

# **CONSOLIDATED EDISON, INC.**

## **BOARD OF DIRECTORS**

### **CHARTER OF THE MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE**

#### **Statement of Purpose**

The purpose of the Management Development and Compensation Committee (the "Committee") as a standing Committee of the Board of Directors is to assist the Board in discharging its responsibility relating to the compensation of the Company's executives and such other employees as the Committee may determine and related matters. The Committee will also prepare a report on executive compensation for inclusion in the Company's annual proxy statement.

#### **Organization and Membership**

The Committee will be organized and conduct itself as follows:

- (A) Upon recommendation of the Corporate Governance and Nominating Committee, the Board of Directors will annually appoint the members of the Committee, consisting of three (3) or more persons, one of whom will be designated as Chair of the Committee. Each member of the Committee will meet all applicable independence requirements of the New York Stock Exchange ("NYSE"). In addition, each member of the Committee will be a "non-employee director" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended and an outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.
- (B) The members of the Committee may be removed at any time by a majority vote of the Board present to vote on such action. The Committee member who is the subject of such vote will be ineligible to vote on the matter. In addition, membership on the Committee will automatically end at such time as the Board determines that a member ceases to meet applicable Committee membership requirements. Upon the recommendation of the Corporate Governance and Nominating Committee, the Board of Directors will fill any vacancy at its next regularly scheduled meeting after such vacancy occurs.
- (C) In order to discharge its responsibilities, the Committee will meet at least three (3) times each year, with additional meetings scheduled as determined by the Chair of the Committee. The Committee will report to the Board of Directors after each meeting of the Committee.

- (D) The Chair of the Committee will be responsible for establishing the agendas for meetings of the Committee. The agenda, together with materials relating to the subject matter of each meeting, will, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.
- (E) A majority of the members of the Committee, but not less than two, will constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee.
- (F) The Committee may meet by conference telephone or similar communications equipment allowing all persons to hear each other at the same time and may take action by unanimous written consent.

### **Duties and Responsibilities**

The Committee will:

- (A) (1) Review and approve periodically, but no less frequently than annually, the Company's goals and objectives relevant to compensation of the Chief Executive Officer and other executives; (2) lead the performance evaluation of the Chief Executive Officer and other executives in light of those goals and objectives; and (3) set the compensation level of the Chief Executive Officer and other executives based on such evaluation;
- (B) Establish the compensation level (including base and incentive compensation) and direct and indirect benefits of the Chief Executive Officer and other executives. In determining the long-term incentive component of CEO compensation, the Committee may consider, among other factors it deems appropriate, (1) performance of the business, accomplishment of strategic goals and development of management during such periods as the Committee may deem appropriate; (2) the value of similar incentive awards to persons holding comparable positions at comparable companies; and (3) the awards given to management in prior years. The Chair of the Committee will be responsible for communicating to the Chief Executive Officer the evaluation of the performance of the Chief Executive Officer led by the Committee and the level of compensation approved for the Chief Executive Officer;
- (C) Review executive appointments and compensation at such levels as the Board of Directors may set from time to time;
- (D) Receive such reports and take such other actions, as it may deem necessary or desirable to provide for orderly succession and transition in the executive management of the Company;

- (E) Receive reports of the Company's management with respect to minority and female recruitment, employment, and promotion;
- (F) Receive such other reports, make such other reviews concerning personnel systems and policies of the Company, and make such recommendations to the Board of Directors, as may be necessary or desirable to help maintain equal employment opportunity, adequate executive management and compensation, and orderly management succession; and, with respect to employee pension, savings and welfare benefit matters, the Committee's duties will be to review the reports of plan officials and the Company's General Auditor and General Counsel as to the plans' compliance with the Employee Retirement Income Security Act of 1974 ("ERISA") as amended, including compliance by fiduciaries with respect to their responsibilities under the plans and ERISA;
- (G) Review the recommendations of management with respect to new plans, plan amendments and plan terminations and the selection of plan named fiduciaries and trustees;
- (H) Review reports of management and plan officials with respect to the administration and performance of the pension and other benefit funds;
- (I) Review the audited annual financial statements of the plans;
- (J) Review reports and recommendations of management and plan officials as to the annual actuarial report, funding policy with respect to the plans, and the Company's contributions to the plans;
- (K) Submit such recommendations to the Board of Directors with respect to the subject matters embraced within the preceding subsections, as it may deem necessary or desirable;
- (L) Produce an annual report on executive compensation for inclusion in the Company's annual proxy statement;
- (M) Make such other reviews and recommend to the Board of Directors such other actions as it may deem necessary or desirable to help maintain fair and reasonable benefit plans administered in accordance with applicable law;
- (N) Conduct an annual performance self-evaluation of the Committee and report to the Board of Directors the results of the self-evaluation; and
- (O) Annually review its charter and recommend any proposed changes to the Corporate Governance and Nominating Committee.

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its duties.

The Committee will have the power to retain compensation consultants having special competence to assist the Committee in evaluating executive compensation. The Committee may also retain counsel, accountants or other advisors, as it deems appropriate. The Committee will have the sole authority to retain and terminate the consultants or advisors that it chooses and to review and approve such consultant or advisor's fees and other retention terms.

Revised effective February 16, 2006