

CONSOLIDATED EDISON INC  
Form DEF 14A  
April 08, 2014  
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**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:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- .. Fee paid previously with preliminary materials.
- .. 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:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Consolidated Edison, Inc.

4 Irving Place

New York, NY 10003

*Kevin Burke*

*Chairman of the Board*

*John McAvoy*

*President and Chief Executive Officer*

April 8, 2014

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 19, 2014, at 10:00 a.m.

The accompanying Proxy Statement 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 2014, the approval of the Company's Stock Purchase Plan, and the approval, on an advisory basis, of 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,

Kevin Burke

John McAvoy

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Consolidated Edison, Inc.

4 Irving Place

New York, NY 10003

***NOTICE OF ANNUAL MEETING OF STOCKHOLDERS***

Dear Stockholders:

The Annual Meeting of Stockholders of Consolidated Edison, Inc. will be held at the Company's Headquarters, 4 Irving Place, New York, New York, on Monday, May 19, 2014, at 10:00 a.m. for the following purposes:

- a. To elect as the members of the Board of Directors the 12 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 the year 2014;
- c. To approve the Company's Stock Purchase Plan;
- d. To approve, on an advisory basis, 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.

**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.**

By Order of the Board of Directors,

Carole Sobin

*Vice President and Corporate Secretary*

Dated: April 8, 2014

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
STOCKHOLDERS MEETING TO BE HELD ON MONDAY, MAY 19, 2014**

The Company's Proxy Statement and Annual Report are available at

[www.conedison.com/investorreports](http://www.conedison.com/investorreports).

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**PROXY STATEMENT**

**QUESTIONS AND ANSWERS**

**PROXY MATERIALS**

**What are the proxy materials?**

The proxy materials ( Proxy Materials ) include the following:

The Proxy Statement.

The Annual Report to Stockholders of Consolidated Edison, Inc. (the Company ), which includes the consolidated financial statements and accompanying notes for the year ended December 31, 2013, and other information relating to the Company's financial condition and results of operations.

If you received the Proxy Materials by mail, they also include a proxy card or a voter instruction form for use at the 2014 Annual Meeting of Stockholders (the Annual Meeting ).

**Why am I receiving the Proxy Materials?**

The Proxy Materials are provided to stockholders of the Company on or about April 8, 2014, in connection with the solicitation of proxies by the Board of Directors of the Company for use at the Annual Meeting and any adjournments or postponements of the Annual Meeting. As a stockholder, you are invited to attend the Annual Meeting and to vote on the items of business described in this Proxy Statement. The Proxy Materials include information that we are required to provide to you under the rules of the Securities and Exchange Commission. We are providing the Proxy Materials to our stockholders by mail, e-mail, or in accordance with the Securities and Exchange Commission's Notice and Access rule.

**Why did I receive the Proxy Materials in the mail?**

We are providing some of our stockholders, including stockholders who have previously requested to receive paper copies of the Proxy Materials, with paper copies of the Proxy Materials. You may also access the Proxy Materials and vote online at the Internet address provided on the proxy card or the voter instruction form. If you do not want to receive paper copies of proxy materials on an ongoing basis, please follow the instructions for Internet voting on your proxy card or voter instruction form.

**Why did I receive e-mail delivery of the Proxy Materials?**

We are providing e-mail delivery of the Proxy Materials to those stockholders who have previously elected electronic delivery. Those stockholders should have received an e-mail containing a link to the website where those materials are available and a link to the proxy voting website.

**Why did I receive a Notice of Internet Availability of Proxy Materials?**

To reduce the environmental impact of our Annual Meeting, we are providing the Proxy Materials over the Internet. As a result, we are sending many of our stockholders a Notice of Internet Availability of Proxy Materials (the Notice of Internet Availability ) instead of a paper copy of the Proxy Materials. All stockholders receiving the Notice of Internet Availability may access the Proxy Materials over the Internet and request a paper copy of the Proxy Materials by mail. Instructions on how to access the Proxy Materials over the Internet, to vote online, and to request a paper copy may be found in the Notice of Internet Availability. In addition, the Notice of Internet Availability contains instructions on how you may request delivery of proxy materials in printed form by mail or electronically on an ongoing basis.

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### **Can I request a paper copy of the Proxy Statement and Annual Report?**

The Company's Proxy Statement and Annual Report are available on our website at [www.conedison.com/investorreports](http://www.conedison.com/investorreports). **A copy of these materials is also available without charge upon written request to the Company's Vice President and Corporate Secretary at the Company's principal executive offices at 4 Irving Place, New York, New York 10003.**

### **I share an address with another stockholder, and we received only one copy of the Proxy Materials. How may I obtain an additional copy?**

If you are a registered holder of Company Common Stock, Computershare may deliver only one copy of the Proxy Materials or Notice of Internet Availability to multiple stockholders who share an address unless Computershare has received contrary instructions.

If you hold your Company Common Stock through a broker, bank, or other financial institution ( broker ), your broker may deliver only one copy of the Proxy Materials or Notice of Internet Availability to multiple stockholders who share an address unless contrary instructions are received.

The Company will deliver promptly, upon written or oral request, a separate copy of the Proxy Materials or Notice of Internet Availability to a stockholder at a shared address to which a single copy of the documents was delivered.

Stockholders who wish to receive additional copies of the Proxy Materials or Notice of Internet Availability, now or in the future, and stockholders who share an address and wish to receive a single copy of the Proxy Materials or Notice of Internet Availability on an ongoing basis, should submit the request to the Company by telephone (212-460-4322) or by mail to the Company's Vice President and Corporate Secretary at the Company's principal offices at 4 Irving Place, New York, New York 10003.

### **Who pays the cost of soliciting proxies for the Annual Meeting?**

The Company will pay the expenses associated with the solicitation of proxies. The solicitation of proxies is being made by mail, telephone, the Internet, facsimile, electronic transmission, or overnight delivery. The expense associated with the solicitation of proxies will include reimbursement for postage and clerical expenses to brokerage houses and other custodians, nominees or fiduciaries for forwarding Proxy Materials and other documents to beneficial owners of stock held in their names. Morrow & Co., LLC, 470 West Avenue, Stamford, CT 06902, has been retained to assist in the solicitation of proxies. The estimated cost of Morrow's services is \$22,000 plus out-of-pocket expenses.

## **VOTING AND RELATED MATTERS**

### **What is the record date?**

The Board of Directors has established March 25, 2014 as the record date for the determination of the Company's stockholders entitled to receive notice of and to vote at the Annual Meeting.

**How many votes do I have?**

You are entitled to one vote on each proposal presented at the Annual Meeting for each outstanding share of Company Common Stock you owned on the record date.

**How many votes can be cast by all stockholders entitled to vote at the Annual Meeting?**

One vote on each proposal presented at the Annual Meeting for each of the 292,901,302 shares of Company Common Stock that were outstanding on the record date.

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**How many votes must be present to hold the Annual Meeting?**

To constitute a quorum to transact business at the Annual Meeting, the holders of a majority of the shares entitled to vote at the Annual Meeting, or 146,450,652, must be present in person or by proxy. We urge you to vote by proxy even if you plan to attend the Annual Meeting, so that we will know as soon as possible that enough votes will be present to hold the meeting. Abstentions and broker non-votes are counted in the determination of the quorum.

**How does the Board of Directors recommend that I vote?**

<b>Item of Business</b>	<b>Board's Voting Recommendation</b>
Election of the 12 Director nominees	FOR EACH NOMINEE
Ratification of the appointment of independent accountants	FOR
Approve the Company's Stock Purchase Plan	FOR
Advisory vote to approve named executive officer compensation	FOR

**What vote is required to approve each item of business?**

The 12 nominees for Director named in this Proxy Statement receiving a majority of the votes cast at the meeting in person or by proxy shall 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.

The affirmative vote of a majority of the votes cast at the meeting in person or by proxy shall be required to approve the Company's Stock Purchase Plan. Under New York law, abstentions and broker non-votes, are voted neither for nor against, and have no effect on the vote. Under New York Stock Exchange rules, approval of this proposal requires the affirmative vote of a majority of votes cast, which includes abstentions, at the meeting in person or by proxy. Thus, under New York Stock Exchange rules, abstentions have the same effect as a vote against the Company's Stock Purchase Plan.

In all other matters, the affirmative vote of a majority of the votes cast at the meeting, in person or by proxy, will be the act of the stockholders.

Except as discussed above, abstentions and broker non-votes are voted neither for nor against, and have no effect on the vote, but are counted in the determination of the quorum.

**How do I vote?**

You can vote whether or not you attend the Annual Meeting. Stockholders have a choice of voting over the Internet, by telephone, by mail using a proxy card or voter instruction form, or in person at the Annual Meeting.

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If you received a printed copy of the Proxy Materials, please follow the instructions on your proxy card or voter instruction form. Your proxy card or voter instruction form provides information on how to vote over the Internet, by telephone, or by mail.

If you received a Notice of Internet Availability, please follow the instructions on the notice. The Notice of Internet Availability provides information on how to vote over the Internet, by telephone, or by mail.

If you received an e-mail notification, please click on the link provided in the e-mail notification and follow the instructions on how to vote over the Internet or by telephone.

If you are a registered holder of the Company's Common Stock, you may also vote in person at the Annual Meeting.

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To help us reduce the environmental impact of our meeting, we ask that you vote through the Internet or by telephone, both of which are available 24 hours a day. To ensure that your vote is counted, please remember to submit your vote by the date and time indicated on your Notice of Internet Availability, proxy card or voter instruction form, as applicable.

### **If my shares are held by my broker, can my shares be voted if I don't instruct my broker?**

The Securities and Exchange Commission has approved a New York Stock Exchange rule that affects the manner in which your broker may vote your shares. Your broker may not vote on your behalf for the election of directors or compensation-related matters unless you provide specific voting instructions to your broker. For your vote to be counted, you need to communicate your voting decisions to your broker, in the manner prescribed by your broker, before the date of the Annual Meeting.

If you have any questions about this rule or the proxy voting process in general, please contact the broker where you hold your shares. The Securities and Exchange Commission also has a website ([www.sec.gov/spotlight/proxymatters.shtml](http://www.sec.gov/spotlight/proxymatters.shtml)) with more information about your rights as a stockholder.

### **If I am a registered holder of Company Common Stock, what if I don't vote for one or more of the matters listed on my proxy card?**

All shares represented by properly executed proxies received in time for the Annual Meeting will be voted at the Annual Meeting in the manner specified by the persons giving those proxies. If you return a signed proxy without indicating voting instructions your shares will be voted as follows:

*for the election of the 12 Director nominees;*

*for the ratification of the appointment of independent accountants;*

*for the Company's Stock Purchase Plan; and*

*for the advisory vote to approve named executive officer compensation.*

### **Can I revoke my proxy or change my vote?**

Yes, depending on how your shares of Company Common Stock are held, you may revoke your proxy or change your vote by sending in a new, properly executed proxy card or voter instruction form with a later date, or by casting a new vote by Internet or telephone, or by sending a properly executed written notice of revocation to the Company's Vice President and Corporate Secretary at the Company's principal executive offices at 4 Irving Place, New York, New York 10003. Check the instructions on your Notice of Internet Availability, proxy card or voter instruction form for information regarding your specific revocation options. If you are a registered holder of Company Common Stock, you may also change your vote by appearing at the Annual Meeting and voting in person. Attendance at the Annual Meeting without voting will not by

itself revoke a proxy.

**ANNUAL MEETING INFORMATION**

**What is the location, date, and time of the Annual Meeting?**

The Annual Meeting will be held at the Company's principal executive offices at 4 Irving Place, New York, New York 10003, on Monday, May 19, 2014, at 10:00 a.m.

**Where can I find directions to the Annual Meeting?**

Directions to the Annual Meeting are available on our website at [www.conedison.com/investorreports](http://www.conedison.com/investorreports).



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### **Who can attend the Annual Meeting?**

Attendance at the Annual Meeting will be limited to holders of Company Common Stock on March 25, 2014, the record date, the authorized representative (one only) of an absent stockholder, and invited guests of management.

### **Do I need a ticket to attend the Annual Meeting?**

Yes, you will need an admission ticket and proof of ownership of Company Common Stock on the record date to enter the meeting.

If you received a printed copy of the Proxy Materials and you are a registered holder of Company Common Stock, your proxy card serves as your admission ticket to the Annual Meeting.

If you received a printed copy of the Proxy Materials and you hold your shares through a broker or through an employee plan, please bring to the Annual Meeting a copy of a brokerage or other statement reflecting your stock ownership as of the record date.

If you received a Notice of Internet Availability, that Notice of Internet Availability serves as your admission ticket to the Annual Meeting.

If you received an e-mail notification, please access the Proxy Materials by clicking on the link provided in the e-mail notification and follow the instructions for downloading a copy of your admission ticket.

If you hold your shares through a broker, you can expedite your admission to the Annual Meeting by registering in advance and printing your admission ticket by visiting [www.proxyvote.com](http://www.proxyvote.com) and following the instructions provided (you will need the 12 digit number included on your proxy card, voter instruction form or Notice of Internet Availability).

You may be asked to present valid picture identification to gain entrance to the Annual Meeting. Any person claiming to be an authorized representative of a stockholder must, upon request, produce written evidence of the authorization.

### **Are there any special attendance procedures?**

In order to assure the holding of a fair and orderly meeting and to accommodate as many stockholders as possible who may wish to speak at the Annual Meeting, management will limit the general discussion portion of the meeting and permit only stockholders or their authorized representatives to address the meeting. No signs, banners, placards, handouts, cameras, recording equipment, and similar items may be brought to the meeting room. Many cellular phones have built-in digital cameras, and, while these phones may be brought into the Annual Meeting, the camera function may not be used at any time. Recording of the Annual Meeting is prohibited. Suitcases, briefcases, packages, and other items may be subject to inspection.



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**MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING**

**ELECTION OF DIRECTORS**

*(Proposal No. 1)*

Twelve 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 *The Board of Directors* on pages 15 to 21.) Directors are permitted to stand for election until they reach the mandatory retirement age of 72. Of the Board members standing for election, one (John McAvoy) is a current officer of the Company. All of the nominees were elected Directors at the last Annual Meeting, other than Mr. McAvoy and Armando J. Olivera. Mr. McAvoy was appointed to the Board of Directors, effective December 26, 2013, at the time his appointment as President and Chief Executive Officer of the Company became effective. Mr. Olivera was elected to the Board of Directors effective February 20, 2014. A professional search firm assisted the Corporate Governance and Nominating Committee in connection with its recommendation of Mr. Olivera.

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 on the Board of the Company's subsidiary, Orange and Rockland Utilities, Inc. (Orange & Rockland).

Gordon J. Davis and Eugene R. McGrath, who served with distinction as Directors of the Company, have reached the mandatory retirement age and therefore will be retiring from the Board effective May 19, 2014, and will not be standing for re-election. The Board has reduced the number of Directors to 12 effective immediately prior to the Annual Meeting.

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.**

Election of each of the 12 Director nominees requires the Director to 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.



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**RATIFICATION OF THE APPOINTMENT OF INDEPENDENT ACCOUNTANTS**

*(Proposal No. 2)*

At the Annual Meeting, as a matter of sound corporate governance, stockholders will be asked to ratify the selection of PricewaterhouseCoopers LLP ( PwC ) as independent accountants for the Company for the year 2014. If the selection of PwC is not ratified, the Audit Committee will take this into consideration in the future selection of independent accountants.

PwC has acted as independent accountants for the Company for many years. The Audit Committee's charter provides that at least once every five years, the Audit Committee will evaluate whether it is appropriate to rotate the Company's independent accountants.

The Audit Committee considered the firm's qualifications. This included a review of PwC's performance in prior years, 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 *REPORT OF THE AUDIT COMMITTEE* and *Fees Paid to PricewaterhouseCoopers LLP* on pages 31 to 32.)

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.

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**APPROVAL OF THE COMPANY'S STOCK PURCHASE PLAN**

*(Proposal No. 3)*

**Introduction**

The Company's stockholders are being requested to approve The Consolidated Edison, Inc. Stock Purchase Plan as amended and restated to extend the plan term for an additional ten years and to authorize up to ten million (10,000,000) shares of Company Common Stock for issuance (as amended and restated, the Stock Purchase Plan). The Stock Purchase Plan does not reflect any other material amendment as compared to the stock purchase plan approved by the Company's shareholders in May 2004 (the Expiring Stock Purchase Plan). New York Stock Exchange rules require stockholder approval for equity compensation plans such as the Stock Purchase Plan.

The Stock Purchase Plan was considered by the Management Development and Compensation Committee (the Committee) of the Board of Directors in consultation with Mercer (US) Inc. (Mercer), the Committee's independent compensation consultant. The Committee recommended that the Board of Directors approve the Stock Purchase Plan and the Board of Directors unanimously approved the Stock Purchase Plan, subject to the approval of the Company's stockholders at the Annual Meeting.

If approved by the Company's stockholders at the Annual Meeting, the Stock Purchase Plan will become effective on May 19, 2014.

**Timing of Proposal**

The Expiring Stock Purchase Plan was approved by the Company's stockholders at the Annual Meeting on May 17, 2004 and is scheduled to expire on May 17, 2014. If approved by the Company's stockholders at the Annual Meeting, the Stock Purchase Plan will be scheduled to expire on May 19, 2024.

**Description of the Stock Purchase Plan**

The following is a summary of the material terms of the Stock Purchase Plan. Capitalized terms used in this summary have the meaning set forth in the Stock Purchase Plan. The complete text of the Stock Purchase Plan is set forth in Appendix A to this Proxy Statement, and stockholders are urged to review it together with the following information, which is qualified in its entirety by reference to Appendix A.

**Purpose of the Stock Purchase Plan**

The Stock Purchase Plan is a broad-based employee stock purchase plan providing eligible union and management employees and members of the Board of Directors of the Company and its participating affiliates with the opportunity to purchase shares of Company Common Stock. The

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Stock Purchase Plan provides participants who purchase shares of Company Common Stock under the Stock Purchase Plan with a ten percent discount from the prevailing market price of a share of Company Common Stock through matching contributions from the Company or its participating affiliates (referred to herein as a Company matching contribution ) equal to 11 percent of a participant s contribution. (See *Approval of the Company s Stock Purchase Plan Company Matching Contributions* on page 10.) Approval of the Stock Purchase Plan will continue to allow purchases of shares of Company Common Stock to be made in a convenient manner, through payroll deductions or cash payments, and without any fees, commissions or charges payable by participants, other than the purchase price.

### **Term of the Stock Purchase Plan**

The maximum term of the Stock Purchase Plan is ten years following approval by the Company s stockholders, unless an extension of the term is subsequently approved by stockholders. If the Stock Purchase Plan is approved by stockholders at the Annual Meeting, the Stock Purchase Plan will continue until May 19, 2024.

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### **Eligibility and Participation**

Employees of the Company and its participating affiliates with more than three months of service are eligible to participate in the Stock Purchase Plan. In addition, members of the Boards of Directors of the Company and its participating affiliates are also eligible. As of December 31, 2013, the eligible participants included approximately 14,000 employees, 11 executive officers of the Company and participating affiliates and 12 non-employee members of the Boards of Directors of the Company and its participating affiliates. As of December 31, 2013, more than 57 percent of employees of the Company and its participating affiliates were participating in the Expiring Stock Purchase Plan.

### **Available Shares and Investment Limits**

The maximum number of shares of Company Common Stock authorized for issuance pursuant to the Stock Purchase Plan is ten million (10,000,000), subject to adjustment by reason of stock split, spinoff, recapitalization, merger, consolidation, or similar corporate transaction that affects shares of Company Common Stock. Eligible participants, other than non-employee members of the Boards of Directors of the Company and its participating affiliates, may invest up to 20 percent of their pay under the Stock Purchase Plan through payroll deductions or cash payments, subject to a maximum amount, excluding dividend reinvestments, of \$25,000 during any calendar year. Non-employee members of the Boards of Directors may invest under the Stock Purchase Plan through cash payments, subject to a maximum amount, excluding dividend reinvestments, of \$25,000 during any calendar year. The maximum annual benefit under the Stock Purchase Plan available to a participant is \$2,778 (excluding dividend reinvestments and brokerage commissions), based on the maximum annual Company matching contribution available to a participant who makes the maximum annual contribution of \$25,000. (See *Approval of the Company's Stock Purchase Plan Company Matching Contributions* on page 10.) Dividends paid on shares of Company Common Stock held under the Stock Purchase Plan are reinvested in additional shares, unless otherwise directed by the participant.

### **Source of Shares**

Shares of Company Common Stock purchased under the Stock Purchase Plan may be authorized, but unissued, shares or treasury shares purchased directly from the Company by the agent that the Company appoints to administer the Stock Purchase Plan ( *New Shares* ), or shares purchased by the agent on any securities exchange where shares are traded, in the over-the-counter market, or in negotiated transactions ( *Shares Purchased on the Open Market* ).

### **Dilution**

Total potential dilution (as a percentage of the 292,872,396 shares of Company Common Stock outstanding as of December 31, 2013) associated with the ten million (10,000,000) shares of Company Common Stock authorized under the Stock Purchase Plan is 3.4 percent. Participants purchased 864,281 shares in 2013 for \$49.5 million under the Expiring Stock Purchase Plan (665,718 shares for \$39.8 million in 2012 and 721,520 shares for \$37.9 million in 2011), including dividend reinvestments. Annual dilution for 2013 was 0.3 percent (0.2 percent in 2012 and 0.3 percent in 2011). Annual dilution equals shares purchased divided by the number of shares of Company Common Stock outstanding at the beginning of the year. The actual dilution associated with the shares of Company Common Stock to be issued under the Stock Purchase Plan prior to its scheduled termination on May 19, 2024 is not determinable at this time, and will depend on the amounts invested by participants and the purchase price of the shares at various future dates. In addition, the Company may from time to time determine whether shares purchased under the Stock Purchase Plan will be *Shares Purchased on the Open Market* (which would not be dilutive) or *New Shares*. Potential dilution amount is a forward-looking statement. Forward-looking statements are not facts. Actual results may differ materially because of factors such as those identified in reports the Company files with the Securities and Exchange Commission.





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### **Purchase Price of Shares**

The purchase price of shares of Company Common Stock under the Stock Purchase Plan is dependent upon the source of the shares. For New Shares, the price for a given month is the average of the high and low prices at which shares of Company Common Stock were traded on the New York Stock Exchange on the trading day immediately preceding the purchase dates occurring during a given month. For Shares Purchased on the Open Market, the purchase price of the shares of Company Common Stock for a given month is the average cost, exclusive of brokerage commissions and other expenses, of all shares purchased by the Stock Purchase Plan's agent during the month. All brokerage commissions and other expenses incurred by the Stock Purchase Plan's agent in the purchase of shares under the Stock Purchase Plan are paid by the Company or its participating affiliates and are not included in the cost of the shares to the participant.

### **Company Matching Contributions**

To provide a ten percent discount for purchases under the Stock Purchase Plan, the Company or its participating affiliates contribute an amount equal to one-ninth of the amount invested by each participant (including dividend reinvestments) \$1 for each \$9 invested. The maximum Company matching contribution available to a participant annually is \$2,778 (excluding dividend reinvestment and brokerage commissions), which is available to participants who make the maximum annual contribution of \$25,000. (See *Approval of the Company's Stock Purchase Plan Available Shares and Investment Limits* on page 9.)

### **Holding Period**

A participant may at any time withdraw or dispose of shares of Company Common Stock held under the Stock Purchase Plan. However, if the shares have been held for less than one year, the participant is ineligible to make further investments under the Stock Purchase Plan (including dividend reinvestments) until the first day of the 13th calendar month following the calendar month during which the shares were purchased.

### **Modification and Termination of the Stock Purchase Plan**

The Company reserves the right and power to suspend, terminate, amend or otherwise modify the Stock Purchase Plan; provided, however, that no suspension, termination, amendment or modification will restrict the right of any participant to withdraw all full shares held under the Stock Purchase Plan, and to receive the net proceeds, after expenses of sale, of any fractional shares held. Any amendment or other modification of the Stock Purchase Plan would, under the New York Stock Exchange listing standards, require stockholder approval if the amendment or modification constituted a material revision under the listing standards.

### **Other**

The Stock Purchase Plan is not a qualified employee stock purchase plan under Sections 423 or 401(a) of the Internal Revenue Code and is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

**Plan Benefits**

It is not presently possible to determine, with respect to the persons and groups shown in the table below, the number of shares to be purchased in the future by such person or groups pursuant to the Stock Purchase Plan. Therefore, the following table sets forth information pertaining to shares which have been purchased during 2013 pursuant to the Expiring Stock Purchase Plan.

**Table of Contents****Stock Purchase Plan Benefits<sup>(1)</sup>**

	<b>Dollar Value</b>	<b>Number of Shares</b>
John McAvoy	\$ 2,478	43.29
Robert Hoglund	\$ 4,146	72.35
Craig Ivey	\$ 3,226	56.13
William Longhi	\$ 0	0
Elizabeth D. Moore	\$ 3,217	55.97
Kevin Burke	\$ 0	0
Non-NEO Executive Group	\$ 10,576	184.05
Non-Executive Director Group	\$ 335	5.92
Non-Executive Officer Employee Group <sup>(2)</sup>	\$ 1,095,926	19,383.03

**Footnotes:**

- (1) Dollar value and shares shown are the Company matching contributions made in 2013 (including for dividend reinvestment), and shares of Company Common Stock purchased with such contributions.
- (2) Includes all employees, including officers who are not executive officers. 94.5 percent of the Company matching contributions provided to participants during 2013 were provided to participants who were neither officers nor executive officers.

**U.S. Federal Income Tax Consequences**

The following is a general summary as of the date of this Proxy Statement of the U.S. federal income tax consequences associated with the Stock Purchase Plan and is not intended to address state or local tax consequences. The federal tax laws are complex and subject to change and the tax consequences for any participant will depend on his or her individual circumstances. Participants are advised to consult their individual tax advisors concerning the tax implications of participation in the Stock Purchase Plan.

**Company Matching Contributions.** The aggregate amount of Company matching contributions contributed to a participant's account under the Stock Purchase Plan in each year will constitute taxable wage income to the participant in the given year. The Company will be entitled to a deduction for amounts contributed by the Company and its participating affiliates with respect to a given year.

**Dividends.** Dividends, which are paid on shares of Company Common Stock purchased by a participant under the Stock Purchase Plan, will constitute taxable income to the participant in the year of payment, even if the dividends are reinvested and not distributed to the participant. The Company will not be entitled to a deduction for dividends paid with respect to the shares.

**Taxes Upon Disposition of Shares.** Any gain or loss realized by a participant upon disposition of shares of Company Common Stock purchased under the Stock Purchase Plan will constitute either long-term or short-term gain or loss to a participant in connection with the sale or exchange of a capital asset depending on the holding period. The gain or loss for a share will be the difference between the price the participant received upon disposition of the share and the purchase cost of the share as reported to a participant. The Company will not be entitled to a deduction upon disposition of the shares.



**Table of Contents****Equity Compensation Plan Information**

The following table sets forth, as of December 31, 2013, certain information about the Company's equity compensation plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			
2003 LTIP <sup>(1)</sup>	2,297,545	\$ 43.383	