CONSOLIDATED EDISON INC
Form DEF 14A
April 03, 2017
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under §240.14a-12

CONSOLIDATED EDISON, INC.

(Name of Registrant as Specified In Its Charter)

NOT APPLICABLE

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(4) Date Filed:

Table of Contents

Table of Contents

Consolidated Edison, Inc.

4 Irving Place

New York, NY 10003

John McAvoy

Chairman of the Board

April 3, 2017

Dear Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders of Consolidated Edison, Inc. We hope that you will join the Board of Directors and the Company s management at the Company s Headquarters at 4 Irving Place, New York, New York, on Monday, May 15, 2017, at 10:00 a.m.

The accompanying Proxy Statement, provided to stockholders on or about April 3, 2017, contains information about matters to be considered at the Annual Meeting. At the Annual Meeting, stockholders will be asked to vote on the election of Directors, the ratification of the appointment of independent accountants for 2017, the approval, on an advisory basis, of named executive officer compensation, and the frequency, on an advisory basis, of future advisory votes to approve named executive officer compensation.

Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. It is very important that as many shares as possible be represented at the meeting.

Sincerely,

John McAvoy

Table of Contents

Consolidated Edison, Inc.

4 Irving Place, New York, NY 10003

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Date:	Monday, May 15, 2017, at 10:00 a.m.
Location:	Company s Headquarters 4 Irving Place New York, New York
Items of Business:	a. To elect as the members of the Board of Directors the ten nominees named in the Proxy Statement (attached hereto and incorporated herein by reference);
	b. To ratify the appointment of PricewaterhouseCoopers LLP as independent accountants for 2017;
	c. To approve, on an advisory basis, named executive officer compensation;
	d. To conduct an advisory vote on the frequency of future advisory votes on named executive officer compensation; and
	e. To transact such other business as may properly come before the meeting, or any adjournment or postponement of the meeting.

By Order of the Board of Directors,

Jeanmarie Schieler

Vice President and Corporate Secretary

Dated: April 3, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE

STOCKHOLDERS MEETING TO BE HELD ON MONDAY, MAY 15, 2017. THE COMPANY S PROXY STATEMENT AND ANNUAL REPORT, PROVIDED TO STOCKHOLDERS ON OR ABOUT APRIL 3, 2017, ARE AVAILABLE AT

CONEDISON.COM/SHAREHOLDERS

IMPORTANT!

Whether or not you plan to attend the meeting in person, we urge you to vote your shares of Company Common Stock by telephone, by Internet, or by completing and returning a proxy card or a voter instruction form, so that your shares will be represented at the annual meeting.

Table of Contents

TABLE OF CONTENTS

PROXY STATEMENT SUMMARY

This section highlights the proposals to be acted upon as well as information about Consolidated Edison, Inc. (the Company) that can be found in this Proxy Statement and does not contain all of the information that you need to consider. Before voting, please carefully review the complete Proxy Statement and the Annual Report to Stockholders of the Company provided to stockholders on or about April 3, 2017, which includes the consolidated financial statements and accompanying notes for the year ended December 31, 2016, and other information relating to the Company s financial condition and results of operations.

2017 ANNUAL MEETING OF STOCKHOLDERS (ANNUAL MEETING)

Time and Date:	Monday, May 15, 2017, at 10:00 a.m.
Location:	Company Headquarters, 4 Irving Place, New York, NY 10003. Directions are available at *conedison.com/shareholders*
Record Date & Voting:	Stockholders of record at the close of business on March 21, 2017 are entitled to vote. On the record date, 305,274,517 shares of Company Common Stock were outstanding. Each outstanding share of Common Stock is entitled to one vote.
Admission:	Please follow the instructions contained in Who Can Attend the Annual Meeting? and Do I Need a Ticket to Attend the Annual Meeting? on page 62.

STOCKHOLDER VOTING MATTERS

	Management Proposals	Board s Voting Recommendation	Vote Required For Approval*	Page References (for more detail)
Proposal No. 1.	Election of Directors	FOR EACH NOMINEE	MAJORITY OF VOTES CAST	5 to 11
Proposal No. 2.	Ratification of the Appointment of Independent Accountants	FOR	MAJORITY OF VOTES CAST	12
Proposal No. 3.	Advisory Vote to Approve Named Executive Officer Compensation	FOR	MAJORITY OF VOTES CAST	13
Proposal No. 4.	Advisory Vote on the Frequency of Future Advisory Votes on Named Executive Officer Compensation	FOR (1 YEAR)	PLURALITY OF VOTES CAST	14

* The presence, in person or by proxy, of holders of a majority of the outstanding shares of Company Common Stock is required to constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes (shares held by a broker or nominee that does not have discretionary authority to vote on a particular matter and has not received voting instructions from its clients) are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting but are not considered votes cast and have no effect on the vote.

Table of Contents

Proposal No. 1: Election of Directors. The Board of Directors has nominated ten directors for election at the Annual Meeting and recommends the election of each of the ten nominees. The following table provides certain information about the Director nominees. (See *Information About the Director Nominees* on pages 6 to 11 for additional information.)

			Committee Memberships						
Name	**Primary Occupation**	**Independent**	**Audit**	**Corporate Governance and Nominating**	**Environment, Health and Safety**	**Executive**	**Finance**	**Management Development and Compensation**	**Operations Oversight**
Vincent A. Calarco Director since 2001	Non-Executive Chairman of Yale New Haven Health System		(C)						
George Campbell, Jr. Director since 2000	Former Non-Executive Chairman, Webb Institute							(C)	
Michael J. Del Giudice Director since 1999	Founder and Senior Managing Director, Millennium Capital Markets LLC			(C)(L)					
Ellen V. Futter Director since 1997	President, American Museum of Natural History				(C)				
John F. Killian Director since 2007	Former Executive Vice President and Chief Financial Officer, Verizon Communications Inc.								
John McAvoy Director since 2013	Chairman, President and Chief Executive Officer, Consolidated Edison, Inc.					(C)			
Armando J. Olivera Director since 2014	Former President and Chief Executive Officer, Florida Power & Light Company								
Michael W. Ranger Director since 2008	Senior Managing Director, Diamond Castle Holdings LLC								(C)
Linda S. Sanford Director since 2015	Former Senior Vice President, Enterprise Transformation, International Business Machines Corporation (IBM)								
L. Frederick Sutherland Director since 2006	Former Executive Vice President and Chief Financial Officer and Former Senior Advisor to the Chief Executive Officer, Aramark Corporation						(C)		

= Member (C) = Chair (L) = Lead Director

Proposal No. 2: Ratification of the Appointment of Independent Accountants. The Board recommends ratification of the appointment of PricewaterhouseCoopers LLP as independent accountants for 2017. (See *Ratification of the Appointment of Independent Accountants* on page 12.)

Proposal No. 3: Advisory Vote to Approve Named Executive Officer Compensation. The Board recommends the approval of, on an advisory basis, the compensation of the Named Executive Officers. The Company s Named Executive Officers are identified in the *Compensation Discussion and Analysis Introduction* on page 27. (See *Advisory Vote to Approve Named Executive Officer Compensation* on page 13.)

Proposal No. 4: Advisory Vote on the Frequency of Future Advisory Votes on Named Executive Officer Compensation. The Board recommends a vote, on an advisory basis, to conduct future advisory votes on Named Executive Officer compensation every year. (See *Advisory Vote on the Frequency of Future Advisory Votes on Named Executive Officer Compensation* on page 14.)

Table of Contents

STOCKHOLDER ENGAGEMENT

The Company believes that good corporate governance includes proactive stockholder engagement as well as accepting invitations to discuss matters of interest to stockholders. The Company shared with the Board the feedback it received from institutional investors and stockholders following the 2016 proxy season on issues relating to disclosure practices, corporate governance, and environmental, health and safety matters. The Company s engagement with institutional investors resulted in the Board s adoption of proxy access, which enables the stockholders of the Company to include their own director nominees in the Company s Proxy Statement and form of proxy along with candidates nominated by the Board, so long as they meet certain requirements, as set forth in the Company s By-laws. (See *The Board of Directors* *Proxy Access* on page 15 and *Compensation Discussion and Analysis* *Executive Summary* *Stockholder Engagement and Say on Pay* on page 29 for additional information.)

BOARD GOVERNANCE PRACTICES

Election of Directors. Members of the Board of Directors are elected annually by a majority of the votes cast by the Company s stockholders.

Composition. The members of the Board of Directors have the combination of skills, professional experience, and diversity of backgrounds necessary to oversee the Company s business.

Risk Oversight. The Board and its committees oversee the Company s policies and procedures for managing risks that are identified through the Company s enterprise risk management program.

Membership on Public Company Boards. None of the members of the Board of Directors serve on more than three other public company boards.

(See *The Board of Directors* on pages 15 to 20 for additional information.)

KEY FEATURES OF THE EXECUTIVE COMPENSATION PROGRAM

Type	Component	Objective
Performance-Based Compensation	Annual Incentive Compensation	Achievement of financial and operating objectives for which the Named Executive Officers have individual and collective responsibility.
	Long-Term Incentive Compensation	Achievement, over a multi-year period, of financial and operating objectives critical to the performance of the Company s business plans and strategies. Achievement, over a three-year period, of the Company s cumulative total shareholder return relative to the Company s compensation peer group companies.
Fixed & Other Compensation	Base Salary, Retirement Programs, Benefits and Perquisites	Differentiate base salary based on individual responsibility and performance. Provide retirement and other benefits that reflect the competitive practices of the industry and provide limited and specific perquisites.

(See *Compensation Discussion and Analysis* *Executive Summary* on pages 27 to 28 for additional information.)

CHANGES TO EXECUTIVE COMPENSATION PROGRAM FOR 2017

For 2017, the Management Development and Compensation Committee approved the following changes to the annual incentive plan:

- Overall weighting of Other Financial Performance increased from 20% to 25% and the maximum payout for the capital budget component reduced from 200% to 120%.

- Overall weighting of the Operating Objectives reduced from 30% to 25% and the maximum payout increased from 175% to 200%.

- Operating Objectives modified to enhance alignment with the Company s corporate imperatives Employee and Public Safety, Environment and Sustainability, Operational Excellence and Customer Experience.

(See *Compensation Discussion and Analysis* *Executive Compensation Actions* *Annual Incentive Compensation* on pages 34 to 38 for additional information.)

Table of Contents

KEY COMPENSATION GOVERNANCE PRACTICES

Pay Practices. The Company has no employment agreements, no golden parachute excise tax gross-ups, and no individually negotiated equity awards with special treatment upon a change of control.

Long-Term Incentive Compensation. The long term incentive plan: (i) prohibits the repricing of stock options or the buyout of underwater options without stockholder approval; (ii) prohibits recycling of shares for future awards except under limited circumstances; (iii) prohibits accelerated vesting of outstanding equity awards except if both a change in control occurs and a participant s employment is terminated under certain circumstances; and (iv) caps the maximum number of shares that may be awarded to a director, officer, or eligible employee in a calendar year.

Long-Term Incentive Mix. The following charts illustrate that all Named Executive Officer long-term equity-based incentive compensation is performance-based. As described in proxy statements filed in 2016, over half of the Company s compensation peer group companies granted some form of non-performance-based incentive compensation to their named executive officers:

Risk Management. The Company s compensation programs include various features that have been designed to mitigate risk.

Stock Ownership Guidelines. The Company has stock ownership guidelines for directors and certain officers, including the Named Executive Officers.

No Hedging Nor Pledging. The Company prohibits all Directors, officers, financial personnel, and certain other individuals from shorting, hedging, and pledging Company securities or holding Company securities in a margin account.

Recoupment Policy. The Company s compensation recoupment policy (commonly referred to as a clawback policy) applies to all officers of the Company and its subsidiaries with respect to incentive-based compensation.

Annual Advisory Vote to Approve Named Executive Officer Compensation. In 2016, 92.15% of the shares voted were voted to approve the Company s Named Executive Officer compensation.

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Ten Directors are to be elected at the Annual Meeting to hold office until the next annual meeting and until their respective successors are elected and qualified. (See *Information About the Director Nominees* on pages 6 to 11.) Directors are permitted to stand for election until they reach the mandatory retirement age of 75. Of the Board members standing for election, John McAvoy is the only member who is an officer of the Company. All of the nominees were elected Directors at the last Annual Meeting.

The Company s management believes that all of the nominees will be able and willing to serve as Directors of the Company. All of the Directors also serve as Trustees of the Company s

subsidiary, Consolidated Edison Company of New York, Inc. (Con Edison of New York). Mr. McAvoy also serves as Chairman of the Board of the Company s subsidiary, Orange and Rockland Utilities, Inc. (Orange & Rockland).

Shares represented by every properly executed proxy will be voted at the Annual Meeting for or against the election of the Director nominees as specified by the stockholder giving the proxy. If one or more of the nominees is unable or unwilling to serve, the shares represented by the proxies will be voted for any substitute nominee or nominees as may be designated by the Board.

The Board Recommends a Vote FOR Proposal No. 1.

Each of the ten Director nominees must receive a majority of the votes cast at the Annual Meeting, in person or by proxy, to be elected (meaning the number of shares voted for a Director nominee must exceed the number of shares voted against that Director nominee), subject to the Board s policy regarding resignations by Directors who do not receive a majority of for votes. Abstentions and broker non-votes are voted neither for nor against, and have no effect on the vote.

Information About the Director Nominees

The Board and the Corporate Governance and Nominating Committee consider the qualifications of Directors and Director candidates individually and in the broader context of the Board s overall composition and the Company s current and future needs. The Board believes that the Board, as a whole, should possess a combination of skills, professional experience, and diversity of backgrounds necessary to oversee the Company s business. The Board has adopted Corporate Governance Guidelines to assist it in exercising its responsibilities to the Company and its stockholders. In evaluating Director candidates and considering incumbent Directors for renomination to the Board, the Board and the Corporate Governance and Nominating Committee consider various factors. Pursuant to the Guidelines, the Corporate Governance and Nominating Committee reviews with the Board the skills and characteristics of Director nominees, including independence, integrity, judgment, business

experience, areas of expertise, availability for service, factors relating to the composition of the Board (including its size and structure), and the Company s principles of diversity. For incumbent Directors, the Corporate Governance and Nominating Committee also considers past performance of the Director on the Board.

The current Director nominees bring to the Company the benefit of their qualifications, leadership, skills, and the diversity of their experience and backgrounds which provide the Board, as a whole, with the skills and expertise that reflect the needs of the Company. See pages 6 to 11 for information about each Director nominee, including their age as of the date of the Annual Meeting, business experience, period of service as a Director, public or investment company directorships, and other directorships.

Table of Contents

Vincent A. Calarco

Director since: 2001

Age: 74

Board Committees:

Audit (Chair)

Corporate Governance and Nominating

Executive

Management Development and Compensation

Career Highlights: Mr. Calarco has been the Non-Executive Chairman of Yale New Haven Health System since October 2016. Mr. Calarco was the Non-Executive Chairman of Newmont Mining Corporation, Denver, CO, a gold production company, from January 2008 to April 2016. From April 1985 to July 2004, Mr. Calarco was Chairman, President and Chief Executive Officer of Crompton Corporation (now known as Chemtura Corporation). Chemtura is a global specialty chemicals company, headquartered in Philadelphia, PA. Mr. Calarco also held various management and executive positions at Uniroyal Chemical Company.

Other Directorships: Mr. Calarco is a Trustee of Con Edison of New York and a Director of Newmont Mining Corporation. During the past five years, Mr. Calarco also served as a Director of CPG International, Inc. through October 2013. Mr. Calarco is also the President and a Trustee of the Hopkins School, and a Director or Trustee of Swanson Industries, Yale New Haven Health System and Yale-New Haven Hospital.

Attributes and Skills: Mr. Calarco has experience leading public companies, and has management and executive experience with manufacturing companies. Mr. Calarco s experience from his leadership positions and financial oversight experience in senior management roles at Newmont Mining Corporation and Crompton Corporation and his service on other boards support the Board in its oversight of the Company s management, financial, operations, and strategic planning activities.

George Campbell, Jr., Ph.D.

Director since: 2000

Age: 71

Board Committees:

Corporate Governance and

Nominating

Executive

Management Development and

Compensation (Chair)

Operations Oversight

Career Highlights: Dr. Campbell, a physicist, was the Non-Executive Chairman of the Webb Institute, Glen Cove, NY, an all scholarship college offering degrees exclusively in naval architecture and marine engineering, from November 2012 to October 2016. Dr. Campbell was the President of The Cooper Union for the Advancement of Science and Art, New York, NY, a college focusing primarily on engineering, architecture, and art, from July 2000 to June 2011. Dr. Campbell also held various management positions at AT&T Bell Laboratories. Dr. Campbell also served as President and Chief Executive Officer of NACME, Inc., a non-profit corporation focused on engineering education and science and technology policy.

Other Directorships: Dr. Campbell is a Trustee of Con Edison of New York and a Director of Barnes and Noble, Inc. Dr. Campbell is also a Director or Trustee of the Josiah Macy Foundation, The Mitre Corporation, Montefiore Medical Center, Rensselaer Polytechnic Institute, the U.S. Naval Academy Foundation and the Webb Institute.

Attributes and Skills: Dr. Campbell has experience leading premiere colleges and a non-profit corporation, with a focus on engineering and science. Dr. Campbell also has experience in management and research and development at a public company. Dr. Campbell s experience from his leadership positions at Webb Institute, The Cooper Union for the Advancement of Science and Art, AT&T Bell Laboratories, and NACME, Inc., and his service on other boards support the Board in its oversight of the Company s operations and management activities.

Table of Contents

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

Michael J. Del Giudice

Director since: 1999

Age: 74

Board Committees:

Audit

Corporate Governance and

Nominating (Chair & Lead Director)

Executive

Management Development and

Compensation

Career Highlights: Mr. Del Giudice is the founder and Senior Managing Director of Millennium Capital Markets LLC, New York, NY, an investment banking firm since 1996, and Chairman of Carnegie Hudson Resources, LLC, a private equity firm. Mr. Del Giudice was a General Partner at the investment bank of Lazard Frères & Co., and served as Chief of Staff to New York State Governor Mario Cuomo, Director of State Operations to New York State Governor Hugh Carey, and Chief of Staff to the New York State Assembly Speaker Stanley Steingut.

Other Directorships: Mr. Del Giudice is a Trustee of Con Edison of New York and a Director of Fusion Telecommunications International, Inc. During the past five years, Mr. Del Giudice also served as a Director of Reis, Inc. through September 2013. Mr. Del Giudice also served as Lead Director of Barnes and Noble, Inc. through September 2010. Mr. Del Giudice is Acting Chair of the New York Racing Association, and a Director of Bloomfield Industries, Corinthian Capital Group, and Universal Marine Medical Supply International LLC.

Attributes and Skills: Mr. Del Giudice has experience in private equity, with a focus on the power and energy infrastructure market, as well as experience in government service. Mr. Del Giudice s experience from his investment activities and his government service support the Board in its oversight of the Company s corporate governance, financial, and strategic planning activities, and the Company s relationships with stakeholders.

Ellen V. Futter

Director since: 1997

Age: 67

Board Committees:

Environment, Health and Safety

(Chair)

Operations Oversight

Career Highlights: Ms. Futter has been the President of the American Museum of Natural History, New York, NY, since November 1993. Previously, Ms. Futter served as the President of Barnard College, New York, NY, and as the Chairman of the Federal Reserve Bank of New York, and was a corporate attorney at the law firm of Milbank, Tweed, Hadley & McCloy.

Other Directorships: Ms. Futter is a Trustee of Con Edison of New York. During the past five years, Ms. Futter also served as a Director of JPMorgan Chase & Co., Inc. through July 2013. Ms. Futter is also a Director or Trustee of NYC & Company and the Brookings Institution and a Manager at the Memorial Sloan-Kettering Cancer Center.

Attributes and Skills: Ms. Futter has management and operations experience leading major New York not-for-profit entities that provide services to the public. Ms. Futter also has legal and financial experience. Ms. Futter s experience from her leadership positions at the American Museum of Natural History and Barnard College, and her legal experience support the Board in its oversight of the Company s operations, planning and regulatory activities and the Company s relationships with stakeholders.

Table of Contents

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

John F. Killian

Director since: 2007

Age: 62

Board Committees:

Audit

Corporate Governance and Nominating

Management Development and Compensation

Career Highlights: Mr. Killian was the Executive Vice President and Chief Financial Officer of Verizon Communications Inc., a telecommunications company, from March 2009 to December 2010. Mr. Killian was the President of Verizon Business, Basking Ridge, NJ, from October 2005 until February 2009, the Senior Vice President and Chief Financial Officer of Verizon Telecom from June 2003 until October 2005, and the Senior Vice President and Controller of Verizon Telecom from April 2002 until June 2003. Mr. Killian also served in executive positions at Bell Atlantic and was the President and Chief Executive Officer of NYNEX CableComms Limited.

Other Directorships: Mr. Killian is a Trustee of Con Edison of New York and Goldman Sachs Trust II and a Director of Houghton Mifflin Harcourt Company. Mr. Killian is also a Trustee of Providence College.

Attributes and Skills: Mr. Killian has leadership experience at regulated consumer services companies, including experience with financial reporting and internal auditing. Mr. Killian s experience from his leadership positions at Verizon Communications, Inc., Bell Atlantic and NYNEX CableComms Limited supports the Board in its oversight of the Company s auditing, financial, operating, and strategic planning activities, and the Company s relationships with stakeholders.

John McAvoy

Director since: 2013

Age: 56

Board Committee:

Executive (Chair)

Career Highlights: Mr. McAvoy has been Chairman of the Board of the Company and Con Edison of New York since May 2014. Mr. McAvoy has been President and Chief Executive Officer of the Company and Chief Executive Officer of Con Edison of New York since December 2013. Mr. McAvoy was President and Chief Executive Officer of Orange & Rockland from January 2013 to December 2013. Mr. McAvoy was Senior Vice President of Central Operations for Con Edison of New York from February 2009 to December 2012. Mr. McAvoy joined Con Edison of New York in 1980.

Other Directorships: Mr. McAvoy is a Trustee of Con Edison of New York. Mr. McAvoy is also a Director or Trustee of the American Gas Association, the Edison Electric Institute, the Intrepid Sea, Air and Space Museum, the Mayor s Fund to Advance New York City, New York State Energy Research and Development Authority, and the Partnership for New York City. Mr. McAvoy is also Chair of the Electricity Information Sharing and Analysis Center Executive Committee and Orange & Rockland.

Attributes and Skills: Mr. McAvoy has leadership, engineering, financial, and operations experience, as well as knowledge of the utility industry and the Company s business. Mr. McAvoy s experience from his leadership positions at the Company, and his service on other boards, supports the Board in its oversight of the Company s management, financial, operations, and strategic planning activities, and the Company s relationships with stakeholders.

Table of Contents

Armando J. Olivera

Director since: 2014

Age: 67

Board Committees:

Environment, Health and Safety

Finance

Operations Oversight

Career Highlights: Mr. Olivera was President of Florida Power & Light Company, an electric utility that is a subsidiary of a publicly traded energy company, from June 2003, and Chief Executive Officer from July 2008, until his retirement in May 2012. Mr. Olivera joined Florida Power & Light Company in 1972. Mr. Olivera also served as Chairman of the Boards of two non-profits: Florida Reliability Coordinating Council that focuses on the reliability and adequacy of bulk electricity in Florida, and Southeastern Electric Exchange that focuses on coordinating storm restoration services and enhancing operational and technical resources.

Other Directorships: Mr. Olivera is a Trustee of Con Edison of New York. Mr. Olivera also serves as a Director of Fluor Corporation and Lennar Corporation. During the past five years, Mr. Olivera served as a Director of AGL Resources, Inc. until July 2016, and as a Director of Florida Power & Light Company until May 2012. Mr. Olivera is also a Trustee of Cornell University and Miami Dade College.

Attributes and Skills: Mr. Olivera has leadership, engineering, and operations experience, as well as knowledge of the utility industry. Mr. Olivera s experience from his leadership positions at Florida Power & Light Company, and his service on other boards, supports the Board in its oversight of the Company s management, financial, operations, and strategic planning activities.

Michael W. Ranger

Director since: 2008

Age: 59

Board Committees:

Audit

Finance

Operations Oversight (Chair)

Career Highlights: Mr. Ranger has been Senior Managing Director of Diamond Castle Holdings LLC, New York, NY, a private equity investment firm, since 2004 and Non-Executive Chairman of KDC Solar LLC since 2010. Mr. Ranger was an investment banker in the energy and power sector for twenty years, including at Credit Suisse First Boston, Donaldson, Lufkin and Jenrette, DLJ Global Energy Partners, and Drexel Burnham Lambert. Mr. Ranger was also a member of the Utility Banking Group at Bankers Trust.

Other Directorships: Mr. Ranger is a Trustee of Con Edison of New York and a Director of Covanta Holding Corporation. Mr. Ranger is also a Director or Trustee of Bonten Media Group, KDC Solar LLC, Morristown-Beard School, Professional Direction Enterprise, Inc., and St. Lawrence University.

Attributes and Skills: Mr. Ranger has investment experience focusing on the energy and power sector, investment banking experience in the energy and power sector, and experience as a member of a utility banking group. Mr. Ranger s experience from his investment activities in the energy and power sector supports the Board in its oversight of the Company s financial and strategic planning activities.

Linda S. Sanford

Director since: 2015

Age: 64

Board Committees:

Corporate Governance and Nominating

Environment, Health and Safety

Finance

Career Highlights: Ms. Sanford was Senior Vice President Enterprise Transformation, International Business Machines Corporation (IBM), a multinational technology and consulting corporation, from January 2003 to December 2014. Ms. Sanford joined IBM in 1975.

Other Directorships: Ms. Sanford is a Trustee of Con Edison of New York and a Director of Pitney Bowes Inc., RELX NV (formerly Reed Elsevier NV) and RELX PLC (formerly Reed Elsevier PLC). During the past five years, Ms. Sanford served as a Director of ITT Corporation through May 2013. Ms. Sanford is also a Director or Trustee of ION Group and New York Hall of Science.

Attributes and Skills: Ms. Sanford has leadership experience at an international technology company, including experience with information technology, manufacturing, customer relations, and corporate planning. Ms. Sanford s experience from her leadership positions at IBM and her service on other boards supports the Board in its oversight of technology, relationship with stakeholders, and financial and strategic planning activities.

L. Frederick Sutherland

Director since: 2006

Age: 65

Board Committees:

Audit

Finance (Chair)

Management Development and

Compensation

Career Highlights: Mr. Sutherland was the Executive Vice President and Chief Financial Officer of Aramark Corporation, Philadelphia, PA, a provider of services, facilities management and uniform and career apparel, from 1997 through April 2015 and the Senior Advisor to the Chief Executive Officer from April 2015 to December 2015. Prior to joining Aramark in 1980, Mr. Sutherland was Vice President in the Corporate Banking Department of Chase Manhattan Bank, New York, NY.

Other Directorships: Mr. Sutherland is a Trustee of Con Edison of New York and a Director of Colliers International Group Inc. Mr. Sutherland is also a Director or Trustee of People s Light and Theater and Sterling Talent Solutions. Mr. Sutherland is also Chairman of the Board of WHYY, a PBS affiliate.

Attributes and Skills: Mr. Sutherland has leadership experience at an international managed services company, including experience with financial reporting, internal auditing, mergers and acquisitions, financing, risk management, corporate compliance, and corporate planning. Mr. Sutherland also has corporate banking experience. Mr. Sutherland s experience from his leadership positions at Aramark Corporation and Chase Manhattan Bank supports the Board in its oversight of the Company s financial reporting, auditing, and strategic planning activities.

PROPOSAL NO. 2   RATIFICATION OF THE APPOINTMENT OF INDEPENDENT ACCOUNTANTS

At the Annual Meeting, as a matter of sound corporate governance, stockholders will be asked to ratify the Audit Committee s appointment of PricewaterhouseCoopers LLP (PwC) as independent accountants for the Company for 2017. If the appointment of PwC is not ratified, the Audit Committee will take this into consideration in the future appointment of independent accountants.

PwC has acted as independent accountants for the Company for many years. The Audit Committee considered PwC s qualifications in determining whether to appoint PwC as independent accountants for 2017. The Audit Committee reviewed PwC s performance, as well as PwC s reputation for

integrity and for competence in the fields of accounting and auditing. The Audit Committee also reviewed a report provided by PwC regarding its quality controls, inquiries or investigations by governmental or professional authorities and independence. (See *Audit Committee Matters* on page 25.) Based on this review, the Audit Committee believes that the appointment of PwC as independent accountants for the Company for 2017 is in the best interests of the Company and its stockholders.

Representatives of PwC will be present at the Annual Meeting and will be afforded the opportunity to make a statement if they desire to do so and to respond to appropriate questions.

The Board Recommends a Vote FOR Proposal No. 2.

Ratification of Proposal No. 2 requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting, in person or by proxy. Abstentions and broker non-votes are voted neither for nor against, and have no effect on the vote.

PROPOSAL NO. 3   ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

The Company values the opinions of its stockholders, and in accordance with Section 14A of the Securities Exchange Act of 1934, the stockholders have the opportunity to approve, on an advisory basis, the compensation of the Named Executive Officers (commonly referred to as a say on pay vote) as disclosed in the Compensation Discussion and Analysis (CD&A) section of this Proxy Statement, the related compensation disclosure tables, and the narrative discussion that accompanies the compensation disclosure tables on pages 27 to 59. The Company currently conducts such votes annually. The Board recommends that the stockholders vote to approve, on an advisory basis, the compensation of the Named Executive Officers. In 2016, the Company held a say on pay vote and 92.15% of the shares voted were voted for the proposal. Following this year s say on pay vote, the next such vote will be at the Company s 2018 annual meeting of stockholders.

As discussed in the CD&A, the Company s executive compensation program is designed to assist in attracting and retaining key executives critical to its long-term success, to motivate these executives to create value for its stockholders, and to provide safe, reliable, and efficient service for its customers. The Management Development and Compensation Committee (the Compensation Committee), with the assistance of its independent compensation consultant, seeks to provide base salary and performance-based compensation, including target annual cash incentive compensation and target long-term equity-based incentive compensation, that are competitive with the median level of compensation provided by the Company s compensation peer group and effectively link pay with performance.

The Compensation Committee believes that performance-based compensation should represent the most significant portion of each Named Executive Officer s target total direct compensation and should be in the form of long-term, rather than annual incentives, to emphasize the importance of sustained Company performance. Each year, the Compensation Committee evaluates the level of compensation, the mix of base salary, performance-based compensation and retirement and welfare benefits provided to each Named Executive Officer.

The Compensation Committee chooses performance goals under the annual incentive plan and the long term incentive plan to support the Company s short- and long-term business plans and strategies. In setting targets for the short- and long-term performance goals, the Compensation Committee considers the Company s annual and long-term business plans and certain other factors, including pay-for-performance alignment, economic and industry conditions, and the practices of the compensation peer group. The Compensation Committee sets challenging, but achievable, goals for the Company and its executives to drive the achievement of short- and long-term objectives.

For the reasons indicated and more fully discussed in the CD&A, the Board recommends that the stockholders vote in favor of the following advisory resolution:

RESOLVED, That the compensation paid to the Company s Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion that accompany the compensation disclosure tables is hereby approved.

The Board Recommends a Vote FOR Proposal No. 3.

Approval of Proposal No. 3 requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting, in person or by proxy. Abstentions and broker non-votes are voted neither for nor against, and have no effect on the vote.

As an advisory vote, Proposal No. 3 is not binding on the Company, the Board, or the Compensation Committee. However, the Company, the Board, and the Compensation Committee value the opinions of the Company s stockholders as expressed through their vote and other communications and will consider the voting results when making future compensation decisions for the Named Executive Officers.

PROPOSAL NO. 4 ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON NAMED EXECUTIVE OFFICER COMPENSATION

As described in Proposal No. 3, the stockholders have the opportunity to cast an advisory vote to approve Named Executive Officer compensation (commonly referred to as a say on pay vote). In accordance with the requirements of Section 14A of the Securities and Exchange Act of 1934, this Proposal No. 4 provides the stockholders with the opportunity, at least once every six years, to provide an advisory vote on how often the Company should include a say on pay vote in the Company s proxy statement for future annual stockholder meetings (commonly referred to as a say on pay frequency vote).

Under this Proposal No. 4, the stockholders may vote to have the say on pay vote every year, every two years, or every three years, or may abstain from voting. In 2011, the Company held

its first advisory vote on the say on pay frequency vote and 86.68% of the shares voted were voted for an annual vote. Following this year s say on pay frequency vote, it is expected that the next such vote will be at the Company s 2023 annual stockholders meeting. Stockholders may cast their advisory vote on the say on pay frequency vote every 1 Year, 2 Years, or 3 Years, or Abstain.

The Board recommends that the stockholders approve, on an advisory basis, continuing to hold an annual say on pay vote. The Board continues to believe that an annual vote is the most appropriate for the Company as it will provide the stockholders with an opportunity to express their views on the Company s executive compensation program in a consistent and timely manner.

The Board Recommends a Vote of 1 YEAR for Proposal No. 4.

Approval of Proposal No. 4 requires the affirmative vote of a plurality of the votes cast on the proposal at the Annual Meeting, in person or by proxy. This means that the option for holding an advisory vote every one year, two years, or three years receiving the greatest number of votes will be considered the preferred frequency of the stockholders. Abstentions and broker non-votes are voted neither for nor against, and have no effect on the vote.

As an advisory vote, Proposal No. 4 is not binding on the Company, the Board, or the Compensation Committee. However, the Company, the Board, and the Compensation Committee value the opinions of the stockholders as expressed through their vote and other communications and will consider the results of this advisory vote when making future decisions about the frequency of the say on pay vote.

THE BOARD OF DIRECTORS

MEETINGS AND BOARD MEMBERS ATTENDANCE

The Board of Directors held 11 meetings in 2016. At its meetings the Board considers a wide variety of matters involving such things as the Company s strategic planning, its financial condition and results of operations, its capital and operating budgets, personnel matters, succession planning, risk management, industry issues, accounting practices and disclosure, and corporate governance practices.

In accordance with the Company s Corporate Governance Guidelines, the Chair of the Corporate Governance and Nominating Committee (currently Mr. Del Giudice) serves as Lead Director and, as such, chairs the executive sessions of the non-management Directors and the independent Directors. The Company s independent Directors met twice in executive session and the non-management Directors met nine times in executive session during 2016.

During 2016, each member of the Board attended more than 75% of the combined meetings of the Board of Directors and the Board Committees on which he or she served held during the period that he or she served. Directors are expected to attend the Annual Meeting. All of the Directors attended the 2016 annual meeting of stockholders.

CORPORATE GOVERNANCE

The Company s corporate governance documents, including its Corporate Governance Guidelines, the charters of the Audit, Corporate Governance and Nominating, and Management Development and Compensation Committees, and the Standards of Business Conduct, are available on the Company s website at *conedison.com/shareholders*. The Standards of Business Conduct applies to all Directors, officers and employees. The Company intends to post on its website at *conedison.com/shareholders* amendments to its Standards of Business Conduct and a description of any waiver from a provision of the Standards of Business Conduct granted by the Board to any Director or executive officer of the Company within four business days after such amendment or waiver.

PROXY ACCESS

The Company developed and implemented a proxy access framework that allows a stockholder or a group of up to 20 stockholders who have owned at least three percent (3%) of the outstanding shares of the Company for at least three years

to submit nominees for up to twenty percent (20%) of the Board, or two nominees, whichever is greater, for inclusion in the Company s Proxy Statement and form of proxy, subject to complying with the requirements identified in the By-laws of the Company.

LEADERSHIP STRUCTURE

As discussed in the Corporate Governance Guidelines, the Board selects the Company s chief executive officer and chairman of the Board in the manner that it determines to be in the best interest of the Company s stockholders. The Company s leadership structure combines the roles of the chairman and chief executive officer. The Board believes that this leadership structure is appropriate for the Company due to a variety of factors, including Mr. McAvoy s long-standing knowledge of the Company and the utility industry, and his extensive engineering, financial, and operations experience.

The Board has an independent Lead Director who is the Chair of the Corporate Governance and Nominating Committee. The Corporate Governance Guidelines provide that the Lead Director: (i) acts as a liaison between the independent Directors and the Company s management; (ii) chairs the executive sessions of non-management and independent Directors and has the authority to call additional executive sessions as appropriate; (iii) chairs Board meetings in the Chairman s absence; (iv) coordinates with the Chairman on agendas and schedules for Board meetings, information flow to the Board, and other matters pertinent to the Company and the Board; and (v) is available for consultation and communication with major stockholders as appropriate.

The Board consists of a substantial majority of Directors who are independent. (See *The Board of Directors Board Members Independence* on pages 16 to 17.) The Board routinely holds executive sessions at which only non-management Directors are present, and the independent Directors meet in executive session at least once a year.

Pursuant to the Company s Corporate Governance Guidelines, the Board has oversight responsibility for reviewing the Company s strategic plans, objectives and risks. Each of the standing committees of the Board, other than the Executive Committee, is chaired by non-management Directors. (See *The Board of Directors Standing Committees of the Board* on pages 17 to 19).

RISK OVERSIGHT

The Board s primary function is one of oversight. In connection with its oversight function, the Board oversees the Company s policies and procedures for managing risk. The Board administers its risk oversight function primarily through its Committees that report to the Board. Board Committees have assumed oversight of various risks that have been identified through the Company s enterprise risk management program. The Audit Committee reviews the Company s risk assessment and risk management policies and the Audit Committee reports to the Board on the Company s risk management program. Management regularly provides reports to the Board and its Committees concerning risks identified through the Company s enterprise risk management program.

RELATED PERSON TRANSACTIONS AND POLICY

The Company has adopted a written policy for approval of transactions between the Company and its Directors, Director nominees, executive officers, greater-than-five percent (5%) beneficial owners, and their respective immediate family members, where the amount involved in the transaction since the beginning of the Company s last completed fiscal year exceeds or is expected to exceed $100,000.

The policy provides that the Corporate Governance and Nominating Committee reviews certain transactions subject to the policy and determines whether or not to approve or ratify those transactions. In doing so, the Corporate Governance and Nominating Committee takes into account, among other factors it deems appropriate, whether the transaction is on terms that are no less favorable to the Company than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person s interest in the transaction. In addition, the Board has delegated authority to the Chair of the Corporate Governance and Nominating Committee to pre-approve or ratify transactions where the aggregate amount involved is expected to be less than $1.0 million. A summary of any new transactions pre-approved by the Chair will be provided to the full Corporate Governance and Nominating Committee for its review in connection with a regularly scheduled committee meeting.

The Corporate Governance and Nominating Committee has considered and adopted standing pre-approvals under the policy for limited transactions with related persons. Pre-approved transactions include:

(i) business transactions with other companies at which a related person s only relationship is as an employee (other than an executive officer), if the amount of business falls below the thresholds in the New York Stock Exchange s listing standards and the Company s Director independence standards; and

(ii) contributions to non-profit organizations at which a related person s only relationship is as an employee (other than an executive officer) if the aggregate amount involved is less than both $1.0 million and two percent (2%) of the organization s consolidated gross annual revenues.

In 2016, Ms. Futter s brother received approximately $161,000 for providing legal services to Con Edison of New York and is providing legal services in 2017. The provision of these services by Ms. Futter s brother was approved by the Committee.

BOARD MEMBERS INDEPENDENCE

The Board of Directors has affirmatively determined that the following Directors are independent as defined in the New York Stock Exchange s listing standards: Mr. Calarco, Dr. Campbell, Mr. Del Giudice, Mr. Killian, Mr. Olivera, Mr. Ranger, Ms. Sanford, and Mr. Sutherland.

To assist it in making determinations of Director independence, the Board has adopted independence standards, which are set forth in its Corporate Governance Guidelines, available on the Company s website at conedison.com/shareholders. Under these standards, the Board has determined that each of the following relationships is categorically immaterial and therefore, by itself, does not preclude a Director from being independent:

(i) (a) the Director has an immediate family member who is a current employee of the Company s internal or external auditor, but the immediate family member does not personally work on the Company s audit; or (b) the Director or an immediate family member was, within the last three years, a partner or employee of such a firm but no longer works at the firm and did not personally work on the Company s audit within that time;

(ii) the Director or an immediate family member is, or has been within the last three years, employed at another company where any of the Company s present executive officers at the same time serves or served on that company s compensation committee, but the Director or the Director s immediate family member is not an executive officer of the other company and his or her compensation is not determined or reviewed by that company s compensation committee;

(iii) the Director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in any of the last three fiscal years, but the total payments in each year were less than $1.0 million, or two percent (2%) of such other company s consolidated gross revenues, whichever is greater;

(iv) the Director is a partner or the owner of five percent (5%) or more of the voting stock of another company that has made payments to, or received payments from, the Company for property or services in any of the last three fiscal years, but the total payments in each year were less than $1.0 million, or two percent (2%) of such other company s consolidated gross revenues, whichever is greater;

(v) the Director is a partner, the owner of five percent (5%) or more of the voting stock or an executive officer of another company which is indebted to the Company, or to which the Company is indebted, but the total amount of the indebtedness in each of the last three fiscal years was less than $1.0 million, or two percent (2%) of such other company s consolidated gross revenues, whichever is greater; and

(vi) the Director or an immediate family member is a director or an executive officer of a non-profit organization to which the Company has made contributions in any of the last three fiscal years, but the Company s total contributions to the organization in each year were less than $1.0 million, or two percent (2%) of such organization s consolidated gross revenues, whichever is greater.

STANDING COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee, composed of five independent Directors (currently Mr. Calarco, Chair, Mr. Del Giudice, Mr. Killian, Mr. Ranger, and Mr. Sutherland), is directly responsible for the appointment of the independent accountants for the Company, subject to stockholder ratification at the Annual Meeting. The Audit Committee has appointed PwC as the Company s independent accountants for the fiscal year 2017. If the appointment of PwC is not ratified, the Audit Committee will take this into consideration in the future selection of independent accountants.

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the

work of the independent accountants for the Company. The Audit Committee reviews the proposed auditing and non-audit fees and approves in advance the proposed auditing and non-audit services associated with the Company s retention of the independent accountants. Every five years the Audit Committee evaluates whether it is appropriate to rotate the Company s independent accountants and, in conjunction with mandatory rotation of the lead engagement partner, the Audit Committee is directly involved in selecting the lead engagement partner of the independent accountants. The Audit Committee meets with the Company s management, including Con Edison of New York s General Auditor, the General Counsel, and the Company s independent accountants, several times a year to discuss internal controls and accounting matters, the Company s financial statements, filings with the Securities and Exchange Commission, earnings press releases and the scope and results of the auditing programs of the independent accountants and of Con Edison of New York s internal auditing department. The Audit Committee also oversees the Company s risk assessment and risk management policies, and the Company s management of risks, relating to its duties and responsibilities that have been identified through the Company s enterprise risk management program. Each member of the Audit Committee is independent as defined in the New York Stock Exchange s listing standards and Rule 10A-3 of the Securities and Exchange Act of 1934. The Board of Directors of the Company has determined that each Director on the Audit Committee is an audit committee financial expert as the term is defined in Item 407(d)(5) of Regulation S-K of the Securities and Exchange Act of 1934. The Audit Committee held six meetings in 2016.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee, composed of five independent Directors (currently Mr. Del Giudice, Chair, Mr. Calarco, Dr. Campbell, Mr. Killian, and Ms. Sanford), annually evaluates each Director s individual performance when considering whether to nominate the Director for re-election to the Board and is responsible for recommending candidates to fill vacancies on the Board. In addition, the Corporate Governance and Nominating Committee assists with respect to the composition and size of the Board and of all Committees of the Board. The Corporate Governance and Nominating Committee also makes recommendations to the Board as to the compensation of Board members as well as other corporate governance matters, including Board independence criteria and determinations and corporate governance guidelines. Additionally, the Corporate Governance and Nominating

Committee oversees the Company s management of risks, relating to its duties and responsibilities that have been identified through the Company s enterprise risk management program.

All of the members of the Corporate Governance and Nominating Committee are independent as defined in the New York Stock Exchange s listing standards. The Company s Corporate Governance Guidelines provide that the Board of Directors consists of a substantial majority of Directors who meet the New York Stock Exchange definition of independence, as determined by the Board in accordance with the standards described in the Guidelines under *The Board of Directors Board Members Independence* on pages 16 to 17.

Among its duties, the Corporate Governance and Nominating Committee reviews the skills and characteristics of Director candidates as well as their integrity, judgment, business experience, areas of expertise and availability for service, factors relating to the composition of the Board (including its size and structure) and the Company s principles of diversity.

The Corporate Governance and Nominating Committee has the authority under its charter to hire advisors to assist it in its decisions. The Corporate Governance and Nominating Committee retains a professional search firm to assist it in identifying director candidates. The search firm assists in developing criteria for potential Board members to complement the Board s existing strengths. Based on such criteria, the firm also provides, for review and consideration, lists of potential candidates with background information. After consulting with the Corporate Governance and Nominating Committee, the firm further screens and interviews candidates as directed to determine their qualifications, interest and any potential conflicts of interest and provides its results to the Committee. The Committee also considers candidates recommended by stockholders. There are no differences in the manner in which the Committee will evaluate candidates recommended by stockholders. The Committee will make an initial determination as to whether a particular candidate meets the Company s criteria for Board membership, and will then further consider candidates that do. Stockholder recommendations for candidates, accompanied by biographical material for evaluation, may be sent to the Vice President and Corporate Secretary of the Company. Each recommendation should include information as to the qualifications of the candidate and should be accompanied by a written statement (presented to the Vice President and Corporate Secretary of the Company) from the suggested candidate to the effect that the candidate is willing to serve.

The Corporate Governance and Nominating Committee has also retained Mercer, a wholly-owned subsidiary of Marsh & McLennan Companies, Inc., to provide information, analyses, and objective advice regarding director compensation. The Corporate Governance and Nominating Committee directs Mercer to: (i) assist it by providing competitive market information on the design of the director compensation program, (ii) advise it on the design of the director compensation program and also provide advice on the administration of the program, and (iii) brief it on director compensation trends among the Company s compensation peer group and broader industry. The Board members, including the chief executive officer, consider the recommendations of the Corporate Governance and Nominating Committee. The decisions may reflect factors and considerations in addition to the information and advice provided by Mercer. The Corporate Governance and Nominating Committee held four meetings in 2016.

Environment, Health and Safety Committee

The Environment, Health and Safety Committee, composed of three non-management Directors (currently Ms. Futter, Chair, Mr. Olivera, and Ms. Sanford), provides advice and counsel to the Company s management on corporate environment, health and safety policies and on such other environment, health, safety, and sustainability matters as it from time-to-time deems appropriate. The Environment, Health and Safety Committee also reviews significant issues identified by management relating to the Company s environment, health and safety programs and its compliance with environment, health and safety laws and regulations, and makes such other reviews and recommends to the Board such other actions as it may deem necessary or desirable to help promote sound planning by the Company with due regard to the protection of the environment, health and safety. Additionally, the Environment, Health and Safety Committee oversees the Company s management of risks, relating to its duties and responsibilities that have been identified through the Company s enterprise risk management program. The Environment, Health and Safety Committee held four meetings in 2016.

Executive Committee

The Executive Committee, composed of Mr. McAvoy, Chair, and three independent Directors (currently Mr. Calarco, Dr. Campbell, and Mr. Del Giudice), may exercise, during intervals between the meetings of the Board, all the powers vested in the Board, except for certain specified matters. No meetings of the Executive Committee were held in 2016.

Finance Committee

The Finance Committee, composed of four independent Directors (currently Mr. Sutherland, Chair, Mr. Olivera, Mr. Ranger, and Ms. Sanford), reviews and makes recommendations to the Board with respect to the Company s financial condition and policies, capital and operating budgets, financial forecasts, major contracts and real estate transactions, financings, investments, bank credit arrangements, its dividend policy, strategic business plan, litigation, and other financial matters. Additionally, the Finance Committee oversees the Company s management of risks, relating to its duties and responsibilities that have been identified through the Company s enterprise risk management program. The Finance Committee held nine meetings in 2016.

Management Development and Compensation Committee

The Management Development and Compensation Committee (the Compensation Committee), composed of five independent Directors (currently Dr. Campbell, Chair, Mr. Calarco, Mr. Del Giudice, Mr. Killian, and Mr. Sutherland), makes recommendations to the Board relating to officer and senior management appointments. The Compensation Committee also establishes and oversees the Company s executive compensation and welfare benefit plans and policies, administers its equity plans and annual incentive plan and reviews and approves annually all compensation relating to the Named Executive Officers under the Company s executive compensation program. Additionally, the Compensation Committee oversees the Company s management of risks, relating to its duties and responsibilities that have been identified through the Company s enterprise risk management program.

The Compensation Committee has the authority, under its charter, to engage the services of outside advisors, experts, and others to assist it. The Compensation Committee engages Mercer to provide information, analyses, and objective advice regarding executive compensation. The Compensation Committee directs Mercer to: (i) assist it in the development and assessment of the compensation peer group for the purposes of providing competitive market information for the design of the executive compensation program, (ii) compare the Company s chief executive officer s base salary, annual incentive and long-term incentive compensation to that of the chief executive officers of the identified compensation peer group and broader industry, (iii) advise it on the officers base salaries and target award levels within the annual and long-term incentive plans, (iv) advise it on the design of the Company s annual and long-term incentive plans and on the

administration of the plans, (v) brief it on executive compensation trends among the Company s compensation peer group and broader industry, and (vi) assist with the preparation of the Compensation Discussion and Analysis for this Proxy Statement. The Compensation Committee held three meetings in 2016 and Mercer attended all meetings.

For a discussion of the role of the Compensation Committee and information about the Company s processes and procedures for the consideration and determination of executive compensation, see the *Compensation Discussion and Analysis* beginning on page 27.

In addition, the Compensation Committee also reviews and makes recommendations as necessary to provide for orderly succession and transition in the senior management of the Company and receives reports and makes recommendations with respect to minority and female recruitment, employment and promotion. The Compensation Committee also oversees and makes recommendations to the Board with respect to compliance with the Employee Retirement Income Security Act of 1974 (ERISA), and reviews and makes recommendations with respect to benefit plans and plan amendments, the selection of plan trustees and the funding policy and contributions to the funded plans, and reviews the performance of the funded plans. Each of the members of the Compensation Committee is independent, as defined in the New York Stock Exchange s listing standards, and meets the outside director criteria of Section 162(m) of the Internal Revenue Code and the Non-Employee Director criteria of Rule 16b-3 under the Securities Exchange Act of 1934.

Operations Oversight Committee

The Operations Oversight Committee, composed of four non-management Directors (currently Mr. Ranger, Chair, Dr. Campbell, Ms. Futter, and Mr. Olivera), oversees the Company s efforts relating to the Company s operating systems and their impact on the customer. The Operations Oversight Committee also reviews significant issues identified by the Company relating to the Company s subsidiaries operating systems and their impact on the customer. The Operations Oversight Committee also reviews compliance of the Company s subsidiaries operating systems with laws and regulations and the Company s corporate policies and procedures, as may be necessary or appropriate. Additionally, the Operations Oversight Committee oversees the Company s management of risks, relating to its duties and responsibilities that have been identified through the Company s enterprise risk management program. The Operations Oversight Committee held four meetings in 2016.

Table of Contents

COMPENSATION CONSULTANT DISCLOSURE

The Compensation Committee has retained Mercer, a wholly-owned subsidiary of Marsh & McLennan Companies, Inc., to assist with its responsibilities related to the Company s executive compensation programs and the Corporate Governance and Nominating Committee has retained Mercer to assist with its responsibilities related to the director compensation program, including the design and structure of the Company s long term incentive plan. Mercer s fees for executive and director compensation consulting to the committees in 2016 were approximately $810,500.

During 2016, the Company retained Marsh & McLennan affiliates (other than Mercer) to provide services, unrelated to executive compensation. These services were approved by the Company s management. The aggregate fees paid for these other services, which include insurance fees and auction services, were approximately $102,500.

The Compensation Committee considered the independence of Mercer under the rules of the Securities and Exchange Commission and the listing standards of the New York Stock Exchange. The Compensation Committee concluded that the services provided by the Marsh & McLennan affiliates (other than Mercer) did not raise any conflicts of interest and did not impair Mercer s ability to provide independent advice to the Compensation Committee concerning executive or director compensation matters.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mr. Calarco, Dr. Campbell (Chair), Mr. Del Giudice, Mr. Killian and Mr. Sutherland were on the Company s Compensation Committee during 2016. The Company believes that there are no interlocks with the members who serve on the Compensation Committee.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Interested parties may communicate directly with the members of the Company s Board of Directors, including the non-management Directors as a group, by writing to them, care of the Company s Vice President and Corporate Secretary, at the Company s principal executive office at 4 Irving Place, New York, New York 10003. The Vice President and Corporate Secretary will forward communications to the Director or the Directors indicated.

DIRECTOR COMPENSATION

ELEMENTS OF COMPENSATION

In 2016, non-employee Directors were eligible to receive the following:

	Amount
Annual Retainer[1]	$ 100,000
Lead Director Retainer	$ 35,000
Chair of Audit Committee Retainer	$ 25,000
Member of Audit Committee Retainer (excluding the Audit Committee Chair)	$ 10,000
Chair of Corporate Governance and Nominating Committee Retainer	$ 10,000
Chair of Management Development and Compensation Committee Retainer	$ 15,000
Retainer for Chairs of: Environment, Health and Safety Committee; Finance Committee; and Operations Oversight Committee	$ 5,000
Acting Committee Chair Fee (where the regular Chair is absent)	$ 200
Audit Committee member fee (for each meeting of the Audit Committee attended)	$ 2,000
Committee member fee (for each Committee meeting attended)	$ 1,500
Annual equity award (deferred stock units)[2]	$ 135,000

Footnotes:

(1) Effective April 1, 2016, the annual retainer was increased from $90,000 to $100,000.
(2) Effective April 1, 2016, the annual equity award was increased from $120,000 to $135,000.

In 2016, the Company reimbursed non-employee Directors for reasonable expenses incurred in attending Board and Committee meetings. No person who served on both the Company Board and on the Board of its subsidiary, Con Edison of New York, and corresponding Committees, was paid additional compensation for concurrent service. Directors who are employees of the Company or its subsidiaries do not receive retainers, meeting fees, or annual equity awards for their service on the Board.

The Company has stock ownership guidelines for non-employee Directors under which each Director is to own shares (including stock equivalents and restricted stock units) with a value equal to four times the annual director retainer (not including committee and/or committee chair fees) paid to such Director during the previous fiscal year.

Non-employee Directors participate in the long term incentive plan. Pursuant to the long term incentive plan, each non-employee Director then serving was allocated an annual equity award of $135,000 of deferred stock units on the first business day following the 2016 Annual Meeting. If a non-employee Director is first appointed to the Board after an annual meeting, his or her first annual equity award will be pro rated. Settlement of the 2016 annual equity awards of stock units was automatically deferred until the Director s termination of service from the Board of Directors. Each non-employee Director may elect to receive some or all of his or her 2016 annual equity awards of stock units on another date or to further defer any other prior annual equity award of stock units, including any related dividend equivalents earned on prior annual equity award of stock units. Each non-employee Director may also elect to defer all or a portion of his or her 2016 retainers and meeting fees into additional deferred stock units, which are deferred until the Director s termination of service. Dividend equivalents are payable on 2016 deferred stock units in the amount and at the time that dividends are paid on Company Common Stock and are credited in the form of additional deferred stock units which are fully vested as of the date the dividends would have been paid to the Director or, at the Director s option, are paid in cash. All payments on account of deferred stock units will be made in shares of Company Common Stock. The long term incentive plan provides that cash compensation deferred into stock units, annual stock unit awards, and dividend equivalents granted to non-employee Directors that are credited in the form of additional deferred stock units, are fully vested, and payable in a single one-time payment of whole shares (rounded to the nearest whole share) within 60 days following separation from Board service unless the director elected to defer distribution to another date.

Directors are eligible to participate in the stock purchase plan, which is described in Note M to the financial statements in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

DIRECTOR COMPENSATION TABLE

The following table sets forth the compensation for the members of the Company s Board of Directors for the fiscal year ended December 31, 2016.

Name	Fees Earned or Paid in Cash ($)	Stock Awards[1] ($)	All Other Compensation[2] ($)	Total ($)
Vincent A. Calarco	$ 148,200	$ 135,000		$ 283,200
George Campbell, Jr.	$ 132,000	$ 135,000	$ 5,000[3]	$ 272,000
Michael J. Del Giudice	$ 176,000	$ 135,000		$ 311,000
Ellen V. Futter	$ 116,000	$ 135,000	$ 5,000	$ 256,000
John F. Killian	$ 133,000	$ 135,000		$ 268,000
John McAvoy[4]				
Armando J. Olivera	$ 120,000	$ 135,000	$ 5,000	$ 260,000
Michael W. Ranger	$ 144,000	$ 135,000		$ 279,000
Linda S. Sanford	$ 120,000	$ 135,000		$ 255,000
L. Frederick Sutherland	$ 142,500	$ 135,000		$ 277,500

Footnotes:

(1) On May 17, 2016, each of the Directors elected at the 2016 Annual Meeting, except Mr. McAvoy, received a grant of 1,824 stock units valued at $74.01 per share, the equivalent of $135,000. The stock units were fully vested at the time of grant. Pursuant to the Company s long term incentive plan, and as indicated in Note M to the financial statements in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, the stock units are valued in accordance with FASB ASC Topic 718. The aggregate number of stock units for each non-employee director as of December 31, 2016 is as follows: Mr. Calarco 33,698; Dr. Campbell 33,421; Mr. Del Giudice 44,824; Ms. Futter 29,130; Mr. Killian 19,961; Mr. Olivera 6,978; Mr. Ranger 41,885; Ms. Sanford 4,611; and Mr. Sutherland 43,271.

(2) The *All Other Compensation* column includes matching contributions made by the Company to qualified institutions under its matching gift program. All directors and employees are eligible to participate in this program. Under the Company s matching gift program, the Company matches up to a total of $5,000 per eligible participant on a one-for-one basis to qualified institutions per calendar year.

(3) The amounts reported in the *All Other Compensation* column include amounts matched by the Company in 2015 and paid in 2016 under the Company s matching gift program.

(4) Mr. McAvoy did not receive any director compensation because he is an employee of the Company.

STOCK OWNERSHIP AND SECTION 16 COMPLIANCE

STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table provides, as of February 28, 2017, the amount of shares of the Company s Common Stock beneficially owned by each Director, each Named Executive Officer, and by all Directors and executive officers of the Company as a group, and information about the amount of their other Company equity-based holdings.

Name	Shares Beneficially Owned(1)	Other Equity-Based Holdings(2)	Total(3)
Vincent A. Calarco	34,098		34,098
George Campbell, Jr.	26,231	11,900	38,131
Michael J. Del Giudice	42,882	1,942	44,824
Ellen V. Futter	23,752	7,724	31,476
John F. Killian	12,504	7,457	19,961
Armando J. Olivera	7,478		7,478
Michael W. Ranger	41,885		41,885
Linda S. Sanford	6,111		6,111
L. Frederick Sutherland	40,634	6,637	47,271
John McAvoy	6,974	113,480	120,454
Robert Hoglund	7,669	30,000	37,669
Craig Ivey	66	35,306	35,372
Elizabeth D. Moore	2,022	35,331	37,353
Timothy P. Cawley	2,441	10,918	13,359
Directors and Executive Officers as a group, including the above-named persons (22 persons)	276,931	328,940	605,871

Footnotes:

(1) The number of shares shown includes shares of Company Common Stock that are individually or jointly owned, as well as shares over which the individual has sole or shared investment or sole or shared voting power. The number of shares shown also includes vested stock units, as to which the individual may obtain investment or voting power within 60 days following separation from service: Mr. Calarco 33,698; Dr. Campbell 21,521; Mr. Del Giudice 42,882; Ms. Futter 21,406; Mr. Killian 12,504; Mr. Olivera 6,978; Mr. Ranger 41,885; Ms. Sanford 4,611; Mr. Sutherland 36,634; Mr. McAvoy 0; Mr. Hoglund 0; Mr. Ivey 0; Ms. Moore 0; Mr. Cawley 0; and directors and executive officers as a group 222,119.

(2) Represents vested stock units, as to which the individual may not, within 60 days after February 28, 2017, obtain investment or voting power.

(3) As of February 28, 2017, ownership was, in each case, less than one percent (1%) of the outstanding 305,111,726 shares.

Table of Contents

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table provides information, as of December 31, 2016, with respect to persons who are known to the Company to beneficially own more than five percent (5%) of Company Common Stock.

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Class
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	23,779,520[1]	7.80%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	20,578,607[2]	6.75%
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	19,888,106 [3]	6.53%

Footnotes:

(1) BlackRock, Inc. stated in its Schedule 13G/A, filed on January 23, 2017 with the Securities and Exchange Commission, that it has sole voting power for 20,201,086 of these shares and sole dispositive power for 23,779,520 of these shares.

(2) The Vanguard Group stated in its Schedule 13G/A, filed on February 10, 2017 with the Securities and Exchange Commission, that it has sole voting power for 518,089 of these shares, shared voting power for 86,464 of these shares, sole dispositive power for 20,013,489 of these shares, and shared dispositive power for 565,118 of these shares.

(3) State Street Corporation stated in its Schedule 13G, filed on February 9, 2017 with the Securities and Exchange Commission, that it has shared voting power and shared dispositive power for all these shares.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Directors and executive officers of the Company to file reports of ownership and changes in ownership of the equity securities of the Company and its subsidiaries with the Securities and Exchange Commission and to furnish copies of these reports to the Company, within specified time limits. Based upon its review of the reports furnished to the Company for 2016 pursuant to Section 16(a) of the Act, the Company believes that all of the reports were filed on a timely basis, except for one transaction, which was reported late for Joseph P. Oates, relating to the acquisition of 308 shares of Company Common Stock before he was required to file Section 16(a) reports.

Table of Contents

AUDIT COMMITTEE MATTERS

AUDIT COMMITTEE REPORT

The Company s Audit Committee consisted of five independent Directors in 2016. Each member of the Audit Committee meets the qualifications required by the New York Stock Exchange and Securities and Exchange Commission.

The Audit Committee has reviewed and discussed with management the audited financial statements of the Company for the year ended December 31, 2016. The Audit Committee has also discussed with PricewaterhouseCoopers LLP (PwC), the Company s independent registered public accountants, the matters required to be discussed under the rules adopted by the Public Company Accounting Oversight Board (PCAOB).

The Audit Committee has received the written disclosures and the letter from PwC required by applicable requirements of the PCAOB regarding PwC s communications with the Audit Committee concerning independence. The Audit Committee has discussed with PwC its independence and qualifications. The Audit Committee also considered whether PwC s provision of limited tax and non-audit services to the Company is compatible with PwC s independence and concluded that it was.

Based on the Audit Committee s review and discussions, the Audit Committee recommended to the Board of Directors that the Company s audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2016 for filing with the Securities and Exchange Commission.

Audit Committee:

Vincent A. Calarco (Chair)

Michael J. Del Giudice

John F. Killian

Michael W. Ranger

L. Frederick Sutherland

FEES PAID TO PRICEWATERHOUSECOOPERS LLP

Fees paid or payable to PwC for services related to 2016 and 2015 are as follows:

	2016	2015
Audit Fees	$ 5,285,173	$ 4,992,800
Audit-Related Fees[(a)]	$ 1,053,925	$ 369,002
Tax Fees[(b)]	$ 25,000	$ 75,088
All Other Fees	$ 0	$ 102,867[(c)]
TOTAL FEES	$ 6,364,098	$ 5,539,757

Footnote:

(a) Relates to assurance and related service fees that are reasonably related to the performance of the annual audit or quarterly reviews of the Company s financial statements that are not specifically deemed Audit Services. The major items included in Audit-Related Fees in 2016 are fees for reviews of system implementations of the Company s regulated entities and fees for audits of Con Edison Clean Energy Businesses, Inc. s various solar projects. The major items included in Audit-Related Fees in 2015 are fees for audits of Con Edison Clean Energy Businesses, Inc. s various solar projects.

(b) Relates to fees for tax compliance reporting relating to the Foreign Account Tax Compliance Act.

(c) Relates to fees in 2015 for cybersecurity risk review.

The Audit Committee, or as delegated by the Audit Committee, the Chair of the Committee, approves in advance each auditing service and non-audit service permitted by applicable laws and regulations, including tax services, to be provided to the Company and its subsidiaries by its independent accountants.

COMPENSATION COMMITTEE REPORT

The Management Development and Compensation Committee of the Board of Directors of the Company has reviewed and discussed the Compensation Discussion and Analysis (the CD&A) for 2016 with management of the Company. Based on this review and discussion, the Committee recommended to the Board of Directors that the CD&A be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2016 and this Proxy Statement.

Management Development and Compensation Committee:

George Campbell, Jr. (Chair)

Vincent A. Calarco

Michael J. Del Giudice

John F. Killian

L. Frederick Sutherland

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

CD&A TABLE OF CONTENTS **27**

INTRODUCTION

This section of the Proxy Statement provides an overview of the Company s 2016 executive compensation program (the executive compensation program) and an analysis of the decisions made with respect to the compensation of the Company s Named Executive Officers (as identified by the Company under Securities and Exchange Commission rules). The executive compensation program covers the Company s Named Executive Officers. For 2016, the Company s Named Executive Officers were:

John McAvoy, Chairman, President and Chief Executive Officer

Robert Hoglund, Senior Vice President and Chief Financial Officer

Craig Ivey, President, Con Edison of New York

Elizabeth D. Moore, Senior Vice President and General Counsel

Timothy P. Cawley, President and Chief Executive Officer, Orange & Rockland

EXECUTIVE SUMMARY

The Company s executive compensation program is designed to assist in attracting and retaining key executives critical to its long-term success, to motivate these executives to create value for its stockholders, and to promote safe, reliable, and efficient service for its customers. Each year, the Management Development and Compensation Committee (the Compensation Committee) evaluates the level of compensation, the mix of base salary, performance-based compensation, and retirement and welfare benefits provided to each Named Executive Officer. The Compensation Committee, with the assistance of its independent compensation consultant, seeks to align pay to performance and provide base salary and performance-based compensation, including target annual cash incentive compensation and target long-term equity-based incentive compensation that are competitive with the median level of compensation provided by the Company s compensation peer group companies. (See *Executive Compensation Philosophy and Objectives Competitive Positioning Attraction and Retention* on page 29 and *Executive Compensation Actions Compensation Peer Group* on page 33.) The Compensation Committee believes that performance-based compensation should represent the most significant portion of each Named Executive Officer s target total direct compensation to motivate strong annual and multi-year Company performance.

Additionally, the Compensation Committee believes that most of the performance-based compensation should be in the form of long-term, rather than annual, incentives to emphasize the importance of sustained Company performance.

Key Features of the Executive Compensation Program

Type	Component	Objective
Performance-Based Compensation	Annual Incentive Compensation	Achievement of financial and operating objectives for which the Named Executive Officers have individual and collective responsibility.
	Long-Term Incentive Compensation	Achievement, over a multi-year period, of financial and operating objectives critical to the performance of the Company s business plans and strategies. Achievement, over a three-year period, of the Company s cumulative total shareholder return relative to the Company s compensation peer group companies.
Fixed & Other Compensation	Base Salary, Retirement Programs, Benefits and Perquisites	Differentiate base salary based on individual responsibility and performance. Provide retirement and other benefits that reflect the competitive practices of the industry and provide limited and specific perquisites.

Key Compensation Governance Practices

The Company is committed to maintaining strong compensation governance practices to support the pay-for-performance philosophy of the executive compensation program and align the executive compensation program with the long-term interests of the Company s stockholders:

Pay Practices. The Company has no employment agreements, no golden parachute excise tax gross-ups, and no individually negotiated equity awards with special treatment upon a change of control.

Long-Term Incentive Compensation. The Long Term Incentive Plan: (i) prohibits the repricing of stock options or the buyout of underwater options without stockholder approval; (ii) prohibits recycling of shares for future awards except under limited circumstances; (iii) prohibits accelerated vesting of outstanding equity awards except if both a change in control occurs and a participant s employment is terminated under certain circumstances; and (iv) caps the maximum number of shares that may be awarded to a director, officer, or eligible employee in a calendar year.

Long-Term Incentive Mix. All Named Executive Officer long-term incentive compensation is performance-based. Based on proxy statements filed in 2016, over half of the Company s compensation peer group companies granted some form of non-performance-based incentive compensation to their named executive officers. (See *Executive Compensation Philosophy and Objectives Pay-for-Performance Alignment and Pay Mix* on page 30.)

Risk Management. The relevant features of the Company s compensation programs that mitigate risk are:

- Annual and long-term incentives under the Company s compensation programs appropriately balanced between annual and long-term financial performance goals that are tied to key goals that are expected to enhance stockholder value;
- Annual and long-term incentives tied to multiple performance goals to reduce undue weight on any one goal;
- Non-financial performance factors used in determining the actual payout of annual incentive compensation as a counterbalance to financial performance goals;
- Compensation programs designed to deliver a significant portion of compensation in the form of long-term incentives, discouraging excessive focus on annual results;

- Performance-based equity awards based on performance over a three-year period, focusing on sustainable performance over a three-year cycle rather than any one year; and

- Annual and long-term incentive plans that are subject to payment caps and Compensation Committee discretion to reduce payouts.

Stock Ownership Guidelines. Stock ownership guidelines for directors and certain officers, including the Named Executive Officers, encourage a long-term commitment to the Company s sustained performance through stock ownership. (See *Director Compensation* on page 21 and *Stock Ownership Guidelines* on page 45.)

No Hedging Nor Pledging. To encourage a long-term commitment to the Company s sustained performance, the Company prohibits all directors, officers, financial personnel, and certain other individuals from shorting, hedging, and pledging Company securities or holding Company securities in a margin account. (See *No Hedging Nor Pledging* on page 45.)

Recoupment Policy. The Company s compensation recoupment policy applies to all officers of the Company and its subsidiaries for incentive-based compensation and is intended to reduce potential risks associated with its executive compensation program and align the long-term interests of officers and stockholders. (See *Recoupment Policy* on page 45.)

Stockholder Engagement and Say on Pay

The Company believes that good corporate governance includes proactive stockholder engagement as well as accepting invitations to discuss matters of interest to stockholders. The Company shared with the Board the feedback it received from institutional investors and stockholders following the 2016 proxy season on issues relating to disclosure practices, corporate governance, and

environmental, health and safety matters. The Company s engagement with institutional investors resulted in the Board s adoption of proxy access, which enables the stockholders of the Company to include their own director nominees in the Company s Proxy Statement and form of proxy along with candidates nominated by the Board, so long as they meet certain requirements, as set forth in the Company s By-laws.

In 2016, the Company held its annual say on pay vote to approve Named Executive Officer compensation, as set forth in the 2016 proxy statement, and 92.15% of the shares voted were voted for the proposal. The Company intends to hold an annual say on pay vote unless stockholders advise the Company to change the frequency of the vote at the Company s 2017 annual meeting of stockholders.

EXECUTIVE COMPENSATION PHILOSOPHY AND OBJECTIVES

The Compensation Committee s philosophy and objectives governing the development and implementation of the executive compensation program are to provide competitive, performance-based compensation. There are no material differences in the Company s compensation policies for each Named Executive Officer.

Competitive Positioning Attraction and Retention

The executive compensation program is designed to attract and retain key executives critical to the Company s long-term success. The Compensation Committee seeks to align pay to performance and provide base salary, target annual cash incentives, and target long-term equity-based incentives that are competitive with the median level of compensation provided by the Company s compensation peer group companies. (See *Executive Compensation Actions Compensation Peer Group* on page 33.) The Company also seeks to provide retirement and other benefits that are competitive with those provided by the industry and to provide limited and specific perquisites.

In 2016, the Named Executive Officers target total direct compensation compared to the Company s compensation peer group median was as follows:

	Company Target Compensation as a Percentage of Compensation Peer Group Median Target			
	Base Salary	Target Total Cash Compensation (Base Salary + Target Annual Incentive)	Target Long-Term Incentive Compensation	Target Total Direct Compensation
John McAvoy				
Chairman, President and Chief Executive Officer[(1)]	95%	100%	90%	94%
Other Named Executive Officers (Average)[(2)]	109%	104%	113%	107%

Footnotes:

(1) Based on comparisons of compensation for chief executive officers of each of the Company s compensation peer group companies as disclosed in proxy statements filed in 2016.

(2) Based on comparisons of compensation for functionally comparable positions at the Company s compensation peer group companies as disclosed in proxy statements filed in 2016.

Pay-for-Performance Alignment and Pay Mix

The executive compensation program is designed to motivate the Company s key executives to create sustainable stockholder value and promote safe, reliable and efficient service for its customers. The Compensation Committee seeks to balance the target total direct compensation of each Named Executive Officer between base salary (fixed compensation) and annual cash incentive compensation and long-term equity-based incentive compensation (performance-based compensation).

The Compensation Committee believes that fixed compensation should recognize each Named Executive Officer s individual responsibility and performance. The Compensation Committee believes that performance-based compensation should represent the most significant portion of each Named Executive Officer s target total direct compensation and should be in the form of long-term, rather than annual, incentives to emphasize the importance of sustained Company performance.

Target annual cash incentive and target long-term equity-based incentive awards reflect the Compensation Committee s

desired balance between these elements, relative to the base salary paid to each Named Executive Officer. Awards under the Company s annual incentive plan are based on the achievement of financial and operating objectives for which the Named Executive Officers have individual and collective responsibility. Awards under the Company s long term incentive plan are based on the achievement of financial and operating objectives critical to the Company s business plans and strategies and the achievement, over a three-year period, of the Company s cumulative total shareholder return relative to the total shareholder return for the Company s compensation peer group companies.

For 2016, the mix of target total direct compensation for the Named Executive Officers meets the Compensation Committee s objectives: each is weighted heavily toward performance-based compensation, with the largest portion delivered in long-term incentives, and the target total direct compensation mix of the Named Executive Officers is in line with that of the Company s compensation peer group companies (except that the Company does not provide non-performance based incentive compensation).

The following charts illustrate the average mix of target total direct compensation for Mr. McAvoy and for chief executive officers in the Company s compensation peer group companies for 2016:

The following charts illustrate the average mix of target total direct compensation for the other Named Executive Officers and other named executive officers in the Company s compensation peer group companies for 2016 (see footnote 2 to the table in *Executive Compensation Philosophy and Objectives Competitive Positioning Attraction and Retention* on page 30):

The following charts illustrate that all Named Executive Officer long-term incentive compensation is performance-based and that, based on proxy statements filed in 2016, over half of the Company s compensation peer group companies granted some form of non-performance-based incentive compensation to their named executive officers:

Determining Performance Goals

The Compensation Committee chooses performance goals under the annual incentive and long-term incentive plans to support the Company s short- and long-term business plans and strategies. In setting the performance goals, the Compensation Committee considers the Company s annual and long-term business plans and certain other factors, including pay-for-performance alignment, economic and industry conditions, and the pay practices of the compensation peer group companies. The Compensation Committee sets challenging, but achievable, goals for the Company and its key executives to drive the achievement of short- and long-term objectives.

ROLE OF COMPENSATION COMMITTEE AND OTHERS IN DETERMINING EXECUTIVE COMPENSATION

Compensation Committee s Role

The role of the Compensation Committee is to establish and oversee the Company s executive compensation and retirement and welfare benefit plans and policies, administer its equity plans and annual incentive plan and review and approve annually all compensation relating to the Named Executive

Officers. All of the decisions with respect to determining the amount or form of compensation of the Named Executive Officers under the executive compensation program are made by the Compensation Committee.

Management s Role

The role of the Company s chief executive officer in determining the amount and form of the other Named Executive Officers compensation is to provide recommendations to the Compensation Committee. The chief executive officer is not present when the Compensation Committee determines his compensation. The chief executive officer considers the following in making his recommendations for the other Named Executive Officers compensation:

- Individual performance of each of the other Named Executive Officers;

- Each of the other Named Executive Officer s contribution toward the Company s long-term performance;

- The scope of each of the other Named Executive Officer s individual responsibilities; and

Compensation peer group company proxy statement data provided by the Compensation Committee s independent compensation consultant. The Company s Human Resources department also supports the Compensation Committee in its work.

Compensation Consultant s Role

The Compensation Committee has the authority under its charter to hire advisors to assist it in its compensation decisions. It has retained Mercer as its independent compensation consultant to provide information, analyses, and objective advice regarding executive compensation. The Compensation Committee periodically meets with Mercer in executive session to discuss compensation matters. The Compensation Committee s decisions reflect factors and considerations in addition to the information and advice provided by Mercer. A discussion of Mercer s role as the Compensation Committee s independent compensation consultant is set forth in the section titled *The Board of Directors Standing Committees of the Board Management Development and Compensation Committee* on page 19.

EXECUTIVE COMPENSATION ACTIONS

Compensation Peer Group

For 2016, the Compensation Committee used a compensation peer group of publicly-traded utility companies of comparable size and scope to that of the Company. The purpose of the compensation peer group is to provide benchmark information on compensation levels provided to the Company s officers, as well as to measure relative total shareholder returns for the vesting of performance-based equity awards. The Compensation Committee annually reviews the composition of the compensation peer group companies and the impact of acquisitions. For 2016, the Compensation Committee made the following change to the compensation peer group: WEC Energy Group (a company formed by the June 2015 merger between Wisconsin Energy Corporation and Intergrys Energy Group) was added because of its mix of business and size. The Company s 2015 revenues approximated the 66th percentile of the compensation peer group.

For 2016, the Company s compensation peer group consisted of the following companies:

Company Name	**2015 Revenue[(1)] (in millions)**	
Duke Energy Corporation	$	23,459
The Southern Company	$	17,489
NextEra Energy, Inc.	$	17,486
PG&E Corporation	$	16,833
American Electric Power Company, Inc.	$	16,453
FirstEnergy Corp.	$	15,031
Dominion Resources, Inc.	$	11,683
Edison International	$	11,524
Entergy Corporation	$	11,513
Xcel Energy Inc.	$	11,024
DTE Energy Company	$	10,337
Sempra Energy	$	10,231
Eversource Energy	$	7,955
PPL Corporation	$	7,669
CenterPoint Energy, Inc.	$	7,386
Ameren Corporation	$	6,098
WEC Energy Group, Inc.	$	5,926
NiSource Inc.	$	4,652
Median	**$**	**11,269**
Consolidated Edison, Inc.	**$**	**12,554**
Percentile Rank	**66th**	

Footnote:

(1) Source: Standard & Poor s Research Insight (represents net revenues, restated if applicable).

For 2017, the Compensation Committee made no change to the compensation peer group.

Base Salary

A portion of each Named Executive Officer s annual cash compensation is paid in the form of base salary. Base salary is reviewed annually to recognize individual performance, as well as at the time of a promotion or other change in responsibilities.

In setting base salary for the Named Executive Officers, including the chief executive officer, the Compensation Committee considers various factors, including:

Recommendations from the chief executive officer for each of the other Named Executive Officers;

A general assessment of each Named Executive Officer s performance of his or her responsibilities; and

The level of base salary compared to key executives holding equivalent positions in the Company s compensation peer group companies.

Table of Contents

Effective February 1, 2016, base salary merit increases for the Named Executive Officers as a group increased by an average of 3.0%. The 2016 base salary of each Named Executive Officer is set forth in the *Salary* column of the Summary Compensation Table on page 48.

Annual Incentive Compensation

Awards

A significant portion of the annual cash incentive compensation paid to the Named Executive Officers directly relates to the Company s financial and operating performance, factors that the Compensation Committee believes influence stockholder value.

Individual performance is considered in setting annual cash incentive compensation through the establishment by the Compensation Committee of financial and operating objectives for which the Named Executive Officers have individual and collective responsibility.

Potential Awards

For 2016, the Compensation Committee set the range of the award that each Named Executive Officer was eligible to receive under the annual incentive plan after considering various factors, including:

- Recommendations from the chief executive officer for each of the other Named Executive Officers;
- A general assessment of each Named Executive Officer s performance of his or her responsibilities; and
- The level of annual incentive compensation compared to key executives in the Company s compensation peer group companies. (See footnote 2 to the table in *Executive Compensation Philosophy and Objectives Competitive Positioning Attraction and Retention* on page 29.)

The range of awards included threshold, target and maximum levels reflecting differing levels of achievement of the various financial and operating objectives. Awards are scaled to reflect relative levels of achievement of the objectives between the threshold, target and maximum levels. The range of each Named Executive Officer s potential award is set forth in the Grants of Plan-Based Awards Table on page 50. Awards under the annual incentive plan are designed to provide a competitive level of compensation if the Named Executive Officers achieve the target financial and operating objectives. Pursuant to the terms of the annual incentive plan, the Compensation Committee has discretion to adjust (upward or

downward) the annual incentive award to be paid to each Named Executive Officer.

Awards under the annual incentive plan are calculated as follows:

Base Salary X Target Percentage

X Weighting Earned

Target Percentage is a percentage of Base Salary that varies based on the Named Executive Officer s position as follows:

Target Percentage

John McAvoy Chairman, President and Chief Executive Officer	125%
Robert Hoglund Senior Vice President and Chief Financial Officer	50%
Craig Ivey President, Con Edison of New York	80%
Elizabeth D. Moore Senior Vice President and General Counsel	50%
Timothy P. Cawley President and Chief Executive Officer, Orange & Rockland	80%

Weighting Earned is the sum of the weightings earned for the following components: adjusted net income, other financial performance, and operating objectives. For each Named Executive Officer, target weightings, totaling 100%, are assigned for each component as follows: 50% for adjusted net income, 20% for other financial performance, and 30% for operating objectives. For 2017, target weightings for adjusted net income will be 50%, other financial performance will be increased to 25%, and operating objectives will be decreased to 25%. The change in target weightings reflects the importance of the Company s financial objectives in driving performance. Weightings earned vary from zero to 200% for adjusted net income and other financial performance, and from zero to 175% for operating objectives, reflecting achievement of the applicable objectives. For 2017, weightings earned for operating objectives will vary from zero to 200%. This increase in weightings is competitive with practices at the companies in the compensation peer group. In addition, for 2017, weightings earned for the capital budget component of other financial performance will be reduced from 200% to 120%.

Financial Objectives

The financial objectives under the annual incentive plan are key performance measures that support the Company s short- and long-term business plans and strategies and create value for the Company s stockholders. For 2016, the financial objectives consisted of adjusted net income and other financial performance components.

The *adjusted net income* component, reflecting the financial results of the Company s business for which its Named Executive Officers are responsible and accounting for 50% of each Named Executive Officer s potential annual incentive award, as shown on the *Executive Compensation Actions Annual Incentive Compensation Achievement of 2016 Financial and Operating Objectives* table on page 38, was comprised of Adjusted Company Net Income and Adjusted Regulated Net Income. *Adjusted Company Net Income* is the Company s net income as reported under generally accepted accounting principles (GAAP) in the Company s financial statements excluding the impact of certain items. (See footnote (1) to the following table.) *Adjusted Regulated Net Income* is net income as reported under GAAP in the financial statements of Con Edison of New York and Orange & Rockland.

For 2016, target adjusted net income and actual adjusted net income were as follows:

	Target	Actual	Performance Relative to Target
	(in millions)		
Adjusted Company Net Income	$ 1,150	$ 1,189.2[(1)]	103.4%
Adjusted Regulated Net Income	$ 1,123	$ 1,115.3	99.3%
Adjusted Con Edison of New York Net Income	$ 1,063	$ 1,056.1	99.4%
Adjusted Orange & Rockland Net Income	$ 60	$ 59.2	98.7%

Footnote:

(1) Excludes the effects of the gain on the sale of Con Edison Clean Energy Businesses, Inc. s retail supply businesses, the goodwill impairment related to its energy service business and its net mark-to-market effects. Also reflects the timing of the sale as compared to target.

If actual adjusted net income for 2016 had been less than 90% of the target adjusted net income, no annual incentive awards would have been made.

The weightings earned for the 50% adjusted net income component were determined based on the following scale:

Performance Relative to Performance Goal	Weighting Earned[(1)]	Payout Relative to Target
³ 110%	100%	200%
(Target) 100%	50%	100%
< 90%	0%	0%

(1) The weightings earned, which were interpolated for actual performance between performance goals, are shown on the *Executive Compensation Actions Annual Incentive Compensation Achievement of 2016 Financial and Operating Objectives* table on page 38.

The *other financial performance* component, reflecting the Company s business for which its Named Executive Officers are responsible and accounting for 20% of each Named Executive Officer s potential annual incentive award, as shown on the *Executive Compensation Actions Annual Incentive Compensation Achievement of 2016 Financial and Operating Objectives* table on page 38, was comprised of one or more of the Con Edison of New York and Orange & Rockland budgets, or objectives for Con Edison Clean Energy Businesses, Inc. and its subsidiaries (the Clean Energy Businesses, which were formerly referred to as the competitive energy businesses) relating to compliance with financial reporting requirements, level of bad debt, and financial risk exposure. For 2017, other financial performance will account for 25% of each Named Executive Officer s potential annual incentive award. The change in target weightings reflects the importance of the Company s financial objectives in driving performance.

Con Edison of New York s other financial performance component is allocated 10% for capital budget performance and up to 10% for operating budget performance (up to 15% for operating budget performance in 2017), subject to a maximum 25% upward or downward adjustment based on the achievement of pre-established targets for 25 capital projects and 12 operating and maintenance programs, respectively. The targets for the capital projects consist of completing milestones within specified budget targets, and, for the operating and maintenance programs, completing a number of units within specified per unit budget targets. Orange & Rockland s and the Clean Energy Businesses other financial performance component is up to 20% (up to 25% for 2017) and up to 1%, respectively.

Table of Contents

The target budgets and actual expenditures for 2016 were as follows:

	Target (in millions)	**Actual** (in millions)	**Performance Relative to Target**
Con Edison of New York			
Operating Budget	$ 1,505.0	$ 1,477.3	98.2%
Capital Budget	$ 2,776.9	$ 2,702.2	97.3%
Orange & Rockland			
Operating Budget	$ 205.1	$ 197.2	96.1%

The weightings earned for Con Edison of New York s and Orange & Rockland s other financial performance component were determined based on the following scales:

Con Edison of New York Performance Relative to Operating Budget Goal	**Weighting Earned for McAvoy, Hoglund, and Moore[(1)]**	**Weighting Earned for Ivey[(1)]**	**Payout Relative to Target**
£ 89%	16%	20%	200%
(Target) 99-101%	8%	10%	100%
³ 111%	0%	0%	0%

Footnote:

(1) The weightings earned, which were interpolated for actual performance between performance goals, are shown on the *Executive Compensation Actions Annual Incentive Compensation Achievement of 2016 Financial and Operating Objectives* table on page 38. In 2016, Con Edison of New York achieved pre-established performance goals for 11 out of 12 operating and maintenance programs, as a result of which the weighting earned was subject to a 110% upward adjustment.

Con Edison of New York Performance Relative to Capital Budget Target	**Weighting Earned for McAvoy, Hoglund, Ivey, and Moore[(1)]**	**Payout Relative to Target**
£ 89.00%	20%	200%
(Target) 99-101%	10%	100%

³ 110.00%	0%	0%

Footnote:

(1) The weightings earned, which were interpolated for actual performance between performance goals, are shown on the *Executive Compensation Actions Annual Incentive Compensation Achievement of 2016 Financial and Operating Objectives* table on page 38. In 2016, Con Edison of New York achieved 24 out of 25 pre-established performance goals for capital projects, as a result of which the weighting earned was subject to a 120% upward adjustment.

Orange & Rockland Performance Relative to Operating Budget Target	Weighting Earned for McAvoy, Hoglund, and Moore(1)	Weighting Earned for Cawley	Payout Relative to Target
£ 89.00%	2%	40%	200%
(Target) 99-101%	1%	20%	100%
³ 111.00%	0%	0%	0%

Footnote:

(1) The weightings earned, which were interpolated for actual performance between performance goals, are shown on the *Executive Compensation Actions Annual Incentive Compensation Achievement of 2016 Financial and Operating Objectives* table on page 38.

Operating Objectives

The *operating objectives* component, reflecting the responsibilities of the Named Executive Officer and accounting for 30% of each Named Executive Officer s potential annual incentive award, as shown on the *Executive Compensation Actions Annual Incentive Compensation Achievement of 2016 Financial and Operating Objectives* table on page 38, was comprised of a number of key indicators that guide Con Edison of New York, Orange & Rockland, and the Clean Energy Businesses to serve their customers in a safe, reliable, and efficient manner. Each of the operating objectives include specific, pre-established targets that encourage superior performance in multiple areas that impact the day-to-day operations of the Company s businesses. For 2017, operating objectives will account for 25% of each Named Executive Officer s potential annual incentive award.

Con Edison of New York s and Orange & Rockland s operating objectives for 2016, each accounting for up to 30% (up to 25% in 2017), are shown in the following tables. Operating objectives for the Clean Energy Businesses (accounting for up to 1%) include those that are important to the success of their business: (i) renewable capacity installed; (ii) retail electric commodity volume; and (iii) employee business development objectives.

Con Edison of New York Operating Objectives[1]	**Unit of Measure**	**Target**	**Actual**
Electric Network System Availability	%	³ 99.999	99.999
Electric Non-Network System Availability	%	³ 99.99	99.99
Electric Reliability Performance Measure	#	0	0
Respond to Gas Odor Complaints within 30 Minutes	%	³ 75.0	89.1
Total Gas Leak Year-End Inventory	#	< 750	211
Steam Operations Normal Pressure Operations	%	³ 99.77	100.0
Generation Station Forced Outages	%	£ 4.0	1.3
Public Service Commission Complaints	Per 100,000 Customers	£ 2.3	1.3
Representative Calls Answered in 30 Seconds	%	³ 63.0	64.3
Customer Satisfaction Surveys	# Score	³ 85.0	91.6
Safety Index	%	³ 87.5	100.0
Environmental Index	%	³ 87.5	87.5
Storm Index	%	³ 83.3	100.0
Employee Development Index	%	³ 83.3	100.0

Footnote:

(1) Operating objectives were weighted equally.

The weightings earned for Con Edison of New York s operating objectives component were determined based on the following scales:

Performance Indicators Achieved	**Weighting Earned for McAvoy, Hoglund, and Moore**[1]	**Weighting Earned for Ivey**[1]	**Payout Relative to Target**
14/14	49%	52.5%	175%
(Target) 11/14	28%	30%	100%
< 7/14	0%	0%	0%

Footnote:

(1) The weightings earned, which were based on actual performance between performance goals, are shown on the *Executive Compensation Actions Annual Incentive Compensation Achievement of 2016 Financial and Operating Objectives* table on page 38. Con Edison of New York achieved 14 out of the 14 operating objectives resulting in a weighting earned of 52.5% of the component target weighting.

Orange & Rockland Operating Objectives[1]	**Unit of Measure**	**Target**	**Actual**
Electric Service Reliability Frequency	Outages Per Customer	£ 1.20	0.99

Electric Service Reliability Restoration Time	Minutes	£ 115.5	106.7
Customer Experience	%	85.7	100
Respond to Gas Odor Calls within 30 Minutes	%	³ 75.0	88.9
Gas Leaks			
Workable Gas Leaks	#	£ 20	2
Total Gas Leaks	#	£ 250	27
Damage Prevention Program	%	³ 100.0	100
Gas Main Replacement Program	# of Feet	³ 110,880	123,330
Storm Hardening / System Resiliency Projects	%	³ 75.0	100
Major Capital Projects	%	³ 80.0	80.0
Safety Index	%	³ 87.5	87.5
Environmental Index	%	³ 80.0	100
Storm Index	%	³ 85.7	100
Employee Development Index	%	³ 83.3	100

Footnote:

(1) Operating objectives were weighted equally. The weightings earned for Orange & Rockland s operating objectives component were determined based on the following scales:

Performance Indicators Achieved	**Weighting Earned for McAvoy, Hoglund, and Moore(1)**	**Weighting Earned for Cawley(1)**	**Payout Relative to Target**
13/13	1.75%	52.5%	175%
(Target) 11/13	1%	30%	100%
< 7/13	0%	0%	0%

Footnote:

(1) The weightings earned, which were based on actual performance between performance goals, are shown on the *Executive Compensation Actions Annual Incentive Compensation Achievement of 2016 Financial and Operating Objectives* table on page 38. Orange & Rockland achieved 13 out of the 13 operating objectives resulting in a weighting earned of 52.5% of the component target weighting.

Table of Contents

Achievement of 2016 Financial and Operating Objectives

The following table shows, for each Named Executive Officer, the target weightings assigned to the financial and operating objectives and the weightings earned based on achieving those objectives.

	McAvoy, Hoglund, and Moore		Ivey		Cawley	
	Target	Earned	Target	Earned	Target	Earned
Financial Objectives						
Adjusted Net Income						
Adjusted Company Net Income	50%	67%				
Adjusted Regulated Net Income			50%	46.5%		
Adjusted Con Edison of New York Net Income					10%	9.4%
Adjusted Orange & Rockland Net Income					40%	34.8%
Other Financial Performance						
Con Edison of New York Operating Budget	8%	9.5%	10%	11.9%		
Con Edison of New York Capital Budget	10%	14%	10%	14%		
Orange & Rockland Operating Budget	1%	1.3%			20%	25.8%
Clean Energy Businesses	1%	2%				
Operating Objectives						
Con Edison of New York	28%	49%	30%	52.5%		
Orange & Rockland	1%	1.8%			30%	52.5%
Clean Energy Businesses	1%	1.5%				
Total	100%	146.1%	100%	124.9%	100%	122.5%

2016 Annual Incentive Awards

In February 2017, the Compensation Committee evaluated and determined whether the applicable financial and operating objectives were satisfied. In assessing performance against the objectives, the Compensation Committee considered actual results achieved against the specific targets associated with each objective and, based on the results, determined the 2016 annual incentive awards. The Compensation Committee did not exercise discretion to adjust (upward or downward) the annual incentive award to be paid to each Named Executive Officer.

The following table shows the calculation of the 2016 annual incentive awards for each Named Executive Officer.

Name & Principal Position	Base Salary	×	Target Percentage	×	Weighting Earned	=	2016 Award
John McAvoy Chairman, President and Chief Executive Officer	$ 1,225,000		125%		146.1%		$ 2,237,200
Robert Hoglund Senior Vice President and Chief Financial Officer	$ 723,000		50%		146.1%		$ 528,200
Craig Ivey President, Con Edison of New York	$ 797,300		80%		124.9%		$ 796,600
Elizabeth D. Moore Senior Vice President and General Counsel	$ 609,500		50%		146.1%		$ 445,300
Timothy P. Cawley	$ 409,700		80%		122.5%		$ 401,500

President and Chief Executive Officer, Orange & Rockland

Table of Contents

Long-Term Incentive Compensation

Awards

Named Executive Officers are eligible to receive equity-based awards under the Company s long term incentive plan. The Compensation Committee determines the target long-term incentive award value for each Named Executive Officer based on various factors, including:

- Recommendations from the chief executive officer for each of the other Named Executive Officers;
- A general assessment of each Named Executive Officer s performance of his or her responsibilities; and
- The level of long-term incentive compensation compared to key executives in the Company s compensation peer group companies. (See footnote 2 to the table in *Executive Compensation Philosophy and Objectives Competitive Positioning Attraction and Retention* on page 30.)

Performance-Based Equity Awards

It is the Compensation Committee s practice in the first quarter of each year to approve performance-based equity awards under the long term incentive plan for the Company s Named Executive Officers. The Compensation Committee s use of performance-based equity awards is intended to further reinforce the alignment of Named Executive Officer pay opportunities with stockholders by directly linking pay to the achievement of strong, sustained long-term financial and operating performance.

The performance units awarded to Named Executive Officers provide for the right to receive one share of Company Common Stock and/or a cash payment equal to the fair market value of one share of Company Common Stock for each unit awarded, subject to the satisfaction of certain pre-established long-term performance objectives. Named Executive Officers may elect to defer the receipt of the cash value of the award into the Company s deferred income plan and/or to defer the receipt of the shares. Dividends are not paid and do not accrue on the units during the vesting period.

2016 Performance Unit Awards