

## Net Periodic Benefit Cost

The components of the Companies' net periodic benefit costs for 2003, 2002 and 2001 were as follows:

(Millions of Dollars)	Con Edison			Con Edison of New York			O&R		
	2003	2002	2001	2003	2002	2001	2003	2002	2001
Service cost –									
including administrative expenses	\$ 102	\$ 94	\$ 95	\$ 95	\$ 88	\$ 89	\$ 7	\$ 6	\$ 6
Interest cost on projected benefit obligation	420	440	425	393	412	398	27	28	27
Expected return on plan assets	(654)	(685)	(657)	(631)	(660)	(632)	(23)	(25)	(25)
Amortization of net actuarial (gain)/loss	(95)	(173)	(193)	(104)	(179)	(198)	9	6	5
Amortization of prior service costs	15	14	14	14	14	13	1	-	1
Amortization of transition (asset)/obligation	-	(1)	3	-	(1)	3	-	-	-
<b>Net Periodic Benefit Cost</b>	<b>\$ (212)</b>	<b>\$ (311)</b>	<b>\$ (313)</b>	<b>\$ (233)</b>	<b>\$ (326)</b>	<b>\$ (327)</b>	<b>\$ 21</b>	<b>\$ 15</b>	<b>\$ 14</b>
Amortization of regulatory asset*	4	4	4	4	4	4	-	-	-
<b>Total Periodic Benefit Cost</b>	<b>\$ (208)</b>	<b>\$ (307)</b>	<b>\$ (309)</b>	<b>\$ (229)</b>	<b>\$ (322)</b>	<b>\$ (323)</b>	<b>\$ 21</b>	<b>\$ 15</b>	<b>\$ 14</b>
Cost capitalized/deferred	(51)	(51)	(61)	(65)	(64)	(72)	14	13	11
Cost charged to operating expenses	\$ (157)	\$ (256)	\$ (248)	\$ (164)	\$ (258)	\$ (251)	\$ 7	\$ 2	\$ 3

\*Relates to increases in Con Edison of New York's pension obligations of \$33 million from a 1993 special retirement program and \$45 million from a 1999 special retirement program.

## Funded Status

The funded status at December 31, 2003, 2002 and 2001 was as follows:

(Millions of Dollars)	Con Edison			Con Edison of New York			O&R		
	2003	2002	2001	2003	2002	2001	2003	2002	2001
<b>Change In Projected Benefit Obligation</b>									
Projected benefit obligation at beginning of year	\$6,434	\$5,904	\$5,630	\$6,030	\$5,530	\$5,272	\$ 404	\$ 374	\$ 358
Service cost – excluding administrative expenses	101	92	94	94	86	88	7	6	6
Interest cost on projected benefit obligation	420	440	425	393	412	398	27	28	27
Plan amendments	-	-	10	-	-	9	-	-	1
Net actuarial loss	54	300	30	43	283	28	11	17	2
Benefits paid	(314)	(302)	(285)	(290)	(281)	(265)	(24)	(21)	(20)
<b>Projected Benefit Obligation at End of Year</b>	<b>\$6,695</b>	<b>\$6,434</b>	<b>\$5,904</b>	<b>\$6,270</b>	<b>\$6,030</b>	<b>\$5,530</b>	<b>\$ 425</b>	<b>\$ 404</b>	<b>\$ 374</b>
<b>Change In Plan Assets</b>									
Fair value of plan assets at beginning of year	\$5,760	\$6,633	\$7,347	\$5,563	\$6,397	\$7,077	\$ 197	\$ 236	\$ 270
Actual return on plan assets	1,261	(552)	(407)	1,218	(533)	(392)	43	(19)	(15)
Employer contributions	22	4	4	2	2	2	20	2	2
Benefits paid	(313)	(302)	(285)	(290)	(281)	(265)	(23)	(21)	(20)
Administrative expenses	(20)	(23)	(26)	(19)	(22)	(25)	(1)	(1)	(1)
<b>Fair Value of Plan Assets at End of Year</b>	<b>\$6,710</b>	<b>\$5,760</b>	<b>\$6,633</b>	<b>\$6,474</b>	<b>\$5,563</b>	<b>\$6,397</b>	<b>\$ 236</b>	<b>\$ 197</b>	<b>\$ 236</b>
Funded status	\$ 15	\$ (674)	\$ 729	\$ 204	\$ (467)	\$ 867	\$ (189)	\$ (207)	\$ (138)
Unrecognized net loss/(gain)	1,108	1,548	(184)	981	1,403	(273)	127	145	89
Unrecognized prior service costs	67	81	96	63	77	91	4	4	5
Unrecognized net transition (asset) at January 1, 1987*	-	-	(1)	-	-	(1)	-	-	-
<b>Net Prepaid Benefit Cost</b>	<b>\$1,190</b>	<b>\$ 955</b>	<b>\$ 640</b>	<b>\$1,248</b>	<b>\$1,013</b>	<b>\$ 684</b>	<b>\$ (58)</b>	<b>\$ (58)</b>	<b>\$ (44)</b>
<b>Accumulated Benefit Obligation</b>	<b>\$5,998</b>	<b>\$5,656</b>	<b>\$5,385</b>	<b>\$5,591</b>	<b>\$5,269</b>	<b>\$5,021</b>	<b>\$ 407</b>	<b>\$ 387</b>	<b>\$ 364</b>

\* Being amortized over approximately 15 years.