Orange and Rockland Utilities, Inc.

Consolidated Financial Statements (Unaudited)

Third Quarter 2026

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Report of Independent Auditors

To the Board of Directors of Orange and Rockland Utilities, Inc.

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated interim financial information of Orange and Rockland Utilities, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of September 30, 2026, and the related consolidated statements of income, comprehensive income, and shareholder's equity for the three-month and nine-month periods ended September 30, 2026 and September 30, 2025 and the consolidated statement of cash flows for the nine-month periods ended September 30, 2026 and September 30, 2025, including the related notes (collectively referred to as the "consolidated interim financial information").

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (US GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with US GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers LLP
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Other Matter

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet (presented herein) and statement of capitalization (not presented herein) of Orange and Rockland Utilities, Inc. and its subsidiaries as of December 31, 2025, and the related consolidated statements of income, comprehensive income, shareholder's equity, and cash flows for the year then ended (not presented herein), and in our report dated March 5, 2026, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2025, is consistent, in all material respects, with the audited consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP

New York, NY
November 12, 2026

Orange and Rockland Utilities, Inc.

Consolidated Financial Statements (Unaudited)

Third Quarter 2026

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Orange and Rockland Utilities, Inc.
CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Millions of Dollars)	**2026**	**2025**	**2026**	**2025**
OPERATING REVENUES				
Electric	$322	$308	$808	$719
Gas	43	41	261	240
TOTAL OPERATING REVENUES	365	349	1,069	959
OPERATING EXPENSES				
Purchased power	127	128	345	285
Gas purchased for resale	16	16	103	96
Other operations and maintenance	98	92	286	280
Depreciation and amortization	35	32	103	94
Taxes, other than income taxes	24	24	76	72
TOTAL OPERATING EXPENSES	300	292	913	827
OPERATING INCOME	65	57	156	132
OTHER INCOME				
Allowance for equity funds used during construction	4	2	11	5
Other income, net	6	10	19	30
TOTAL OTHER INCOME	10	12	30	35
INCOME BEFORE INTEREST AND INCOME TAX EXPENSE	75	69	186	167
INTEREST EXPENSE (INCOME)				
Interest on long-term debt	19	16	56	45
Other interest expense	1	2	3	6
Allowance for borrowed funds used during construction	(2)	(2)	(6)	(4)
NET INTEREST EXPENSE	18	16	53	47
INCOME BEFORE INCOME TAX EXPENSE	57	53	133	120
INCOME TAX EXPENSE	13	12	30	26
NET INCOME	$44	$41	$103	$94

The accompanying notes are an integral part of these financial statements.

Orange and Rockland Utilities, Inc.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Millions of Dollars)	**2026**	**2025**	**2026**	**2025**
NET INCOME	$44	$41	$103	$94
OTHER COMPREHENSIVE LOSS, NET OF TAXES				
Pension and other postretirement benefit plan liability adjustments, net of taxes	—	(1)	(4)	(4)
TOTAL OTHER COMPREHENSIVE LOSS, NET OF TAXES	—	(1)	(4)	(4)
COMPREHENSIVE INCOME	$44	$40	$99	$90

The accompanying notes are an integral part of these financial statements.

Orange and Rockland Utilities, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30,	
(Millions of Dollars)	**2026**	**2025**
OPERATING ACTIVITIES		
Net income	$103	$94
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	103	94
Deferred income taxes	34	15
Common equity component of allowance for funds used during construction	(11)	(5)
Other non-cash items, net	1	(1)
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - customers, net	5	(2)
Accounts receivable from (to) affiliated companies	(1)	23
Materials and supplies, including gas in storage	(4)	3
Unbilled revenue	2	5
Revenue decoupling mechanism receivable	11	16
Prepayments	(25)	(24)
Other receivables, net and other current assets	(20)	(3)
Accounts payable	42	(2)
Accounts payable from (to) affiliated companies	(13)	(12)
Pensions and retiree benefits obligations, net	(10)	(17)
Pensions and retiree benefits contributions	(2)	—
Accrued taxes	(3)	1
Accrued taxes from (to) affiliated companies	(4)	1
Superfund and other environmental costs, net	4	(2)
Deferred charges, noncurrent assets, leases, net and other regulatory assets	(37)	5
Deferred credits, noncurrent liabilities and other regulatory liabilities	71	14
Other current liabilities	3	1
NET CASH FLOWS FROM OPERATING ACTIVITIES	249	204
INVESTING ACTIVITIES		
Utility capital expenditures	(380)	(290)
Cost of removal less salvage	(7)	(7)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(387)	(297)
FINANCING ACTIVITIES		
Net issuance (payment) of short-term debt	74	(128)
Issuance of long-term debt	—	250
Debt issuance costs	—	(1)
Capital contribution by Con Edison	150	110
Dividend to Con Edison	(54)	(51)
NET CASH FLOWS FROM FINANCING ACTIVITIES	170	180
CASH, TEMPORARY CASH INVESTMENTS AND RESTRICTED CASH:		
NET CHANGE FOR THE PERIOD	32	87
BALANCE AT BEGINNING OF PERIOD	24	38
BALANCE AT END OF PERIOD	$56	$125
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION		
Cash paid (received) during the period for:		
Interest, net of capitalized interest	$41	$39
Income taxes	2	(13)
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION		
Capital expenditures in accounts payable	$72	$61

The accompanying notes are an integral part of these financial statements.

Orange and Rockland Utilities, Inc.
CONSOLIDATED BALANCE SHEET (UNAUDITED)

(Millions of Dollars)	September 30, 2026	December 31, 2025
ASSETS		
CURRENT ASSETS		
Cash and temporary cash investments	$55	$24
Accounts receivable – customers, net allowance for uncollectible accounts of $6 in 2026 and 2025	109	113
Other receivables, net allowance for uncollectible accounts of $1 and $8 in 2026 and 2025, respectively	34	18
Accrued unbilled revenue	46	48
Accounts receivable from affiliated companies	5	4
Gas in storage, at average cost	11	11
Materials and supplies, at average cost	45	42
Prepayments	64	39
Regulatory assets	9	7
Restricted cash	1	—
Revenue decoupling mechanism receivable	—	11
Fair value of derivative assets	18	12
Other current assets	6	8
TOTAL CURRENT ASSETS	403	337
INVESTMENTS	21	22
UTILITY PLANT AT ORIGINAL COST		
Electric	2,763	2,635
Gas	1,352	1,260
General	446	350
TOTAL	4,561	4,245
Less: Accumulated depreciation	1,195	1,129
Net	3,366	3,116
Construction work in progress	464	424
NET UTILITY PLANT	3,830	3,540
OTHER NONCURRENT ASSETS		
Regulatory assets	406	364
Pension and retiree benefits	122	116
Fair value of derivative assets	7	9
Other deferred charges and noncurrent assets	39	32
TOTAL OTHER NONCURRENT ASSETS	574	521
TOTAL ASSETS	$4,828	$4,420

The accompanying notes are an integral part of these financial statements.

Orange and Rockland Utilities, Inc.
CONSOLIDATED BALANCE SHEET (UNAUDITED)

(Millions of Dollars)	September 30, 2026	December 31, 2025
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Notes payable	$94	$20
Accounts payable	204	173
Accounts payable to affiliated companies	18	31
Customer deposits	19	17
Accrued taxes	1	4
Accrued taxes to affiliated companies	1	5
Accrued interest	26	17
Accrued wages	13	12
Fair value of derivative liabilities	7	5
Regulatory liabilities	103	44
System benefit charge	26	33
Other current liabilities	30	34
TOTAL CURRENT LIABILITIES	542	395
NONCURRENT LIABILITIES		
Provision for injuries and damages	4	4
Pensions and retiree benefits	44	45
Superfund and other environmental costs	98	98
Deferred income taxes and unamortized investment tax credits	539	496
Regulatory liabilities	504	491
Fair value of derivative liabilities	1	2
Other deferred credits and noncurrent liabilities	116	105
TOTAL NONCURRENT LIABILITIES	1,306	1,241
LONG-TERM DEBT	1,491	1,491
SHAREHOLDER'S EQUITY		
Additional paid-in-capital	848	697
Retained earnings	633	583
Accumulated other comprehensive income	11	15
Capital stock expense	(3)	(2)
TOTAL SHAREHOLDER'S EQUITY	1,489	1,293
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$4,828	$4,420

The accompanying notes are an integral part of these financial statements.

Orange and Rockland Utilities, Inc.
CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY (UNAUDITED)

	Common Stock						
(In Millions)	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Capital Stock Expense	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE AS OF DECEMBER 31, 2024	1,000	$—	$585	$542	$—	$15	$1,142
Net income				45			45
Common stock dividend to Con Edison				(17)			(17)
Capital contribution by Con Edison			102		(2)		100
Other comprehensive loss						(4)	(4)
BALANCE AS OF MARCH 31, 2025	1,000	$—	$687	$570	$(2)	$11	$1,266
Net income				8			8
Common stock dividend to Con Edison				(17)			(17)
Other comprehensive income						1	1
BALANCE AS OF JUNE 30, 2025	1,000	$—	$687	$561	$(2)	$12	$1,258
Net income				41			41
Common stock dividend to Con Edison				(17)			(17)
Capital contribution by Con Edison			10				10
Other comprehensive loss						(1)	(1)
BALANCE AS OF SEPTEMBER 30, 2025	1,000	$—	$697	$585	$(2)	$11	$1,291
BALANCE AS OF DECEMBER 31, 2025	1,000	$—	$697	$583	$(2)	$15	$1,293
Net income				52			52
Common stock dividend to Con Edison				(18)			(18)
Capital contribution by Con Edison			126		(1)		125
Other comprehensive loss						(3)	(3)
BALANCE AS OF MARCH 31, 2026	1,000	$—	$823	$617	$(3)	$12	$1,449
Net income				8			8
Common stock dividend to Con Edison				(18)			(18)
Capital contribution by Con Edison			25				25
Other comprehensive loss						(1)	(1)
BALANCE AS OF JUNE 30, 2026	1,000	$—	$848	$607	$(3)	$11	$1,463
Net income				44			44
Common stock dividend to Con Edison				(18)			(18)
BALANCE AS OF SEPTEMBER 30, 2026	1,000	$—	$848	$633	$(3)	$11	$1,489

The accompanying notes are an integral part of these financial statements.

General

These notes accompany and form an integral part of the consolidated financial statements of Orange and Rockland Utilities, Inc., a New York corporation, and its subsidiaries (the Company or O&R). The Company is a regulated utility, the equity of which is owned entirely by Consolidated Edison, Inc. (Con Edison). O&R has one regulated utility subsidiary: Rockland Electric Company (RECO). For the nine months ended September 30, 2026 and 2025, operating revenues for RECO were 20.2 percent and 20.6 percent, respectively, of O&R's consolidated operating revenues. O&R, along with RECO, provides electric service in southeastern New York and northern New Jersey, and gas service in southeastern New York.

The Company is subject to regulation by the Federal Energy Regulatory Commission (FERC), the New York State Public Service Commission (NYSPSC) and the New Jersey Board of Public Utilities (NJBPU) with respect to rates and accounting.

The interim consolidated financial statements of the Company as of September 30, 2026 and for the three and nine month periods ended September 30, 2026 and 2025 (the Third Quarter Financial Statements) are unaudited but, in the opinion of the Company's management, reflect all adjustments (which include only normally recurring adjustments) necessary for a fair statement of the results for the interim periods presented. The Third Quarter Financial Statements should be read together with the audited consolidated financial statements of the Company as of December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, including the notes thereto and the separate unaudited consolidated financial statements of the Company as of March 31, 2026 and for the three month periods ended March 31, 2026 and 2025, including the notes thereto and as of June 30, 2026 and for the three and six month periods ended June 30, 2026 and 2025, including the notes thereto.

Subsequent Events

The Company has, pursuant to the accounting rules for subsequent events, evaluated events or transactions that occurred after September 30, 2026 through the posting on its website (November 12, 2026) of the Third Quarter Financial Statements for potential recognition or disclosure in the Third Quarter Financial Statements.

Note A – Summary of Significant Accounting Policies

Accounting Policies

The accounting policies of the Company conform to generally accepted accounting principles in the United States of America (GAAP). For the Company, these accounting principles include the accounting rules for regulated operations and the accounting requirements of the FERC and the state regulators having jurisdiction.

Reclassification

Certain prior period amounts have been reclassified to conform with the current period presentation.

Note B – Regulatory Matters

Rate Plans

Rockland Electric Company (RECO)

In June 2026, the NJBPU approved an electric rate increase, effective July 1, 2026, of $15.25 million and a 9.6 percent return on equity for RECO. In addition, RECO provided a company-funded bill credit for residential customers of $0.5 million in July 2026. The following table contains a summary of the terms of the distribution rate plan.

RECO	
Effective period	July 2026
Base rate changes	$15.25 million
Amortization to income of net regulatory (assets) and liabilities	$8.7 million net assets over three years including $8.1 million of deferred storm costs. $6.2 million over ten years for deferred costs associated with the electric vehicle program
Recoverable energy costs	Current rate recovery of purchased power costs.
Cost reconciliations	Reconciliation of uncollectible accounts, Demand Side Management and Clean Energy Program, Storm Costs Reconciliation (a)
Average rate base	$330.3 million
Weighted average cost of capital (after-tax)	7.14 percent
Authorized return on common equity	9.6 percent
Cost of long-term debt	4.82 percent
Common equity ratio	48.51 percent

(a) The rate plan stipulation includes a base rate allowance of $2.7 million annually ($1.4 million for the last six months of 2026) for routine storm and weather-related expenses that do not qualify as major event storm costs. RECO is responsible for non-major storm costs above the base allowance up to an additional $1.3 million annually, after which excess costs may be deferred until the next base rate case. Storm costs associated with a major storm event may be deferred if incremental costs are $0.8 million or greater.

In June 2026, as part of New Jersey State's Fiscal Year 2027 Budget, the state allocated $10.68 million to provide bill credits to eligible residential customers of RECO.

Also in June 2026, the NJBPU issued orders that established a residential universal bill credit and a residential energy assistance credit, in an aggregate amount of approximately $2 million for qualified customers of RECO to be funded by New Jersey.

In May 2026, the NJBPU ordered the owners of certain New Jersey nuclear generating facilities to refund amounts associated with federal production tax credits and Zero Emission Certificate payments to New Jersey electric utilities, including approximately $6.3 million allocated to RECO. Pursuant to the order, RECO has received the refund from the nuclear plant owners and will return the funds to its customers through bill credits over a twelve-month period that began June 1, 2026.

Other Regulatory Matters

In October 2026, the Company filed a response to a July 2026 NYSPSC order directing New York utilities, including O&R, to show cause why the NYSPSC should not commence a prudence review and an administrative penalty proceeding related to alleged deficiencies in electric vehicle make-ready program data collection and reporting. The Company is unable to estimate the amount or range of possible loss related to this matter.

In January 2018, the NYSPSC issued an order initiating a focused operations audit of the Company's financial accounting for income taxes. The audit is investigating the Company's inadvertent understatement of a portion, the amount of which may be material, of its calculation of total federal income tax expense for ratemaking purposes related to the calculation of plant retirement-related cost of removal. As a result of such understatement, the Company accumulated an income tax regulatory asset ($6 million as of September 30, 2026 and $10 million as of December 31, 2025) which is not earning a return. While the Company has properly calculated and paid its federal income taxes and there is no uncertain tax position related to this matter, this understatement of historical income tax expense materially reduced the amount of revenue collected from the Company's customers in the past relative to what it should have been. The Company's rate plans have reflected the correct amount of federal income taxes recoverable from customers, including a proportionate recovery of the regulatory asset, beginning with the Company's rate plans effective November 2015. As part of the audit, the Company plans to pursue a private letter ruling from the Internal Revenue Service (IRS) confirming that the Company's inadvertent understatement of prior years' income tax expense constitutes a normalization violation that can be cured through an increase in future years' revenue requirements until such time as the regulatory asset is fully recovered in rates, and not through a write-down of all or a portion of the Company's regulatory asset. Under Accounting Standards Codification Topic (ASC) 740, the Company recorded an unfunded deferred federal income tax liability (with a gross-up amount) and a corresponding regulatory asset. The income tax regulatory assets are netted against the related regulatory liability for future income tax and are shown in the line "Future income tax" in the following table of Regulatory Assets and Liabilities and on the Company's consolidated balance sheet in the line "Regulatory liabilities." Management's assessment is that the income tax regulatory assets as of September 30, 2026 are probable of collection through future rates. The IRS provides safe harbor relief for inadvertent normalization violations through the jurisdictional rate setting process of including in rates adequate revenue to fully recover the deferred tax balance. However, the Company would record a liability or impair a portion of the regulatory assets associated with this understatement if the NYSPSC were to issue an order that required the Company to write off all or a portion of its existing regulatory asset. The Company is unable to estimate the amount or range of its possible loss related to this matter. At September 30, 2026, the Company had not accrued a liability related to this matter.

Regulatory Assets and Liabilities

Regulatory assets and liabilities at September 30, 2026 and December 31, 2025 were comprised of the following items:

(Millions of Dollars)	2026	2025
Regulatory assets		
Energy efficiency and other clean energy programs (a)	$122	$100
Environmental investigation and remediation costs	90	92
Deferred storm costs (b)	64	84
Revenue taxes	31	27
Pension and other postretirement employee benefit deferrals	23	—
Low income aggregation program	18	12
Legacy meters	11	13
Unrecognized pension and other postretirement costs (c)	7	4
Deferred derivative losses - long-term	3	3
Customer account deferrals	2	5
Other	35	24
Regulatory assets – noncurrent	406	364
Deferred derivative losses - short-term	9	6
Recoverable energy costs - short-term	—	1
Regulatory assets – current	9	7
Total Regulatory Assets	$415	$371
Regulatory liabilities		
Allowance for cost of removal less salvage (d)	$229	$218
Future income tax *	94	101
Unrecognized pension and other postretirement costs (c)	63	66
Pension and other postretirement employee benefit deferrals	50	43
System benefit charge carrying charge	8	8
Deferred derivative gains - long-term	7	10
Property tax reconciliation costs	1	1
Late payment charge deferral	—	1
Other	52	43
Regulatory liabilities – noncurrent	504	491
Refundable energy costs	45	18
Revenue decoupling mechanism	28	13
Deferred derivative gains - short-term	23	13
Other	7	—
Regulatory liabilities – current	103	44
Total Regulatory Liabilities	$607	$535

* See "Other Regulatory Matters" above and Note H.

(a) Energy efficiency and other clean energy programs represent programs designed to increase energy efficiency achievements and other clean energy transformation efforts.

(b) Deferred storm costs represent response and restoration costs, other than capital expenditures, in connection with major storms that were deferred by the Company.

(c) Unrecognized pension and other postretirement costs represent the deferrals associated with the accounting rules for retirement benefits.

(d) Allowance for cost of removal less salvage represents cash previously collected from customers to fund future anticipated removal expenditures.

In general, the Company receives or is being credited with a return at the Other Customer-Provided Capital rate for regulatory assets that have not been included in rate base, and receives or is being credited with a return at the pre-tax weighted average cost of capital once the asset is included in rate base. Similarly, the Company pays to or credits customers with a return at the Other Customer-Provided Capital rate for regulatory liabilities that have not been included in rate base, and pays to or credits customers with a return at the pre-tax weighted

average cost of capital once the liability is included in rate base. The Other Customer-Provided Capital rate was 4.70 percent and 4.75 percent for the 2026 and 2025 rate years, respectively.

In general, the Company is receiving or being credited with a return on its regulatory assets for which a cash outflow has been made ($262 million and $226 million at September 30, 2026 and December 31, 2025, respectively). Regulatory liabilities are treated in a consistent manner. The recognition of the return on regulatory assets is determined by the Company's rate plans or orders issued by state regulators. Regulatory assets of RECO for which a cash outflow has been made ($48 million at September 30, 2026 and $40 million at December 31, 2025) are not receiving or being credited with a return. RECO recovers regulatory assets over a period of up to four years or until they are addressed in its next base rate case in accordance with the rate provisions approved by the NJBPU. Regulatory liabilities are treated in a consistent manner.

Regulatory assets that represent future financial obligations and were deferred in accordance with the Company's rate plans or orders issued by state regulators do not earn a return until such time as a cash outlay has been made. Regulatory liabilities are treated in a consistent manner. At September 30, 2026 and December 31, 2025, regulatory assets that did not earn a return consisted of the following items:

Regulatory Assets Not Earning a Return*

(Millions of Dollars)	2026	2025
Environmental investigation and remediation costs	$90	$92
Revenue taxes	29	27
Deferred derivative losses - short-term	9	6
Unrecognized pension and other postretirement costs	7	4
Deferred derivative losses - long-term	3	3
Customer account deferrals	1	1
Other	14	12
Total	$153	$145

*This table presents regulatory assets not earning a return for which no cash outlay has been made.

The recovery periods for regulatory assets for which a cash outflow has not been made and that do not earn a return have not yet been determined, except as noted below, and are expected to be determined pursuant to O&R's future rate plans to be filed or orders issued by the state regulators in connection therewith.

The deferral for revenue taxes represents the New York State metropolitan transportation business tax surcharge on the cumulative temporary differences between the book and tax basis of assets and liabilities of the Company, as well as the difference between taxes collected and paid by the Company to fund mass transportation. The Company recovers the majority of the revenue taxes over the remaining book lives of the electric and gas plant assets.

The Company recovers unrecognized pension and other postretirement costs over 10 years, and the portion of investment gains or losses is recognized in expense over 15 years, pursuant to NYSPSC policy.

The Company recovers deferred derivative losses – short-term within one year, and long-term generally within three years.

Note C – Capitalization

In October 2026, the Company issued $100 million principal amount of 6.62 percent debentures, due 2056, and agreed to issue $75 million principal amount of 6.62 percent debentures, due 2056, in December 2026.

The carrying amounts and fair values of long-term debt at September 30, 2026 and December 31, 2025 were:

	2026		2025	
(Millions of Dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-Term Debt (including current portion) (a)	$1,491	$1,239	$1,491	$1,342

(a) Amounts shown are net of unamortized debt expense and unamortized debt discount of $9 million at September 30, 2026 and December 31, 2025.

The fair values of the Company's long-term debt have been estimated primarily using available market information and at September 30, 2026 are classified as Level 2 liabilities (see Note L).

Note D – Short-Term Borrowing

In March 2026, O&R, along with Con Edison and Consolidated Edison Company of New York, Inc. (CECONY), entered into a credit agreement (the Credit Agreement) that replaced a March 2023 credit agreement, under which banks are committed to provide loans and letters of credit, on revolving basis. The Credit Agreement expires on March 31, 2031, unless extended for up to two additional one-year terms. There is a maximum of $250 million available to O&R (subject to increase up to $300 million). O&R intends to use the Credit Agreement to support its commercial paper program. Loans and letters of credit issued under the Credit Agreement may also be used for other general corporate purposes. Any borrowings under the Credit Agreement would generally be at variable interest rates. Interest and fees for loans and letters of credit under the Credit Agreement generally reflect O&R's credit rating. The banks' commitments under the Credit Agreement are subject to certain conditions, including that there be no event of default or event which with notice or the lapse of time would become an event of default. The commitments are not subject to maintenance of credit rating levels or the absence of a material adverse change. Upon a change of control of, or upon an event of default by the Company, the banks may terminate their commitments with respect to the Company, declare any amounts owed by the Company immediately due and payable and require the Company to provide cash collateral relating to the letters of credit issued for it under the Credit Agreement. Events of default include, among other things, the failure to pay any principal of any loan or any draw under any letter of credit issued pursuant to the Credit Agreement when due; failure to pay any interest or fees pursuant to the Credit Agreement within five days; failure to meet certain covenants, including covenants that the Company's ratio of consolidated debt to consolidated total capital not at any time exceed 0.65 to 1; creating, assuming or suffering a lien or other encumbrance on its assets exceeding 10 percent of the Company's consolidated net tangible assets; failing to make one or more payments in respect of material financial obligations (in excess of $150 million in aggregate); the occurrence of an event or condition which results in the acceleration of the maturity of any material debt (in excess of $150 million in aggregate); and other customary events of default.

At September 30, 2026 and December 31, 2025, O&R had $94 million and $20 million commercial paper outstanding, respectively. The weighted average interest rate at September 30, 2026 and December 31, 2025 was 4.1 percent and 3.9 percent, respectively. At September 30, 2026 and December 31, 2025, no loans or letters of credit were outstanding under the Credit Agreement. The Company was in compliance with its significant debt covenants at September 30, 2026.

Note E – Pension Benefits

Total Periodic Benefit Credit

Substantially all employees of O&R are covered by a tax-qualified, non-contributory pension plan maintained by Con Edison, the Consolidated Edison Retirement Plan, which also covers substantially all employees of CECONY and Con Edison Transmission, Inc. The plan is designed to comply with the Internal Revenue Code and the Employee Retirement Income Security Act of 1974. Con Edison also maintains additional non-qualified supplemental pension plans.

The components of the Company's total periodic benefit credit for the three and nine months ended September 30, 2026 and 2025 were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Millions of Dollars)	2026	2025	2026	2025
Service cost – including administrative expenses	$2	$2	$7	$7
Interest cost on projected benefit obligation	9	9	28	29
Expected return on plan assets	(11)	(12)	(33)	(37)
Recognition of net actuarial gain	—	(3)	(1)	(9)
Recognition of prior service cost	1	1	2	2
TOTAL PERIODIC BENEFIT COST (CREDIT)	$1	$(3)	$3	$(8)
Cost capitalized	(1)	(1)	(4)	(4)
Reconciliation to rate level	—	—	(1)	1
Total credit recognized	$—	$(4)	$(2)	$(11)

Components of net periodic benefit cost other than service cost are presented outside of operating income on the Company's consolidated income statement, and only the service cost component is eligible for capitalization. Accordingly, the service cost component is included in the line "Other operations and maintenance" and the non-service cost components are included in the line "Other income, net" in the Company's consolidated income statement.

Expected Contributions

Based on estimates as of September 30, 2026, O&R expects to make contributions to the pension plans during 2026 of $5 million. O&R's policy is to fund the total periodic benefit cost of the qualified plan to the extent tax deductible and to also contribute to the non-qualified supplemental pension plan. During the first nine months of 2026, the Company contributed $4 million to the pension plans.

Note F – Other Postretirement Benefits

Total Periodic Benefit Credit

The components of the Company's total periodic other postretirement benefit credit for the three and nine months ended September 30, 2026 and 2025 were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Millions of Dollars)	**2026**	**2025**	**2026**	**2025**
Service cost – including administrative expenses	$—	$1	$1	$2
Interest cost on projected other postretirement benefit obligation	2	2	5	5
Expected return on plan assets	(3)	(4)	(10)	(10)
Recognition of net actuarial gain	(3)	(3)	(7)	(8)
Recognition of prior service credit	—	—	(1)	(1)
TOTAL PERIODIC OTHER POSTRETIREMENT BENEFIT CREDIT	$(4)	$(4)	$(12)	$(12)
Cost capitalized	—	—	—	(1)
Reconciliation to rate level	1	—	3	2
Total credit recognized	$(3)	$(4)	$(9)	$(11)

The components of total periodic other postretirement credit are presented in the Company's consolidated income statement consistent with the description of the components of net periodic benefit credit in Note E. Additionally, the costs capitalized were immaterial for the three and nine months ended September 30, 2026 and 2025.

Expected Contributions

Based on estimates as of September 30, 2026, O&R does not expect to make any contributions to the other postretirement benefit plans in 2026. O&R's policy is to fund the total periodic benefit cost of the plans to the extent tax deductible.

Note G – Environmental Matters

Superfund Sites

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

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

For Superfund Sites where there are other potentially responsible parties and O&R is not managing the site remediation, the accrued liability represents an estimate of the amount O&R will need to pay to investigate and, where determinable, discharge its related obligations. For Superfund Sites (including the manufactured gas plant sites) for which O&R is managing the remediation, the accrued liability represents an estimate of the Company's share of the undiscounted cost to investigate the sites and the cost to remediate the sites, if remediation is necessary and if a reasonable estimate of such cost can be made. Remediation costs are estimated in light of the information available, applicable remediation standards and experience with similar sites.

The accrued liabilities and regulatory assets related to Superfund Sites at September 30, 2026 and December 31, 2025 were as follows:

(Millions of Dollars)	2026	2025
Accrued Liabilities:		
Manufactured gas plant sites	$97	$97
Other Superfund Sites	1	1
Total	$98	$98
Regulatory assets	$90	$92

The Superfund Sites have been investigated. However, for some of the sites, the extent and associated cost of the required remediation has not yet been determined. As information pertaining to the required remediation becomes available, the Company expects that additional liability may be accrued, the amount of which is not presently determinable but may be material. The Company defers prudently incurred site remediation costs as regulatory assets (for subsequent recovery through rates).

For the three and nine months ended September 30, 2026 and 2025, environmental remediation costs incurred related to Superfund Sites were immaterial.

No material insurance or other third-party recoveries were received by the Company for the three and nine months ended September 30, 2026 and 2025.

In 2025, O&R estimated that for its manufactured gas plant sites, each of which has been investigated, the aggregate undiscounted potential liability for the remediation of coal tar and/or other environmental contaminants could range up to $160 million. These estimates were based on assumptions regarding the extent of contamination and the type and extent of remediation that may be required. Actual experience may be materially different.

Asbestos Proceedings

Suits have been brought in New York State and federal courts against O&R and many other defendants, wherein a large number of plaintiffs sought significant compensatory and punitive damages for deaths and injuries allegedly caused by or relating to exposure to asbestos and asbestos-containing materials at various O&R premises. The suits that have been resolved, that are many, have been resolved without any payment by

O&R, or for amounts that were not, in the aggregate, material to the Company. The amounts specified in all the remaining suits total billions of dollars; however, the Company believes that these amounts are greatly exaggerated, based on the disposition of previous claims. At September 30, 2026 and December 31, 2025, the Company accrued its estimated aggregate undiscounted potential liability of $1 million with a corresponding regulatory asset for these suits and additional suits that may be brought through 2040. The estimates were based upon a combination of modeling, historical data analysis and risk factor assessment. Courts have modified, and may continue to modify, standards for determining liability and the reasonableness of awards in asbestos suits. As a result, the Company currently believes that there is a reasonable possibility of an exposure to loss in excess of the liability accrued for the suits. The Company is unable to estimate the amount or range of such loss. In addition, certain current and former employees have claimed or are claiming workers' compensation benefits based on alleged disability from exposure to asbestos. The Company is permitted to defer as regulatory assets (for subsequent recovery through rates) costs incurred for asbestos claims by employees and third-party contractors relating to its divested generating plants.

Note H – Income Tax

O&R's income tax expense was $13 million and $12 million for the three months ended September 30, 2026 and 2025, respectively.

O&R's income tax expense was $30 million and $26 million for the nine months ended September 30, 2026 and 2025, respectively.

Reconciliation of the difference between income tax expense and the amount computed by applying the prevailing statutory income tax rate to income before income taxes for the three and nine months ended September 30, 2026 and 2025 is as follows:

	For the Three Months Ended September 30,			
(Millions of Dollars) (% of pre-tax income)	**2026**		**2025**	
U.S. Federal Statutory Tax Rate (a)	$12.1	21.0 %	$11.1	21.0 %
State Income Taxes:				
State income tax, net of federal income taxes (b)	3.1	5.5	3.0	5.6
MTA Surcharge (Surcredit) amortization, net of federal income taxes	—	0.1	(0.2)	(0.3)
Tax Credits	(0.1)	(0.2)	(0.2)	(0.3)
Nontaxable or Nondeductible items	(0.6)	(1.1)	(0.5)	(1.0)
Other Adjustments:				
Amortization of excess deferred federal income taxes	(2.0)	(3.5)	(2.1)	(4.0)
Allowance for uncollectible accounts, net of regulatory recovery	—	—	0.2	0.3
Cost of removal	1.0	1.7	1.0	1.9
Other	—	—	(0.5)	(0.9)
Effective tax rate	$13.5	23.5 %	$11.8	22.3 %

(a) Income before income tax expense is attributable to domestic operations.
(b) State income taxes in New York account for the majority of the tax effect in this category.

	For the Nine Months Ended September 30,			
(Millions of Dollars) (% of pre-tax income)	2026		2025	
U.S. Federal Statutory Tax Rate (a)	$27.9	21.0 %	$25.2	21.0 %
State Income Taxes:				
State income tax, net of federal income taxes (b)	7.0	5.3	6.6	5.5
MTA Surcharge (Surcredit) amortization, net of federal income taxes	(0.6)	(0.4)	(1.3)	(1.1)
Tax Credits	(0.4)	(0.3)	(0.5)	(0.4)
Nontaxable or Nondeductible items	(1.7)	(1.3)	(0.6)	(0.5)
Other Adjustments:				
Amortization of excess deferred federal income taxes	(6.0)	(4.6)	(6.4)	(5.3)
Allowance for uncollectible accounts, net of regulatory recovery	0.3	0.3	0.3	0.3
Cost of removal	3.0	2.2	2.9	2.5
Other	—	—	(0.6)	(0.5)
Effective tax rate	$29.5	22.2 %	$25.6	21.5 %

(a) Income before income tax expense is attributable to domestic operations.
(b) State income taxes in New York account for the majority of the tax effect in this category.

One Big Beautiful Bill Act

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law, containing a broad range of tax reform provisions, including extending and modifying certain key provisions of the federal Tax Cuts and Jobs Act of 2017, as enacted on December 22, 2017 and expanding certain incentives under the federal Inflation Reduction Act (IRA), as enacted on August 16, 2022 while accelerating the phase-out of solar and wind credits. Con Edison and its subsidiaries (including O&R) have assessed the potential impacts of the OBBBA, and any such assessments may be impacted by future guidance to be issued by the Department of Treasury. However, based on management's assessment, the provisions in the OBBBA have not had, and are not expected to have, a material impact on O&R's financial position, results of operations or liquidity.

Corporate Alternative Minimum Tax

On August 16, 2022, the IRA was signed into law and implemented a new corporate alternative minimum tax (CAMT) that imposes a 15 percent tax on modified GAAP net income. Pursuant to the IRA, corporations are entitled to a tax credit (minimum tax credit) to the extent the CAMT liability exceeds the regular tax liability. This amount can be carried forward indefinitely and used in future years when regular tax liability exceeds the CAMT liability.

Beginning in 2024, based on the existing statute, Con Edison and its subsidiaries (including O&R) are subject to and report the CAMT in their Consolidated Income Statements, Consolidated Statements of Cash Flows and the Consolidated Balance Sheets.

On February 18, 2026, the IRS and the Department of Treasury issued Notice 2026-7, which provides additional interim guidance regarding the application of the CAMT and allows O&R to deduct certain repair expenditures as a reduction to its modified GAAP net income. This interim guidance is retroactive to the beginning of the IRA

provisions in calculating O&R's CAMT liability. In the nine months ended September 30, 2026, O&R reversed its CAMT credit carryforward of $14 million ($2 million of which is for RECO) as a result of adopting the interim guidance for the 2024 and 2025 tax years. This guidance will also reduce O&R's CAMT liability going forward. O&R is continuing to assess the impacts of the IRA on its financial statements and will update estimates based on future guidance to be issued by the Department of the Treasury.

New York Legislation

In April 2021, New York passed a law that increased the corporate franchise tax rate on business income from 6.5 percent to 7.25 percent, retroactive to January 1, 2021, for taxpayers with taxable income greater than $5 million. The law also reinstated the business capital tax at 0.1875 percent, not to exceed a maximum tax liability of $5 million per taxpayer. New York requires a corporate franchise taxpayer to calculate and pay the highest amount of tax under the three alternative methods: a tax on business income; a tax on business capital; or a fixed dollar minimum. The provisions to increase the corporate franchise tax rate and reinstate a capital tax were scheduled to expire after 2023. In May 2023, New York passed a law that extended the increase in the corporate franchise tax rate from 6.5 percent to 7.25 percent for an additional three years, through tax year 2026 and extended the business capital tax through tax year 2026. New York also passed a law establishing a permanent rate of 30 percent for the metropolitan transportation business tax surcharge. In May 2026, New York passed a law that extended the increase in the corporate franchise tax rate from 6.5 percent to 7.25 percent for an additional three years, through tax year 2029 and extended the business capital tax through tax year 2029. O&R does not expect to be subject to the higher tax rate of 7.25 percent in 2026.

Uncertain Tax Positions

Under the accounting rules for income taxes, O&R is not permitted to recognize the tax benefit attributable to a tax position unless such position is more likely than not to be sustained upon examination by taxing authorities, including resolution of any related appeals and litigation processes, based solely on the technical merits of the position.

At September 30, 2026, the estimated uncertain tax positions for O&R were an immaterial amount. O&R recognizes interest on liabilities for uncertain tax positions in interest expense and would recognize penalties, if any, in operating expenses in O&R's consolidated income statement. For the three and nine months ended September 30, 2026 and 2025, O&R recognized an immaterial amount of interest expense or penalties for uncertain tax positions in its consolidated income statement.

In September 2026, the IRS completed its examination of Con Edison's 2024 federal tax return with no changes. Con Edison's federal tax return for 2025 remains under examination.

Note I – Revenue Recognition

The following table presents, for the three and nine months ended September 30, 2026 and 2025, revenue from contracts with customers as defined in ASC Topic 606, "Revenue from Contracts with Customers," as well as additional revenue from sources other than contracts with customers, disaggregated by major source.

	For the Three Months Ended September 30, 2026			For the Three Months Ended September 30, 2025		
(Millions of Dollars)	Revenues from contracts with customers	Other revenues (a)	Total operating revenues	Revenues from contracts with customers	Other revenues (a)	Total operating revenues
Electric	$322	$—	$322	$325	$(17)	$308
Gas	42	1	43	42	(1)	41
Total	$364	$1	$365	$367	$(18)	$349

(a) This includes primarily revenue from alternative revenue programs, such as the revenue decoupling mechanisms under O&R's New York electric and gas rate plans, the conservation incentive program for RECO, negative revenue adjustments, and net earnings adjustment mechanisms (EAMs) and positive incentives primarily for achieving energy efficiency goals.

	For the Nine Months Ended September 30, 2026			For the Nine Months Ended September 30, 2025		
(Millions of Dollars)	Revenues from contracts with customers	Other revenues (a)	Total operating revenues	Revenues from contracts with customers	Other revenues (a)	Total operating revenues
Electric	$814	$(6)	$808	$739	$(20)	$719
Gas	285	(24)	261	252	(12)	240
Total	$1,099	$(30)	$1,069	$991	$(32)	$959

(a) This includes primarily revenue from alternative revenue programs, such as the revenue decoupling mechanisms under O&R's New York electric and gas rate plans, the conservation incentive program for RECO, negative revenue adjustments, and net earnings adjustment mechanisms (EAMs) and positive incentives primarily for achieving energy efficiency goals.

Revenues are recorded as energy is delivered, generated or services are provided and billed to customers. Amounts billed are recorded in accounts receivable - customers, with payment generally due the following month. The Company’s accounts receivable - customers balance also reflects the Company’s purchase of receivables from energy service companies to support retail choice programs. Accrued revenues not yet billed to customers are recorded as accrued unbilled revenues.

O&R has the obligation to deliver electricity and gas to its customers. As the energy is immediately available for use upon delivery to the customer, the energy and its delivery are identifiable as a single performance obligation. The Company recognizes revenues as this performance obligation is satisfied over time as the Company delivers, and the customers simultaneously receive and consume, the energy. The amount of revenues recognized reflects the consideration the Company expects to receive in exchange for delivering the energy. Under its tariffs, the transaction price for full-service customers includes the Company’s energy cost and for all customers includes delivery charges determined based on customer class and in accordance with established tariffs and guidelines of the NYSPSC or the NJBPU, as applicable. Accordingly, there is no unsatisfied performance obligation associated with these customers. The transaction price is applied to the Company’s revenue generating activities through the customer billing process. Because energy is delivered over time, the Company uses output methods that recognize revenue based on direct measurement of the value transferred, such as units delivered, that provides an accurate measure of value for the energy delivered. The Company accrues revenues at the end of each month for estimated energy delivered but not yet billed to customers. The Company defers over a 12-month period, net interruptible gas revenues, other than those authorized by the NYSPSC to be retained by the Company, for refund to firm gas sales and transportation customers.

Note J – Current Expected Credit Losses

Allowance for Uncollectible Accounts

The Company's "Accounts receivable - customers" balance consists of utility bills due (bills are generally due the month following billing) from customers who have energy delivered, generated, or services provided by the Company. The balance also reflects the Company's purchase of receivables from energy service companies to support the retail choice programs.

The "other receivables" balance generally reflects costs billed by the Company for goods and services provided to external parties, such as accommodation work for private parties and certain governmental entities, real estate rental and pole attachments.

The Company develops expected loss estimates using past events data and considers current conditions and future reasonable and supportable forecasts. Changes to the Company's reserve balances that result in write-offs of customer accounts receivable balances above existing rate allowances are not reflected in rates during the term of the current rate plans. For the Company's allowance for uncollectible accounts for customer accounts receivable, which includes accrued unbilled revenue, past events considered include write-offs relative to customer accounts receivable; current conditions include macro- and micro-economic conditions related to trends in the local economy, reconnection rates and current and aged customer accounts receivable balances, including final balances, among other factors; and forecasts about the future include assumptions related to the level of write-offs and recoveries. The changes to the allowance for customer uncollectible accounts were $(1) million and immaterial for the three and nine months ended September 30, 2026 and $0 million and $(5) million for the three and nine months ended September 30, 2025. Generally, the Company writes off customer accounts receivable as uncollectible 90 days after the account is disconnected for non-payment, or the account is closed during the collection process.

Other receivables allowance for uncollectible accounts is calculated based on a historical average of collections relative to total other receivables, including current receivables. Current macro-and micro-economic conditions are also considered when calculating the current reserve. Probable outcomes of pending litigation, whether favorable or unfavorable to the Company, are also included in the consideration.

Customer accounts receivable and the associated allowance for uncollectible accounts are included in the line "Accounts receivable - customers" on the Company's consolidated balance sheet. Other receivables and the associated allowance for uncollectible accounts are included in "Other receivables" on the Company's consolidated balance sheet.

The table below presents a rollforward by major portfolio segment type for the three and nine months ended September 30, 2026 and 2025:

	For the Three Months Ended September 30,			
	Accounts receivable - customers		Other receivables	
(Millions of Dollars)	2026	2025	2026	2025
Allowance for credit losses				
Beginning Balance at July 1,	$7	$10	$1	$7
Recoveries	1	—	—	—
Write-offs	(3)	(2)	—	—
Reserve adjustments	1	2	—	—
Ending Balance September 30,	$6	$10	$1	$7

	For the Nine Months Ended September 30,			
	Accounts receivable - customers		Other receivables	
(Millions of Dollars)	2026	2025	2026	2025
Allowance for credit losses				
Beginning Balance at January 1,	$6	$15	$8	$3
Recoveries	2	1	—	—
Write-offs	(6)	(6)	(1)	—
Reserve adjustments	4	—	(6)	4
Ending Balance September 30,	$6	$10	$1	$7

Note K – Derivative Instruments and Hedging Activities

The Company hedges market price fluctuations associated with physical purchases and sales of electricity, natural gas and, to a lesser extent, refined fuels by using derivative instruments including futures, forwards, basis swaps, options, transmission congestion contracts and financial transmission rights contracts. These are economic hedges, for which the Company does not elect hedge accounting. The Company uses economic hedges to manage commodity price risk in accordance with provisions set by state regulators. The volume of hedging activity at the Company depends upon the forecasted volume of physical commodity supply to meet customer needs, and program costs or benefits are recovered from or credited to full-service customers, respectively. Derivatives are recognized on the consolidated balance sheet at fair value (see Note L), unless an exception is available under the accounting rules for derivatives and hedging. Qualifying derivative contracts that have been designated as normal purchases or normal sales contracts are not reported at fair value under the accounting rules.

The fair values of the Company's commodity derivatives including the offsetting of assets and liabilities on the consolidated balance sheets at September 30, 2026 and December 31, 2025 were:

(Millions of Dollars)	2026			2025		
Balance Sheet Location	**Gross Amounts of Recognized Assets (Liabilities)**	**Gross Amounts Offset**	**Net Amounts of Assets (Liabilities) (a)**	**Gross Amounts of Recognized Assets (Liabilities)**	**Gross Amounts Offset**	**Net Amounts of Assets (Liabilities) (a)**
Fair value of derivative assets						
Current	$23	$(5)	$18 (b)	$14	$(2)	$12 (b)
Noncurrent	11	(4)	7	13	(4)	9
Total fair value of derivative assets	$34	$(9)	$25	$27	$(6)	$21
Fair value of derivative liabilities						
Current	$(8)	$3	$(5) (b)	$(5)	$2	$(3) (b)
Noncurrent	(5)	4	(1)	(4)	2	(2)
Total fair value of derivative liabilities	$(13)	$7	$(6)	$(9)	$4	$(5)
Net fair value derivative assets (liabilities)	$21	$(2)	$19	$18	$(2)	$16

(a) Derivative instruments and collateral were offset on the consolidated balance sheet as applicable under the accounting rules. The Company enters into master agreements for its commodity derivatives. These agreements typically provide offset in the event of contract termination. In such case, generally the non-defaulting party's payable will be offset by the defaulting party's payable. The non-defaulting party will customarily notify the defaulting party within a specific time period and come to an agreement on the early termination amount.

(b) At September 30, 2026, collateral and margin deposits were classified as derivative assets of an immaterial amount, and as derivative liabilities of $(2) million. At December 31, 2025, collateral and margin deposits were classified as derivative assets of an immaterial amount, and as derivative liabilities of $(2) million. These amounts are presented on the consolidated balance sheets, but not included in the table. Margin is collateral, typically cash, that the holder of a derivative instrument is required to deposit in order to transact on an exchange and to cover its potential losses with its broker or the exchange.

The Company generally recovers its prudently incurred purchased power and gas costs, including hedging gains and losses, in accordance with rate provisions approved by the applicable state utility regulators. In accordance with the accounting rules for regulated operations, the Company records a regulatory asset or regulatory liability to defer recognition of unrealized gains and losses on its electric and gas derivatives. As gains and losses are realized in future periods, they will be recognized as purchased power, gas and fuel costs in the Company's consolidated income statement.

O&R and CECONY (together, the Utilities) have combined their gas requirements, and contracts to meet those requirements, into a single portfolio. The combined portfolio is administered by, and related management services (including hedging market price fluctuations associated with the physical purchase of gas) are provided by, CECONY (for itself and as agent for O&R) and costs (net of the effect of the related hedging transactions) are allocated between the Utilities in accordance with provisions approved by the NYSPSC. See Note M.

The following table presents the realized and unrealized gains or losses on derivatives that have been deferred or recognized in earnings for the three and nine months ended September 30, 2026 and 2025:

		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Millions of Dollars)	**Financial Statement Location**	**2026**	**2025**	**2026**	**2025**
Pre-tax gains (losses) deferred in accordance with accounting rules for regulated operations:					
Current	Regulatory liabilities	$2	$—	$11	$—
Noncurrent	Regulatory liabilities	(2)	1	(3)	2
Total deferred gains (losses)		$—	$1	$8	$2
Current	Regulatory assets	(2)	2	$(3)	$2
Current	Recoverable energy costs	—	—	17	3
Noncurrent	Regulatory assets	(1)	5	—	5
Total deferred gains (losses)		$(3)	$7	$14	$10
Net deferred gains (losses) (a)		$(3)	$8	$22	$12

(a) Unrealized net deferred gains on electric and gas derivatives for O&R increased as a result of higher electric and gas commodity prices during the nine months ended September 30, 2026. Upon settlement, short-term deferred derivative gains generally decrease the recoverable costs of electric and gas purchases.

The following table presents the hedged volume of the Company's commodity derivative transactions at September 30, 2026:

Electric Energy (MWh) (a)	Capacity (MW-mos) (a)	Natural Gas (Dt) (a)
3,222,055	12,450	26,360,000

(a) Volumes are reported net of long and short positions.

The Company is exposed to credit risk related to transactions entered into primarily for the various electric supply and hedging activities. Credit risk relates to the loss that may result from a counterparty's nonperformance. The Company uses credit policies to manage this risk, including an established credit approval process, monitoring of counterparty limits, netting provisions within agreements and collateral or prepayment arrangements, credit insurance and credit default swaps. The Company measures credit risk exposure as the replacement cost for open energy commodity and derivative positions plus amounts owed from counterparties for settled transactions. The replacement cost of open positions represents unrealized gains, net of any unrealized losses where the Company has a legally enforceable right to offset.

At September 30, 2026, the Company had $4 million of credit exposure in connection with open energy supply net receivables and hedging activities, net of collateral, related to investment-grade counterparties, exchange brokers, and non-investment grade/non-rated counterparties.

The collateral requirements associated with, and settlement of, derivative transactions are included in net cash flows from operating activities in the Company's consolidated statement of cash flows. Most derivative instrument contracts contain provisions that may require a party to provide collateral on its derivative instruments that are in a net liability position. The amount of collateral to be provided will depend on the fair value of the derivative instruments and the party's credit ratings.

The following table presents the aggregate fair value of the Company's derivative instruments with credit-risk-related contingent features that are in a net liability position, the collateral posted including cash and letters of

credit for such positions and the additional cash collateral that would have been required to be posted had the lowest applicable credit rating been reduced one level and to below investment grade at September 30, 2026:

(Millions of Dollars)	
Aggregate fair value – net liabilities (a)	$3
Collateral posted	2
Additional collateral (b) (downgrade one level from current ratings)	1
Additional collateral (b) (downgrade to below investment grade from current ratings)	8 (c)

(a) Non-derivative transactions for the purchase and sale of electricity, gas and qualifying derivative instruments, that have been designated as normal purchases or normal sales, are excluded from the table. These transactions primarily include purchases of electricity from independent system operators. In the event the Company was no longer extended unsecured credit for such purchases, the Company would be required to post $1 million of additional cash collateral at September 30, 2026. For certain other such non-derivative transactions, the Company could be required to post cash collateral under certain circumstances, including in the event counterparties had reasonable grounds for insecurity.

(b) The additional cash collateral amounts shown above are based upon the estimated O&R allocation of the Utilities' collateral requirements. The Utilities measure the collateral requirements by taking into consideration the fair value amounts of derivative instruments that contain credit-risk-related contingent features that are in a net liability position plus amounts owed to counterparties for settled transactions and amounts required by counterparties for minimum financial security. The fair value amounts represent unrealized losses, net of any unrealized gains where the Company has a legally enforceable right to offset.

(c) Derivative instruments that are net assets have been excluded from the table. At September 30, 2026, if the Company had been downgraded to below investment grade, it would have been required to post $7 million of additional cash collateral.

Note L – Fair Value Measurements

The accounting rules for fair value measurements and disclosures define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, that refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Company often makes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, and the risks inherent in the inputs to valuation techniques. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The accounting rules for fair value measurements and disclosures established a fair value hierarchy, that prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The rules require that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Company classifies fair value balances based on the fair value hierarchy defined by the accounting rules for fair value measurements and disclosures as follows:

- Level 1 – Consists of assets or liabilities whose value is based on unadjusted quoted prices in active markets at the measurement date. An active market is one in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes contracts traded on active exchange markets valued using unadjusted prices quoted directly from the exchange.

- Level 2 – Consists of assets or liabilities valued using industry standard models and based on prices, other than quoted prices within Level 1, that are either directly or indirectly observable as of the measurement date. The industry standard models consider observable assumptions including time value, volatility factors, and current market and contractual prices for the underlying commodities, in addition to other economic measures. This category includes contracts traded on active exchanges or in over-the-counter markets priced with industry standard models.

- Level 3 – Consists of assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost benefit constraints. This category includes contracts priced using models that are internally developed and contracts placed in illiquid markets. It also includes contracts that expire after the period of time for which quoted prices are available and internal models are used to determine a significant portion of the value.

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2026 and December 31, 2025 are summarized below.

	2026					2025				
(Millions of Dollars)	Level 1	Level 2	Level 3	Netting Adjustment (d)	Total	Level 1	Level 2	Level 3	Netting Adjustment (d)	Total
Derivative assets:										
Commodity (a)(b)(c)	$—	$25	$5	$(5)	$25	$—	$22	$3	$(4)	$21
Cash Value of Life Insurance Policies (a)(b)(d)	—	7	—	—	7	—	7	—	—	7
Mutual Funds (a)(b)(d)	14	—	—	—	14	15	—	—	—	15
Total assets	$14	$32	$5	$(5)	$46	$15	$29	$3	$(4)	$43
Derivative liabilities:										
Commodity (a)(b)(c)	$1	$7	$2	$(2)	$8	$—	$2	$5	$—	$7

(a) The Company's policy is to review the fair value hierarchy and recognize transfers into and transfers out of the levels at the end of each reporting period. Transfers out of Level 3 represent assets and liabilities that were previously classified as Level 3 for which the inputs became observable for classification in Level 2. The inputs are now observable because of availability of observable market data due to the decrease in the terms of certain contracts from beyond three years to less than three years.

(b) Level 2 assets and liabilities include investments held in the non-qualified retirement plans, exchange-traded contracts where there is insufficient market liquidity to warrant inclusion in Level 1, and certain over−the−counter derivative instruments for electricity, refined products and natural gas. Derivative instruments classified as Level 2 are valued using industry standard models that incorporate corroborated observable inputs; such as pricing services or prices from similar instruments that trade in liquid markets, time value and volatility factors.

(c) The accounting rules for fair value measurements and disclosures require consideration of the impact of nonperformance risk (including credit risk) from a market participant perspective in the measurement of the fair value of assets and liabilities. At September 30, 2026 and December 31, 2025, the Company determined that nonperformance risk would have no material impact on its financial position or results of operations.

(d) Amounts represent the impact of legally-enforceable master netting agreements that allow the Company to net gain and loss positions and cash collateral held or placed with the same counterparties.

The employees in CECONY's risk management group develop and maintain the valuation policies and procedures for, and verify pricing and fair value valuation of, commodity derivatives for the Utilities. Under CECONY's policies and procedures, multiple independent sources of information are obtained for forward price curves used to value commodity derivatives. Fair value and changes in fair value of commodity derivatives are reported monthly to the Utilities' risk committees, comprised of officers and employees of the Utilities that oversee energy hedging. The risk management group reports to CECONY's Vice President and Treasurer.

	Fair Value of Level 3 at September 30, 2026 (*Millions of Dollars*)	Valuation Techniques	Unobservable Inputs	Range	Average Market Price
Commodity					
Electricity	$1	Discounted Cash Flow	Forward energy prices ($/MWh) (a)	$38.35 -$117.15 per MWh	$67.27
Electricity	2	Discounted Cash Flow	Forward capacity prices ($/kW-month) (a)	$0.67 - $8.88 per kW-month	$4.63
Total O&R - Commodity	$3				

(a) Generally, increases (decreases) in this input in isolation would result in a higher (lower) fair value measurement.

The table listed below provides a reconciliation of the beginning and ending net balances for assets and liabilities measured at fair value for the three and nine months ended September 30, 2026 and 2025 and classified as Level 3 in the fair value hierarchy:

	For the Three Months Ended September 30,	
(Millions of Dollars)	**2026**	**2025**
Beginning balance as of July 1,	$—	$(9)
Included in earnings	1	1
Included in regulatory assets and liabilities	3	4
Settlements	(1)	(1)
Ending balance as of September 30,	$3	$(5)

	For the Nine Months Ended September 30,	
(Millions of Dollars)	**2026**	**2025**
Beginning balance as of January 1,	$(2)	$(9)
Included in earnings	1	(2)
Included in regulatory assets and liabilities	5	4
Settlements	(1)	2
Ending balance as of September 30,	$3	$(5)

Realized gains and losses on Level 3 commodity derivative assets and liabilities are reported as part of purchased power, gas and fuel costs. The Company generally recovers these costs in accordance with rate provisions approved by the applicable state public utilities regulators. Unrealized gains and losses for commodity derivatives are generally deferred on the consolidated balance sheet in accordance with the accounting rules for regulated operations.

Note M – Related Party Transactions

The NYSPSC generally requires that the Company and Con Edison's other subsidiaries be operated as separate entities. The Company may provide administrative and other services to Con Edison and its other subsidiaries only pursuant to cost allocation policies and procedures approved by the NYSPSC. Transfers of certain assets between the Company and Con Edison or its other subsidiaries may be made only as approved by the NYSPSC. The debt of the Company is to be raised directly by the Company and not derived from Con Edison. Without the prior permission of the NYSPSC, the Company may not make loans to, guarantee the obligations of, or pledge assets as security for the indebtedness of Con Edison or its other subsidiaries. The NYSPSC limits the dividends that the Company may pay Con Edison. As a result, substantially all of the net assets of the Company ($1,489 million at September 30, 2026) are considered restricted net assets. The NYSPSC may impose additional measures to separate, or "ring fence," the Company from Con Edison and its other subsidiaries.

The costs of administrative and other services that the Company provided to, and received from, Con Edison and its other subsidiaries for the three and nine months ended September 30, 2026 and 2025 were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Millions of Dollars)	**2026**	**2025**	**2026**	**2025**
Cost of services provided	$2	$2	$6	$6
Cost of services received	$28	$21	$69	$59

At September 30, 2026 and December 31, 2025, O&R's net payable to Con Edison and its other subsidiaries associated with these services was $10 million and $11 million, respectively.

In addition, CECONY and O&R have joint gas supply arrangements in connection with which O&R purchased from CECONY $13 million and $16 million of natural gas for the three months ended September 30, 2026 and 2025, respectively, and $87 million and $80 million for the nine months ended September 30, 2026 and 2025, respectively. These amounts are net of the effect of related hedging transactions. At September 30, 2026 and December 31, 2025, O&R's net payable to CECONY associated with these gas purchases was $4 million and $16 million, respectively.

At September 30, 2026 and December 31, 2025, the Company's net receivable from (payable to) Con Edison for income taxes was $1 million and $(5) million, respectively.

The FERC has authorized CECONY to lend funds to O&R, for a period of not more than 12 months, in an amount not to exceed $250 million at prevailing market rates. At September 30, 2026 and December 31, 2025, there were no outstanding loans to O&R.

Note N – New Financial Accounting Standards

In May 2026, the Financial Accounting Standards Board (FASB) issued guidance on accounting for Environmental Credits and Environmental Credit Obligations (Topic 818) through ASU 2026-02. The guidance addresses accounting for and disclosure of environmental credits and environmental credit obligations. It provides recognition, measurement, presentation, and disclosure requirements for all entities that generate, purchase, or receive environmental credits or have a regulatory compliance obligation that may be settled with environmental credits. The amendments in ASU 2026-02 are effective for fiscal years beginning after December 15, 2027, and interim reporting periods within those fiscal years, with early adoption permitted. The Company is evaluating the potential impact of this new standard on its financial position, results of operations and liquidity.