expected quarterly dividends	$0.58 -$0.595

The risk-free rate is based on the U.S. Treasury zero-coupon yield curve on the date of grant. The expected term of the Performance RSUs is three years, which equals the vesting period. The Companies do not expect significant forfeitures to occur.

The expected volatility is calculated using daily closing stock prices over a period of three years, which approximates the expected term of the awards. Expected annual escalation of dividends is based on historical trends.

A summary of changes in the status of the Performance RSUs TSR portion during the period ended December 31, 2007 is as follows:

	Con Edison		Con Edison of New York	
	Units	Weighted Average Fair Value*	Units	Weighted Average Fair Value*
Non-vested at 12/31/06	126,425	$ 13.992	94,025	$ 14.420
Granted	146,880	45.601	108,833	45.776
Vested and Exercised	(46,762)	39.311	(32,607)	38.988
Forfeited	(30,563)	-	(24,218)	-
Non-vested at 12/31/07	195,980	$ 33.398	146,033	$ 33.048

* Fair value is determined using the Monte Carlo simulation described above.

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A summary of changes in the status of the Performance RSUs EIP portion during the period ended December 31, 2007 is as follows:

	Con Edison		Con Edison of New York	
	Units	Weighted Average Price	Units	Weighted Average Price
Non-vested at 12/31/06	126,425	$ 48.070	94,025	$ 48.070
Granted	146,880	48.550	108,833	48.735
Vested and Exercised	(69,804)	48.256	(49,304)	48.275
Forfeited	(7,521)	-	(7,521)	-
Non-vested at 12/31/07	195,980	$ 48.850	146,033	$ 48.850

The total expense to be recognized by Con Edison in future periods for unvested Performance RSUs outstanding as of December 31, 2007 is $10 million, including $8 million for Con Edison of New York.

Con Edison has a deferred stock compensation plan for non-officer directors. Awards under the deferred compensation stock plan are covered by the LTIP. Each director receives 1,500 stock units annually for service as a director. These stock units are deferred until the director s termination of service. Directors may elect to receive dividend equivalents earned on stock units in cash payments. Restricted stock units issued under the directors deferred compensation plan are considered equity awards, because they may only be settled in shares. Directors immediately vest in units issued to them. The fair value of the units is determined using the closing price of Con Edison s common stock on the business day immediately preceding the date of issue. In the period ended December 31, 2007, approximately 22,386 units were issued.

Stock Purchase Plan

The Stock Purchase Plan provides for the Companies to contribute $1 for each $9 invested by their directors, officers or employees to purchase Con Edison common stock under the plan. Eligible participants may invest up to $25,000 during any calendar year (subject to an additional limitation for officers and employees of not more than 20% of their pay). Dividends paid on shares held under the plan are reinvested in additional shares unless otherwise directed by the participant.

Participants in the plan immediately vest in shares purchased by them under the plan. The fair value of the shares of Con Edison common stock purchased under the plan was calculated using the average of the high and low composite sale prices at which shares were traded at the New York Stock Exchange on the trading day immediately preceding such purchase dates. During 2007, 2006 and 2005, 633,647, 624,751 and 590,413 shares were purchased under the Stock Purchase Plan at a weighted average price of $47.70, $45.33 and $45.05 per share, respectively.

Note N Financial Information by Business Segment

The business segments of each of the Companies were determined based on management s reporting and decision-making requirements in accordance with SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information.

Con Edison s principal business segments are Con Edison of New York s regulated electric, gas and steam utility activities, O&R s regulated electric and gas utility activities and Con Edison s competitive businesses. See Note U. Con Edison of New York s principal business segments are its regulated electric, gas and steam utility activities.

All revenues of these business segments, excluding revenues earned by Con Edison Development on certain energy infrastructure projects, which are deemed to be immaterial, are from customers located in the United States of America. Also, all assets of the business segments, excluding certain investments in energy infrastructure projects by Con Edison Development ($245 million at December 31, 2007), are located in the United States of America. The accounting policies of the segments are the same as those described in Note A.

Common services shared by the business segments are assigned directly or allocated based on various cost factors, depending on the nature of the service provided.

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Notes to the Financial Statements Continued

The financial data for the business segments are as follows:

As of and for the Year Ended December 31, 2007 (Millions of Dollars)	Operating revenues	Inter-segment revenues	Depreciation and amortization	Income tax expense	Operating income	Interest charges	Total assets*	Construction expenditures
Con Edison of New York								
Electric	$ 7,439	$ 11	$ 448	$ 271	$ 967	$ 347	$ 18,661	$ 1,567
Gas	1,760	5	85	94	218	71	3,864	217
Steam	686	77	60	27	92	40	2,034	95
Consolidation adjustments	-	(93)	-	-	-	-	-	-
Total Con Edison of New York	**$ 9,885**	**$ -**	**$ 593**	**$ 392**	**$ 1,277**	**$ 458**	**$ 24,559**	**$ 1,879**
O&R								
Electric	$ 671	$ -	$ 27	$ 19	$ 57	$ 21	$ 1,271	$ 80
Gas	265	-	11	5	22	11	530	32
Other*	-	-	-	-	-	2	61	-
Total O&R	**$ 936**	**$ -**	**$ 38**	**$ 24**	**$ 79**	**$ 34**	**$ 1,862**	**$ 112**
Competitive energy businesses****	$ 2,303	$ 12	$ 14	$ 36	$ 42	$ (4)	$ 1,655	$ 7
Other**	(4)	(12)	-	-	(3)	29	267	-
Total Con Edison	**$ 13,120**	**$ -**	**$ 645**	**$ 452**	**$ 1,395**	**$ 517**	**$ 28,343**	**$ 1,998**

As of and for the Year Ended December 31, 2006 (Millions of Dollars)	Operating revenues	Inter-segment revenues	Depreciation and amortization	Income tax expense	Operating income	Interest charges	Total assets*	Construction expenditures***
Con Edison of New York								
Electric	$ 7,052	$ 10	$ 414	$ 235	$ 837	$ 331	$ 17,100	$ 1,462
Gas	1,613	4	81	81	186	73	3,795	219
Steam	623	75	50	39	87	42	1,921	101
Consolidation adjustments	-	(89)	-	-	-	-	-	-
Total Con Edison of New York	**$ 9,288**	**$ -**	**$ 545**	**$ 355**	**$ 1,110**	**$ 446**	**$ 22,816**	**$ 1,782**
O&R								
Electric	$ 582	$ -	$ 25	$ 20	$ 53	$ 18	$ 1,230	$ 84
Gas	236	-	10	5	16	7	495	26
Other*	-	-	-	-	-	3	43	-
Total O&R	**$ 818**	**$ -**	**$ 35**	**$ 25**	**$ 69**	**$ 28**	**$ 1,768**	**$ 110**
Competitive businesses	$ 1,919	$ 39	$ 15	$ 27	$ 41	$ -	$ 1,726	$ 6
Other**	(63)	(39)	-		1	36	389	-
Total Con Edison	**$ 11,962**	**$ -**	**$ 595**	**$ 407**	**$ 1,221**	**$ 510**	**$ 26,699**	**$ 1,898**

As of and for the Year Ended December 31, 2005 (Millions of Dollars)	Operating revenues	Inter-segment revenues	Depreciation and amortization	Income tax expense	Operating income	Interest charges	Total assets*	Construction expenditures***
Con Edison of New York								
Electric	$ 6,948	$ 10	$ 394	$ 224	$ 784	$ 270	$ 15,609	$ 1,186
Gas	1,630	3	76	75	170	59	3,550	201
Steam	649	55	39	30	87	35	1,985	154
Consolidation adjustments	-	(68)	-	-	-	-	-	-
Total Con Edison of New York	**$ 9,227**	**$ -**	**$ 509**	**$ 329**	**$ 1,041**	**$ 364**	**$ 21,144**	**$ 1,541**
O&R								
Electric	$ 596	$ -	$ 25	$ 25	$ 57	$ 15	$ 1,082	$ 61

Gas	228	-	9	6	16	7	459	26
Other*	-	-	-	-	-	2	47	-
Total O&R	**$ 824**	**$ -**	**$ 34**	**$ 31**	**$ 73**	**$ 24**	**$ 1,588**	**$ 87**
Competitive businesses	$ 1,290	$ 9	$ 15	$ 8	$ 13	$ -	$ 1,647	$ 19
Other**	2	(9)	-	(1)	(1)	34	469	-
Total Con Edison	**$ 11,343**	**$ -**	**$ 558**	**$ 367**	**$ 1,126**	**$ 422**	**$ 24,848**	**$ 1,647**

* Includes amounts related to the RECO securitization.

** Parent company expenses, primarily interest, and consolidation adjustments. Other does not represent a business segment.

*** Construction expenditures for competitive businesses include amounts related to discontinued operations of Con Edison Development and Con Edison Communications.

**** Total assets for the competitive energy businesses includes $906 million of assets held for sale.

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Note O Derivative Instruments and Hedging Activities

Derivative instruments and hedging activities are accounted for in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended (SFAS No. 133). Under SFAS No. 133, derivatives are recognized on the balance sheet at fair value, unless an exception is available under the standard. Certain qualifying derivative contracts have been designated as normal purchases or normal sales contracts. These contracts are not reported at fair value under SFAS No. 133.

Energy Price Hedging

Con Edison s subsidiaries hedge market price fluctuations associated with physical purchases and sales of electricity, natural gas, and steam by using derivative instruments including futures, forwards, basis swaps, options, transmission congestion contracts and financial transmission rights contracts. The fair values of these hedges at December 31, 2007 and 2006 were as follows:

	Con Edison		Con Edison of New York	
(Millions of Dollars)	**2007**	**2006**	**2007**	**2006**
Fair value of net assets	$ (90)	$ (319)	$ (69)	$ (206)

Generally, the collateral requirements associated with, and settlement of, derivative transactions are included in net cash flows from operating activities in the Companies consolidated statement of cash flows.

Credit Exposure

The Companies are exposed to credit risk related to transactions entered into primarily for the various energy supply and hedging activities by the Utilities and the competitive energy businesses. The Companies use credit policies to manage this risk, including an established credit approval process, monitoring of counterparty limits, netting provisions within agreements, collateral or prepayment arrangements, credit insurance and credit default swaps.

Con Edison and Con Edison of New York had $158 million and $39 million of credit exposure in connection with energy supply and hedging activities, net of collateral and reserves, at December 31, 2007, respectively. Con Edison s net credit exposure consisted of $99 million with investment-grade counterparties (a portion of which is insured through credit insurance and hedged with credit default swaps), and $59 million primarily with commodity exchange brokers. Con Edison of New York s net credit exposure was primarily with commodity exchange brokers.

Cash Flow Hedges

Con Edison s subsidiaries, primarily the competitive energy businesses prior to July 1, 2007, designated a portion of derivative instruments as cash flow hedges under SFAS No. 133. Under cash flow hedge accounting, to the extent a hedge is determined to be effective, the unrealized gain or loss on the hedge is recorded in OCI and reclassified to earnings at the time the underlying transaction is completed. A gain or loss relating to any portion of the hedge determined to be ineffective is recognized in earnings in the period in which such determination is made.

Con Edison s competitive energy businesses elected to discontinue the use of hedge accounting for their commodity derivatives effective July 1, 2007. As of such date, net unrealized derivative losses relative to cash flow hedges, reported in OCI, amounted to $28 million, which are being reclassified to earnings at the time the underlying transaction is completed. At December 31, 2007, there are no net unrealized derivative gains associated with the discontinued cash flow hedges remaining in accumulated OCI.

Economic Hedges

The Companies enter into certain derivative instruments that do not qualify or are not designated as hedges under SFAS No. 133. However, management believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. The Utilities are permitted by their respective regulators to reflect in rates all reasonably incurred gains and losses on these instruments. See Recoverable Energy Costs in Note A. Con Edison s competitive energy businesses record unrealized gains and losses on these derivative contracts in earnings in the reporting period in which they occur. For the years ended December 31, 2007 and 2006, Con Edison recorded in non-utility operating revenues unrealized pre-tax losses of $8 million and $26 million, respectively.

Interest Rate Hedging

Con Edison s subsidiaries use interest rate swaps to manage interest rate exposure associated with debt. The fair values of these interest rate swaps at December 31, 2007 and 2006 were as follows:

	Con Edison		**Con Edison of New York**	
(Millions of Dollars)	**2007**	**2006**	**2007**	**2006**
Fair value of interest rate swaps	$ (11)	$ (15)	$ -	$ (3)

Fair Value Hedges

Con Edison of New York s swap (related to its $225 million of Series 2001A tax-exempt debt) was designated as a fair value hedge. The counterparty terminated the swap on January 2, 2008.

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Cash Flow Hedges

Con Edison Development s and O&R s swaps are designated as cash flow hedges under SFAS No. 133. Any gain or loss on the hedges is recorded in OCI and reclassified to interest expense and included in earnings during the periods in which the hedged interest payments occur. The contractual components of the interest rate swaps accounted for as cash flow hedges are as follows:

Debt	Maturity Date	Notional Amount (Millions of Dollars)	Fixed Rate Paid	Variable Rate Received
O&R				
Pollution Control Refunding Revenue Bond, 1994 Series A	2014	$ 55	6.09%	Current bond rate
Con Edison Development				
Amortizing variable rate loans Lakewood	2008	$ 44	6.68%	LIBOR

Con Edison Development s swap was reclassified at December 31, 2007 to Current Liabilities Held for Sale as a result of the pending sale of Con Edison Development generating assets. See Note U.

In late 2004 and early 2005, Con Edison of New York entered into forward starting swap agreements to hedge the interest payments associated with the anticipated issuance of $300 million of its debentures later in 2005. The swaps were designated as cash flow hedges. At the inception of each hedge, the company locked in a swap rate that had a high correlation with the company s total borrowing costs. The swap agreements were settled in 2005 at the issuance of the debentures. A net loss of $4 million with respect to the swap agreements was recorded in OCI in 2005, which will be reclassified to interest expense over the term of the related debentures.

The following table presents selected information related to these cash flow hedges included in the accumulated OCI at December 31, 2007:

	Accumulated Other Comprehensive Income/(Loss) Net of Tax		Portion Expected to be Reclassified to Earnings during the Next 12 Months	
(Millions of Dollars)	Con Edison	Con Edison of New York	Con Edison	Con Edison of New York
Interest Rate Swaps	$ (9)	$ (2)	$ (1)	$ -

The actual amounts that will be reclassified to earnings may vary from the expected amounts presented above as a result of changes in interest rates. For the Utilities, these costs are generally recovered in rates and the reclassification will have no material impact on results of operations.

Note P Variable Interest Entities

FASB Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities, (FIN 46R) addresses the consolidation of a variable interest entity (VIE) by a business enterprise that is the primary beneficiary. A VIE is an entity that does not have sufficient equity investment at risk to permit it to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest. The primary beneficiary is the business enterprise that absorbs a majority of the VIEs expected losses, receives a majority of its expected residual returns, or both.

Con Edison enters into arrangements including leases, partnerships and PPAs, with various entities. As a result of these arrangements, Con Edison retains or may retain a variable interest in these entities.

VIE assets include non-utility plant of $315 million and $323 million in 2007 and 2006, respectively, related to a lease arrangement entered into by a Con Edison Development subsidiary in 2000, to finance the construction of a 525 MW gas-fired electric generating facility in Newington, New Hampshire (the facility). These VIE assets were reclassified at December 31, 2007 to Non-utility property held for sale as a result of the pending sale of the assets. Debt related to the facility was $326 million and $330 million at December 31, 2007 and 2006, respectively. Such debt was reclassified to long term debt due within one year at December 31, 2007 as a result of the pending sale. At the expiration of the initial lease term in June 2010, the subsidiary has the option to extend the lease or purchase the facility for the then outstanding amounts expended by the lessor for the facility. See Note U.

If the VIE assets are not sold and in the event the subsidiary chooses not to extend the lease or acquire the facility in June 2010, Con Edison has guaranteed a residual value for an amount not to exceed $240 million. The subsidiary also has contingent payment obligations to the lessor if an event of default should occur during the lease period. If the subsidiary were to default, its obligation would equal up to 100% of the lessor s investment in the facility plus all other amounts then due under the lease, which could exceed the aforementioned residual value guarantee. The subsidiary s payment and performance obligations are fully and unconditionally guaranteed by Con Edison.

Con Edison has a variable interest in a non-consolidated VIE related to Con Edison Development s sole limited interest in an

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affordable housing partnership that began in 2000. Con Edison Development s maximum exposure to loss as a result of its involvement with the VIE is $5 million at December 31, 2007 and 2006. In addition, Con Edison has guaranteed the debt undertaken by the partnership. See Note H.

Con Edison of New York did not apply FIN 46R to the following five potential VIEs with which it has long-term PPAs: Sithe/Independence Partners, LP, East Coast Power, LLC, Selkirk Cogen Partners, LP, Brooklyn Navy Yard Cogeneration Partners, LP, and Indeck Energy Services of Corinth, Inc. In each quarter of 2007, requests were made of the counterparties for information necessary to determine whether the entity was a VIE and whether Con Edison of New York is the primary beneficiary; however, the information was not made available. See Note I for information on these PPAs.

Note Q   Asset Retirement Obligations

Con Edison and Con Edison of New York account for retirement obligations on their assets in accordance with SFAS No. 143, Accounting for Asset Retirement Obligations (SFAS No. 143). This accounting standard requires recognition of a liability for legal obligations associated with the retirement of long-lived assets. When the liability is initially recorded, asset retirement costs are capitalized by increasing the carrying amount of the related asset. The liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset.

The Utilities include in depreciation the estimated removal costs, less salvage, for utility plant assets. In accordance with SFAS No. 143, future removal costs that do not represent legal asset retirement obligations are recorded as regulatory liabilities pursuant to SFAS No. 71. The related regulatory liabilities recorded for Con Edison and Con Edison of New York were $422 million and $362 million at December 31, 2007 and $492 million and $432 million at December 31, 2006, respectively.

The Companies identified future asset retirement obligations associated with the removal of asbestos and asbestos-containing material in their buildings and equipment within the generating stations and substations, and within the steam and gas distribution systems. The Companies also identified asset retirement obligations relating to gas pipelines abandoned in place. The estimates of future liabilities were developed using historical information, and where available, quoted prices from outside contractors. The obligation for the cost of asbestos removal from the Companies generating stations and substation structures was not accrued since the retirement dates cannot be reasonably estimated.

At December 31, 2007, the liabilities of Con Edison and Con Edison of New York for the fair value of their legal asset retirement obligations were $110 million, as compared with $97 million and $96 million, respectively, at December 31, 2006. In addition, Con Edison and Con Edison of New York increased utility plant, net of accumulated depreciation, for asset retirement costs at December 31, 2007 by $34 million, as compared with $19 million and $18 million, respectively, at December 31, 2006. Pursuant to SFAS No. 71, Con Edison of New York also recorded a reduction of $76 million and $78 million at December 31, 2007 and 2006, respectively, to the regulatory liability associated with cost of removal to reflect accumulated depreciation and interest accretion costs.

Note R   Related Party Transactions

The Utilities and Con Edison s competitive businesses provide administrative and other services to each other pursuant to cost allocation procedures approved by the PSC. The costs of administrative and other services provided by Con Edison of New York to, and received by it from, Con Edison and its other subsidiaries for the years ended December 31, 2007, 2006 and 2005 were as follows:

	Con Edison of New York		
(Millions of Dollars)	**2007**	**2006**	**2005**
Cost of services provided	$ 64	$ 64	$ 64
Cost of services received	$ 45	$ 47	$ 48

In addition, Con Edison of New York and O&R have joint gas supply arrangements, in connection with which Con Edison of New York sold to O&R $161 million, $149 million and $185 million of natural gas for the years ended December 31, 2007, 2006 and 2005, respectively. These amounts are net of the effect of related hedging transactions.

Con Edison of New York entered into financial contracts on behalf of O&R with various brokers and counterparties to hedge purchases of electricity. For the years ended December 31, 2007, 2006, and 2005, the realized gains or losses recorded as part of purchase power expense is $5 million, $9 million, and $(3) million, respectively.

As a result of an auction held in October 2005, Con Edison of New York entered into financial contracts with Con Edison Energy to hedge purchases of electricity in 2006. Con Edison of New York s realized losses associated with these contracts in 2006 totaled $62 million. These losses were recovered under Con Edison of New York s recoverable energy cost rate provision. See Recoverable Energy Costs in Note A. Con Edison Energy s gain on this transaction was offset by a corresponding loss on a hedge position.

In December 2005, the FERC authorized Con Edison of New York to lend funds to O&R, for periods of not more than 12

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months, in amounts not to exceed $200 million outstanding at any time, at prevailing market rates. In December 2007, Con Edison of New York loaned O&R $55 million, which was repaid in January 2008.

Note S New Financial Accounting Standards

In December 2007, the FASB issued Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (SFAS No. 160), which is effective for financial statements issued for fiscal years beginning after December 15, 2008. This Statement requires ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the consolidated statement of financial position within equity, but separate from the parent s equity. It also requires the amount of consolidated net income attributable to the parent and to the non-controlling interest be clearly identified and presented on the face of the consolidated statement of income. The adoption of SFAS No. 160 is not expected to have a material impact on the Companies financial position, results of operations or liquidity.

In December 2007, the FASB issued Statement No. 141R, Business Combinations (SFAS No. 141R), which is effective for financial statements issued for fiscal years beginning after December 15, 2008. This Statement requires an acquiring entity to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. The adoption of SFAS No. 141R is not expected to have a material impact on the Companies financial position, results of operations or liquidity.

In November 2007, the FASB issued FSP No. SFAS 142-f, Determination of the Useful Life of Intangible Assets. The guidance in this FSP would amend the factors used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, Goodwill and Other Intangible Assets . The guidance in this FSP becomes effective for fiscal years beginning after June 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The Companies are currently evaluating the impact of this FSP on their financial position, results of operations and liquidity.

In June 2007, the FASB issued EITF Issue No. 07-3, Accounting for Nonrefundable Advance Payments for Goods or Services to be used in Future Research and Development Activities. The EITF concluded that nonrefundable advance payments for future research and development activities should be deferred and capitalized. Such amounts should be recognized as an expense as the related goods are delivered or the related services are performed. If an entity does not expect the goods to be delivered or services to be rendered, the capitalized advance payment should be charged to expense. The guidance in this EITF becomes effective for fiscal years beginning after December 15, 2007. The Companies do not expect this EITF to have a material effect on their financial position, results of operations or liquidity.

In June 2007, the FASB ratified the consensus reached by the EITF in Issue No. 06-11, Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards , which is effective for fiscal years beginning after December 15, 2007. The EITF concluded that a realized income tax benefit from dividends or dividend equivalents that are charged to retained earnings and are paid to employees for equity classified as nonvested equity shares, nonvested equity share units, and outstanding equity share options should be recognized as an increase to additional paid-in capital. The amount recognized in additional paid-in capital for the realized income tax benefit from dividends on those awards should be included in the pool of excess tax benefits available to absorb tax deficiencies on share-based payment awards. The adoption of EITF No. 06-11 is not expected to have a material impact on the Companies financial position, results of operations or liquidity.

In May 2007, the FASB issued FSP No. FIN 48-1, Definition of *Settlement* in FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes. The guidance in this FSP clarifies how an enterprise should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. The guidance in this FSP became effective upon adoption of the FASB Interpretation No. 48, which the Companies adopted in January 2007. See Note L. The application of this FSP did not have a material impact on the Companies financial position, results of operations or liquidity.

In April 2007, the FASB issued FSP No. 39-1, Amendment of FASB Interpretation No. 39. This FSP permits a reporting entity to offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments that have been offset provided that the receivable or payable arises from the same master netting arrangement with the same counterparty as the derivative instruments. The guidance in this FSP becomes effective for fiscal years beginning after November 15, 2007. The adoption of this FSP is not expected to have a material impact on the Companies financial position, results of operations or liquidity.

In February 2007, the FASB issued Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities including an Amendment of FASB Statement No. 115. This Statement permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The guidance in this Statement becomes effective for fiscal periods beginning

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after November 15, 2007. The Companies have not elected the fair value option.

In September 2006, the FASB issued EITF Issue 06-4, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split Dollar Life Insurance Arrangements. This EITF requires employers to record a liability for future benefits for endorsement split-dollar life insurance arrangements that provide a postretirement benefit to an employee. The guidance in this EITF becomes effective for fiscal periods beginning after December 15, 2007. The Companies do not expect this EITF to have a material impact on their financial statements, results of operations or liquidity.

In September 2006, the FASB issued Statement No. 157, Fair Value Measurements (SFAS No. 157). This Statement defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. It applies to other accounting pronouncements that require fair value measurements and, accordingly, does not require any new fair value measurements. The guidance in this Statement becomes effective for financial statements issued for fiscal years beginning after November 15, 2007. The Companies have evaluated the impact of this Statement on their financial position, results of operations and liquidity. Upon adoption of this Statement, SFAS No. 157 provides for limited retrospective application for day one gains and losses previously deferred under EITF 02-03, Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities. To the extent that an entity has deferred day one gains and losses on their commodity contracts due to the inability to recognize them under EITF 02-03, it should record an adjustment to opening retained earnings for the difference between the fair value and carrying value of those derivative instruments on that day. Con Edison Energy has deferred day one gains under EITF 02-03. The adoption of SFAS No. 157 is expected to result in Con Edison Energy recording a transition adjustment for its day one gains in the amount of $17 million, net of taxes, to beginning retained earnings for 2008. The application of SFAS No. 157 will not impact the financial statements of other CEI subsidiaries. It will, however, require additional disclosures for items that are measured at fair value.

Note T Con Edison Communications (CEC)

In March 2006, Con Edison completed the sale of CEC to RCN Corporation for approximately $39 million in cash. The sale resulted in a loss from discontinued operations of approximately $1 million for the period ended December 31, 2006.

Subsequent to the sale, Con Edison of New York will receive lease payments from RCN Corporation for the right to use its electric conduit system in accordance with the tariff approved by the PSC. The continuing cash flows related to the lease payments are not considered significant in relation to the revenues expected to be generated by the CEC business.

In accordance with SFAS No. 144, the loss on the sale of CEC is reported as Discontinued operations on Con Edison s consolidated income statement.

Note U Con Edison Development

In December 2007, Con Edison Development and its subsidiary, CED/SCS Newington, LLC, agreed to sell their ownership interests in power generating projects (Rock Springs, Ocean Peaking Power, CEEMI, Newington and Lakewood) with an aggregate capacity of approximately 1,706 megawatts to North American Energy Alliance, LLC for approximately $1.5 billion in cash, subject to closing adjustments. The sale is subject to review or approval by various federal, state and local regulators. The sale is scheduled to be completed in two stages during the first half of 2008. Con Edison estimates that the cash proceeds from the sale, net of repayment of project debt, taxes and transaction expenses would be approximately $654 million and that the sale would result in an after-tax gain, net of transaction expenses, of approximately $335 million. Con Edison is considering alternatives with respect to the repayment of the project debt that might result in higher cash proceeds in 2008 and an increased net after-tax gain.

In February 2008, Allco Finance Group Limited, which through subsidiaries, is one of the owners of the North American Energy Alliance, LLC requested that the Australian Securities Exchange suspend trading in the shares of Allco Finance Group Limited. Con Edison is unable to predict whether the completion of the sale may be adversely affected by developments related to Allco Finance Group Limited.

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Notes to the Financial Statements Continued

In accordance with SFAS No. 144, in 2007, the assets and liabilities of the generating projects were classified as held for sale on Con Edison s consolidated balance sheet. Effective November 15, 2007, Con Edison ceased recording depreciation and amortization expense on these assets. Had the company continued to record depreciation and amortization, an additional charge of $5 million would have been recognized during 2007. In accordance with EITF Issue No. 87-24, Allocation of Interest to Discontinued Operations , which permits, but does not require the allocation of other consolidated interest to discontinued operations, Con Edison has chosen not to allocate interest associated with corporate level debt to discontinued operations. The assets and liabilities presented separately under the captions held for sale in Con Edison s consolidated balance sheet at December 31, 2007, consist of the following:

(Millions of Dollars)	**2007**
Non-utility property	$ 929
Accumulated depreciation	(151)
Non-utility property held for sale	$ 778
Cash	$ 9
Restricted cash	5
Accounts receivable	5
Inventory	16
Other current assets	5
Current assets held for sale	$ 40
Intangible assets	$ 70
Other noncurrent assets	18
Noncurrent assets held for sale	88
Current portion of long-term debt	$ 20
Accounts payable	3
Other current liabilities	5
Current liabilities held for sale	$ 28
Long term debt	$ 60
Other noncurrent liabilities	1
Noncurrent liabilities held for sale	$ 61

Con Edison currently expects that one of its competitive energy businesses will provide energy management services, such as plant scheduling and fuel procurement, for the Rock Springs, Ocean Peaking Power and CEEMI projects. Such services are expected to give rise to a significant level of continuing direct cash flows between Con Edison and the disposed projects, and to provide Con Edison with significant continuing involvement with the operations of the disposed projects. As a result, under the guidance of EITF Issue No. 03-13, Applying the Conditions in Paragraph 42 of FASB Statement No. 144 in Determining Whether to Report Discontinued Operations (EITF No. 03-13), Con Edison has concluded that the Rock Springs, Ocean Peaking Power and CEEMI projects do not qualify for discontinued operations. Accordingly, the results of operations of these projects have been reported within continuing operations in the accompanying Con Edison consolidated statements of income.

Con Edison also expects that one of its competitive energy businesses will engage in certain services for the Newington and Lakewood projects after the sale. However, such services are expected to be much more limited than those provided to the Rock Springs, Ocean Peaking Power and CEEMI projects, and are not expected to give rise to significant level of continuing direct cash flows between Con Edison and the disposed projects, or to provide Con Edison with significant continuing involvement in the operating or financial policies of the disposed projects. As a result, Con Edison believes that the criteria within SFAS No. 144 and EITF No. 03-13 for discontinued operations treatment have been met for the Newington and Lakewood projects. Accordingly, the results of operations of these projects has been reflected in Income/(Loss) from Discontinued Operations (Net of Income Taxes) in the accompanying Con Edison consolidated statements of income . The Newington and Lakewood projects had revenues of $268 million, $194 million and $298 million and pre-tax profit (loss) of $5 million, $-, and $(20) million for 2007, 2006 and 2005, respectively.

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SCHEDULE I

Condensed Financial Information of Consolidated Edison, Inc.

Condensed Balance Sheet

(Parent Company Only)

(Millions of Dollars)	At December 31, 2007	2006
Assets		
Current Assets		
Cash and temporary cash investments	**$ 32**	$ 23
Accounts receivable from affiliated companies	**52**	122
Prepayments	**26**	57
Other current assets	**1**	4
Total Current Assets	**111**	206
Investments in subsidiaries and others	**10,137**	9,107
Goodwill	**406**	406
Federal income tax due from taxing authority	**8**	8
Deferred income tax	**29**	20
Other assets	**159**	14
Total Assets	**$ 10,850**	$ 9,761
Capitalization and Liabilities		
Common Shareholders Equity		
Common stock	**$ 4,023**	$ 3,297
Retained earnings	**6,056**	5,747
Total Common Shareholders Equity	**10,079**	9,044
Long-term debt	**-**	525
Total Capitalization	**10,079**	9,569
Noncurrent Liabilities	**173**	9
Current Liabilities		
Long-term debt due within a year	**200**	-
Notes payable	**240**	83
Accounts payable	**117**	9
Other current liabilities	**41**	91
Total Current Liabilities	**598**	183
Total Liabilities	**771**	192
Total Capitalization and Liabilities	**$ 10,850**	$ 9,761

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Condensed Financial Information of Consolidated Edison, Inc.

Condensed Income Statement

(Parent Company Only)

(Millions of Dollars, except per share amounts)	2007	2006	2005
Equity in earnings of subsidiaries	**$ 946**	$ 772	$ 757
Other income/(deductions), net of taxes	**8**	3	21
Interest expense	**(29)**	(35)	(33)
Income From Continuing Operations	**925**	740	745
Income/(Loss) from Discontinued Operations (Net of Income Tax Expense/(Benefit) of $1, $(13) and $(11) in 2007, 2006 and 2005, respectively) (Notes T and U)	**4**	(3)	(26)
Net Income	**$ 929**	$ 737	$ 719
Earnings Per Common Share Basic			
Continuing operations	**$ 3.48**	$ 2.97	$ 3.05
Discontinued operations	**0.01**	(0.01)	(0.10)
Net Income	**$ 3.49**	$ 2.96	$ 2.95
Earnings Per Common Share Diluted			
Continuing operations	**$ 3.46**	$ 2.96	$ 3.04
Discontinued operations	**0.01**	(0.01)	(0.10)
Net Income	**$ 3.47**	$ 2.95	$ 2.94
Dividends Declared Per Share Of Common Stock	**$ 2.32**	$ 2.30	$ 2.28
Average Number Of Shares Outstanding Basic (In Millions)	**266.3**	249.3	243.9
Average Number Of Shares Outstanding Diluted (In Millions)	**267.2**	250.3	244.7

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Condensed Financial Information of Consolidated Edison, Inc.

Condensed Statement of Cash Flows

(Parent Company Only)

(Millions of Dollars)	2007	2006	2005
Net Income	**$ 929**	$ 737	$ 719
Equity in earnings of subsidiaries	**(950)**	(769)	(731)
Dividends received from:			
Consolidated Edison Company of New York, Inc.	**548**	440	369
Orange and Rockland Utilities, Inc.	**31**	28	71
Competitive energy businesses	**43**	-	35
Other net	**174**	41	(94)
Net Cash Flows from Operating Activities	**775**	477	369
Investing Activities			
Contributions to subsidiaries	**(701)**	(447)	-
Proceeds from sale of Con Edison Communications	**-**	39	-
Net Cash Flows Used in Investing Activities	**(701)**	(408)	-
Financing Activities			
Net proceeds from/(payments of) short-term debt	**157**	(51)	78
Retirement of long-term debt	**(325)**	-	-
Common shares issued	**685**	527	77
Common stock dividends	**(582)**	(533)	(515)
Net Cash Flows Used in Financing Activities	**(65)**	(57)	(360)
Net Change for the Period	**9**	12	9
Balance at Beginning of Period	**23**	11	2
Balance at End of Period	**$ 32**	$ 23	$ 11

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SCHEDULE II

Valuation and Qualifying Accounts

For the Years Ended December 31, 2007, 2006 and 2005

			COLUMN C Additions			
Company	**COLUMN A Description**	**COLUMN B Balance at Beginning of Period**	**(1) Charged To Costs And Expenses**	**(2) Charged To Other Accounts**	**COLUMN D Deductions****	**COLUMN E Balance At End of Period**
		(Millions of Dollars)				
Con Edison	Allowance for uncollectible accounts*:					
	2007	$ 45	$ 66	-	$ 64	$ 47
	2006	$ 39	$ 65	-	$ 59	$ 45
	2005	$ 33	$ 51	-	$ 45	$ 39
Con Edison of New York	Allowance for uncollectible accounts*:					
	2007	$ 40	$ 63	-	$ 60	$ 43
	2006	$ 35	$ 63	-	$ 58	$ 40
	2005	$ 29	$ 48	-	$ 42	$ 35

* This is a valuation account deducted in the balance sheet from the assets (Accounts receivable-customers) to which they apply.

** Accounts written off less cash collections, miscellaneous adjustments and amounts reinstated as receivables previously written off.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Con Edison

None.

Con Edison of New York

None.

Item 9A. Controls and Procedures

The Companies maintain disclosure controls and procedures designed to provide reasonable assurance that the information required to be disclosed in the reports that they submit to the Securities and Exchange Commission (SEC) is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. For each of the Companies, its management, with the participation of its principal executive officer and principal financial officer, has evaluated its disclosure controls and procedures as of the end of the period covered by this report and, based on such evaluation, has concluded that the controls and procedures are effective to provide such reasonable assurance. Reasonable assurance is not absolute assurance, however, and there can be no assurance that any design of controls or procedures would be effective under all potential future conditions, regardless of how remote.

For the Companies Reports of Management On Internal Control Over Financial Reporting and the related opinions of PricewaterhouseCoopers LLP (presented in the Reports of Independent Registered Public Accounting Firm), see Item 8 of this report (which information is incorporated herein by reference).

There was no change in the Companies internal control over financial reporting that occurred during the Companies most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Companies internal control over financial reporting.

Item 9A(T). Controls and Procedures

The information required for Con Edison of New York pursuant to this Item 9A(T) has been included in Item 9A (which information is incorporated herein by reference).

Item 9B. Other Information

Con Edison

None.

Con Edison of New York

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Item 11. Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Item 13. Certain Relationships and Related Transactions, and Director Independence

Item 14. Principal Accounting Fees and Services

Con Edison

Information required by Part III as to Con Edison, other than the information required in Item 12 of this report by Item 201 (d) of Regulation S-K, is incorporated by reference from Con Edison s definitive proxy statement for its Annual Meeting of Stockholders to be held on May 19, 2008. The proxy statement is to be filed pursuant to Regulation 14A not later than 120 days after December 31, 2007, the close of the fiscal year covered by this report.

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The information required pursuant to Item 201 (d) of Regulation S-K as at December 31, 2007 is as follows:

Equity Compensation Plan Information

Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted-average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by security holders			
Stock options	6,596,850	$ 43.072	2,829,751
Restricted stock	114,505	N/A	3,425,495
Total equity compensation plans approved by security holders	6,711,355		6,255,246
Total equity compensation plans not approved by security holders	40,000	N/A	N/A
Total	6,751,355	N/A	6,255,246

For additional information about Con Edison s stock-based compensation, see Note M to the financial statements in Item 8 of this report (which information is incorporated herein by reference).

In accordance with General Instruction G(3) to Form 10-K, other information regarding Con Edison s Executive Officers may be found in Part I of this report under the caption Executive Officers of the Registrant.

Con Edison of New York

Information required by Part III as to Con Edison of New York is incorporated by reference from Con Edison of New York s definitive information statement for its Annual Meeting of Stockholders to be held on May 19, 2008. The information statement is to be filed pursuant to Regulation 14C not later than 120 days after December 31, 2007, the close of the fiscal year covered by this report.

In accordance with General Instruction G(3) to Form 10-K, other information regarding Con Edison of New York s Executive Officers may be found in Part I of this report under the caption Executive Officers of the Registrant.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:
1. List of Financial Statements See financial statements listed in Item 8.

2. List of Financial Statement Schedules See schedules listed in Item 8.

3. List of Exhibits

Exhibits listed below which have been filed previously with the Securities and Exchange Commission pursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934, and which were designated as noted below, are hereby incorporated by reference and made a part of this report with the same effect as if filed with the report. Exhibits listed below that were not previously filed are filed herewith.

Con Edison

2.1	Amended and Restated Agreement and Plan of Merger, dated as of October 13, 1999, as amended and restated as of January 11, 2000, among Con Edison, Northeast Utilities, Consolidated Edison, Inc. (a Delaware corporation, originally incorporated as CWB Holdings, Inc.) and N Acquisition LLC. (Designated in Con Edison s Current Report on Form 8-K, dated January 11, 2000 (File No. 1-14514) as Exhibit 2.)
3.1.1	Restated Certificate of Incorporation of Consolidated Edison, Inc. (Con Edison) (Designated in the Registration Statement on Form S-4 of Con Edison (No. 333-39165) as Exhibit 3.1.)
3.1.2	By-laws of Con Edison, effective as of May 16, 2005. (Designated in Con Edison s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005 (File No. 1-14514) as Exhibit 3.1.)
4.1.1	Indenture, dated as of April 1, 2002, between Con Edison and JP Morgan Chase Bank (formerly known as The Chase Manhattan Bank), as Trustee. (Designated in the Registration Statement on Form S-3 of Con Edison (No. 333-102005) as Exhibit 4.1.)
4.1.2	The form of Con Edison s 3.625% Debentures, Series 2003 A. (Designated in Con Edison s Current Report on Form 8-K, dated July 22, 2003. (File No. 1-14514) as Exhibit 4.)
4.1.3.1	Amended and Restated Credit Agreement, dated as of June 22, 2006 among Con Edison of New York, Con Edison, O&R, the banks party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent. (Designated in Con Edison s Current Report on Form 8-K, dated June 22, 2006, (File No. 1-14514) as Exhibit 4.)
4.1.3.2	Memo to Lenders, dated June 19, 2007, from JPMorgan Chase Bank, N.A.
10.1.1	Con Edison 1996 Stock Option Plan, as amended and restated effective February 24, 1998. (Designated in Con Edison s Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 1-14514) as Exhibit 10.20.)
10.1.2	The following employment agreements, and amendments thereto, between Con Edison and the executive officer listed below, dated as of the effective dates listed below, which are designated as follows:

		Securities Exchange Act File No. 1-14514		
Executive Officer	**Effective Date**	**Form**	**Date**	**Exhibit**
Kevin Burke	Agreement: 9/1/00	10-K	12/31/00	10.1.6
	Amendment: 5/31/02	10-Q	6/30/02	10.1.3

Agreement: 7/22/05	8-K	7/21/05	10.1.1

10.1.3 Letter, dated July 27, 2005, to Stephen B. Bram. (Designated in Con Edison s Current Report on Form 8-K, dated July 21, 2005, (File No. 1-14514) as Exhibit 10.4.)

10.1.4 Severance Program for Officers of Consolidated Edison, Inc. and its Subsidiaries, effective as of September 1, 2000. (Designated in Con Edison s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000 (File No. 1-14514) as Exhibit 10.1.3.)

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10.1.5.1	The Consolidated Edison, Inc. Stock Purchase Plan. (Designated in Con Edison s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000 (File No. 1-14514) as Exhibit 10.)
10.1.5.2	Amendment, dated April 8, 2002, to The Consolidated Edison, Inc. Stock Purchase Plan. (Designated in Con Edison s Registration Statement on Form S-8 (No. 333-86820) as Exhibit 10.2.)
10.1.5.3	Amendment, dated February 19, 2004 to The Consolidated Edison, Inc. Stock Purchase Plan. (Designated in Con Edison s Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 1-14514) as Exhibit 10.1.5.3.)
10.1.5.4	Amendment, dated October 25, 2004 to the Consolidated Edison, Inc. Stock Purchase Plan. (Designated in Con Edison s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004 (File No. 1-14514) as Exhibit 10.1.)
10.1.6	Consolidated Edison, Inc. Deferred Stock Compensation Plan for Non-Officer Directors, effective July 1, 2002. (Designated in Con Edison s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002 (File No. 1-14514) as Exhibit 10.1.1.)
10.1.7	The Con Edison Retirement Plan as amended and restated, entered into November 16, 2004. (Designated in Con Edison s Current Report on Form 8-K dated November 9, 2004 (File No. 1-14514) as Exhibit 10.)
10.1.8.1	The Consolidated Edison Thrift Plan, as amended effective August 2003. (Designated in Con Edison s Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 1-14514) as Exhibit 10.1.8.1.)
10.1.8.2	Amendment, executed April 5, 2005, to The Consolidated Edison Thrift Plan (Designated in Con Edison s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005 (File No. 1-14514) as Exhibit 10.1.1.)
10.1.9.1	Guaranty, dated as of November 14, 2000, from Consolidated Edison, Inc. in favor of Hawkeye Funding, Limited Partnership. (Designated in Con Edison s Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-14514) as Exhibit 10.1.9.1.)
10.1.9.2	Lease Agreement, dated as of November 14, 2000, between Hawkeye Funding, Limited Partnership, as Lessor, and Newington Energy, L.L.C., as Lessee (the Newington Project Lease). (Designated in Con Edison s Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-14514) as Exhibit 10.1.9.2.)
10.1.9.3	Amendment No. 1, dated as of April 1, 2002, to the Newington Project Lease. (Designated in Con Edison s Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-14514) as Exhibit 10.1.9.3.)
10.1.10.1	Consolidated Edison, Inc. Long-Term Incentive Plan. (Designated in Con Edison s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003 (File No. 1-14514) as Exhibit 10.1.1.)
10.1.10.2	Form of Restricted Stock Unit Award under the Con Edison Long Term Incentive Plan. (Designated in Con Edison s Current Report on Form 8-K, dated January 24, 2005, (File No. 1-14514) as Exhibit 10.2.)
10.1.10.3	Form of Stock Option Agreement under the Con Edison Long Term Incentive Plan. (Designated in Con Edison s Current Report on Form 8-K, dated January 24, 2005, (File No. 1-14514) as Exhibit 10.3.)
10.1.11	Description of Directors Compensation. (Designated in Con Edison s Current Report on Form 8-K, dated May 16, 2005, (File No. 1-14514) as Exhibit 10.)
10.1.12	Letter, dated February 23, 2004, to Robert Hoglund. (Designated in Con Edison s Current Report on Form 8-K, dated July 21, 2005, (File No. 1-14514) as Exhibit 10.5.)
10.1.13	Restricted Stock Award Agreement, dated as of April 1, 2004, between Con Edison and Robert Hoglund. (Designated in Con Edison s Current Report on Form 8-K, dated July 21, 2005, (File No. 1-14514) as Exhibit 10.6.)
10.1.14	Purchase and Sale Agreement, dated as of December 10, 2007, by and between Consolidated Edison Development, Inc. and North American Energy Alliance, LLC. (Designated in Con Edison s Current Report on Form 8-K, dated December 14, 2007, (File No. 1-14514) as Exhibit 10.1.)
10.1.15	Purchase and Sale Agreement, dated as of December 10, 2007, by and between CED/SCS Newington, LLC and North American Energy Alliance, LLC. (Designated in Con Edison s Current Report on Form 8-K, dated December 14, 2007, (File No. 1-14514) as Exhibit 10.2.)
12.1	Statement of computation of Con Edison s ratio of earnings to fixed charges for the years 2003-2007.

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21.1	Subsidiaries of Con Edison. (Designated in Con Edison s Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 1-14514) as Exhibit 21.1.)
23.1	Consent of PricewaterhouseCoopers LLP.
24.1	Powers of Attorney of each of the persons signing this report by attorney-in-fact.
31.1.1	Rule 13a-14(a)/15d-14(a) Certifications Chief Executive Officer.
31.1.2	Rule 13a-14(a)/15d-14(a) Certifications Chief Financial Officer.
32.1.1	Section 1350 Certifications Chief Executive Officer.
32.1.2	Section 1350 Certifications Chief Financial Officer.

Con Edison of New York

3.2.1.1	Restated Certificate of Incorporation of Con Edison of New York filed with the Department of State of the State of New York on December 31, 1984. (Designated in the Annual Report on Form 10-K of Con Edison of New York for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 3(a).)
3.2.1.2	The following certificates of amendment of Restated Certificate of Incorporation of Con Edison of New York filed with the Department of State of the State of New York, which are designated as follows:

		Securities Exchange Act	
		File No. 1-1217	
Date Filed With Department of State	**Form**	**Date**	**Exhibit**
5/16/88	10-K	12/31/89	3(b)
6/2/89	10-K	12/31/89	3(c)
4/28/92	8-K	4/24/92	4(d)
8/21/92	8-K	8/20/92	4(e)
2/18/98	10-K	12/31/97	3.1.2.3

3.2.2	By-laws of Con Edison of New York, effective February 1, 2008. (Designated in Con Edison of New York s Current Report on Form 8-K, dated January 17, 2008 (File No. 1-1217) as Exhibit 3.2.)
4.2.1.1	Participation Agreement, dated as of December 1, 1992, between New York State Energy Research and Development Authority (NYSERDA) and Con Edison of New York (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 4(f).)
4.2.1.2	Supplemental Participation Agreement, dated as of July 1, 1995, to Participation Agreement, dated as of December 1, 1992 between NYSERDA and Con Edison of New York. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1995 (File 1-1217) as Exhibit 4.2.)
4.2.2	Participation Agreement, dated as of July 1, 1999, between NYSERDA and Con Edison of New York. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999 (File No. 1-1217) as Exhibit 4.1.)
4.2.3.1	Participation Agreement, dated as of June 1, 2001, between NYSERDA and Con Edison of New York. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2001 (File No. 1-1217) as Exhibit 10.2.1.)
4.2.3.2	Supplemental Participation Agreement, dated as of October 1, 2002, to Participation Agreement, dated as of June 1, 2001 between NYSERDA and Con Edison of New York. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002 (File 1-1217) as Exhibit 4.2.2.)
4.2.4	Participation Agreement, dated as of November 1, 2001, between NYSERDA and Con Edison of New York. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended September

30, 2001 (File No. 1-1217) as Exhibit 10.2.1.)

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4.2.5	Participation Agreement, dated as of January 1, 2004, between NYSERDA and Con Edison of New York. (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 1-1217) as Exhibit 4.2.6.)
4.2.6	Participation Agreement, dated as of January 1, 2004, between NYSERDA and Con Edison of New York. (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 1-1217) as Exhibit 4.2.7.)
4.2.7	Participation Agreement, dated as of November 1, 2004, between NYSERDA and Con Edison of New York. (Designated in Con Edison of New York s Current Report on Form 8-K, dated November 9, 2004, (File No. 1-1217) as Exhibit 4.1.)
4.2.8	Participation Agreement, dated as of May 1, 2005, between NYSERDA and Con Edison of New York. (Designated in Con Edison of New York s Current Report on Form 8-K, dated May 25, 2005, (File No. 1-1217) as Exhibit 4.1.)
4.2.9.1	Indenture of Trust, dated as of December 1, 1992, between NYSERDA and Morgan Guaranty Trust Company of New York, as trustee (Morgan Guaranty) (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 4(i).)
4.2.9.2	Supplemental Indenture of Trust, dated as of July 1, 1995 to Indenture of Trust, dated as of December 1, 1992, between NYSERDA and Marine Midland Bank. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1995 (File No. 1-1217) as Exhibit 4.3.)
4.2.10.1	Indenture of Trust, dated as of July 1, 1999 between NYSERDA and HSBC Bank USA, as trustee. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999 (File No. 1-1217) as Exhibit 4.2.)
4.2.10.2	Supplemental Indenture of Trust, dated as of July 1, 2001, to Indenture of Trust, dated July 1, 1999 between NYSERDA and HSBC Bank USA, as trustee. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2001 (File No. 1-1217) as Exhibit 10.2.2.)
4.2.11.1	Indenture of Trust, dated as of June 1, 2001 between NYSERDA and The Bank of New York, as trustee. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2001 (File No. 1-1217) as Exhibit 10.2.3.)
4.2.11.2	Supplemental Indenture of Trust, dated as of October 1, 2002, to Indenture of Trust, dated as of June 1, 2002, between NYSERDA and The Bank of New York, as trustee. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002 (File 1-1217) as Exhibit 4.2.1.)
4.2.12	Indenture of Trust, dated as of November 1, 2001, between NYSERDA and The Bank of New York, as trustee. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001 (File No. 1-1217) as Exhibit 10.2.2.)
4.2.13	Indenture of Trust, dated as of January 1, 2004, between NYSERDA and The Bank of New York. (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 1-1217) as Exhibit 4.2.12.)
4.2.14	Indenture of Trust, dated as of January 1, 2004, between NYSERDA and The Bank of New York. (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 1-1217) as Exhibit 4.2.13.)
4.2.15	Indenture of Trust, dated as of November 1, 2004, between NYSERDA and The Bank of New York. (Designated in Con Edison of New York s Current Report on Form 8-K, dated November 9, 2004, (File No. 1-1217) as Exhibit 4.2.)
4.2.16	Indenture of Trust, dated as of May 1, 2005, between NYSERDA and The Bank of New York. (Designated in Con Edison of New York s Current Report on Form 8-K, dated May 25, 2005, (File No. 1-1217) as Exhibit 4.2.)
4.2.17.1	Indenture, dated as of December 1, 1990, between Con Edison of New York and The Chase Manhattan Bank (National Association), as Trustee (the Debenture Indenture). (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 1990 (File No. 1-1217) as Exhibit 4(h).)

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4.2.17.2 First Supplemental Indenture (to the Debenture Indenture), dated as of March 6, 1996, between Con Edison of New York and The Chase Manhattan Bank (National Association), as Trustee. (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-1217) as Exhibit 4.13.)

4.2.17.3 Second Supplemental Indenture (to the Debenture Indenture), dated as of June 23, 2005, between Con Edison of New York and JPMorgan Chase Bank, N.A. (successor to The Chase Manhattan Bank (National Association)), as Trustee. (Designated in Con Edison of New York s Current Report on Form 8-K, dated November 16, 2005, (File No. 1-1217) as Exhibit 4.1.)

4.2.18 The following forms of Con Edison of New York s Debentures:

			Securities Exchange Act File No. 1-1217	
Debenture		**Form**	**Date**	**Exhibit**
6 1/4%	Series 1998 A	8-K	1/29/98	4.1
7.10%	Series 1998 B	8-K	1/29/98	4.2
6.15%	Series 1998 C	8-K	6/22/98	4
6.90%	Series 1998 D	8-K	9/24/98	4
7.15%	Series 1999 B	8-K	12/1/99	4
8 1/8%	Series 2000 A	8-K	5/3/00	4
7 1/2%	Series 2000 B	8-K	8/23/00	4
5.625%	Series 2002 A	8-K	6/19/02	4
4.875%	Series 2002 B	8-K	12/19/02	4
5.875%	Series 2003 A	8-K	4/7/03	4
3.85%	Series 2003 B	8-K	6/12/03	4.1
5.10%	Series 2003 C	8-K	6/12/03	4.2
4.70%	Series 2004 A	8-K	2/11/04	4.1
5.70%	Series 2004 B	8-K	2/11/04	4.2
4.70%	Series 2004 C	8-K	2/11/04	4.3
5.30%	Series 2005 A	8-K	3/7/05	4
5.250%	Series 2005 B	8-K	6/20/05	4
5.375%	Series 2005 C	8-K	11/16/05	4.2
5.85%	Series 2006 A	8-K	3/9/06	4
6.20%	Series 2006 B	8-K	6/15/06	4
5.50%	Series 2006 C	8-K	9/25/06	4
5.30%	Series 2006 D	8-K	12/1/06	4.1
5.70%	Series 2006 E	8-K	12/1/06	4.2
6.30%	Series 2007 A	8-K	8/28/07	4

10.2.1 Amended and Restated Agreement and Settlement, dated September 19, 1997, between Con Edison of New York and the Staff of the New York State Public Service Commission (without Appendices). (Designated in Con Edison of New York s Current Report on Form 8-K, dated September 23, 1997, (File No. 1-1217) as Exhibit 10.)

10.2.2 Settlement Agreement, dated October 2, 2000, by and among Con Edison of New York, the Staff of the New York State Public Service Commission and certain other parties. (Designated in Con Edison of New York s Current Report on Form 8-K, dated September 22, 2000, (File No. 1-1217) as Exhibit 10.)

10.2.3.1 Planning and Supply Agreement, dated March 10, 1989, between Con Edison of New York and the Power Authority of the State of New York. (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(gg).)

10.2.3.2 Delivery Service Agreement, dated March 10, 1989, between Con Edison of New York and the Power Authority of the State of New York. (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(hh).)

10.2.4 Agreement and Plan of Exchange, entered into on October 28, 1997, between Con Edison and Con Edison of New York. (Designated in the Registration Statement on Form S-4 of Con Edison (No. 333-39165) as Exhibit 2.)

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10.2.5	The Consolidated Edison Company of New York, Inc. Executive Incentive Plan, as amended and restated as of August 1, 2000. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2001 (File No. 1-1217) as Exhibit 10.2.1.)
10.2.6	Consolidated Edison Company of New York, Inc. Supplemental Retirement Income Plan, as amended and restated as of April 1, 1999. (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-1217) as Exhibit 10.10.)
10.2.7	Deferred Compensation Plan for the Benefit of Trustees of Con Edison of New York, dated February 27, 1979, and amendments thereto, dated September 19, 1979 (effective February 27, 1979), February 26, 1980, and November 24, 1992 (effective January 1, 1993). (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 1991 (File No. 1-1217) as Exhibit 10(i).)
10.2.8	Supplemental Medical Plan for the Benefit of Con Edison of New York s officers. (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 1991 (File No. 1-1217) as Exhibit 10(aa).)
10.2.9	The Con Edison of New York Severance Pay Plan for Management Employees. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1997 (File No. 1-1217) as Exhibit 10.)
10.2.10.1	The Consolidated Edison Company of New York, Inc. Deferred Income Plan, as amended and restated as of April 1, 1999. (Designated in Con Edison of New York s Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-1217) as Exhibit 10.19.)
10.2.10.2	Amendment No. 1 to The Consolidated Edison Company of New York, Inc. Deferred Income Plan, effective as of September 1, 2000. (Designated in Con Edison of New York s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2001 (File No. 1-1217) as Exhibit 10.2.2.)
10.2.11.1	The Consolidated Edison Company of New York, Inc. 2005 Executive Incentive Plan, effective as of January 1, 2005, as amended effective as of January 1, 2007.
10.2.12.1	Trust Agreement, dated as of March 31, 1999, between Con Edison of New York and Mellon Bank, N.A., as Trustee. (Designated in Con Edison of New York s Annual Report on Form 10-K, for the year ended December 31, 2005, (File No. 1-1217) as Exhibit 10.2.13.1.)
10.2.12.2	Amendment Number 1 to the Con Edison of New York Rabbi Trust, executed October 24, 2003, between Con Edison of New York and Mellon Bank, N.A., as Trustee. (Designated in Con Edison of New York s Annual Report on Form 10-K, for the year ended December 31, 2005, (File No. 1-1217) as Exhibit 10.2.13.2.)
10.2.13	Employment Agreement, dated February 18, 1999, between Con Edison of New York and Frances Resheske. (Designated in Con Edison of New York s Annual Report on Form 10-K, for the year ended December 31, 2006, (File No. 1-1217) as Exhibit 10.2.14.)
12.2	Statement of computation of Con Edison of New York s ratio of earnings to fixed charges for the years 2003 2007.
23.2	Consent of PricewaterhouseCoopers LLP.
24.2	Powers of Attorney of each of the persons signing this report by attorney-in-fact. (Included as part of Exhibit 24.1.)
31.2.1	Rule 13a-14(a)/15d-14(a) Certifications Chief Executive Officer.
31.2.2	Rule 13a-14(a)/15d-14(a) Certifications Chief Financial Officer.
32.2.1	Section 1350 Certifications Chief Executive Officer.
32.2.2	Section 1350 Certifications Chief Financial Officer.

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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, each Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 22, 2008.

Consolidated Edison, Inc.

Consolidated Edison Company of New York, Inc.

By /s/ Robert Hoglund
Robert Hoglund

Senior Vice President and

Chief Financial Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant, and in the capacities indicated, on February 22, 2008.

Signature	Registrant	Title
Kevin Burke*	Con Edison	Chairman of the Board, President, Chief Executive Officer and Director (Principal Executive Officer)
	Con Edison of New York	Chairman of the Board, Chief Executive Officer and Trustee (Principal Executive Officer)
Robert Hoglund*	Con Edison	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
	Con Edison of New York	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
Edward J. Rasmussen*	Con Edison	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)
	Con Edison of New York	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)
Eugene R. McGrath*	Con Edison	Director
	Con Edison of New York	Trustee
Vincent A. Calarco*	Con Edison	Director
	Con Edison of New York	Trustee
George Campbell Jr.*	Con Edison	Director
	Con Edison of New York	Trustee
Gordon J. Davis*	Con Edison	Director
	Con Edison of New York	Trustee
Michael J. Del Guidice*	Con Edison	Director
	Con Edison of New York	Trustee
Ellen V. Futter*	Con Edison	Director
	Con Edison of New York	Trustee
Sally Hernandez *	Con Edison	Director
	Con Edison of New York	Trustee
John F. Killian*	Con Edison	Director
	Con Edison of New York	Trustee
Peter W. Likins*	Con Edison	Director
	Con Edison of New York	Trustee
Michael W. Ranger*	Con Edison	Director
	Con Edison of New York	Trustee
L. Frederick Sutherland*	Con Edison	Director

	Con Edison of New York	Trustee
Stephen R. Volk*	Con Edison	Director
	Con Edison of New York	Trustee

*By /s/ Robert Hoglund
Robert Hoglund, Attorney-in-fact

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