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Form 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

/x/ Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended MARCH 31, 2003

or

/ / Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number	Exact name of registrant as specified in its charter and principal office address and telephone number	State of Incorporation	I.R.S. Employer ID. Number
1-14514	**Consolidated Edison, Inc.** 4 Irving Place, New York, New York 10003 (212) 460-4600	New York	13-3965100
1-1217	**Consolidated Edison Company of New York, Inc.** 4 Irving Place, New York, New York 10003 (212) 460-4600	New York	13-5009340
1-4315	**Orange and Rockland Utilities, Inc.** One Blue Hill Plaza, Pearl River, New York 10965 (845) 352-6000	New York	13-1727729

Indicate by check mark whether each Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes **/x/** No **/ /**

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes **/x/** No **/ /**

As of the close of business on April 30, 2003, Consolidated Edison, Inc. (Con Edison) had outstanding 214,577,014 Common Shares ($.10 par value). Con Edison owns all of the outstanding common equity of Consolidated Edison Company of New York, Inc. (Con Edison of New York) and Orange and Rockland Utilities, Inc. (O&R).

Filing Format

This Quarterly Report on Form 10-Q is a combined report being filed separately by three different registrants: Consolidated Edison, Inc. (Con Edison), Consolidated Edison Company of New York, Inc. (Con Edison of New York) and Orange and Rockland Utilities, Inc. (O&R). Con Edison of New York and O&R are subsidiaries of Con Edison, and together with Con Edison are referred to in this report as "the Companies." Neither Con Edison of New York nor O&R makes any representation as to the information contained in this report relating to Con Edison or the subsidiaries of Con Edison other than itself.

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GLOSSARY OF TERMS

The following is a glossary of frequently used abbreviations or acronyms that are found throughout this report:

Con Edison Companies	
Con Edison	Consolidated Edison, Inc
Con Edison Communications	Con Edison Communications, LLC
Con Edison Development	Consolidated Edison Development, Inc
Con Edison Energy	Consolidated Edison Energy, Inc
Con Edison of New York	Consolidated Edison Company of New York, Inc
Con Edison Solutions	Consolidated Edison Solutions, Inc
O&R	Orange and Rockland Utilities, Inc
Regulatory and State Agencies	
NYPA	New York Power Authority
PSC	New York State Public Service Commission
SEC	Securities and Exchange Commission
Other	
AFDC	Allowance for Funds used During Construction
DTH	Dekatherm
FASB	Financial Accounting Standards Board
EITF	Emerging Issues Task Force
ENDRO	Equivalent number of days of revenue outstanding
kwh	Kilowatt-hour
MW	Thousand kilowatts or Megawatts
NYISO	New York Independent System Operator
OCI	Other Comprehensive Income
PCBs	Polychlorinated biphenyls
SFAS	Statement of Financial Accounting Standards
Superfund	Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980

Consolidated Edison, Inc.

CONSOLIDATED BALANCE SHEET
(UNAUDITED)

	As at	
	March 31, 2003	*December 31, 2002*
	(Millions of Dollars)	
ASSETS		
UTILITY, PLANT, AT ORIGINAL COST		
Electric	$ 11,622	$ 11,537
Gas	2,552	2,525
Steam	770	768
General	1,489	1,471
TOTAL	16,433	16,301
Less: Accumulated depreciation	4,707	4,660
NET	11,726	11,641
Construction work in progress	1,063	989

NET UTILITY PLANT	12,789	12,630
NON-UTILITY PLANT		
Unregulated generating assets, less accumulated depreciation of $32 and $30 in 2003 and 2002, respectively	253	222
Non-utility property, less accumulated depreciation of $22 and $19 in 2003 and 2002, respectively	135	140
Construction work in progress	343	347
NET PLANT	13,520	13,339
CURRENT ASSETS		
Cash and temporary cash investments	62	118
Restricted cash	16	14
Funds held for the redemption of long-term debt	—	275
Accounts receivable - customers, less allowance for uncollectible accounts of $36 and $35 in 2003 and 2002, respectively	872	683
Accrued unbilled revenue	46	54
Other receivables	203	169
Fuel, at average cost	43	23
Gas in storage, at average cost	42	81
Materials and supplies, at average cost	93	92
Prepayments	237	73
Other current assets	137	125
TOTAL CURRENT ASSETS	1,751	1,707
INVESTMENTS	235	235
DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS		
Goodwill	406	406
Intangible asset, less accumulated amortization of $11 and $10 in 2003 and 2002, respectively	83	82
Prepaid pension costs	1,065	1,024
Regulatory assets	1,985	1,866
Other deferred charges and noncurrent assets	222	196
TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NON CURRENT ASSETS	3,761	3,574
TOTAL ASSETS	$ 19,267	$ 18,855

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

Consolidated Edison, Inc.

CONSOLIDATED BALANCE SHEET
(UNAUDITED)

	As At	
	March 31, 2003	*December 31, 2002*
	(Millions of Dollars)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stock, authorized 500,000,000 shares; outstanding 214,443,381 shares and 213,932,934 shares in 2003 and 2002, respectively	$ 1,571	$ 1,551
Retained earnings	5,453	5,420
Treasury stock, at cost; 23,210,700 shares in 2003 and 2002	(1,001)	(1,001)
Capital stock expense	(36)	(36)
Accumulated other comprehensive income (loss)	(10)	(13)
TOTAL COMMON SHAREHOLDERS' EQUITY	5,977	5,921
Preferred stock	213	213
Long-term debt	6,017	6,168

TOTAL CAPITALIZATION	12,207	12,302
MINORITY INTERESTS	8	9
NONCURRENT LIABILITIES		
Obligations under capital leases	38	38
Provision for injuries and damages	195	197
Pension and benefits	216	206
Superfund and other environmental costs	140	143
Independent power producer buyout	32	33
Other noncurrent liabilities	47	48
TOTAL NONCURRENT LIABILITIES	668	665
CURRENT LIABILITIES		
Long-term debt due within one year	313	473
Notes payable	632	162
Accounts payable	1,020	919
Customer deposits	219	221
Accrued taxes	4	100
Accrued interest	107	94
System benefit charge	27	27
Accrued wages	81	82
Other current liabilities	235	196
TOTAL CURRENT LIABILITIES	2,638	2,274
DEFERRED CREDITS AND REGULATORY LIABILITIES		
Deferred income taxes	2,734	2,598
Deferred investment tax credits	110	112
Regulatory liabilities	898	891
Other deferred credits	4	4
TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES	3,746	3,605
TOTAL CAPITALIZATION AND LIABILITIES	$ 19,267	$ 18,855

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

Consolidated Edison, Inc.

CONSOLIDATED INCOME STATEMENT
(UNAUDITED)

	For the Three Months Ended March 31,	
	2003	***2002***
	(Millions of Dollars)	
OPERATING REVENUES		
Electric	$ 1,493	$ 1,301
Gas	620	474
Steam	238	141
Non-utility	219	140
TOTAL OPERATING REVENUES	2,570	2,056
OPERATING EXPENSES		
Purchased power	865	670
Fuel	185	65

Gas purchased for resale		363		230
Other operations		296		237
Maintenance		92		100
Depreciation and amortization		129		120
Taxes, other than income taxes		284		267
Income taxes		99		110
TOTAL OPERATING EXPENSES		2,313		1,799
OPERATING INCOME		257		257
OTHER INCOME (DEDUCTIONS)				
Investment income		—		1
Allowance for equity funds used during construction		2		4
Other income		5		7
Other deductions		(3)		(8)
Income taxes		2		13
TOTAL OTHER INCOME (DEDUCTIONS)		6		17
INCOME BEFORE INTEREST CHARGES		263		274
Interest on long-term debt		100		94
Other interest		8		11
Allowance for borrowed funds used during construction		(2)		—
NET INTEREST CHARGES		106		105
INCOME BEFORE PREFERRED STOCK DIVIDENDS		157		169
PREFERRED STOCK DIVIDEND REQUIREMENTS		3		3
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		154		166
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (NET OF INCOME TAXES OF $14)		—		20
NET INCOME FOR COMMON STOCK	$	154	$	146
EARNINGS PER COMMON SHARE - BASIC				
Before cumulative effect of change in accounting principle	$	0.72	$	0.78
Cumulative effect of change in accounting principle	$	—	$	0.10
After cumulative effect of change in accounting principle	$	0.72	$	0.68
EARNINGS PER COMMON SHARE - DILUTED				
Before cumulative effect of change in accounting principle	$	0.72	$	0.78
Cumulative effect of change in accounting principle	$	—	$	0.10
After cumulative effect of change in accounting principle	$	0.72	$	0.68
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	$	0.560	$	0.555
AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC (IN MILLIONS)		214.2		212.3
AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED (IN MILLIONS)		215.1		213.3

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

Consolidated Edison, Inc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

	For the Three Months Ended March 31,	
	2003	2002
	(Millions of Dollars)	
NET INCOME FOR COMMON STOCK	$ 154	$ 166
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES		
Minimum pension liability adjustments, net of ($2) taxes in 2002	—	(3)
Unrealized gains on derivatives qualified as hedges, net of $9 and $8 taxes in 2003 and 2002, respectively	13	11
Less: Reclassification adjustment for gains (losses) included in net income, net of $8 and ($6) taxes in 2003 and 2002, respectively	11	(8)
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAXES	2	16
COMPREHENSIVE INCOME	$ 156	$ 182

Consolidated Edison, Inc.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
(UNAUDITED)

	For the Three Months Ended March 31,	
	2003	2002
	(Millions of Dollars)	
BALANCE, JANUARY 1	$ 5,420	$ 5,251
Less: Stock options exercised	1	1
Income before preferred stock dividends	157	169
Less: Cumulative effect of change in accounting principle	—	20
NET INCOME AFTER CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	157	149
TOTAL	5,576	5,399
DIVIDENDS DECLARED ON CAPITAL STOCK		
Cumulative preferred, at required annual rates	3	3
Common, $.56 and $.555 per share, respectively	120	118
TOTAL DIVIDENDS DECLARED	123	121
BALANCE, MARCH 31	$ 5,453	$ 5,278

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

Consolidated Edison, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended March 31,	
	2003	2002
	(Millions of Dollars)	

OPERATING ACTIVITIES		
Income before preferred stock dividends	$ 157	$ 169
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	129	120
Deferred income taxes	114	8
Common equity component of allowance for funds used during construction	(2)	(4)
Prepaid pension costs (net of capitalized amounts)	(32)	(70)
Cumulative effect of change in accounting principle	—	(20)
Other non-cash charges	3	96
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - customers, less allowance for uncollectibles	(190)	(38)
Materials and supplies, including fuel and gas in storage	17	67
Prepayments, other receivables and other current assets	(201)	(142)
Recoverable energy costs	(85)	22
Accounts payable	101	(43)
Pension and benefits	10	24
Accrued taxes	(96)	(64)
Accrued interest	13	8
Deferred charges and regulatory assets	(13)	(6)
Deferred credits and regulatory liabilities	6	31
Transmission congestion contracts	—	48
Other assets	(11)	(22)
Other liabilities	26	(38)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	(54)	146
INVESTING ACTIVITIES		
Utility construction expenditures	(261)	(238)
Cost of removal less salvage	(28)	(28)
Non-utility construction expenditures	(28)	(74)
Common equity component of allowance for funds used during construction	2	4
Investments by unregulated subsidiaries	(15)	3
Demolition and remediation costs for First Avenue properties	(3)	—
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(333)	(333)
FINANCING ACTIVITIES		
Net proceeds from short-term debt	470	181
Retirement of long-term debt	(310)	(150)
Issuance of common stock	10	—
Issuance of long-term debt	275	—
Debt issuance costs	1	—
Common stock dividends	(110)	(106)
Preferred stock dividends	(3)	(3)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	333	(78)
CASH AND TEMPORARY CASH INVESTMENTS:		
NET CHANGE FOR THE PERIOD	(54)	(265)
BALANCE AT BEGINNING OF PERIOD	132	359
BALANCE AT END OF PERIOD	78	94
LESS: RESTRICTED CASH	16	15
BALANCE: CASH AND TEMPORARY CASH INVESTMENTS	$ 62	$ 79
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 93	$ 97
Income taxes	80	11

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

CONSOLIDATED BALANCE SHEET
(UNAUDITED)

	As at March 31, 2003	As at December 31, 2002
	(Millions of Dollars)	
ASSETS		
UTILITY PLANT, AT ORIGINAL COST		
Electric	$ 10,915	$ 10,834
Gas	2,255	2,230
Steam	770	768
General	1,338	1,317
Total	15,278	15,149
Less: Accumulated depreciation	4,298	4,254
Net	10,980	10,895
Construction work in progress	1,040	965
NET UTILITY PLANT	12,020	11,860
NON-UTILITY PROPERTY		
Non-utility property	29	35
NET PLANT	12,049	11,895
CURRENT ASSETS		
Cash and temporary cash investments	34	88
Funds held for the redemption of long-term debt	—	275
Accounts receivable - customers, less allowance for uncollectible accounts of $30 in 2003 and 2002	761	602
Other receivables	101	84
Accounts receivable - from affiliated companies	51	25
Fuel, at average cost	34	18
Gas in storage, at average cost	33	63
Materials and supplies, at average cost	85	83
Prepayments	222	56
Other current assets	51	55
TOTAL CURRENT ASSETS	1,372	1,349
INVESTMENTS	3	3
DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS		
Prepaid pension costs	1,065	1,024
Regulatory assets	1,739	1,630
Other deferred charges and noncurrent assets	173	164
TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS	2,977	2,818
TOTAL ASSETS	$ 16,401	$ 16,065

Consolidated Edison Company of New York, Inc.

CONSOLIDATED BALANCE SHEET
(UNAUDITED)

As at

	March 31, 2003	December 31, 2002
	(Millions of Dollars)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stock, authorized 340,000,000 shares; outstanding 235,488,094 shares in 2003 and 2002	$ 1,482	$ 1,482
Repurchased Consolidated Edison, Inc. common stock	(962)	(962)
Retained earnings	4,455	4,411
Capital stock expense	(36)	(36)
Accumulated other comprehensive income (loss)	(5)	(5)
TOTAL COMMON SHAREHOLDERS' EQUITY	4,934	4,890
Preferred stock		
$5 Cumulative Preferred	175	175
4.65% Series C	16	16
4.65% Series D	22	22
TOTAL PREFERRED STOCK	213	213
Long-term debt	5,243	5,394
TOTAL CAPITALIZATION	10,390	10,497
NONCURRENT LIABILITIES		
Obligations under capital leases	38	38
Provision for injuries and damages	186	188
Pension and benefits	111	108
Superfund and other environmental costs	103	108
Independent power producer buyout	32	33
Other noncurrent liabilities	11	8
TOTAL NONCURRENT LIABILITIES	481	483
CURRENT LIABILITIES		
Long-term debt due within one year	300	425
Notes payable	432	—
Accounts payable	828	743
Accounts payable to affiliated companies	17	19
Customer deposits	206	209
Accrued taxes	4	93
Accrued interest	92	80
System benefit charge	27	27
Accrued wages	75	76
Other current liabilities	135	130
TOTAL CURRENT LIABILITIES	2,116	1,802
DEFERRED CREDITS AND REGULATORY LIABILITIES		
Deferred income taxes	2,466	2,344
Deferred investment tax credits	104	106
Regulatory liabilities	844	833
TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES	3,414	3,283
TOTAL CAPITALIZATION AND LIABILITIES	$ 16,401	$ 16,065

Consolidated Edison Company of New York, Inc.

CONSOLIDATED INCOME STATEMENT
(UNAUDITED)

	For the Three Months Ended March 31,	
	2003	2002
	(Millions of Dollars)	
OPERATING REVENUES		
Electric	$ 1,379	$ 1,209
Gas	533	409
Steam	238	141
TOTAL OPERATING REVENUES	2,150	1,759
OPERATING EXPENSES		
Purchased power	712	556
Fuel	127	61
Gas purchased for resale	299	180
Other operations	231	187
Maintenance	87	94
Depreciation and amortization	113	107
Taxes, other than income taxes	263	249
Income taxes	89	95
TOTAL OPERATING EXPENSES	1,921	1,529
OPERATING INCOME	229	230
OTHER INCOME (DEDUCTIONS)		
Allowance for equity funds used during construction	2	4
Other income	4	4
Other deductions	(2)	(2)
Income taxes	1	12
TOTAL OTHER INCOME (DEDUCTIONS)	5	18
INCOME BEFORE INTEREST CHARGES	234	248
Interest on long-term debt	88	85
Other interest	7	9
Allowance for borrowed funds used during construction	(2)	—
NET INTEREST CHARGES	93	94
INCOME BEFORE PREFERRED STOCK DIVIDENDS	141	154
PREFERRED STOCK DIVIDEND REQUIREMENTS	3	3
NET INCOME FOR COMMON STOCK	$ 138	$ 151

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

Consolidated Edison Company of New York, Inc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

	For the Three Months Ended March 31,	
	2003	2002

	(Millions of Dollars)			
NET INCOME FOR COMMON STOCK	$	138	$	151
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES				
Minimum pension liability adjustments, net ($2) taxes in 2002		—		(3)
Unrealized gains on derivatives qualified as hedges, net of $1 taxes in 2002		—		2
TOTAL OTHER COMPREHENSIVE LOSS, NET OF TAXES		—		(1)
COMPREHENSIVE INCOME	$	138	$	150

Consolidated Edison Company of New York, Inc.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
(UNAUDITED)

	For the Three Months Ended March 31,			
	2003		*2002*	
	(Millions of Dollars)			
BALANCE, JANUARY 1	$	4,411	$	4,186
Income before preferred stock dividends		141		154
TOTAL		4,552		4,340
DIVIDENDS DECLARED ON CAPITAL STOCK				
Cumulative preferred, at required annual rates		3		3
Common		94		100
TOTAL DIVIDENDS DECLARED		97		103
BALANCE, MARCH 31	$	4,455	$	4,237

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

Consolidated Edison Company of New York, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended March 31,			
	2003		*2002*	
	(Millions of Dollars)			
OPERATING ACTIVITIES				
Income before preferred stock dividend	$	141	$	154
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME				
Depreciation and amortization		113		107
Deferred income taxes		102		4
Common equity component of allowance for funds used during construction		(3)		(4)
Prepaid pension costs (net of capitalized amounts)		(32)		(70)
Other non-cash charges		(5)		38
CHANGES IN ASSETS AND LIABILITIES				
Accounts receivable - customers, less allowance for uncollectibles		(159)		(35)
Materials and supplies, including fuel and gas in storage		14		52

Prepayments, other receivables and other current assets		(207)		(196)
Recoverable energy costs		(77)		17
Accounts payable		85		(59)
Pension and benefits		3		21
Accrued taxes		(88)		(60)
Accrued interest		12		7
Deferred charges and regulatory assets		(10)		(7)
Deferred credits and regulatory liabilities		11		33
Transmission congestion contracts		—		48
Other assets		(9)		(18)
Other liabilities		(8)		9
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		(117)		41
INVESTING ACTIVITIES				
Construction expenditures		(246)		(231)
Cost of removal less salvage		(27)		(27)
Common equity component of allowance for funds used during construction		2		4
Demolition and remediation costs for First Avenue properties		(3)		—
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(274)		(254)
FINANCING ACTIVITIES				
Net proceeds from short-term debt		432		250
Retirement of long-term debt		(275)		(150)
Issuance of long-term debt		275		—
Debt issuance costs		1		—
Common stock dividends		(93)		(100)
Preferred stock dividends		(3)		(3)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		337		(3)
CASH AND TEMPORARY CASH INVESTMENTS:				
NET CHANGE FOR THE PERIOD		(54)		(216)
BALANCE AT BEGINNING OF PERIOD		88		265
BALANCE AT END OF PERIOD	$	34	$	49
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the period for:				
Interest	$	81	$	81
Income taxes		89		11

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

Orange and Rockland Utilities, Inc.

CONSOLIDATED BALANCE SHEET
(UNAUDITED)

	As at			
	March 31, 2003		***December 31, 2002***	
	(Millions of Dollars)			
ASSETS				
UTILITY PLANT, AT ORIGINAL COST				
Electric	$	738	$	734
Gas		303		300
General		115		118
Total		1,156		1,152

Less: accumulated depreciation		409		406
Net		747		746
Construction work in progress		23		23
NET UTILITY PLANT		770		769
NON-UTILITY PLANT				
Non-utility property, less accumulated depreciation of $0.3 and $2.0 in 2003 and 2002, respectively		—		3
NET PLANT		770		772
CURRENT ASSETS				
Cash and temporary cash investments		12		2
Accounts receivable - customers, less allowance for uncollectible accounts of $1 and $2, respectively		80		54
Other accounts receivable, less allowance for uncollectible accounts of $1 in 2003 and 2002		6		4
Accrued unbilled revenue		14		20
Gas in storage, at average cost		8		16
Materials and supplies, at average cost		6		6
Prepayments		11		12
Other current assets		9		9
TOTAL CURRENT ASSETS		146		123
DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS				
Regulatory assets		246		236
Other deferred charges and noncurrent assets		17		18
TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS		263		254
TOTAL ASSETS	$	1,179	$	1,149

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

Orange and Rockland Utilities, Inc.

CONSOLIDATED BALANCE SHEET
(UNAUDITED)

	As at			
	March 31, 2003		*December 31, 2002*	
	(Millions of Dollars)			
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
Common Stock, authorized and outstanding 1,000 shares in 2003 and 2002	$	—	$	—
Additional paid in capital		194		194
Retained earnings		178		169
Accumulated other comprehensive income (loss)		(15)		(15)
TOTAL COMMON SHAREHOLDER'S EQUITY		357		348
Long-term debt		301		301
TOTAL CAPITALIZATION		658		649
NONCURRENT LIABILITIES				
Pension and benefits		105		98
Hedges on variable rate long term-debt		19		19
Superfund and other environmental costs		37		35
Other noncurrent liabilities		14		16

TOTAL NONCURRENT LIABILITIES	175	168
CURRENT LIABILITIES		
Long-term debt due within one year	—	35
Notes payable	34	1
Accounts payable	57	61
Accounts payable to affiliated companies	21	3
Accrued taxes	2	1
Customer deposits	12	13
Accrued interest	9	8
Other current liabilities	12	9
TOTAL CURRENT LIABILITIES	147	131
DEFERRED CREDITS AND REGULATORY LIABILITIES		
Deferred income taxes	138	134
Deferred investment tax credits	6	6
Regulatory liabilities	54	58
Other deferred credits	1	3
TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES	199	201
TOTAL CAPITALIZATION AND LIABILITIES	$ 1,179	$ 1,149

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

Orange and Rockland Utilities, Inc.

CONSOLIDATED INCOME STATEMENT
(UNAUDITED)

	For the Three Months Ended March 31,	
	2003	***2002***
	(Millions of Dollars)	
OPERATING REVENUES		
Electric	$ 114	$ 91
Gas	87	65
TOTAL OPERATING REVENUES	201	156
OPERATING EXPENSES		
Purchased power	56	38
Gas purchased for resale	56	36
Other operations	28	28
Maintenance	6	6
Depreciation and amortization	9	8
Taxes, other than income taxes	14	13
Income taxes	11	9
TOTAL OPERATING EXPENSES	180	138
OPERATING INCOME	21	18
OTHER INCOME (DEDUCTIONS)		
Other income	1	—
TOTAL OTHER INCOME (DEDUCTIONS)	1	—
INCOME BEFORE INTEREST CHARGES	22	18

Interest on long-term debt		5		5
Other interest		1		1
NET INTEREST CHARGES		6		6
NET INCOME FOR COMMON STOCK	$	16	$	12

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 March 31,			
		2003		***2002***
	(Millions of Dollars)			
NET INCOME FOR COMMON STOCK	$	16	$	12
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES				
Unrealized gains on derivatives qualified as hedges, net of taxes		1		—
Less: Reclassification adjustment for gains included in net income, net of taxes		1		—
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES		—		—
COMPREHENSIVE INCOME	$	16	$	12

Orange and Rockland Utilities, Inc.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
(UNAUDITED)

	For the Three Months Ended March 31,			
		2003		***2002***
	(Millions of Dollars)			
BALANCE, JANUARY 1	$	169	$	152
Net income for common stock		16		12
TOTAL		185		164
Dividends to parent		(7)		(7)
BALANCE, MARCH 31	$	178	$	157

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

Orange and Rockland Utilities, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the Three Months Ended

	March 31,	
	2003	2002
	(Millions of Dollars)	
OPERATING ACTIVITIES		
Net income for common stock	$ 16	$ 12
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	9	8
Deferred income taxes	4	—
Gain on sale of land	(1)	—
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - customers, less allowance for uncollectibles	(26)	6
Materials and supplies, including fuel and gas in storage	7	11
Prepayments, other receivables and other current assets	7	7
Deferred recoverable energy costs	(13)	2
Pension and benefits	7	4
Accounts payable	14	(5)
Accrued taxes	1	(1)
Accrued interest	1	1
Deferred debits and regulatory assets	(2)	2
Deferred credits and regulatory liabilities	(1)	(2)
Other assets	—	3
Other liabilities	3	—
NET CASH FLOWS FROM OPERATING ACTIVITIES	26	48
INVESTING ACTIVITIES		
Construction expenditures	(9)	(10)
Proceeds from sale of land	2	—
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(7)	(10)
FINANCING ACTIVITIES		
Net proceeds from/(retirement of) short-term debt	33	(17)
Retirement of long-term debt	(35)	—
Dividend to parent	(7)	(7)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(9)	(24)
CASH AND TEMPORARY CASH INVESTMENTS:		
NET CHANGE FOR THE PERIOD	10	14
BALANCE AT BEGINNING OF PERIOD	2	2
BALANCE AT END OF PERIOD	$ 12	$ 16
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 5	$ 5
Income Taxes	2	(2)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

General

These combined notes accompany and form an integral part of the interim consolidated financial statements of each of Consolidated Edison, Inc. and its subsidiaries (Con Edison), Consolidated Edison Company of New York, Inc. and its subsidiaries (Con Edison of New York) and Orange & Rockland Utilities, Inc. and its subsidiaries (O&R). Con Edison of New York and O&R, which are regulated utilities, are subsidiaries of Con Edison, and together with Con Edison are referred to in these combined notes as "the Companies." Amounts shown for Con Edison include unregulated subsidiaries. The financial statements of each of the Companies are unaudited but, in the opinion of the Companies' respective management, reflect all adjustments (which include only normally recurring adjustments) necessary for a fair presentation of the results for the interim periods presented. The financial statements of each of the Companies should be read together with their respective audited financial statements (including the notes thereto) included in Item 8 of the Companies' combined Annual Reports on Form 10-K for the year ended December 31, 2002 (the Form 10-K). The use of terms such as "see" or "refer to" shall be deemed to incorporate by reference into these notes the information to which reference is made. Except as otherwise noted, the information in these combined notes relates to each of the Companies. Neither Con Edison of New York nor O&R makes any representation as to the information contained in this report or the Form 10-K relating to Con Edison or the subsidiaries of Con Edison other than itself. Results for interim periods are not necessarily indicative of results for the entire fiscal year.

Note A - Earnings per Common Share (Con Edison)

Reference is made to "Earnings per Share" in Note A to the Con Edison financial statements included in Item 8 of the Form 10-K. For the three months ended March 31, 2003 and 2002, respectively, Con Edison's basic and diluted EPS are calculated as follows:

	2003	2002
	(Millions of Dollars/Share Data in Millions)	
Net income	$ 157	$ 169
Less: Preferred stock dividend requirements	3	3
Income available to common shareholders	$ 154	$ 166
Less: Cumulative effect of change in accounting principle, net of tax	—	20
Net income applicable to common stock	$ 154	$ 146
Number of shares on which basic EPS is calculated:	214	212
Add: incremental shares attributable to effect of potentially dilutive securities	1	1
Number of shares on which diluted EPS is calculated	215	213
EARNINGS PER COMMON SHARE - BASIC		
Before cumulative effect of change in accounting principle	$ 0.72	$ 0.78
Cumulative effect of change in accounting principle	—	.10
After cumulative effect of change in accounting principle	$ 0.72	$ 0.68
EARNINGS PER COMMON SHARE - DILUTED		
Before cumulative effect of change in accounting principle	$ 0.72	$ 0.78
Cumulative effect of change in accounting principle	—	.10
After cumulative effect of change in accounting principle	$ 0.72	$ 0.68

Stock options to purchase 6.9 million and 5.0 million common shares for the three months ended March 31, 2003 and 2002, respectively, were not included in the respective period's computation of diluted earnings per share because the exercise prices of the options were greater than the average market price of the common shares.

Note B - Stock-Based Compensation

Reference is made to "Stock-Based Compensation" in Note A to the Companies' financial statements in Item 8 of the Form 10-K.

	Con Edison		Con Edison of New York		O&R	
For the Three Months Ended March 31, (Millions of Dollars/Share Data in Millions)	***2003***	***2002***	***2003***	***2002***	***2003***	***2002***
Net income, as reported	$ 154	$ 146	$ 138	$ 151	$ 16	$ 12
Add: Stock-based compensation expense included in reported net income, net of related tax effects	1	—	1	—	—	—
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	(2)	(1)	(2)	(1)	—	—
Pro forma net income	$ 153	$ 145	$ 137	$ 150	$ 16	$ 12
Number of shares on which basic EPS is calculated	214	212	N/A	N/A	N/A	N/A
Add: Incremental shares attributable to effect of dilutive securities	1	1	N/A	N/A	N/A	N/A
Number of shares on which diluted EPS is calculated	215	213	N/A	N/A	N/A	N/A

Earnings per share:						
Basic - as reported	$ 0.72	$ 0.68	N/A	N/A	N/A	N/A
Basic - pro forma	$ 0.71	$ 0.68	N/A	N/A	N/A	N/A
Diluted - as reported	$ 0.72	$ 0.68	N/A	N/A	N/A	N/A
Diluted - pro forma	$ 0.71	$ 0.68	N/A	N/A	N/A	N/A

These pro forma amounts may not be representative of future year pro forma amount disclosures due to changes in future market conditions and additional grants in future years.

Note C - Accounting for Regulated Public Utilities—SFAS No. 71

Reference is made to "Accounting Policies" in Note A to the Companies' financial statements in Item 8 of the Form 10-K.

Regulatory assets and liabilities at March 31, 2003 and at December 31, 2002 were comprised of the following items:

	Con Edison		***Con Edison of New York***		***O&R***	
Millions of Dollars	***2003***	***2002***	***2003***	***2002***	***2003***	***2002***
Regulatory assets						
Future federal income tax	$ 633	$ 614	$ 594	$ 575	$ 39	$ 39
Recoverable energy costs	395	310	300	223	95	87
Sale of nuclear generating plant	205	215	205	215	—	—
Real estate sale costs - First Avenue properties	137	134	137	134	—	—
Deferred retirement program costs	84	84	36	38	48	46
Deferred unbilled gas revenue	44	44	44	44	—	—
Deferred environmental remediation costs	90	83	58	52	32	31
Workers' compensation	54	54	54	54	—	—
Deferred asbestos - related costs	39	39	38	38	1	1
Divestiture - capacity replacement reconciliation	26	29	26	29	—	—
Deferred revenue taxes	72	78	67	72	5	6
World Trade Center restoration costs	67	63	67	63	—	—
Other	139	119	113	93	26	26
Total Regulatory Assets	$ 1,985	$ 1,866	$ 1,739	$ 1,630	$ 246	$ 236
Regulatory liabilities						
NYISO reconciliation	$ 107	$ 107	$ 107	$ 107	$ —	$ —
World Trade Center casualty loss	79	79	79	79	—	—
Gain on divestiture	69	69	65	64	4	5
Deposit from sale of First Avenue properties	50	50	50	50	—	—
Refundable energy costs	27	31	—	—	27	31
Accrued electric rate reduction	38	38	38	38	—	—
DC service incentive	35	35	35	35	—	—
Transmission congestion contracts	125	125	125	125	—	—
Gas rate plan - World Trade Center recovery	36	36	36	36	—	—
Electric excess earnings	55	40	55	40	—	—
Other	277	281	254	259	23	22
Total Regulatory Liabilities	$ 898	$ 891	$ 844	$ 833	$ 54	$ 58

Note D - 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 Con Edison of New York and O&R and their 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 impose joint and several liabilities, regardless of fault, upon generators of hazardous substances for removal and remediation costs (which include costs of investigation, demolition, removal, disposal, storage, replacement, containment and monitoring) and environmental damages. Liabilities 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 Con Edison of New York or O&R have been asserted to have liability under these laws, including their manufactured gas sites, are referred to herein as "Superfund Sites."

For Superfund Sites where there are other potentially responsible parties and neither Con Edison of New York nor O&R are managing the site investigation and remediation, the accrued Superfund Sites liability represents an estimate of the amount Con Edison of New York or O&R will need to pay to settle its obligations with respect to the site. For the other Superfund Sites (including the manufactured gas sites), which Con Edison of New York or O&R manage, the accrued Superfund Sites liability represents an estimate of their undiscounted cost to investigate and remediate each of the sites in light of the information available about the site, applicable remediation standards and experience with similar sites.

Con Edison of New York and O&R are permitted under their current rate agreements to defer as regulatory assets (for subsequent recovery through rates) certain site investigations and remediation costs. At March 31, 2003, the accrued liabilities and regulatory assets related to Superfund Sites for each of the Companies were as follows:

	Con Edison	*Con Edison of New York*	*O&R*
		(Millions of Dollars)	
Accrued liabilities:			
Manufactured gas plant sites	$ 105	$ 69	$ 36
Other Superfund Sites and other	35	34	1
Total	$ 140	$ 103	$ 37
Regulatory assets	$ 90	$ 58	$ 32

Most of the accrued Superfund Site liability relates to Superfund Sites that have been investigated, in whole or in part. As investigation progresses on these and other sites, the Companies expect that additional liability will be accrued, the amount of which is not presently determinable but may be material to the financial position, results of operations or liquidity of each of the Companies.

In 2002, Con Edison of New York estimated that for its manufactured gas sites, many of which had not been investigated, its aggregate undiscounted potential liability for the investigation and remediation of

coal tar and/or other manufactured gas plant-related environmental contaminants could range from approximately $65 million to $1.1 billion. For O&R's manufactured gas sites, estimates of the aggregate undiscounted potential liability for the cleanup of coal, tar and/or other manufactured gas plant-related environmental contaminants range from approximately $25 million to $95 million. These estimates were based upon the assumption that there is contamination at each of the sites and additional 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 Con Edison of New York and O&R and many other defendants, wherein a large number of plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises of the utilities. The suits that have been resolved, which are many, have been resolved without any payment by the utilities, or for amounts that were not, in the aggregate, material to them. The amounts specified in all the remaining thousands of suits total billions of dollars but the Companies believe that these amounts are greatly exaggerated, as experienced through the disposition of previous claims. In 2002, Con Edison of New York estimated that its aggregate undiscounted potential liability for these suits and additional such suits that may be brought over the next 50 years is estimated to range from approximately $38 million to $162 million (with no amount within the range considered more reasonable than any other). The estimate was based upon a combination of modeling, historical data analysis and risk factor assessment. Actual experience may be materially different.

Workers' compensation administrative proceedings have been commenced, wherein current and former employees claim benefits based upon alleged disability from exposure to asbestos. Con Edison of New York is permitted under its current rate agreement to defer as regulatory assets (for subsequent recovery through rates), liabilities incurred for its asbestos lawsuits and workers' compensation claims. O&R also defers as regulatory assets (for subsequent recovery through rates), liabilities incurred for its asbestos lawsuits.

At March 31, 2003, the accrued liability for asbestos suits and workers' compensation proceedings (including those related to asbestos exposure) and the amounts deferred as regulatory assets for each of the Companies were as follows:

	Con Edison	*Con Edison of New York*	*O&R*
		(Millions of Dollars)	

Accrued liability - asbestos suits	$	39	$	38	$	1
Regulatory asset - asbestos suits	$	39	$	38	$	1
Accrued liability - workers' compensation	$	129	$	125	$	4
Regulatory asset - workers' compensation	$	54	$	54		—

Clean Air (Con Edison and O&R)

In May 2000, the New York State Department of Environmental Conservation issued notices of violation to O&R and other companies that have operated coal-fired electric generating facilities in New York State. The notices allege violations of the Federal Clean Air Act and the New York State

Environmental Conservation Law resulting from the alleged failure to install pollution control equipment that would have reduced emissions of certain chemicals deemed potentially hazardous. The notice of violations received by O&R relates to the Lovett Generating Station, which it sold in June 1999. O&R is unable to predict whether or not the alleged violations will have a material adverse effect on its financial position, results of operations or liquidity.

Note E - Nuclear Generation (Con Edison and Con Edison of New York)

In September 2001, Con Edison of New York completed the sale of its nuclear generating facilities. See Note I to the Con Edison and Con Edison of New York financial statements in Item 8 of the Form 10-K.

The New York State Public Service Commission is investigating a February 2000 to January 2001 outage of the nuclear generating unit, its causes and the prudence of Con Edison of New York's actions regarding the operation and maintenance of the generating unit. The proceeding covers, among other things, Con Edison of New York's inspection practices, the circumstances surrounding prior outages, the basis for postponement of the unit's steam generator replacement and whether, and to what extent, increased replacement power costs and repair and replacement costs should be borne by Con Edison's shareholders.

Con Edison of New York has not billed to customers $90 million of replacement power costs incurred during the outage. In addition, in 2000, Con Edison of New York accrued a $40 million liability for the possible disallowance of replacement power costs that it had previously recovered from customers.

Neither Con Edison nor Con Edison of New York is able to predict whether or not any proceedings, lawsuits, legislation or other actions relating to the nuclear generating unit will have a material adverse effect on its financial position, results of operations or liquidity.

Note F - Northeast Utilities Litigation (Con Edison)

In March 2001, Con Edison commenced an action in the United States District Court for the Southern District of New York, entitled Consolidated Edison, Inc. v. Northeast Utilities, seeking a declaratory judgment that Northeast Utilities has failed to meet certain conditions precedent to Con Edison's obligation to complete its acquisition of Northeast Utilities pursuant to their agreement and plan of merger, dated as of October 13, 1999, as amended and restated as of January 11, 2000 (the merger agreement). In May 2001, Con Edison amended its complaint. As amended, Con Edison's complaint seeks, among other things, recovery of damages sustained by it as a result of the material breach of the merger agreement by Northeast Utilities, the court's declaration that under the merger agreement Con Edison has no further or continuing obligations to Northeast Utilities and that Northeast Utilities has no further or continuing rights against Con Edison.

In June 2001, Northeast Utilities withdrew the separate action it commenced in March 2001 in the same court and filed as a counter-claim to Con Edison's amended complaint its claim that Con Edison materially breached the merger agreement and that, as a result, Northeast Utilities and its shareholders have suffered substantial damages, including the difference between the consideration to be paid to Northeast Utilities shareholders pursuant to the merger agreement and the market value of Northeast

Utilities common stock, expenditures in connection with regulatory approvals and lost business opportunities. Pursuant to the merger agreement, Con Edison agreed to acquire Northeast Utilities for $26.00 per share (an estimated aggregate of not more than $3.9 billion) plus $0.0034 per share for each day after August 5, 2000 through the day prior to the completion of the transaction, payable 50 percent in cash and 50 percent in stock.

In March 2003, the court ruled on certain motions filed by Con Edison and Northeast Utilities. The court ruled that Con Edison's claim against Northeast Utilities for hundreds of millions of dollars for breach of the merger agreement, as well as Con Edison's claim that Northeast Utilities underwent a material adverse change, will go to trial. The court also dismissed Con Edison's fraud and misrepresentation claims. In addition, the court ruled that Northeast Utilities' claims on behalf of its shareholders against Con Edison for damages in excess of $1.2 billion will go to trial. It is expected that both parties will be filing further pre-trial motions that could potentially affect the issues that will be presented at trial. A date for trial has not been set.

Con Edison believes that Northeast Utilities has materially breached the merger agreement, and that Con Edison has not materially breached the merger agreement. Con Edison believes it is not obligated to acquire Northeast Utilities because Northeast Utilities does not meet the merger agreement's conditions that Northeast Utilities perform all of its obligations under the merger agreement. Those obligations include the obligation that it carry on its businesses in the ordinary course consistent with past practice; that the representations and warranties made by it in the merger agreement were true and correct when made and remain true and correct; and that there be no material adverse change with respect to Northeast Utilities.

Con Edison is unable to predict whether or not any Northeast Utilities related lawsuits or other actions will have a material adverse effect on Con Edison's financial position, results of operations or liquidity.

Note G - Other Material Contingencies (Con Edison)

For information about contingencies relating to a dispute between the construction contractor for Con Edison Development's 525 MW electric generating facility in Newington, New Hampshire and the Internal Revenue Service's proposed disallowance of certain tax losses recognized in connection with transactions in which unregulated subsidiaries of Con Edison leased property and then immediately subleased it back to the lessor (termed "Lease In/Lease Out," or LILO transactions), see Notes J and S to the Con Edison financial statements in Item 8 of the Form 10-K.

Note H - Derivative Instruments and Hedging Activities

Reference is made to Note O to both the Con Edison and Con Edison of New York financial statements, and Note N to the O&R financial statements in Item 8 of the Form 10-K.

Energy Price Hedging

Con Edison and Con Edison's subsidiaries use derivative instruments to hedge market price fluctuations in related underlying transactions for the physical purchase or sale of electricity and gas. As of March 31, 2003, the net fair value of the derivatives for such use was as follows:

	Con Edison	*Con Edison of New York*	*O&R*
	(Millions of Dollars)		
Fair value of net assets	$ 34	$ 12	$ —

Con Edison of New York, Con Edison Solutions and Con Edison Energy use cash flow hedge accounting under SFAS No. 133. Under cash flow hedge accounting, to the extent a hedge is determined to be "effective," the mark-to-market unrealized gain or loss on the hedge is recorded in other comprehensive income (OCI) and reclassified to income at the time the underlying transaction is completed. Any gain or loss relating to any portion of the hedge determined to be "ineffective" is recognized in income in the period in which such determination is made. For Con Edison and Con Edison of New York, unrealized gains and losses on cash flow hedges for energy transactions, net of tax, included in accumulated OCI for the three months ended March 31, 2003 and 2002 were as follows:

	Con Edison		*Con Edison of New York*	
	2003	*2002*	*2003*	*2002*
	(Millions of Dollars)			
Unrealized gains/(losses) on derivatives qualified as hedges net of taxes	$ 13	$ 11	$ —	$ 2
Less: Reclassification adjustment of gains/(losses) included in net income, net of taxes	11	(8)	—	—
Unrealized gains/(losses) on derivatives qualified as hedges for the period	$ 2	$ 19	$ —	$ 2

Con Edison recognized in income unrealized mark-to-market pre-tax net gains of $0 million and $3 million relating to hedge ineffectiveness at Con Edison Solutions for the three months ended March 31, 2003 and 2002, respectively.

As of March 31, 2003, the maximum remaining terms of Con Edison's, Con Edison of New York's and O&R's contracts were less than three years, one year and three years, respectively. Con Edison and Con Edison of New York estimate that $15 million and $1 million, respectively, of after-tax net gains accumulated in OCI as of March 31, 2003 will be reclassified to income within the next 12 months.

Con Edison's unregulated subsidiaries also enter into certain other contracts that are derivatives, but do not qualify for hedge accounting under SFAS No. 133. Changes in fair market value of these derivative contracts are recorded in income in the reporting period in which they occur and were immaterial to the results of operations of the unregulated subsidiaries for the periods ending March 31, 2003 and 2002.

Interest Rate Hedging

Con Edison's subsidiaries use interest rate swaps to manage interest rate exposures associated with debt. As of March 31, 2003, the fair value of the interest rate swaps was as follows:

	Con Edison	*Con Edison of New York*	*O&R*

	(Millions of Dollars)		
Fair value of interest rate swaps	$ (22)	$ 6	$ (19)

Con Edison of New York's swap is designated as a fair value hedge, which qualifies for "short-cut" hedge accounting under SFAS No. 133. Under this method, changes in fair value of the swap are recorded directly against the carrying value of the hedged bonds and have no impact on earnings.

Con Edison Development and O&R's swaps are designated as cash flow hedges under SFAS No. 133. Unrealized gains and losses on these cash flow hedges, net of tax, included in accumulated OCI for the three months ended March 31, 2003 and 2002 were as follows:

	Con Edison		*O&R*	
	2003	*2002*	*2003*	*2002*
	(Millions of Dollars)			
Unrealized gains/(losses) on derivatives qualified as hedges, net of taxes	$ —	$ —	$ 1	$ —
Less: Reclassification adjustment for gains/(losses) included in net income, net of taxes	—	(1)	1	—
Unrealized gains/(losses) on derivatives qualified as hedges for the period	$ —	$ 1	$ —	$ —

As of March 31, 2003, the accumulated OCI related to Con Edison's and O&R's interest rate swaps amounted to after-tax losses of $17 million and $11 million, respectively, of which $4 million and $1 million, respectively, is expected to be reclassified to income within the next 12 months. The reclassification to income has no impact on O&R's results of operations. These costs are currently recovered in rates.

Energy Trading Activities

Unregulated subsidiaries of Con Edison engage in energy trading activities that are accounted for at fair value. For the three months ended March 31, 2003, energy-trading contracts have been marked to market in accordance with SFAS No. 133 and Emerging Issues Task Force (EITF) Issue No. 02-3. For the corresponding period in 2002, these contracts were accounted for under EITF Issue No. 98-10, which was rescinded in October of 2002.

The fair value of energy trading net assets as of March 31, 2003 and 2002 was $9 million and $16 million, respectively.

Note I - Financial Information By Business Segment

The business segments of each of the Companies were determined based on similarities in economic characteristics, the regulatory environment, and management's reporting requirements.

Con Edison's principal business segments are Con Edison of New York's regulated electric, gas and steam utility activities, O&R's regulated electric and gas utility activities and other operations, Con Edison's

unregulated subsidiaries and other (parent holding company revenues, interest and other expenses and consolidation adjustments). Con Edison of New York's principal business segments are its regulated electric, gas and steam utility activities. O&R's principal business segments are its regulated electric and gas utility activities and other operations. Reference is made to "Con Edison" at the beginning of the notes to each of the Companies' financial statements included in Item 8 of the Form 10-K for a description of the segments.

All revenues of these business segments, excluding revenues earned by Con Edison Development on certain energy infrastructure projects, which are deemed to be immaterial, are from customers located in the United States of America. Also, all assets of the business segments, excluding certain investments in energy infrastructure projects by Con Edison Development ($202 million at March 31, 2003), are located in the United States of America. The accounting policies of the segments are the same as those described in Note A to financial statements of each of the Companies, included in Item 8 of the Form 10-K.

Common services shared by the business segments are assigned directly or allocated based on various cost factors, depending on the nature of the service provided.

The financial data for the business segments are as follows:

	For the Three Months Ended March 31, 2003			
	Operating Revenues	*Intersegment Revenues*	*Depreciation and Amortization*	*Operating Income*

	Operating Revenues	Intersegment Revenues	Depreciation and Amortization	Operating Income
	(Millions of Dollars)			
Con Edison of New York				
Electric	$ 1,379	$ 3	$ 90	$ 100
Gas	533	1	18	84
Steam	238	—	5	45
Total Con Edison of New York	$ 2,150	$ 4	$ 113	$ 229
O&R				
Electric	$ 114	$ —	$ 7	$ 11
Gas	87	—	2	10
Total O&R	$ 201	$ —	$ 9	$ 21
Unregulated subsidiaries	$ 219	$ —	$ 7	$ 7
Other	—	(4)	—	—
Total Con Edison	$ 2,570	$ —	$ 129	$ 257

	For the Three Months Ended March 31, 2002			
	Operating Revenues	*Intersegment Revenues*	*Depreciation and Amortization*	*Operating Income*
	(Millions of Dollars)			
Con Edison of New York				
Electric	$ 1,209	$ 3	$ 86	$ 116
Gas	409	1	17	87
Steam	141	—	4	27
Total Con Edison of New York	$ 1,759	$ 4	$ 107	$ 230
O&R				
Electric	$ 91	$ —	$ 6	$ 8
Gas	65	—	2	10
Total O&R	$ 156	$ —	$ 8	$ 18
Unregulated subsidiaries	$ 140	$ —	$ 5	$ 9
Other	1	(4)	—	—
Total Con Edison	$ 2,056	$ —	$ 120	$ 257

The Con Edison business segment financial information shown above is presented differently than it was in Note N to the Con Edison financial statements in Item 8 of the Form 10-K where its regulated electric and gas utility operations were presented as separate segments by aggregating the regulated electric and gas operations of Con Edison of New York and O&R. SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" permits, but does not require, Con Edison to aggregate such operations. Con Edison has now determined to no longer aggregate such operations and instead, as

shown above, will separately present such operations. On this basis of presentation, the Con Edison business segment financial information for 2002, 2001 and 2000 is as follows:

	For the 12 Months Ended December 31, 2002								
	Operating revenues	*Intersegment revenues*	*Depreciation and amortization*	*Income tax expense*	*Operating income*	*Interest charges*	*Changes in accounting principles*	*Total assets*	*Construction expenditures*
	(Millions of Dollars)								
Con Edison of New York									
Electric	$ 5,775	$ 9	$ 352	$ 298	$ 759	$ 306	$ —	$ 12,493	$ 827
Gas	1,045	3	68	61	159	64	—	2,595	185

Steam	404	2	18	(5)	36	22	—	977	83
Total Con Edison of New York	$ 7,224	$ 14	$ 438	$ 354	$ 954	$ 392	$ —	$ 16,065	$ 1,095
O&R									
Electric	$ 475	$ —	$ 26	$ 20	$ 57	$ 20	$ —	$ 810	$ 44
Gas	159	—	8	5	15	8	—	300	16
Other	—	—	—	—	—	—	—	39	—
Total O&R	$ 634	$ —	$ 34	$ 25	$ 72	$ 28	$ —	$ 1,149	$ 60
Unregulated subsidiaries	$ 631	$ —	$ 23	$ 19	$ 33	$ 16	$ 22	$ 1,319	213
Other	—	(14)	—	—	1	6	—	322	—
Total Con Edison	$ 8,489	$ —	$ 495	$ 398	$ 1,060	$ 442	$ 22	$ 18,855	$ 1,368

For the 12 Months Ended December 31, 2001

	Operating revenues	Intersegment revenues	Depreciation and amortization	Income tax expense	Operating income	Interest charges	Changes in accounting principles	Total assets	Construction expenditures
					(Millions of Dollars)				
Con Edison of New York									
Electric	$ 6,350	$ 12	$ 383	$ 359	$ 852	$ 301	$ —	$ 11,356	$ 766
Gas	1,268	3	64	70	167	63	—	2,416	153
Steam	504	2	18	6	28	21	—	747	64
Total Con Edison of New York	$ 8,122	$ 17	$ 465	$ 435	$ 1,047	$ 385	$ —	$ 14,519	$ 983
O&R									
Electric	$ 538	$ —	$ 25	$ 23	$ 50	$ 16	$ —	$ 837	$ 45
Gas	198	—	8	4	13	8	—	295	17
Other	—	—	—	—	—	—	—	3	—
Total O&R	$ 736	$ —	$ 33	$ 27	$ 63	$ 24	$ —	$ 1,135	$ 62
Unregulated subsidiaries	$ 531	$ —	$ 17	$ 3	$ 30	$ 17	$ —	$ 1,017	164
Other	—	(17)	11	—	(12)	5	—	363	—
Total Con Edison	$ 9,389	$ —	$ 526	$ 465	$ 1,128	$ 431	$ —	$ 17,034	$ 1,209

For the 12 Months Ended December 31, 2000

	Operating revenues	Intersegment revenues	Depreciation and amortization	Income tax expense	Operating income	Interest charges	Changes in accounting principles	Total assets	Construction expenditures
					(Millions of Dollars)				
Con Edison of New York									
Electric	$ 6,467	$ 12	$ 457	$ 220	$ 761	$ 293	$ —	$ 11,558	$ 753
Gas	1,082	3	60	64	165	58	—	2,303	123
Steam	452	2	18	2	26	18	—	687	32
Total Con Edison of New York	$ 8,001	$ 17	$ 535	$ 286	$ 952	$ 369	$ —	$ 14,548	$ 908
O&R									
Electric	$ 513	$ —	$ 21	$ 20	$ 47	$ 17	$ —	$ 829	$ 34
Gas	183	—	6	1	11	8	—	304	17
Other	5	—	—	2	2	—	—	6	—
Total O&R	$ 701	$ —	$ 27	$ 23	$ 60	$ 25	$ —	$ 1,139	$ 51
Unregulated subsidiaries	$ 660	$ —	$ 14	$ 9	$ 16	$ 10	$ —	$ 815	121
Other	(45)	(17)	10	—	(12)	3	—	265	—

Total Con Edison	$	9,317	$	—	$	586	$	318	$	1,016	$	407	$	—	$ 16,767	$ 1,080

Note J - Guarantees (Con Edison)

Con Edison and its subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of their subsidiaries. In addition, a Con Edison Development subsidiary has issued guarantees on behalf of entities in which it has an equity interest. Con Edison's guarantees had maximum limits totaling $1.3 billion at March 31, 2003 of which $640 million was outstanding. Management believes the likelihood that Con Edison would be required to perform with respect to these guarantees is remote.

The following table summarizes, by type and term, the total maximum amount of guarantees:

	Maximum Amount			
Guarantee Type	***0-3 years***	***4-10 years***	***> 10 years***	***Total***
	(Millions of Dollars)			
Commodity Transactions	$ 737	$ 31	$ 17	$ 785
Newington Lease Agreement	—	—	353	353
Affordable Housing Program	—	57	—	57
Intra-company Guarantee	—	—	50	50
Other	7	5	19	31
TOTAL	$ 744	$ 93	$ 439	$ 1,276

Commodity Transactions - Con Edison guarantees payments on behalf of its subsidiaries in order to facilitate physical and financial transactions in gas, pipeline capacity, transportation, oil, electricity and related commodity services. In addition, a Con Edison Development subsidiary guaranteed payment for fuel oil purchases by a foreign generating project in which it has an equity interest. To the extent that liabilities exist under the contracts subject to these guarantees, such liabilities are included in the consolidated balance sheet.

Newington Lease Agreement - Con Edison guarantees the payment and performance obligations of a Con Edison Development subsidiary. See Note S to the Con Edison financial statements in Item 8 of the Form 10-K.

Affordable Housing Program - Con Edison Development guarantees the repurchase and remarketing obligations of one of its subsidiaries with respect to the debt ($56.7 million, including interest) relating to moderate-income rental apartment properties eligible for tax credits under Section 42 of the Internal Revenue Code. In accordance with EITF Issue No. 94-01, "Accounting for Tax Benefits Resulting from Investments in Affordable Housing Projects," neither the rental apartment properties nor the related indebtedness is included on Con Edison's consolidated balance sheet.

Intra-company Guarantee - Con Edison has issued a guarantee on behalf of Con Edison Communications to Con Edison of New York for payment obligations relating to the use of space in the latter's facilities and the construction of new telecommunications underground facilities.

Other - Con Edison, Con Edison Development and its subsidiaries also guarantee the following:

- $15 million of standby financial letters of credit and comfort letters in connection with investments in energy infrastructure and cogeneration projects
- $13 million relating to lease payment obligations under various property lease agreements for office buildings and other facilities
- $3 million of guarantees for franchise agreements with the City of New York and other localities

Note K - Related Party Transactions (Con Edison of New York and O&R)

Reference is made to Note M to the Con Edison of New York financial statements, and Note I to the O&R financial statements, in Item 8 of the Form 10-K.

The costs of administrative and other services by Con Edison of New York and O&R to, and received from, Con Edison and its subsidiaries for the three months ended March 31, 2003 and 2002 were as follows:

	Con Edison of New York		***O&R***	
	2003	***2002***	***2003***	***2002***
	(Millions of Dollars)			
Cost of Services Provided	$ 8	$ 8	$ 3	$ 3
Cost of Services Received	$ 6	$ 5	$ 4	$ 4

In addition, O&R purchased from Con Edison of New York $52 million and $26 million of natural gas and $1 million and $7 million of electricity for the three months ended March 31, 2003 and 2002, respectively.

Note L - New Financial Accounting Standards

In January 2003, Financial Accounting Standards Board (FASB) issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). For discussion on FIN 46, see Note S, Note Q and Note O, respectively, to the Con Edison, Con Edison of New York and O&R financial statements included in Item 8 of the Form 10-K.

In January 2003, the Companies adopted SFAS No. 143, "Accounting for Asset Retirement Obligations," which requires entities to record the fair value of a liability associated with an asset retirement

obligation in the period incurred. When the liability is initially recorded, the entity will capitalize the cost by increasing the amount of the related asset. The liability will be increased to its present value each period and the capitalized cost will be depreciated over the useful life of the related asset. Upon retirement of the asset, the entity will settle the obligation for the amount recorded or incur a gain or loss. The adoption of SFAS No. 143 did not have a material impact on Companies' financial position, results of operations or liquidity. Con Edison of New York and O&R generally compute annual charges for depreciation using the straight-line method for financial statement purposes, with rates based on average service lives and net removal costs (removal costs less salvage value). At March 31, 2003 the estimated net removal costs included in accumulated depreciation were $764 million and $41 million for Con Edison of New York and O&R, respectively.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This Statement amends and clarifies financial accounting and reporting for derivative instruments. SFAS 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The Companies have not yet determined the impact of this standard, if any, on their financial position, results of operations or liquidity.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (COMBINED FOR CON EDISON, CON EDISON OF NEW YORK AND O&R)

This discussion and analysis relates to the consolidated financial statements of Consolidated Edison, Inc. (Con Edison), Consolidated Edison Company of New York, Inc. (Con Edison of New York) and Orange and Rockland Utilities, Inc. (O&R) in Part I, Item 1 of this report. This discussion and analysis should be read in conjunction with these financial statements and the notes thereto and Con Edison's Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), Con Edison of New York's MD&A and O&R's Management's Narrative Discussion of Results of Operations (O&R Narrative) in Item 7 of the combined Con Edison, Con Edison of New York and O&R Annual Reports on Form 10-K for the year ended December 31, 2002 (File Nos. 1-14514, 1-1217 and 1-4315, the Form 10-K). Con Edison of New York and O&R, which are regulated utilities, are subsidiaries of Con Edison, and together with Con Edison are referred to in this MD&A as "the Companies."

Neither Con Edison of New York nor O&R makes any representation as to information in this report relating to Con Edison or the subsidiaries of Con Edison other than itself.

Information in the notes to the consolidated financial statements referred to in this discussion and analysis is hereby incorporated by reference herein. The use of terms such as "see" or "refer to" shall be deemed to incorporate by reference into this discussion and analysis the information to which reference is made.

CORPORATE OVERVIEW

Con Edison's principal business operations are those of its regulated utility subsidiaries, Con Edison of New York and O&R. Con Edison also has unregulated subsidiaries that compete in energy-related and telecommunication businesses.

	Three months ended March 31, 2003				***At March 31, 2003***	
	Operating Revenues		***Operating Income***		***Assets***	
	(Millions of Dollars)					
Con Edison of New York	$ 2,150	83.7%	$ 229	89.1%	$ 16,401	85.1%
O&R	201	7.8%	21	8.2%	1,179	6.1%
Total regulated utilities	2,351	91.5%	250	97.3%	17,580	91.2%
Unregulated subsidiaries	219	8.5%	7	2.7%	1,307	6.8%
Other	—	—	—	—	380	2.0%
Total Con Edison	$ 2,570	100.0%	$ 257	100.0%	$ 19,267	100.0%

Con Edison's net income for common stock for the three months ended March 31, 2003 was $154 million or $0.72 a share compared with earnings of $146 million, after the cumulative effect of a change in accounting principle, or $0.68 a share for the three months ended March 31, 2002. See "Results of Operations - Summary," below. For additional segment financial information, see Note I to the financial statements included in Part I, Item1 and "Results of Operations," below.

REGULATED UTILITY SUBSIDIARIES

Con Edison of New York provides electric service to over 3.1 million customers and gas service to 1.1 million customers in New York City and Westchester County. The company also provides steam service in parts of Manhattan. O&R, along with its regulated utility subsidiaries, provides electric service to over 285,000 customers in southeastern New York and adjacent sections of New Jersey and northeastern Pennsylvania and gas service to over 120,000 customers in southeastern New York and northeastern Pennsylvania.

The utilities are primarily "wires and pipes" energy delivery companies that are subject to extensive federal and state regulation. Pursuant to restructuring agreements, the utilities have sold most of their electric generating capacity and provide their customers the opportunity to buy electricity and gas from other suppliers through their retail access programs. The utilities continue to supply energy to most of their customers and provide delivery service to their customers that buy energy from other suppliers. The utilities purchase substantially all of the energy they supply to customers pursuant to firm contracts or through wholesale energy markets.

The utilities have agreements that cover the rates they can charge their customers. Con Edison of New York's electric rate agreement ends March 2005 and its gas and steam rate agreements end in September 2004. The O&R rate agreements are for various periods. The rate agreements generally require the utilities to share with customers earnings in excess of specified rates of return on equity. With limited exceptions, rates charged customers pursuant to these agreements may not be changed during the respective terms of these agreements. However, in accordance with provisions approved by state regulators, the utilities generally recover from customers on a current basis the costs they prudently incur for energy purchased for them. See "Rate and Restructuring Agreements" and "Recoverable Energy Costs" in each of the Companies' Note A to their financial statements in Item 8 of the Form 10-K.

The utilities have experienced increased energy sales and transportation volumes in recent years. Such increases are reflected in operating income (except to the extent that a weather-normalization provision applies to the gas business). In June, July and August of 2002, Con Edison of New York set a new three-month electric delivery record of more than 17 million megawatt hours and experienced five of its 10 highest electric peak load days. In addition, the company's 10 highest winter electric peak loads all occurred during the 2002-2003 winter. The utilities have increased their construction expenditures to meet increased customer demand and reliability needs. See "Capital Requirements" in the Con Edison and Con Edison of New York MD&A in Item 7 of the Form 10-K.

Accounting policies for the utilities include Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation," pursuant to which the economic effects of rate regulation are reflected in financial statements. See "Application of Critical Accounting Policies," below.

UNREGULATED BUSINESSES

Con Edison's four unregulated subsidiaries participate in competitive businesses and are subject to different risks than the regulated utility subsidiaries. At March 31, 2003, Con Edison's investment in its

unregulated subsidiaries was $758 million and the unregulated subsidiaries' assets amounted to $1.3 billion. Con Edison expects to include $353 million of non-utility plant and long-term debt and other liabilities related to Con Edison Development's Newington project on its consolidated balance sheet upon adoption of the Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities" in 2003. See Note S to the Con Edison financial statements in Item 8 of the Form 10-K.

Consolidated Edison Solutions, Inc. (Con Edison Solutions) sells electricity, gas and energy-related services to delivery customers of Con Edison of New York, O&R and other utilities. At March 31, 2003, the company serves approximately 33,000 electric customers with an estimated aggregate annual load of 1,100 MW of electricity. The company's gross margins (operating revenues less fuel, purchased power and gas purchased for resale) on energy sales are expected to decrease in 2003, compared to 2002, as a result of increased competition for its largest customers and higher energy prices.

Consolidated Edison Development, Inc. (Con Edison Development) owns and operates generating plants and energy and other infrastructure projects. At March 31, 2003, the company owned interests in electric generating facilities with an aggregate capacity of 588 MW and had under construction additional generating facilities with an aggregate capacity of 665 MW of capacity. In addition, the company has an operating lease arrangement for a 525 MW generating facility that reached substantial completion in the fourth quarter of 2002. The electricity produced from these facilities will be sold under contract or on the wholesale electricity markets.

Consolidated Edison Energy, Inc. (Con Edison Energy) provides energy and capacity to Con Edison Solutions and others and markets the output of plants owned or operated by Con Edison Development. The company supplies an estimated 300 MW of electric load (including capacity, energy, ancillary services and transmission) to a utility in New Jersey for basic generation service under a contract that expires in July 2003 and has agreed to supply an estimated 600 MW of such service to other New Jersey utilities (including 100 MW for a regulated utility subsidiary of O&R) for the period August 2003 through May 2004, and an additional 400 MW to unaffiliated New Jersey utilities for the period August 2003 through May 2006. The company also provides risk management services to Con Edison Solutions, Con Edison Development and others.

Con Edison Communications, LLC (Con Edison Communications) builds and operates fiber optic networks to provide telecommunications services. The company's properties (the capitalized cost of which at March 31, 2003 amounted to $145 million, net of accumulated depreciation) include network facilities and approximately 373 miles of fiber optic cable that has been installed in the New York City metropolitan area primarily through Con Edison of New York's underground conduits and other rights of way. The company, incorporated in 1997, began providing services to customers in 2001. During its start-up phase and currently, the company has incurred operating losses.

RESULTS OF OPERATIONS - SUMMARY

The Companies' earnings per share for the three months ended March 31, 2003 was $0.72 ($0.72 on a diluted basis) as compared to $0.68, after the cumulative effect of a change in accounting principle, ($0.68 on a diluted basis) for the 2002 period.

Earnings for the three months ended March 31, 2003 and 2002 were as follows:

	2003	2002
	(Millions of Dollars)	
Con Edison of New York	$ 138	$ 151
O&R	16	12
Unregulated Subsidiaries	(1)	(16)**
Other*	1	(1)
Con Edison	$ 154	$ 146

* Includes parent company and inter-company accounting.

** Includes a charge for the cumulative effect of a change in accounting principles for goodwill impairment of certain unregulated generating assets totaling $20 million after tax.

The Companies' earnings for the three months ended March 31, 2003 were $8 million higher than the 2002 period reflecting the following factors (after tax, in millions):

Con Edison of New York:	
Impact of cold winter weather in 2003 on net revenues versus mild winter weather in 2002 (estimated)	$ 29
Sales growth from factors other than weather (estimated)	12
Reduced net credit for pensions & other postretirement benefits	(17)
Regulatory accounting/amortizations	(18)
Higher depreciation and property tax expense	(6)
Amortization of divestiture gain in 2002	(13)
Orange and Rockland Utilities	4
Unregulated businesses	(5)
Cumulative effect of change in accounting principle in 2002	20
Other	2
Total	$ 8

See "Results of Operations" below for further discussion and analysis of results of operations.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

The Companies' financial statements reflect the application of their accounting policies, which conform to accounting principles generally accepted in the United States of America. The Companies' critical accounting policies include industry-specific accounting applicable to regulated public utility subsidiaries and accounting for pensions and other postretirement benefits, contingencies, derivative instruments, goodwill and leases. See "Application of Critical Accounting Policies" in the Con Edison and Con Edison of New York MD&A and the O&R Narrative in Item 7 of the Form 10-K.

Con Edison's critical accounting policies also include SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which, among other things, requires that all long-lived assets be tested for impairment upon the occurrence of certain circumstances. A critical element of the impairment test is a forecast of cash flows to be generated from the use or sale of the assets tested for impairment. Actual

cash flows might be materially different from those forecasted and forecasted cash flows are subject to revision. To forecast cash flows, each of the Companies is required to make complex judgments about future operations. These judgments are particularly difficult to make with respect to operations in evolving industries such as the energy-related and telecommunications businesses in which Con Edison's unregulated subsidiaries participate. The Companies' most recent tests for impairment did not identify any impairment of their assets under SFAS No. 144. See Notes T, Q and O, respectively, to the Con Edison, Con Edison of New York and O&R financial statements in Item 8 of the Form 10-K.

LIQUIDITY AND CAPITAL RESOURCES

The Companies' liquidity reflects cash flows from operating, investing and financing activities, as shown on the respective consolidated statement of cash flows included in Part I, Item 1 of this report. See "Liquidity and Capital Resources" in the Con Edison and Con Edison of New York MD&A in Item 7 of the Form 10-K. Changes in the Companies' cash and temporary cash investments resulting from operating, investing and financing activities during the three months ended March 31, 2003 and 2002 are summarized as follows:

	Con Edison			*Con Edison of New York*			*O&R*		
Millions of Dollars	***2003***	***2002***	***Variance***	***2003***	***2002***	***Variance***	***2003***	***2002***	***Variance***
Operating activities	$ (54)	$ 146	$ (200)	$ (117)	$ 41	$ (158)	$ 26	$ 48	$ (22)
Investing activities	(333)	(333)	—	(274)	(254)	(20)	(7)	(10)	3
Financing activities	333	(78)	411	337	(3)	340	(9)	(24)	15
Net change	(54)	(265)	211	(54)	(216)	162	10	14	(4)
Balance at beginning of period	132	359	(227)	88	265	(177)	2	2	—
Balance at end of period (including restricted cash)	$ 78	$ 94	$ (16)	$ 34	$ 49	$ (15)	$ 12	$ 16	$ (4)

Cash flows used in operating activities of each of the Companies in the three months ended March 31, 2003, as compared to the 2002 period, reflect increased accounts receivable, deferred recoverable energy costs and accounts payable. These increases resulted from higher electric, gas and steam sales for Con Edison of New York, higher electric and gas sales for O&R and higher fuel and purchased power unit costs during the colder than normal first quarter 2003. In general, changes in Con Edison of New York's and O&R's cost of purchased power, fuel and gas affect the timing of cash flows but not net income because, in accordance with provisions approved by state regulators, the utilities generally recover from customers the costs they prudently incur for energy purchased for their customers. See "Rate and Restructuring Agreements" and "Recoverable Energy Costs" in each of the Companies' Note A to their financial statements in Item 8 of the Form 10-K.

The reconciliation of income to determine cash flows from operating activities for each of the Companies in the three months ended March 31, 2003, as compared with the 2002 period is also impacted by changes in non-cash items. Non-cash items included decreased accrued pension credits (resulting from past investment performance and a reduction for 2003 in the assumption for future performance) and increased depreciation and amortization (resulting from higher plant balances) and increased deferred

income tax (resulting primarily from increased current tax deductions for deferred fuel costs and other items).

Cash flows used in investing activities of each of the Companies reflect increased utility construction expenditures and, for Con Edison, also reflect decreased construction expenditures of its unregulated subsidiaries.

Cash flows from financing activities of each of the Companies reflect increased commercial paper issuance (shown on the consolidated balance sheets in Part I, Item 1 of this report as "Notes payable"). The amounts outstanding at March 31, 2003 for Con Edison, Con Edison of New York and O&R were $632 million, $432 million and $34 million, respectively. The weighted average yield for the commercial paper is 1.3 percent for the Companies.

Cash flows from financing activities also reflect that in January 2003, Con Edison of New York redeemed $275 million of 7.75 percent 35-year, Series 1996A, Subordinated Deferrable Interest Debentures. In March 2003, O&R redeemed $35 million of 6.560 percent 10-year, Series 1993D Debentures. In April 2003, Con Edison of New York issued $175 million 5.875 percent 30-year Series 2003A Debentures. Also, during the 2003 period, Con Edison issued approximately 500,000 shares of its common stock under its dividend reinvestment and employee stock plans. Con Edison's Board of Directors has adopted and, at its scheduled May 19, 2003 annual meeting, its shareholders will consider approval of a new Long-Term Incentive Plan under which up to ten million shares of its common stock may be issued. The ten million shares authorized under Con Edison's 1996 Stock Option plan have been nearly fully allocated.

The following table shows variations in certain significant line items on the Companies' consolidated balance sheets at March 31, 2003, compared with December 31, 2002, that have also impacted specific line items within the Companies' consolidated statements of cash flows for the three months ended March 31, 2003.

	Con Edison 2003 vs. 2002 Variance	*Con Edison of New York 2003 vs. 2002 Variance*	*O&R 2003 vs. 2002 Variance*
		(Millions of Dollars)	
Accounts receivable - customer, less allowance for uncollectible accounts	$ 189	$ 159	$ 26
Regulatory assets - recoverable energy costs	85	77	8
Prepayments	164	166	(1)
Accounts payable	101	85	(4)
Accrued taxes	(96)	(89)	1
Regulatory liability - electric excess earnings	15	15	—

Accounts receivable - customers, less allowance for uncollectible accounts, regulatory assets -recoverable energy cost and accounts payable increased due primarily to higher electric, gas and steam sales for Con Edison of New York and higher electric and gas sales for O&R, and higher fuel and purchased power unit costs during the colder than normal first quarter 2003. The higher energy sales and unit energy purchase costs are discussed below under "Results of Operations." In accordance with provisions approved by state regulators, the utilities generally recover from customers the costs they prudently incur

for energy purchased for their customers. See "Rate and Restructuring Agreements" and "Recoverable Energy Costs" in of the Companies' Note A to their financial statements in Item 8 of the Form 10-K.

Con Edison of New York's and O&R's equivalent number of days of revenue outstanding (ENDRO) of customer accounts receivable were 27.3 days and 23.8 days, respectively, for the 12 months ended March 31, 2003, compared with 29.0 days and 34.1 days, respectively, for the 12 months ended March 31, 2002.

Prepayments for Con Edison of New York increased at March 31, 2003 as compared with year-end 2002 due primarily to the unamortized portion of property taxes paid in January 2003. Property taxes are generally prepaid in January and July of each year and amortized to expense over a six-month period.

Accrued taxes for Con Edison of New York decreased at March 31, 2003 as compared with year-end 2002. This decrease is due primarily to the payment of the final federal and state income tax installments for the 2002 tax year and lower taxable income.

Electric excess earnings for Con Edison of New York increased at March 31, 2003 as compared with year-end 2002. This amount is an addition to a reserve established in 2002 for the rate year ended March 31, 2003 for earnings in excess of a specified rate of return in accordance with Con Edison of New York's 2000 Electric Rate Agreement. As of March 31, 2003, the total electric excess earnings reserve was $55 million. See "Rate and Restructuring Agreements" in Note A to the Con Edison of New York financial statements included in Item 8 of the Form 10-K.

Capital Resources and Requirements

Con Edison has registered $500 million of securities, including debt, preferred stock and common stock, for sale under the Securities Act of 1933 pursuant to a Registration Statement on Form S-3. The company is considering selling common stock in the near term.

In August 2002, President Bush signed into law an appropriations bill that authorizes funds, for which Con Edison of New York is eligible to apply, to recover costs it incurred in connection with the attack on the World Trade Center. The procedural guidelines for disbursement of the federal funds are in the process of being developed. See Note Q to the Con Edison financial statements and Note P to the Con Edison of New York financial statements in Item 8 of the Form 10-K.

For each of the Companies, the ratio of earnings to fixed charges (Securities and Exchange Commission basis) for the three months and 12 months ended March 31, 2003 and the years ended December 31, 2002, 2001, 2000, 1999 and 1998 were:

Earnings to Fixed Charges

	Three months ended March 31,	***Twelve months ended March 31,***	***Twelve months ended December 31,***				
	2003	***2003***	***2002***	***2001***	***2000***	***1999***	***1998***
Con Edison	3.1	3.0	3.1	3.3	3.0	3.8	4.0
Con Edison of New York	3.2	3.2	3.4	3.7	3.2	4.2	4.4
O&R	5.4	3.5	3.3	3.5	3.4	2.5	2.9

For each of the Companies, the common equity ratio as of March 31, 2003 and the years ended December 31, 2002, 2001 and 2000 were:

Common Equity Ratio

	As of March 31, 2003	***As of December 31,***		
		2002	***2001***	***2000***
Con Edison	49.0	48.2	49.8	49.1
Con Edison of New York	47.5	46.6	47.2	46.4
O&R	54.3	53.6	50.0	49.8

The commercial paper of the Companies is rated P-1, A-1 and F-1, respectively, by Moody's Investor Service, Inc. (Moody's), Standard & Poor's Rating Services (S&P) and Fitch Ratings (Fitch). Con Edison's unsecured debt is rated A2, A and A-, respectively, by Moody's, S&P and Fitch. The unsecured debt of Con Edison of New York and O&R, is rated A1, A+ and A+, respectively, by Moody's, S&P and Fitch. A securities rating is subject to revision or withdrawal at any time by the assigning rating organization. Moody's, S&P and Fitch are each completing a review of their ratings of the Companies' securities. Based upon preliminary indications, the Companies expect that the only changes to the ratings will be that S&P will change its ratings of Con Edison's and the utility subsidiaries' unsecured debt to A- and A, respectively.

Contractual Obligations and Commercial Commitments

At March 31, 2003, there was no material change in the Companies' contractual obligations and commercial commitments compared to those disclosed in "Contractual Obligations and Commercial Commitments" in the Con Edison and Con Edison of New York MD&A in Item 7 of the Form 10-K, other than long-term debt transactions described above and the capacity and energy purchase agreements described in the "Electric Power Requirements" below.

ELECTRIC POWER REQUIREMENTS

At March 31, 2003, there was no material change in the Companies' electric power requirements compared to those discussed in "Electric Power Requirements" in the Con Edison and Con Edison of New York MD&A in Item 7 of the Form 10-K, other than as described in the following two paragraphs.

In February 2003, Con Edison Energy agreed to supply an estimated 600 MW of electric load to New Jersey utilities (including 100 MW for a regulated subsidiary of O&R) for the period August 2003 through May 2004 and an additional 400 MW to unaffiliated New Jersey utilities for the period August 2003 through May 2006. Con Edison Energy has entered into contracts in connection with its supply obligations. At March 31, 2003, Con Edison Energy's contractual obligations to make payments for electric and gas purchases amounted to $195 million of which $118 million will be due within one year and the balance due within one to three years.

In April 2003, Con Edison of New York agreed to purchase 500 MW of electricity annually for ten years from a plant in Queens County, New York that is scheduled to be completed in May 2006. Con Edison of New York's total contractual obligations to make payments for purchases of electricity under long-term contracts at April 30, 2003, including this contract, amounted to $10.0 billion of which

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$0.6 billion will be due within one year, $1.3 billion within one to three years, $1.3 billion between four and five years and the balance due after 5 years.

REGULATORY MATTERS

At March 31, 2003, there was no material change in the Companies' regulatory matters compared to those disclosed under "Regulatory Matters" in the Con Edison and Con Edison of New York MD&A in Item 7 in the Form 10-K and in "Rate and Restructuring Agreements and Recoverable Energy Costs" in Note A to the O&R financial statements in Item 8 of the Form 10-K, other than as described in the following paragraphs.

In March 2003, an Administrative Law Judge issued a Recommended Decision in the ongoing statewide proceeding to consider issues related to the "unbundling" of electric and gas utility rates, that is, the pricing of specific services provided by the utilities to their customers, in light of the ability of such customers to purchase a portion of these services (i.e., electric energy and gas, at retail) from competitive suppliers. See "Con Edison of New York - Regulation" in Part 1 of the Form 10-K. If adopted by the New York State Public Service Commission (PSC), the recommendations could, in certain circumstances, effectively result in the non-recovery of certain lost revenues from migration of customers to competitive markets. The company is opposing the recommendations. The company does not, however, expect adoption of the recommendations by the PSC would have a material adverse effect on its financial position, results of operations or liquidity. A PSC decision applicable to Con Edison of New York's electric and gas rates is expected in 2003.

O&R is currently in settlement negotiations before the PSC for new electric and gas rate agreements. O&R's most recent electric rate agreement expired in December 2002 and the current gas rate agreement is effective until October 2003.

FINANCIAL MARKET RISKS

The Companies are subject to various risks and uncertainties associated with their operations. The most significant market risks include interest rate risk, commodity price risk, credit risk and investment risk. At March 31, 2003, there were no material changes to the Companies' financial market risks from those disclosed under "Financial Market Risks" in the Con Edison and Con Edison of New York MD&A in Item 7 of the Form 10-K and O&R Narrative in Item 7A of the Form 10-K, to which reference is made.

Interest Rate Risk

Con Edison estimates that, as of March 31, 2003, a 10 percent variation in interest rates applicable to its variable rate debt of $1.3 billion would result in a change in annual interest expense of approximately $1 million. Assuming a 10 percent change in Con Edison of New York's and O&R's variable interest rates applicable to their debt of $1 billion and $78 million, respectively, annual interest expense for Con Edison of New York would change by $1 million with no material impact for O&R.

Commodity Price Risk

Con Edison estimates that, as of March 31, 2003, a 10 percent change in market prices would result in a change in fair value of $13 million for the derivative instruments used by its regulated utility subsidiaries to hedge purchases of electricity and gas, of which $10 million is for Con Edison of New York and

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$3 million for O&R. Con Edison expects that any such change in fair value would be largely offset by directionally opposite changes in the cost of the electricity and gas purchased.

Con Edison's unregulated subsidiaries use a value-at-risk (VaR) model to assess the market risk of their electricity and gas commodity fixed price purchase and sales commitments, physical forward contracts, and commodity derivative instruments. VaR for hedges associated with generating assets and commodity contracts, assuming a one-day holding period, for the three months ended March 31, 2003, and 2002, respectively, was as follows:

95% Confidence Level, One-Day Holding Period	***2003***	***2002***
	(Millions of Dollars)	
Average for the period	$ 1	$ 1
High	$ 2	$ 2
Low	$ —	$ 1

Credit Risk

Con Edison's unregulated energy subsidiaries had $112 million of credit exposure, net of collateral, at March 31, 2003, of which $84 million was with investment grade counterparties and $21 million was with the New York Mercantile Exchange or independent system operators.

Investment Risk

The Companies' current investment policy for their pension plan assets includes investment targets of 60 percent equities and 40 percent fixed income and other securities. At March 31, 2003, the pension plan investments consisted of 53 percent equity and 47 percent fixed income and other securities.

ENERGY TRADING ACTIVITIES

Unregulated subsidiaries of Con Edison engage in energy trading activities that are accounted for in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. Con Edison Energy makes wholesale purchases and sales of electric, gas and related energy trading products and provides risk management services to other unregulated Con Edison subsidiaries in order to optimize the value of their electric generating facilities and retail supply contracts. It also engages in a limited number of other wholesale commodity transactions. Con Edison Energy utilizes forward contracts for the purchase and sale of electricity and capacity, over-the-counter swap contracts, exchange-traded natural gas and crude oil futures and options, transmission congestion contracts, natural gas transportation contracts and other physical and financial contracts.

For the period ended March 31, 2003, these contracts were marked to market in accordance with Emerging Issues Task Force (EITF) 02-3 and SFAS No. 133. Changes in fair value of energy trading contracts that do not qualify for hedge accounting treatment are recorded in income in the reporting period in which they occur. For the corresponding period in 2002, these contracts had been accounted for under EITF Issue No. 98-10, which was rescinded in October of 2002. Certain contracts, such as long-term natural gas transportation contracts that were marked to market under EITF Issue No. 98-10, do not fall within the scope of SFAS No. 133, and therefore, are no longer marked to market for accounting purposes.

The changes in fair value of energy trading net assets for the three months ended March 31, 2003 and 2002 were as follows:

	2003	***2002***
	(Millions of Dollars)	
Fair value of net assets outstanding - beginning of period	$ 5	$ 11
Change in fair value during the period:		
Net premium paid	2	—
Changes in fair value prior to settlement	3	8
Fair value realized at settlement of contracts	(1)	(3)
Total change in fair value during the period	4	5
Fair value of net assets outstanding - end of period	$ 9	$ 16

As of March 31, 2003, the sources of fair value of the energy trading net assets were as follows:

	Fair Value of Net Assets at Period End				
Source of Fair Value	***Maturity less than 1 year***	***Maturity 1 - 3 years***	***Maturity 4 - 5 years***	***Maturity in excess of 5 years***	***Total fair value***
		(Millions of Dollars)			

Prices provided by external sources	$	14	$	—	$	—	$	—	$	14
Prices based on models and other valuation methods		(5)		—		—		—		(5)
Total	$	9	$	—	$	—	$	—	$	9

"Prices provided by external sources" represent the fair value of exchange-traded futures and options and the fair value of positions for which price quotations are available through or derived from brokers or other market sources.

"Prices based on models and other valuation methods" represent the fair value of positions calculated using internal models when directly and indirectly quoted external prices or prices derived from external sources are not available. Internal models incorporate the use of options pricing and estimates of the present value of cash flows based upon underlying contractual terms. The models reflect management's estimates, taking into account observable market prices, estimated market prices in the absence of quoted market prices, the risk-free market discount rate, volatility factors, estimated correlations of energy commodity prices and contractual volumes. Counterparty specific credit quality, market price uncertainty and other risks are also factored into the models.

MATERIAL CONTINGENCIES

For information concerning potential liabilities arising from the Companies' material contingencies, see the notes to the Companies' financial statements in Part I, Item 1 of this report.

RESULTS OF OPERATIONS

FIRST QUARTER OF 2003 COMPARED WITH FIRST QUARTER OF 2002

The Companies' results of operations (which were discussed above under "Results of Operations—Summary") for the three months ended March 31, 2003 compared with the three months ended March 31, 2002 were:

		Con Edison*			***Con Edison of New York***			***O&R***	
Millions of Dollars		***Increases (Decreases) Amount***	***Increases (Decreases) Percent***		***Increases (Decreases) Amount***	***Increases (Decreases) Percent***		***Increases (Decreases) Amount***	***Increases (Decreases) Percent***
Operating revenues	$	514	25.0%	$	391	22.2%	$	45	28.8%
Purchased power		195	29.1		156	28.1		18	47.4
Fuel		120	184.6		66	108.2		—	—
Gas purchased for resale		133	57.8		119	66.1		20	55.6
Operating revenues less purchased power, fuel and gas purchased for resale (net revenues)		66	6.0		50	5.2		7	8.5
Other operations and maintenance		51	15.1		37	13.2		—	—
Depreciation and amortization		9	7.5		6	5.6		1	12.5
Taxes, other than income tax		17	6.4		14	5.6		1	7.7
Income tax		(11)	(10.0)		(6)	(6.3)		2	22.2
Operating income		—	—		(1)	(0.4)		3	16.7
Other income less deductions and related federal income tax		(11)	(64.7)		(13)	(72.2)		1	N/A
Net interest charges		1	1.0		(1)	(1.1)		—	—
Preferred stock dividend requirements		—	—		—	—		—	—
Cumulative effect of change in accounting principle		(20)	(100.0)		—	—		—	—
Net income for common stock	$	8	5.5%	$	(13)	(8.6)%	$	4	33.3%

* Represents the consolidated financial results of all Con Edison companies.

A discussion of the results of operations by principal business segment follows. Con Edison's principal segments are Con Edison of New York's regulated electric, gas and steam utility segments, O&R's regulated electric and gas utility and other operations segments, and Con Edison's unregulated businesses. For additional business segment financial information, see Note I to the financial statements in Part I, Item 1 of this report.

CON EDISON OF NEW YORK

Electric

Con Edison of New York's electric operating revenues in the first quarter of 2003 increased $170 million compared with the first quarter of 2002, reflecting higher fuel and purchased power costs of $155 million (see below). The increase also reflects the increase in net revenues (operating revenues less fuel and purchased power) due to the impact on deliveries of the cold winter weather in 2003 compared with the mild winter weather in 2002 ($17 million) and sales growth from factors other than weather ($14 million). In addition, the increase reflects a reserve booked in 2002 related to the sale of the Company's nuclear generating unit ($16 million). The increase in operating revenues was offset, in part, by a reserve for earnings in excess of a specified rate of return that are to be retained for customer benefit in accordance with the 2000 Electric Rate Agreement ($15 million) and the recognition in 2002 of a previously deferred gain on the sale of divested plants ($12 million). See "Recoverable Energy Costs" and "Rate and Restructuring Agreements" in Note A to the Con Edison of New York financial statements in Item 8 of the Form 10-K.

Con Edison of New York's electric sales and deliveries, excluding off-system sales, for the first quarter of 2003 compared with the first quarter of 2002 were:

MILLIONS OF KWHRS.

	Three Months Ended			
Description	***March 31, 2003***	***March 31, 2002***	***Variation***	***Percent Variation***
Residential/Religious	2,965	2,768	197	7.1%
Commercial/Industrial	4,491	4,436	55	1.2
Other	35	34	1	2.9
Total Full Service Customers	**7,491**	**7,238**	**253**	**3.5**
Retail access customers	3,020	2,655	365	13.7
Sub-total	**10,511**	**9,893**	**618**	**6.2**
NYPA, Municipal Agency and Other Sales	2,639	2,381	258	10.8
Total Service Area	**13,150**	**12,274**	**876**	**7.1%**

Electric delivery volumes in Con Edison of New York's service territory increased 7.1 percent in the first quarter of 2003 compared with the first quarter of 2002. The increase in delivery volumes reflects the colder winter weather in 2003 compared with the mild winter in 2002. After adjusting for variations, principally weather and billing days in each period, electric delivery volumes in the service territory increased 3.1 percent in the first quarter of 2003 compared with the first quarter of 2002. Weather-adjusted sales represent an estimate of the sales that would have been made if historical average weather conditions had prevailed.

Con Edison of New York's electric purchased power costs increased $148 million in the first quarter of 2003 as compared with the first quarter of 2002, due to an increase in the average unit price of purchased power and to higher customer usage. This increase was offset in part by higher volumes of electricity purchased from other suppliers by participants in the company's retail access programs. Fuel costs increased $8 million reflecting an increase in the average unit price of fuel. In general, Con Edison of New York recovers prudently incurred fuel and purchased power costs pursuant to rate provisions approved by the PSC. See "Recoverable Energy Costs" in Note A to the Con Edison of New York financial statements in Item 8 of the Form 10-K.

Con Edison of New York's electric operating income decreased $16 million in the first quarter of 2003 compared with the first quarter of 2002. The principal component of the decrease was an increase in other operations and maintenance expense of $32 million due primarily to a reduced net credit for pension and other postretirement benefits. The decrease was offset in part by an increase in net revenues of $15 million as a result of higher sales from the cold winter weather in 2003 net of regulatory accounting and amortizations discussed above.

Gas

Con Edison of New York's gas operating revenues increased $124 million, resulting primarily from the higher cost of purchased gas ($119 million) in the first quarter of 2003 compared with the first quarter of 2002. The higher cost of purchased gas reflects higher unit costs and increased sales volumes. The increased sales volumes result primarily from the colder winter weather in the first quarter of 2003 compared with the mild winter in the first quarter of 2002. These revenue increases were partially offset by rate reductions implemented in accordance with the gas rate agreement approved by the PSC in 2002. See "Recoverable Energy Costs" in Note A to the Con Edison of New York financial statements in Item 8 of the Form 10-K.

Con Edison of New York's revenues from gas sales are subject to a weather normalization clause that moderates, but does not eliminate, the effect of weather-related changes on net income.

Gas operating income decreased $3 million in the first quarter of 2003 compared with the first quarter of 2002, reflecting higher other operations and maintenance expense ($5 million) reflecting primarily a reduced net credit for pension and other postretirement benefits and higher property taxes ($5 million), offset in part by an increase in net revenues (operating revenues less gas purchased for resale) of $5 million.

Con Edison of New York's gas sales and deliveries, excluding off-system sales, for the first quarter of 2003 compared with the first quarter of 2002 were:

THOUSANDS OF DTHS.

	Three Months Ended			
Description	***March 31, 2003***	***March 31, 2002***	***Variation***	***Percent Variation***

Firm Sales				
Residential	25,861	19,373	6,488	33.5%
General	15,840	12,545	3,295	26.3
Firm Transportation	**7,159**	**5,909**	**1,250**	**21.2**
Non-Firm Transportation of Gas	**48,860**	**37,827**	**11,033**	**29.2**
Off Peak/Interruptible Sales	5,684	4,045	1,639	40.5
Transportation of Customer Owned Gas				
NYPA	3,842	4,220	(378)	(9.0)
Divested Plants	17,797	14,217	3,580	25.2
Other	7,244	7,563	(319)	(4.2)
Total Sales and Transportation	**83,427**	**67,872**	**15,555**	**22.9%**

Con Edison of New York's gas sales and transportation volumes for firm customers increased 29.2 percent in the first quarter 2003 compared with the first quarter of 2002. The increase reflects the impact of the cold winter weather in the first quarter of 2003 as compared with the mild weather in the first quarter of 2002. After adjusting for variations, principally weather and billing days in each period, firm gas sales and transportation volumes in the company's service area increased 3.3 percent in the 2003 period.

Steam

Con Edison of New York's steam operating revenues increased $97 million and steam operating income increased $18 million for the first quarter of 2003 compared with the first quarter of 2002. The higher revenues reflect higher sales volumes due to the cold winter weather in the first quarter of 2003 as compared with the mild weather in the first quarter of 2002. The increase also includes higher fuel and purchased power costs for the first quarter of 2003 compared to the first quarter of 2002. See "Recoverable Energy Costs" in Note A to the Con Edison of New York financial statements in Item 8 of the Form 10-K. The increase in operating income reflects primarily the increase in net revenues (operating revenues less fuel and purchased power costs) of $29 million, offset in part by higher income taxes ($10 million).

Con Edison of New York's steam sales and deliveries for the first quarter of 2003 compared with the first quarter of 2002 were:

MILLIONS OF POUNDS

	Three Months Ended			
Description	***March 31, 2003***	***March 31, 2002***	***Variation***	***Percent Variation***
General	447	302	145	48.0%
Apartment house	3,446	2,628	818	31.1
Annual power	6,779	5,006	1,773	35.4
Total Sales	**10,672**	**7,936**	**2,736**	**34.5%**

Steam sales volumes increased 34.5 percent in the first quarter of 2003 compared to the 2002 period, primarily as a result of the cold winter weather in 2003 as compared with the mild winter in 2002. After adjusting for variations, principally weather and billing days in each period, steam sales increased 1.2 percent.

Other Income

Other income (deductions) decreased $13 million in the first quarter of 2003 compared to the first quarter of 2002. The decrease is due primarily to an increase in income tax expense as a result of the recognition in 2002 of income tax benefits relating to the September 2001 sale of the company's nuclear generating unit.

O&R

Electric

Electric operating revenues increased $23 million during the three months ended March 31, 2003 compared to the 2002 period. The increase was primarily the result of increased sales and higher purchased power costs in the 2003 period. See "Recoverable Energy Costs" in Note A to the O&R financial statements in Item 8 of the Form 10-K.

O&R's electric sales and deliveries, excluding off-system sales, for the first quarter of 2003 compared with the first quarter of 2002 were:

MILLIONS OF KWHRS.

Description	*Three Months Ended* *March 31, 2003*	*March 31, 2002*	*Variation*	*Percent Variation*
Residential/Religious	437	397	40	10.1%
Commercial/Industrial	572	568	4	0.7
Other	27	27	—	—
Total Full Service Customers	**1,036**	**992**	**44**	**4.4**
Retail Access Customers	308	248	60	24.2
Total Service Area	**1,344**	**1,240**	**104**	**8.4%**

Electric delivery volumes in the first quarter of 2003 increased 8.4 percent compared to the 2002 period due to the cold winter weather in 2003 compared with the mild winter in 2002, customer growth and higher average usage. After adjusting for weather variations, total electric delivery volumes were 3.3 percent higher in the current year.

Purchased power cost increased $18 million during the first three months of 2003 compared to the 2002 period. This increase reflects increases in the average unit cost of purchased power and higher energy usage by full-service customers, offset in part by increased volumes of electricity purchased by customers from other suppliers by participants in O&R's retail access program.

Electric operating income increased $3 million during the three months ended March 31, 2003 as compared to the 2002 period. The increase reflects an increase in net revenues (operating revenues less fuel and purchased power) of $5 million, which is due primarily to increased sales. The increase in net revenues is partially offset by increased depreciation and amortization expenses of $1 million and increased federal and state income tax of $1 million.

Gas

Gas operating revenues increased $22 million during the three months ended March 31, 2003 compared to the 2002 period. The increase was primarily the result of increased sales to firm customers and increased gas costs in the 2003 period from the cold winter weather. See "Recoverable Energy Costs" in Note A to the O&R financial statements in Item 8 of the Form 10-K.

O&R's gas sales and deliveries, excluding off-system sales, for the first quarter of 2003 compared with the first quarter of 2002 were:

THOUSANDS OF DTHS.

Description	*Three Months Ended* *March 31, 2003*	*March 31, 2002*	*Variation*	*Percent Variation*
Firm Sales				
Residential	5,428	4,510	918	20.4%
General	1,723	1,461	262	17.9
Firm Transportation	**3,439**	**2,455**	**984**	**40.1**
Total Firm Sales and Transportation	**10,590**	**8,426**	**2,164**	**25.7**
Off Peak/Interruptible Sales	1,903	2,074	(171)	(8.2)
Non-Firm Transportation of Gas				
Divested Plants	815	1,597	(782)	(49.0)
Other	499	382	117	30.6
Total Sales and Transportation	**13,807**	**12,479**	**1,328**	**10.6%**

Total firm gas sales volumes for the first quarter of 2003 increased 25.7 percent compared to the 2002 period. O&R's revenues from gas sales in New York are subject to a weather normalization clause that moderates, but does not eliminate, the effect of weather-related changes on net income. After adjusting for weather variations in each period, total firm sales and transportation volumes were 1.1 percent higher for the 2003 period compared to the 2002 period.

The cost of gas purchased for resale increased $20 million in the 2003 period compared to the 2002 period due to higher sales volumes and higher unit costs.

For the quarter ended March 31, 2003, gas operating income was unchanged. The $2 million increase in net gas revenues (operating revenues less purchased gas) was offset in part by increased gas operations and maintenance expenses of $1 million and increased federal and state income tax of $1 million.

Taxes Other Than Income Taxes

Taxes other than income taxes increased by $1 million in the 2003 period compared to the 2002 period. The increase was due primarily to higher property taxes and payroll taxes.

Income Taxes

Income taxes increased by $2 million in the 2003 period compared to the 2002 period, due to the higher taxable income in the current period.

Other Income

Other income (deductions) increased by $1 million in the 2003 period compared to the 2002 period due primarily to a $1 million after-tax gain on a January 2003 sale of land by an O&R unregulated subsidiary.

UNREGULATED BUSINESSES

Unregulated operating income for the first quarter of 2003 was $1 million lower than the 2002 period. Operating revenues increased $79 million in the 2003 period compared to 2002 due primarily to higher sales from increased generating capacity and increased retail electric sales.

Operating expenses, excluding income taxes, increased by $87 million, reflecting increased fuel and purchased power supply costs of $70 million and a $17 million increase in operation and maintenance expenses attributable to increased costs to operate the generation assets ($12 million), Con Edison Communication's additional business development costs ($4 million) and higher depreciation on telecommunications and generating assets placed in service after March 2002 ($2 million). Operating income taxes decreased $7 million in the first quarter 2003 as compared with the 2002 period reflecting lower taxable income.

Other income (deductions) decreased $3 million for the first quarter of 2003 compared to the 2002 period, prior to consolidation adjustments, reflecting lower unrealized gains on derivative contracts ($3 million), offset by the first quarter 2002 write down of an investment in Neon Communications ($4 million after tax). Other income (deductions) for the 2003 period also reflect a fee of $4 million paid to Con Edison in connection with its guarantee of certain subsidiary obligations. Excluding this fee, which was eliminated in the preparation of Con Edison's consolidated financial statements, other income (deductions) increased $1 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

For information about the Companies' primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Financial Market Risks" in the Management's Discussion and Analysis of Financial Condition and Results of Operations in Part 1, Item 2 of this report, which information is incorporated herein by reference. Also, see Item 7A of the Companies' combined Annual Report on Form 10-K for the year ended December 31, 2002 (the Form 10-K).

ITEM 4. CONTROLS AND PROCEDURES

For each of the Companies, its principal executive officer and principal financial officer, based upon his or her evaluation of its disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934, as amended) within 90 days prior to the filing date of this report, have concluded that these controls and other procedures are effective to provide reasonable assurance that the information required to be disclosed by the company of which he or she is the principal executive officer or principal financial officer in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. There have been no significant changes in the internal controls of any of the Companies or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements intended to qualify for the safe-harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements of future expectation and not facts. Words such as "expects," "estimates," "anticipates," "intends," "plans," "will" and similar expressions identify forward-looking statements.

Actual results or developments might differ materially from those included in the forward-looking statements because of various factors such those detailed in "Forward-Looking Statements" in Part II of the Form 10-K.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Con Edison

Northeast Utilities

For information about legal proceedings relating to Con Edison's October 1999 agreement to acquire Northeast Utilities, see Note F to the financial statements included in Part 1, Item 1 of this report (which information is incorporated herein by reference).

Con Edison of New York

Asbestos Proceedings

For information about Con Edison of New York's legal proceedings relating to asbestos, see Note D to the financial statements included in Part 1, Item 1 of this report (which information is incorporated herein by reference).

In March 2003, a jury awarded a 53-year old man $47 million for asbestos-related injuries in an action in New York State Supreme Court, New York County, entitled Robert Croteau v. A.C.& S., Inc. et al. The man was employed by a subcontractor who did work in the 1970s on two power plants being constructed for Con Edison of New York. The jury found that Con Edison of New York was 34 percent liable for the damages. In the event the court confirms the verdict, Con Edison of New York will appeal. If the verdict is ultimately upheld, Con Edison of New York believes it is entitled to full reimbursement from other entities.

Con Edison of New York believes that the preliminary verdict is grossly excessive and not supported by either the facts or the law. Con Edison of New York has filed motions to set aside the preliminary verdict. Con Edison of New York believes that it has strong legal and factual arguments supporting its position that the verdict should be overturned.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Con Edison

Exhibit 10.1.1	Consolidated Edison, Inc. Long Term Incentive Plan.
Exhibit 10.1.2	The Consolidated Edison, Inc. Restricted Stock Plan for Non-Employee Directors, effective October 1, 1998. (Designated in Con Edison's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-14514) as Exhibit 10.20.)
Exhibit 12.1	Statement of computation of Con Edison's ratio of earnings to fixed charges for the three-month period ended March 31, 2003, the years 1998-2002 and the twelve-month period ended March 31, 2003.
Exhibit 99.1.1	Certification of chief executive officer required under Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 99.1.2	Certification of chief financial officer required under Section 906 of the Sarbanes-Oxley Act of 2002.

Con Edison of New York

Exhibit 10.2.1	Consolidated Edison Company of New York, Inc. Retirement Plan for Trustees, effective as of July 1, 1988. (Designated in Con Edison of New York's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-1217) as Exhibit 10(ee).)
Exhibit 10.2.2	Amendment No. 1, dated September 28, 1990, to the Consolidated Edison Company of New York, Inc. Retirement Plan for Trustees. (Designated in Con Edison of New York's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1990 (File No. 1-1217) as Exhibit 19(c).)
Exhibit 12.2	Statement of computation of Con Edison of New York's ratio of earnings to fixed charges for the three-month period ended March 31, 2003, the years 1998-2002 and the twelve-month period ended March 31, 2003.
Exhibit 99.2.1	Certification of chief executive officer required under Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 99.2.2	Certification of chief financial officer required under Section 906 of the Sarbanes-Oxley Act of 2002.

O&R

Exhibit 10.3	Annual Team Incentive Plan, effective January 1, 1995, described on pages 9-10 of O&R's definitive proxy statement filed with the Securities and Exchange Commission on March 6, 1998, for O&R's Annual Meeting of shareholders, which description is hereby incorporated by reference (File No. 1-4315).
Exhibit 12.3	Statement of computation of O&R's ratio of earnings to fixed charges for the three-month period ended March 31, 2003, the years 1998-2002 and the twelve-month period ended March 31, 2003.
Exhibit 99.3.1	Certification of chief executive officer required under Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 99.3.2	Certification of chief financial officer required under Section 906 of the Sarbanes-Oxley Act of 2002.

(b) REPORTS ON FORM 8-K

Con Edison filed Current Reports on Form 8-K dated (i) January 16, 2003, reporting under Item 5) its unaudited net income for common stock for 2002 and certain information about its pension plan and furnishing (under Item 9) a copy of its press release, dated January 16, 2003, and certain additional information; (ii) dated February 11, 2003, furnishing (under Item 9) a presentation dated February 11, 2003; and (iii) dated April 17, 2003, furnishing (under Item 9) a copy of its press release, dated April 17, 2003, reporting, among other things, its unaudited net income for common stock for the three months ended March 31, 2003.

The Companies filed no other Current Reports on Form 8-K during the quarter ended March 31, 2003.

Con Edison of New York filed a Current Report on Form 8-K, dated April 7, 2003, reporting (under Item 5) the completion of the sale of $175 million aggregate principal amount of the company's 5.875% Debentures, Series 2003 A.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, each Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Consolidated Edison, Inc.

Consolidated Edison Company of New York, Inc.

DATE: May 15, 2003 By /s/ JOAN S. FREILICH

Joan S. Freilich
Executive Vice President, Chief Financial Officer and
Duly Authorized Officer

Orange and Rockland Utilities, Inc.

DATE: May 15, 2003 By: /s/ EDWARD J. RASMUSSEN

Edward J. Rasmussen
Vice President, Chief Financial Officer
and Duly Authorized Officer

Certifications

CON EDISON - Principal Executive Officer

I, Eugene R. McGrath, the principal executive officer of Consolidated Edison, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consolidated Edison, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: May 15, 2003

/s/ EUGENE R. MCGRATH

Eugene R. McGrath
Chairman, President and Chief Executive Officer

CON EDISON - Principal Financial Officer

I, Joan S. Freilich, the principal financial officer of Consolidated Edison, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consolidated Edison, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: May 15, 2003

/s/ JOAN S. FREILICH

Joan S. Freilich
Executive Vice President and Chief Financial Officer

CON EDISON OF NEW YORK - Principal Executive Officer

I, Eugene R. McGrath, the principal executive officer of Consolidated Edison Company of New York, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consolidated Edison Company of New York, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

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   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: May 15, 2003

/s/ EUGENE R. MCGRATH

Eugene R. McGrath
Chairman and Chief Executive Officer

CON EDISON OF NEW YORK - Principal Financial Officer

I, Joan S. Freilich, the principal financial officer of Consolidated Edison Company of New York, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consolidated Edison Company of New York, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: May 15, 2003

/s/ JOAN S. FREILICH

Joan S. Freilich
Executive Vice President and Chief Financial Officer

O&R - Principal Executive Officer

I, John D McMahon, the principal executive officer of Orange and Rockland Utilities, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Orange and Rockland Utilities, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: May 15, 2003

/s/ JOHN D. MCMAHON

John D. McMahon
President and Chief Executive Officer

O&R - Principal Financial Officer

I, Edward J. Rasmussen, the principal financial officer of Orange and Rockland Utilities, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Orange and Rockland Utilities, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: May 15, 2003

/s/ EDWARD J. RASMUSSEN

Edward J. Rasmussen
Vice President and Chief Financial Officer

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[ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (COMBINED FOR CON EDISON, CON EDISON OF NEW YORK AND O&R)]

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Consolidated Edison, Inc.

Long Term Incentive Plan

Consolidated Edison, Inc.

Long Term Incentive Plan

ARTICLE 1. INTRODUCTION

Section 1.1 *Establishment*. Consolidated Edison, Inc. (the "Company") terminated the Consolidated Edison Company of New York, Inc. Retirement Plan for Trustees ("Retirement Plan") and the Consolidated Edison Inc. Restricted Stock Plan for Non-Employee Directors effective June 30, 2002, and, effective July 1, 2002, established the Consolidated Edison Inc. Deferred Stock Compensation Plan for Non-Officer Directors ("Deferred Stock Plan") for those Directors of the Company who were not employees or officers of the Company. Effective as of the Stockholders' Approval Date, the Deferred Stock Plan is merged into the Consolidated Edison Long Term Incentive Plan (the "Long Term Incentive Plan" or "Plan"). Each of the plans, other than the Long Term Incentive Plan, referred to in this paragraph is a "Prior Plan." Benefits provided under the Retirement Plan to a director who was retired prior to June 30, 2002, and awards under a Prior Plan or pursuant to an agreement between an Officer and the Company remain effective unless the content herein explicitly states otherwise.

Section 1.2 *Purpose*. The Long Term Incentive Plan is intended to advance the interests of the Company, and its shareholders by providing long-term incentives to those persons with significant responsibility for the success and growth of the Company; by strengthening the Company's ability to attract and retain qualified persons of superior talent, ability and achievement to serve as Directors, Officers, and in other management positions and to promote their ownership of a greater equity interest in the Company, thereby aligning their interests more closely with the interests of the Company's stockholders. The Plan also provides the ability to award long-term incentives that qualify for federal income tax deduction.

Section 1.3 *Effective Date*. The Long Term Incentive Plan is effective as of the Stockholders' Approval Date.

ARTICLE 2. DEFINITIONS

"Adjusted EBIT" means EBIT after giving effect to any adjustments applicable pursuant to Section 11.1(d) at the time Business Criteria and Performance Target(s) are established for any Year or Years.

"Adjusted EPS" means EPS after giving effect to any adjustments applicable pursuant to Section 11.1(d) at the time Business Criteria and Performance Target(s) are established for any Year or Years.

"Adjusted Net Income" means Net Income after giving effect to any adjustments applicable pursuant to Section 11.1(d) at the time Business Criteria and Performance Target(s) are established for any Year or Years.

"Adjusted Operating Income" means Operating Income after giving effect to any adjustments applicable pursuant to Section 11.1(d) at the time Business Criteria and Performance Target(s) are established for any Year or Years.

"Adjusted Operating Revenues" means Operating Revenues after giving effect to any adjustments applicable pursuant to Section 11.1(d) at the time Business Criteria and Performance Target(s) are established for any Year or Years.

"Adjusted Return on Assets" means Return on Assets after giving effect to any adjustments applicable pursuant to Section 11.1(d) at the time Business Criteria and Performance Target(s) are established for any Year or Years.

"Adjusted Return on Equity" means Return on Equity after giving effect to any adjustments applicable pursuant to Section 11.1(d) at the time Business Criteria and Performance Target(s) are established for any Year or Years.

"Affiliate" means any company which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which also includes as a member the Company; any trade or business under common control (as defined in Code Section 414(c)) with the Company; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Company; and any other entity required to be aggregated with the Company pursuant to regulations under Code Section 414(o).

"Annual Meeting" means the annual meeting of the stockholders of the Company.

"Award" means individually or collectively, Stock Units, Restricted Stock, Stock Options, Performance Units, Performance-Based Restricted Stock, Stock Appreciation Rights, or Dividend Equivalents, granted under this Plan.

"Board" means the Board of Directors of the Company.

"Business Criteria" means any one or any combination of Net Income, Adjusted Net Income, Return on Equity, Adjusted Return on Equity, Return on Assets, Adjusted Return on Assets, Total Shareholder Return, Common Stock Fair Market Value, EBIT, Adjusted EBIT, EPS, Adjusted EPS, Operating Revenue, Adjusted Operating Revenue, Operating Income or Adjusted Operating Income.

"CECONY" means Consolidated Edison Company of New York, Inc.

"Change in Control" means the occurrence of any of the following events:

(i) any "person" (within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) is or becomes the beneficial owner within the meaning of Rule 13d-3 under the Exchange Act (a "Beneficial Owner"), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the numbers of directors of the Company then serving: individuals who, on the effective date of this Plan, constitute the Board and any new director (other than a director whose initial assumption of office was as a result of an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the effective date of this Plan or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect wholly-owned subsidiary of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, at least 65% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or

consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or

(iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 75% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the Beneficial Owners of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. Reference in the Plan to any section of the Code will be deemed to include any amendments or successor provisions to such section and any regulations promulgated thereunder.

"Committee" means either the Executive Personnel and Pension Committee with respect to Employee Participants and Officer Participants or the Corporate Governance and Nominating Committee with respect to Director Participants.

"Company" means Consolidated Edison, Inc., its successors or assigns.

"company" means the Company and/or its Affiliates.

"Common Stock" means the Company's common shares, $.10 par value per share.

"Corporate Governance and Nominating Committee" means the Corporate Governance and Nominating Committee of the Board, or such other committee as may be appointed by the Board to administer the Plan with respect to Directors.

"Date of Grant" means the date on which the Committee authorizes the granting of an Award or such later date as may be specified by the Committee in such authorization.

"Deferral Election Form" means a written election to defer cash distribution of dividend equivalents, and/or to defer Director's Compensation pursuant to the terms of the Plan.

"Deferred Stock Plan" means the Consolidated Edison, Inc. Deferred Stock Compensation Plan for Non-Officer Directors.

"Director" means a member of the Board or of the board of directors or analogous governing body of an Affiliate, who is not also an officer or employee of the Company or any of its Affiliates.

"Director Participant" means a person who was a Director of the Company on July 1, 2002 or who becomes a Director thereafter, until his or her termination of service.

“Director’s Compensation” means all or part of any board and committee chair retainer, and board and committee meeting fees payable to a Director in his or her capacity as a Director. Director’s Compensation shall not include any expenses paid directly to the Director through reimbursement.

“Disability” means an inability to work in any gainful occupation for which the person is reasonably qualified by education, training or experience, because of a sickness or injury for which the person is under a doctor’s care.

“Distribution Election Form” means a written election to distribute Stock Units pursuant to the terms of the Plan.

“Dividend Equivalent” means an Award granted under Section 7.7 or Article 13.

“Dividend Payment Date” means any date on which the Company pays any dividend on outstanding Shares.

“EBIT” for any Year means the consolidated earnings before income taxes of a company, as reported in the consolidated financial statements of a company for the Year.

“Effective Date” means the Stockholders’ Approval Date.

“Eligible Employee” means an employee of the Company or an Affiliate who is not an Officer and is designated an Eligible Person by the Committee.

“Eligible Person” means any person who satisfies all of the requirements of Article 5.

“Employee Participant” means an Eligible Employee who is a Participant in the Plan.

“EPS” for any Year means diluted earnings per share of a company, as reported in a company’s consolidated financial statements for the Year.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time and the rules and regulations promulgated thereunder.

“Executive Personnel and Pension Committee” means the Executive Personnel and Pension Committee of the Board or such other Committee as may be appointed by the Board to administer the Plan with respect to Officers and Eligible Employees. It is the intent of the Company that the Executive Personnel and Pension Committee shall consist of not less than the minimum number of persons from time to time required by Rule 16b-3 under the Exchange Act and Section 162(m) of the Code, each of whom, to the extent necessary to comply with Rule 16b-3 and Section 162(m), is a “Non-Employee Director” and an “Outside Director” within the meaning of such Rule 16b-3 and Section 162(m), respectively; provided that the failure of any member of the Committee to meet such qualifications will not invalidate any action, decision or determination of the Committee.

“Exercise Period” means the period or periods during which a Stock Appreciation Right is exercisable as described in Article 12.

“Fair Market Value” means, as of any specified date, the closing price of a Share in the Consolidated Reporting System as reported in the Wall Street Journal or in a similarly readily available public source for the trading day immediately prior to the applicable transaction date under the Plan. If no trading of Shares occurred on such date, the closing price of a Share in such System as reported for the preceding day on which sales of Shares occurred shall be used.

“Grant” means a grant of an Award under this Plan.

“Immediate Relative” means a spouse, child, parent or sibling, including adoptive relationships.

“Incentive Stock Option” means an incentive stock option within the meaning of Section 422 of the Code.

“Net Income” for any Year means the consolidated net income of a company, as reported in the consolidated financial statements of a company for the Year.

“Non-Qualified Option” means an option granted under the Plan to purchase Shares and which is not intended to qualify as an Incentive Stock Option.

“Officer” means an employee of the Company or an Affiliate who is designated an “officer” of that company.

“Officer Participant” means an Officer who is a Participant in the Plan.

“Operating Income” for any Year means the consolidated operating income of a company, as reported in the consolidated financial statements of a company for the Year.

“Operating Revenues” for any Year means the consolidated operating revenues of a company, as reported in the consolidated financial statements of a company for the Year.

“Option” or “Stock Option” means collectively a Non-Qualified Option or an Incentive Stock Option granted under Article 9.

“Option Period” or “Option Periods” means the period or periods during which an Option is exercisable as described in Article 9.

“Participant” means an Eligible Person who has been granted an Award under this Plan.

“Pension Plan” means the Consolidated Edison, Inc. Retirement Plan as it may be amended from time to time.

"Performance-Based Restricted Stock" means a Restricted Stock Award for which the Committee, in determining the amount of payout, will take into account the Performance Targets.

"Performance Period" means the fiscal year of a company or any other period designated by the Committee with respect to which an Award may be granted.

"Performance Target(s)" means the specific objective goal or goals that are timely set in writing by the Committee pursuant to Section 11.1(b) for each Participant for the applicable Performance Period in respect of any one or more of the Business Criteria.

"Performance Unit" means a unit of measurement equivalent to such amount or measure as defined by the Committee, which may include, but is not limited to, dollars, market value shares, or book value shares.

"Plan" means the Consolidated Edison, Inc. Long Term Incentive Plan, as it may be amended from time to time.

"Plan Administrator" means, as set forth in Article 4, the Committee.

"Restricted Stock" means Shares issued in the name of a Participant that bears a restrictive legend, or otherwise are subject to restrictions, prohibiting sale, transfer, pledge or hypothecation of the Shares until the expiration of the Restriction Period.

"Restriction Period" means the period during which a Participant is prohibited from selling, transferring, pledging or assigning Restricted Stock.

"Retirement" means, for Officers and Eligible Employees, resignation on or after age 55 with at least 10 years of service; for Directors, resignation after at least 10 years of service.

"Return on Assets" means Net Income divided by the total assets of a company at the end of the 12-month period, as reported by a company in its consolidated financial statements.

"Return on Equity" means Net Income divided by the average of the common shareholders' equity of a company during the 12-month period, as reported by a company in its consolidated financial statements.

"Securities Act" means the Securities Act of 1933 as amended from time to time and the rules and regulations promulgated thereunder.

"Service" means a Director's service on the Board and an Officer's or Eligible Employee's period of accredited service as defined in the Pension Plan for employees of CECONY.

"Shares" means a share of Common Stock.

"Stock Appreciation Rights" mean rights to the settlement in cash, Shares or a combination thereof, of the excess of the Fair Market Value of Shares subject to such rights on the date of exercise over their Fair Market Value on the date of the Grant granted pursuant to an Award under Article 12.

"Stockholders' Approval Date" is the date of the Annual Meeting at which the Company's stockholders approve the Plan.

"Stock Option Plan" means the Consolidated Edison Inc. 1996 Stock Option Plan as amended and restated on February 24, 1998.

"Stock Units" means an unsecured obligation of the Company that is intended to represent the economic equivalent of one Share and is the units in which a "Stock Unit Account" is denominated.

"Stock Unit Account" means the bookkeeping accounts established by the Company pursuant to Article 7 or Article 8.

"Substitute Award" means an Award granted in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, upon assumption of, or in substitution for, outstanding awards previously granted by a corporation or other entity.

"Termination" means resignation or discharge from employment for an Officer Participant or Employee Participant, except in the event of death, Disability, or Retirement or termination of Service for a Director Participant.

"Total Shareholder Return" means the sum of the change in the Fair Market Value of the Common Stock plus the value of reinvested dividends and cash equivalents, over a Performance Period.

"Voluntary Deferral of Director's Compensation" means the Stock Units resulting from deferrals of Director's Compensation as further defined in Article 7.

"Year" means a fiscal year of a company commencing on or after January 1, 2003 that constitutes all or part of an applicable Performance Period.

ARTICLE 3. STOCKHOLDER APPROVAL AND DURATION

Section 3.1 *Stockholder Approval*. The Plan will be submitted for approval by the Company's stockholders at the 2003 Annual Meeting. Approval of the Plan by a majority of the Shares voting on the proposal shall constitute Stockholder Approval.

Section 3.2 *Period for Grants of Awards*. Awards may be made as provided herein for up to a period of 10 years after the Stockholders' Approval Date.

Section 3.3 *Termination*. The Plan will continue in effect until all matters relating to the payment of outstanding Awards and administration of the Plan have been settled.

ARTICLE 4. ADMINISTRATION

Section 4.1 *Plan Administrator*. The Executive Personnel and Pension Committee of the Board shall be the Plan Administrator for Officers and Eligible Employees, unless the Board designates itself or another committee to administer the Plan with respect to Officers and Eligible Employees. The Corporate Governance and Nominating Committee of the Board shall be the Plan Administrator for Directors, unless the Board designates itself or another committee to administer the Plan with respect to Directors.

Section 4.2 *Duties of the Plan Administrator*. Except as may be limited by law, the Company's Certificate of Incorporation, the Company's by-laws or the Plan, the Plan Administrator shall have full and final power and authority (except as specified otherwise herein) to determine all questions, and to interpret and apply the terms and conditions of the Plan pursuant to which Awards are granted, exercised or forfeited under the Grant or Plan provisions, and, in general, to make all rules, regulations and other determinations which may be necessary or advisable for the administration of the Plan to achieve its stated purpose. Without limiting the generality of the foregoing, the Plan Administrator may modify, amend, extend or renew outstanding Awards, or accept the surrender of outstanding Awards and substitute new Awards (provided, however, that, except as provided in Section 6.4 of the Plan, any modification that would materially adversely affect any outstanding Award shall not be made without the consent of the Participant, and provided, further, that no modification, amendment or substitution that results in repricing a Stock Option to a lower exercise price, other than to reflect an adjustment made pursuant to Section 6.4, shall be made without prior stockholder approval). The Plan Administrator may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Awards in the manner and to the extent the Plan Administrator deems necessary or desirable to carry it into effect. In no event, however, shall the Plan Administrator have the right to cancel outstanding Options for the purpose of replacing or regranting such Options with an exercise price that is less than the exercise price of the original Option.

Section 4.3 *Decisions Binding*. The Plan Administrator's determinations under the Plan (including without limitation, determinations of the persons to receive Awards, the form, amount and timing of such Awards, the terms and provisions of such Awards and any agreements evidencing such Awards) need not be uniform and may be made selectively among persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated. All determinations of the Plan Administrator shall be final, conclusive and binding on all parties including the Company, its stockholders, Participants, their respective estates and beneficiaries and not subject to further appeal.

Section 4.4 *Delegation*. To the extent permitted by law, the Committee shall have the authority to delegate its administrative duties under the Plan as it may deem advisable to one or more of its members or to any Officers or Directors of the Company or its Affiliates; provided that the Plan Administrator may not delegate its authority to amend or terminate the Plan. The selection, grant and establishment of the terms of Awards remain the duties of the Committee, except that the full Board must approve any Awards to Directors.

ARTICLE 5. ELIGIBILITY AND PARTICIPATION

Section 5.1 *Officer or Eligible Employee*. Each Officer or Eligible Employee of the Company and its Affiliates may be designated by the Executive Personnel and Pension Committee as an Eligible Person, from time to time, with respect to one or more Awards subject to the limitations set forth in Sections 6.1 and 6.2. An Eligible Person who is an Officer or Eligible Employee becomes a Participant on the date of the granting of an Award; provided, however, that an Eligible Person is actively employed on the date of the Grant. The Committee may also grant Awards to individuals in connection with hiring as an officer or employee, retention or otherwise, prior to the date the individual first performs services for the Company or an Affiliate; provided, however, that such Awards shall not become vested or exercisable prior to the date the individual first commences performance of such services.

Section 5.2 *Director*. Any person who was a Director of the Company on July 1, 2002, or who becomes one thereafter shall be eligible to receive a benefit under the Plan. Any non-employee Director of the Company's Affiliates may also be designated by the Corporate Governance and Nominating Committee to receive an Award under the Plan. An Eligible Person who is a Director becomes a Participant on the date of the granting of an Award, provided he or she is providing Service on the date of the Grant as a member of the Board.

Section 5.3 *General*. In determining the Eligible Persons to whom Awards are to be granted and the number of Shares subject to each Award, the Committee shall take into consideration the Eligible Person's present and potential contribution to the success of the Company or an Affiliate and such other factors as the Executive Personnel and Pension Committee may deem proper and relevant.

ARTICLE 6. SHARES SUBJECT TO PLAN

Section 6.1 *Grant of Awards and Limitation of Number of Shares Awarded*. The Committee may, from time to time, grant Awards to one or more Eligible Persons, provided that subject to any adjustment pursuant to this Article 6, the aggregate number of Shares subject to Awards that may be delivered under this Plan may not exceed ten million (10,000,000) Shares. The maximum number of Shares that may be issued in conjunction with Stock Units under Articles 7 or 8, Restricted Stock Awards under Article 10 and Performance-Based Restricted Stock or Performance Unit Awards under Article 11 shall in the aggregate be four million (4,000,000).

Section 6.2 *Individual Limitations*. The aggregate number of Shares that may be covered by Awards granted to an individual Eligible Person shall not exceed 1,500,000 Shares.

Section 6.3 *Type of Shares*. Shares delivered by the Company may include, in whole or in part, authorized and unissued Shares, reacquired Shares, treasury Shares, or Shares that the Company may cause to be purchased on the open market (including private purchases) to satisfy its obligations under the Plan in accordance with applicable securities laws.

Section 6.4 *Dilution and Other Adjustments*. In the event of any change in the number of outstanding Shares or Share price by reason of any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination or exchange of equity securities or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other similar change or corporate transaction or event that affects Shares, if the Committee shall determine, in its sole discretion, that such change equitably requires an adjustment to the limitations on the number of Shares that may be delivered under the Plan as set forth in Section 6.1, in the number or kind of Shares that may be delivered under the Plan, or in the number or kind of Shares which are subject to outstanding Awards and in the exercise price per Share relating thereto, such adjustment to prevent dilution or enlargement of Participants' rights under the Plan shall be made by the Committee in a manner that is proportionate to the change to the Shares and is otherwise equitable, and shall be conclusive and

binding for all purposes of the Plan. Additional Shares issued to a Participant as the result of any such change shall bear the same restriction as the Shares to which they relate.

Section 6.5 *Adjustment to Maximum for Forfeited, Cancelled, Terminated or Expired Shares*. Any Shares covered by an Award (or portion of an Award) granted under the Plan that is forfeited, cancelled, terminated or expired without being exercised in whole or in part, or settled in cash, including settlement of tax withholding obligations using Shares shall be deemed not to have been delivered for purposes of determining the maximum number of Shares available for delivery under the Plan and new Awards may be granted covering the Shares under such forfeited, cancelled, terminated, expired, or settled in cash Award. Likewise, if any Option granted under the Plan is exercised by tendering Shares to the Company as full or partial payment for such exercise under the Plan, only the number of Shares issued net of the Shares tendered shall be deemed delivered for purposes of determining the maximum number of Shares available for delivery under the Plan. In addition, any Shares underlying Substitute Awards shall not be counted in determining the number of Shares that remain available for delivery under the Plan.

Section 6.6 *Deferral of Award*. The Plan Administrator may permit or require a recipient of an Award to defer all or part of such individual's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such individual by virtue of the exercise of, payment of, or lapse or waiver of restrictions respecting, any Award. If such payment deferral is required or permitted, the Plan Administrator shall, in its sole discretion, establish rules and procedures for such payment deferrals.

ARTICLE 7. STOCK UNIT GRANTS TO DIRECTOR PARTICIPANTS

Section 7.1 *In General*. This Article 7 only applies to Director Participants who are members of the Board of Consolidated Edison Inc., at the time the grant is made.

Section 7.2 *Initial Account Balance*. The Retirement Plan was terminated effective June 30, 2002. Each Director who was a participant in the Retirement Plan prior to June 30, 2002, and who became a Participant in the Deferred Stock Plan on July 1, 2002, was granted Stock Units equal to the net accrued value of his or her benefit under the Retirement Plan as of June 30, 2002, as determined by the Company and an additional grant of 400 Stock Units. As of the Effective Date, these Directors became Director Participants in this Plan and these Director Participants have no rights or entitlements whatsoever to any benefits under the Retirement Plan and their rights under the Deferred Stock Plan are incorporated into this Plan.

Section 7.3 *Annual Grants*. Each Director Participant will be granted 1,300 Stock Units on the first business day after each Annual Meeting. If a Director Participant is first appointed as a member of the Board after the Annual Meeting, his or her first annual grant of Stock Units (rounded to the nearest one hundred Stock Units) will be determined by multiplying 1,300 by the result from dividing the number of months before the next Annual Meeting by twelve; provided that for the purpose of this calculation the numerator shall exclude the month in which the effective date of the Director's appointment occurs and shall include the month in which the Annual Meeting occurs. The Board upon recommendation of the Corporate Governance and Nominating Committee may from time-to-time change the annual grant.

Section 7.4 *Automatic Deferral*. The Stock Units granted pursuant to Section 7.2 and 7.3 shall be deferred automatically until the Director Participant's Termination of Service as a Board member.

Section 7.5 *Stock Unit Accounts*. The Company will create and maintain on its books one or more Stock Unit Accounts for each Director Participant. Each Stock Unit Account will be credited with all Stock Units that may be attributed to such Director Participant from time to time in connection with (i) Grants of Stock Units, (ii) deferrals of Director's Compensation by such Director Participant pursuant to Section 7.9 (Voluntary Deferrals of Director's Compensation), or (iii) dividend equivalents pursuant to Section 7.7. Stock Unit Accounts are

maintained solely for accounting purposes and do not require a segregation of any assets of the Company or its Affiliates.

Section 7.6 *Vesting*. The initial Stock Units granted upon the termination of the Retirement Plan, the 400 Stock Units granted on July 1, 2002, and the annual grants pursuant to Section 7.3 become fully vested upon the date of the Grant. Stock Units credited to a Director Participant's Account by reason of his or her election to defer Director's Compensation pursuant to Section 7.9 (Voluntary Deferrals of Director's Compensation) become vested as of the date the Director's Compensation would have been paid to him or her. Stock Units resulting from the crediting of Dividend Equivalents to a Director Participant's Account pursuant to Section 7.7 shall be vested on the Dividend Payment Date.

Section 7.7 *Dividend Equivalents*. (a) Dividend Equivalents will be earned on Stock Units and credited to a Director Participant's Account as of any Dividend Payment Date. Such Dividend Equivalents shall be expressed as a number of Stock Units equal to:

(i) The number of Stock Units credited to a Director Participant's Account as of the record date for such dividend multiplied by the value of the per share cash amount of the dividend (or as determined by the Corporate Governance and Nominating Committee in the case of dividends paid other than in cash),

divided by:

(ii) The Fair Market Value of a Share as of the Dividend Payment Date.

(b) All Dividend Equivalents earned on Stock Units whether resulting from Stock Unit Grants pursuant to Sections 7.2 or 7.3 or resulting from Voluntary Deferrals of Director's Compensation pursuant to Section 7.9 shall be automatically deferred until the Director Participant's Termination of Service to the Company, unless an election pursuant to Section 7.7(c) is timely made to receive some or all of the Dividend Equivalents in cash payments.

(c) An election to receive some or all of the Dividend Equivalents in cash payments must be made by December 31 of a calendar year by written notice filed with the Secretary of the Company on a form ("Deferral Election Form") furnished by the Company. The election is valid for the following calendar year and remains in effect until modified or revoked by a new Deferral Election Form filed with the Secretary of the Company, which new Deferral Election Form shall take effect in the year following the year of receipt of the form by the Secretary of the Company.

Section 7.8 *Timing and Method of Payment*. (a) All payments on account of Stock Units pursuant to this Article 7 shall be made in Shares.

(b) The Stock Units granted pursuant to Section 7.2 and 7.3 shall be paid in Shares to a Director Participant in a single one-time payment of Shares (rounded to the nearest whole Share as determined under Section 23.12) as soon as practicable following his or her Termination of Service as a member of the Board, except that the Director Participant may elect to be paid his or her Shares in equal quarterly distributions for up to 10 years following the Termination of his or her Service by filing with the Secretary of the Company a form ("Distribution Election Form") no later than December 31 of the year preceding such Director Participant's Termination of Service as a member of the Board. If this election is made, Dividend Equivalents shall continue to be earned on the remaining Stock Units in the Director Participant's Account until all Shares have been distributed. The Dividend Equivalents that are earned during this payment period shall be distributed as cash payments, regardless of any prior election to have Dividend Equivalents deferred and reinvested in Stock Units.

(c) Stock Units resulting from Voluntary Deferrals of Director's Compensation shall be deferred until the Director's Termination of Service except that the Director Participant may elect to defer receipt of his or her

Shares to the January 1 that is at least five years from the date on which the Stock Units were deferred by filing a Deferral Election Form in accordance with the procedures set forth in Section 7.9. However, no deferral can extend longer than the Director Participant's date of Termination of Service. Stock Units resulting from Voluntary Deferrals of Director's Compensation will be paid in Shares to a Director Participant in a single one-time payment of Shares (rounded to the nearest whole Share) as soon as practicable following the date specified in the Deferral Election Form or the date of his or her Termination of Service. If, however, a Director Participant has elected to defer receipt until his or her Termination of Service, he or she may elect to be paid his or her Shares in equal quarterly distributions for up to 10 years following the Termination of Service by filing with the Secretary of the Company a Distribution Election Form no later than December 31 of the year preceding such Director Participant's Termination of Service. If this election is made, Dividend Equivalents shall continue to be earned on the remaining Stock Units in the Director Participant's Stock Unit Account until all Shares have been distributed. The Dividend Equivalents that are earned during this payment period shall be distributed as cash payments regardless of any prior election to have Dividend Equivalents deferred and reinvested in Stock Units.

(d) The Stock Units resulting from Dividend Equivalent deferrals pursuant to Section 7.7 shall be paid in Shares (rounded to the nearest whole Share) to a Director Participant in accordance with Section 7.7(b) above.

(e) The Corporate Governance and Nominating Committee may, in its discretion and to the extent consistent with laws and regulations, give effect to a Deferral Election Form or a Distribution Election Form that is not timely made.

Section 7.9 *Voluntary Deferrals of Director's Compensation*.

(a) *Deferral Election*. A Director Participant may elect to defer receipt of all or any specified portion of any Director's Compensation that may become payable to him or her and to have such amounts credited to his or her Stock Unit Account in accordance with Section 7.5 of this Plan.

(b) *Deferrals Credited to Account*. Any Director's Compensation deferred by a Director Participant pursuant to this Section 7.9 shall be allocated to his or her Stock Unit Account and deemed to be invested in a number of Stock Units equal to (i) the amount of such Director's Compensation divided by (ii) the Fair Market Value of a Share on the date the Director's Compensation would otherwise have been paid.

(c) *Payment and Distribution of Deferrals*. The timing and method of payment and distribution of the Stock Units resulting from the Voluntary Deferral of Director's Compensation will be in accordance with Section 7.8(c).

(d) *Timing of Deferral Election*.

1. A deferral election may be made by written notice filed with the Secretary of the Company on a Deferral Election Form:

(i) no more than 30 days after a person is first elected or appointed to the Board (covering Director's Compensation to be earned for the remainder of the year); or

(ii) on or before the end of any calendar year (covering Director's Compensation to be earned the following calendar year); or

(iii) on or before such other date or dates as may be approved in advance by the Corporate Governance and Nominating Committee (covering Director's Compensation earned for such period or periods commencing after such other date as may be specified by the Corporate Governance and Nominating Committee).

2. Any deferral election shall continue in effect until revoked or modified by a new Deferral Election Form filed with the Secretary of the Company. A Director Participant who has revoked a deferral election may file a new Deferral Election Form to defer Director's Compensation but it

shall only relate to Director's Compensation for Service to be rendered beginning with the calendar year following the year in which such new Deferral Election Form is filed with the Secretary of the Company. Amounts credited to a Director Participant's Stock Unit Account prior to the effective date of any revocation or modification of a deferral election shall not be affected by such revocation or modification.

ARTICLE 8. STOCK UNIT GRANTS

Section 8.1 *Grants of Stock Units*. One or more Stock Units may be granted to any Eligible Person, other than to a Director of the Company, at the sole discretion of the Committee. The Stock Units may be granted without the payment of consideration by the Participant.

Section 8.2 *Nontransferability*. No Stock Unit Award granted under this Article of the Plan shall be transferable by the Participant otherwise than by will or by the laws of descent and distribution or to the extent permitted by the Committee.

Section 8.3 *Terms and Conditions*. The Committee may grant or impose such other terms and conditions on the Stock Units as, in its sole discretion, it deems appropriate including the vesting of such units, the timing and method of payment and the right to grant Dividend Equivalents.

Section 8.4 *Stock Unit Accounts*. The Company will create and maintain on its books one or more Stock Unit Accounts for each Participant evidencing the grant of Stock Units. Each Stock Unit Account will be credited with all Stock Units that may be attributed to such Participant from time to time in connection with (i) Grants of Stock Units, or (ii) Dividend Equivalents, if granted pursuant to Section 8.3. Stock Unit Accounts are maintained solely for accounting purposes and do not require a segregation of any assets of the Company or its Affiliates.

ARTICLE 9. STOCK OPTIONS

Section 9.1 *Grant of Options*. Options may be granted to an Eligible Person, other than a Director of the Company, as the Committee may from time to time select without the payment of consideration. Any Eligible Person shall be eligible to receive one or more Options, subject to the limitations set forth in Sections 6.1 and 6.2.

Section 9.2 *Terms and Conditions*. An Option granted under the Plan shall be in such form as the Committee may from time to time approve. Each Option shall be subject to the terms and conditions provided in this Article 9 and shall contain such other or additional terms, conditions or restrictions as the Committee, in its sole discretion, may deem desirable, but in no event shall such terms and conditions be inconsistent with the Plan and, in the case of Incentive Stock Options, with the provisions of the Code applicable to "Incentive Stock Options" as described in Code Section 422.

Section 9.3 *Exercise Price*. The exercise price per Share under an Option shall be determined by the Committee, but may not be less than 100 percent of the Fair Market Value of a Share on the date the Option is granted. Notwithstanding the foregoing, the exercise price per share of an Option that is a Substitute Award may be less than the Fair Market Value of a Share on the date the Option is granted provided that the excess of:

(i) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the Shares subject to the Substitute Award, over

(ii) the aggregate exercise price thereof,

does not exceed the excess of:

(i) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Plan Administrator) of the shares of the predecessor entity that were subject to the award assumed or substituted for by the Company, over

(ii) the aggregate exercise price of such shares.

Section 9.4 *Option Period*. The period during which and the manner in which an Option may be exercised shall be fixed by the Committee; provided, that no Option shall be exercisable after the expiration of ten years from the date such Option is granted.

Section 9.5 *Stock Option Agreement*. Each Option granted will be evidenced by a "Stock Option Agreement" between the Company and the Participant containing provisions determined by the Committee, including, without limitation, provisions to qualify Incentive Stock Options as such under Section 422 of the Code if directed by the Committee at the Date of Grant.

Section 9.6 *Exercise of Option*. (a) An Option may be exercised in whole or in part from time to time during the Option Period (or, if determined by the Committee, in specified installments during the Option Period) by giving written notice of exercise to the Secretary of the Company specifying the number of Shares to be purchased. Notice of exercise of an Option must be accompanied by payment in full of the exercise price either by cash or such other method as may be permitted by the Committee, including but not limited to (i) check, (ii) tendering (either actually or by attestation) Shares owned by the Participant having a Fair Market Value at the date of exercise equal to such exercise price, (iii) a third-party exercise procedure, or (iv) a combination of the foregoing. The Committee, in its sole discretion, may, in lieu of delivering Shares covered by an Option upon its exercise, settle the exercise of the Option by means of a cash payment to the Participant equal to the positive difference between the Fair Market Value on the exercise date and the exercise price, or by delivering Shares having an aggregate Fair Market Value equal to such a payment, or by a combination of both.

(b) No Shares shall be delivered in connection with the exercise of an Option until full payment therefor has been made, including satisfaction of any applicable tax withholding obligations as set forth in Article 15. A Participant shall have the rights of a shareholder only with respect to Shares for which certificates have been issued to such person.

Section 9.7 *Nontransferability of Options*. No Option granted under the Plan shall be transferable by the Participant otherwise than by will or by the laws of descent and distribution and will be exercisable during the Participant's lifetime only by the Participant or by the Participant's guardian or legal representative, except that the Committee may provide for the transferability of an Option:

(a) by gift or other transfer to (i) an Immediate Relative, or (ii) a trust or an estate in which the original Participant or the Participant's Immediate Relative has a substantial interest;

(b) pursuant to a domestic relations order; and

(c) as may be otherwise permitted by Form S-8 under the Securities Act; provided, however, that any Option so transferred shall continue to be subject to all the terms and conditions contained in the Option agreement.

If so permitted by the Committee, a Participant may designate a beneficiary or beneficiaries to exercise the rights of the Participant under the Plan upon the death of the Participant pursuant to Article 19.

Section 9.8 *Consequences of Termination of Employment or Service*. The Committee shall have full discretion and authority to establish in the Stock Option Agreement the terms and conditions applicable to the Option in the event of the Participant's Termination, including a termination by reason of retirement, death or Disability.

ARTICLE 10. RESTRICTED STOCK AWARDS

Section 10.1 *Grants of Restricted Shares*. One or more shares of Restricted Stock may be granted to any Eligible Person, other than a Director of the Company. At the sole discretion of the Committee, the Restricted Stock will be issued to the Participant on the Date of Grant without the payment of consideration by the Participant. The Committee may also impose such other restrictions and conditions on the Restricted Stock as, in its sole discretion, it deems appropriate. Upon issuance to the Participant of the Restricted Stock, the Participant will have the right to vote the Restricted Stock, and may, subject to the Committee's discretion, receive the cash dividends distributable with respect to such Shares. The Committee, in its sole discretion, may direct the accumulation and payment of distributable dividends to the Participant at such times, and in such form and manner, as determined by the Committee.

Section 10.2 *Restriction Period*. At the time a Restricted Stock Award is granted, the Committee will establish a Restriction Period applicable to such Award which will be not less than one and not more than ten years. Each Restricted Stock Award may have a different Restriction Period, at the discretion of the Committee.

Section 10.3 *Forfeiture or Payout of Award*. (a) In the event of a Termination by a Participant during a Restriction Period, including a termination due to Retirement, Disability or death, an Award of Restricted Stock is subject to forfeiture or payout (i.e., removal of restrictions) as follows: (i) Termination —the Restricted Stock Award is completely forfeited; or (ii) Retirement, Disability or death—payout of the Restricted Stock Award is prorated for service during the period; provided, however, that the Committee may modify the above if it determines at its sole discretion that special circumstances warrant such modification.

(b) Any shares of Restricted Stock, which are forfeited, will be transferred to the Company. Upon completion of the Restriction Period, all Award restrictions will expire and new certificates representing the Award will be issued without the restrictive legend described in Section 10.1.

Section 10.4 *Waiver of Section 83(b) Election*. Unless otherwise directed by the Committee, as a condition of receiving an Award of Restricted Stock, a Participant must waive in writing the right to make an election under Section 83(b) of the Code to report the value of the Restricted Stock as income on the Date of Grant.

ARTICLE 11. PERFORMANCE-BASED RESTRICTED STOCK/PERFORMANCE UNITS.

Section 11.1 *Provision for Awards*. (a) *General*. For Awards under this Article 11, the Committee will establish (i) Performance Target(s) relative to the applicable Business Criteria, (ii) the applicable Performance Period and (iii) the applicable number of shares of Performance Based Restricted Stock or Performance Units that are the subject of the Award. The applicable Performance Period and Performance Target(s) will be determined by the Committee consistent with the terms of the Plan and Code Section 162(m). Notwithstanding the fact that the Performance Target(s) have been attained, the Committee may pay an Award under this Article 11 of less than the amount determined by the formula or standard established pursuant to Section 11.1 (b) or may pay no Award at all. The maximum number of Shares of Performance Based Restricted Stock or Performance Units that any participant may earn, in the aggregate, during any Performance Period is 1,000,000.

(b) *Selection of Performance Target(s).* The specific Performance Target(s) with respect to the Business Criteria must be established by the Committee in advance of the deadlines applicable under Code Section 162(m) and while the performance relating to the Performance Target(s) remains substantially uncertain within the meaning of Code Section 162(m). The Performance Target(s) with respect to any Performance Period may be established on a corporate-wide basis or established with respect to one or more operating units, divisions, acquired businesses, minority investments, partnerships or joint ventures, and may be measured on an absolute basis or relative to selected peer companies or a market index. At the time the Performance Target(s) are selected, the Committee shall provide, in terms of an objective formula or standard for each Participant, the method of computing the specific amount that will represent the maximum amount of the Award payable to the Participant if the Performance Target(s) are attained. The objective formula or standard shall preclude the use of discretion to increase the amount of any Award earned pursuant to the terms of the Award.

(c) *Effect of Mid-Year Commencement of Service.* If Service as an Officer or Eligible Employee commences after the adoption of the Plan and the Performance Target(s) are established for a Performance Period, the Committee may grant an Award and establish Performance Target(s) for a Performance Period that is proportionately adjusted based on the period of actual Service during the Year.

(d) *Adjustments.* To preserve the intended incentives and benefits of an Award based on Adjusted EBIT, Adjusted EPS, Adjusted Net Income, Adjusted Operating Income, Adjusted Operating Revenues, Adjusted Return on Assets or Adjusted Return on Equity, the Committee may determine at the time the Performance Targets are established that certain adjustments shall apply to the objective formula or standard with respect to the applicable

Performance Target to take into account, in whole or in part, in any manner specified by the Committee, any one or more of the following with respect to the Performance Period:

(i) the gain, loss, income or expense resulting from changes in accounting principles that become effective during the Performance Period;

(ii) the gain, loss, income or expense reported publicly by the Company with respect to the Performance Period that are extraordinary or unusual in nature or infrequent in occurrence, excluding gains or losses on the early extinguishment of debt;

(iii) the gains or losses resulting from, and the direct expenses incurred in connection with, the disposition of a business, in whole or in part, or the sale of investments or non-core assets;

(iv) the gain or loss from all or certain claims, litigation and/or regulatory proceedings and all or certain insurance recoveries relating to claims or litigation;

(v) the impact of impairment of tangible or intangible assets;

(vi) the impact of restructuring or business recharacterization activities, including but not limited to reductions in force, that are reported publicly by the Company; and

(vii) the impact of investments or acquisitions made during the year or, to the extent provided by the Committee, any prior year.

Each of the adjustments described in this Section 11.1(d) may relate to the Company as a whole or any part of the Company's business or operations, as determined by the Committee at the time the Performance Targets are established. The adjustments are to be determined in accordance with generally accepted accounting principles, unless another objective method of measurement is designated by the Committee. In addition to the foregoing, the Committee shall adjust any Business Criteria, Performance Targets or other features of an Award that relate to or are wholly or partially based on the number of, or the value of, any stock of the Company, to reflect any stock dividend or split, recapitalization, combination or exchange of shares or other similar changes in such stock.

(e) *Committee Discretion to Determine Award*. The Committee has the sole discretion to determine the standard or formula pursuant to which each Participant's Award shall be calculated, whether all or any portion of

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the amount so calculated will be paid, and the specific amount (if any) to be paid to each Participant, subject in all cases to the terms, conditions and limits of the Plan. To this same extent, the Committee may at any time establish (and, once established, rescind, waive or amend) additional conditions and terms of payment of Awards (including but not limited to the achievement of other financial, strategic or individual goals, which may be objective or subjective) as it may deem desirable in carrying out the purposes of the Plan. The Committee may not, however, increase the maximum amount permitted to be paid to any individual under the Plan or pay Awards under this Article 11 if the applicable performance targets have not been met.

Section 11.2 *Performance-Based Restricted Stock Awards*. (a) *Grants of Performance-Based Restricted Stock*. Subject to Section 11.1, one or more shares of Performance-Based Restricted Stock may be granted to any Eligible Person, other than a Director of the Company, based on the achievements of pre-established Performance Targets during the Performance Period. The Performance-Based Restricted Stock will be issued to the Participant on the Date of Grant without the payment of consideration by the Participant. The Performance-Based Restricted Stock will be issued in the name of the Participant and will bear a restrictive legend prohibiting sale, transfer, pledge or hypothecation of the Performance-Based Restricted Stock until the expiration of the Restriction Period. The Committee may also impose such other restrictions and conditions on the Performance-Based Restricted Stock, as it deems appropriate.

(b) Upon issuance to the Participant of the Performance-Based Restricted Stock, the Participant will have the right to vote the Performance-Based Restricted Stock, and may, subject to the Committee's discretion, receive the cash dividends distributable with respect to such Shares. The Committee, in its sole discretion, may direct the accumulation and payment of distributable dividends to the Participant at such times, and in such form and manner, as determined by the Committee.

(c) *Restriction Period*. At the time a Performance-Based Restricted Stock Award is granted, the Committee will establish a Restriction Period applicable to such Award, which will be no less than one nor more than ten years. Each Performance-Based Restricted Stock Award may have a different Restriction Period, at the discretion of the Committee.

(d) *Waiver of Section 83(b) Election*. Unless otherwise directed by the Committee, as a condition of receiving an Award of Performance-Based Restricted Stock, a Participant must waive in writing the right to make an election under Code Section 83(b) to report the value of the Performance-Based Restricted Stock as income on the Date of Grant.

Section 11.3 *Performance Units*. (a) Subject to Section 11.1, one or more Performance Units may be granted to an eligible person, other than a Director of the Company, based on the achievement of preestablished Performance Targets during a Performance Period.

(b) Upon issuance to the Participant of a Performance Unit, the Participant may, subject to the Committee's discretion, have the right to receive Dividend Equivalents with respect to such Performance Units, with such Dividend Equivalents treated as compensation to the Participant. The Committee, in its sole discretion, may direct the accumulation and payment of Dividend Equivalents to the Participant at such times, and in such form and manner, as determined by the Committee.

Section 11.4 *Forfeiture or Payout of Award*. (a) As soon as practicable after the end of each Performance Period, the Committee will determine whether the Performance Targets and other material terms of the Award were satisfied. The Committee's determination of all such matters will be final and conclusive.

(b) As soon as practicable after the date the Committee makes the above determination, the Committee will determine the Award payment, if any, for each Participant. Before any payments are made under this Article 11, the Committee will be responsible for certifying in writing to the Company that the applicable Performance

Targets have been met. For this purpose, approved minutes of the Committee in which such certification is made may be treated as a written certification.

(c) The Committee shall have full discretion and authority to establish the terms and conditions applicable to the Award in the event of the Participant's Termination, including a termination by reason of Retirement, death or Disability.

(d) Any shares of Performance-Based Restricted Stock that are forfeited will be transferred to the Company.

Section 11.5 *Form and Timing of Payment*. With respect to shares of Performance-Based Restricted Stock for which restrictions lapse, new certificates will be issued (the payout) without the restrictive legend described in Section 11.2(a). Each Performance Unit is payable in cash or Shares or in a combination of cash and Shares, as determined by the Committee in its sole discretion. Such payment will be made as soon as practicable after the Award payment is determined.

ARTICLE 12. STOCK APPRECIATION RIGHTS.

Section 12.1 *Grants of Stock Appreciation Rights*. Stock Appreciation Rights may be granted under the Plan to an eligible person, other than a Director of the Company, in conjunction with an Option either at the Date of Grant or by amendment or may be separately granted. Stock Appreciation Rights will be subject to such terms and conditions not inconsistent with the Plan as the Committee may impose.

Section 12.2 *Right to Exercise; Exercise Period*. A Stock Appreciation Right issued pursuant to an Option will be exercisable to the extent the Option is exercisable A Stock Appreciation Right issued independent of an Option will be exercisable pursuant to such terms and conditions established in the grant.

Section 12.3 *Failure to Exercise*. If on the last day of the Option Period, in the case of a Stock Appreciation Right granted pursuant to an Option, or the specified Exercise Period, in the case of a Stock Appreciation Right issued independent of an Option, the Participant has not exercised a Stock Appreciation Right, then such Stock Appreciation Right will be deemed to have been exercised by the Participant on the last day of the Option Period or Exercise Period.

Section 12.4 *Payment*. An exercisable Stock Appreciation Right granted pursuant to an Option will entitle the Participant to surrender unexercised the Option or any portion thereof to which the Stock Appreciation Right is attached, and to receive in exchange for the Stock Appreciation Right payment (in cash or Shares or a combination thereof as described below) equal to the excess of the Fair Market Value of one Share at the date of exercise over the Option price, times the number of Shares called for by the Stock Appreciation Right (or portion thereof) which is so surrendered. Upon exercise of a Stock Appreciation Right not granted pursuant to an Option, the Participant will receive for each Stock Appreciation Right payment (in cash or Shares or a combination thereof as described below) equal to the excess of the Fair Market Value of one Share at the date of exercise over the Fair Market Value of one Share at the Date of Grant of the Stock Appreciation Right, times the number of Shares called for by the Stock Appreciation Right (or portion thereof) which is exercised.

Section 12.5 *Settlement*. The Committee may direct the payment in settlement of the Stock Appreciation Right to be in cash or Shares or a combination thereof. Alternatively, the Committee may permit the Participant to elect to receive cash in full or partial settlement of the Stock Appreciation Right. The value of the Share to be received upon exercise of a Stock Appreciation Right shall be the Fair Market Value of the Share. To the extent that a Stock Appreciation Right issued pursuant to an Option is exercised, such Option shall be deemed to have been exercised, and shall not be deemed to have lapsed.

Section 12.6 *Nontransferable*. A Stock Appreciation Right will not be transferable by the Participant except by will or the laws of descent and distribution and will be exercisable during the Participant's lifetime only by the Participant or by the Participant's guardian or legal representative except that the Committee may, in its discretion, provide for the transferability of Stock Appreciation Right:

(a) by gift or other transfer to (i) an Immediate Relative, or (ii) a trust or an estate in which the original Participant or the Participant's Immediate Relative has a substantial interest;

(b) pursuant to a domestic relations order; and

(c) as may be otherwise permitted by Form S-8 under the Securities Act; provided, however, that any Stock Appreciation Right so transferred shall continue to be subject to all the terms and conditions contained in the Option agreement.

If so permitted by the Committee, a Participant may designate a beneficiary or beneficiaries to exercise the rights of the Participant under the Plan upon the death of the Participant pursuant to Article 19.

Section 12.7 *Lapse of a Stock Appreciation Right*. A Stock Appreciation Right will lapse upon the earlier of: (i) 10 years from the Date of Grant; or (ii) at the expiration of the Exercise Period as set by the grant. The Committee shall have full discretion and authority to establish in the Award the terms and conditions applicable to the Stock Appreciation Right in the event of the Participant's Termination, including a termination by reason of Retirement, death, or Disability.

ARTICLE 13. DIVIDEND EQUIVALENTS

Section 13.1 *Grants of Dividend Equivalents*. (a) Dividend Equivalents shall be granted under the Plan in conjunction with Stock Units granted to Director Participants under the terms set forth in Article 7.

(b) Dividend Equivalents may also be granted without consideration by the Participant in conjunction with Stock Units granted under Article 8, at the Date of Grant, in conjunction with an Option or a separately awarded Stock Appreciation Right, at the Date of Grant or by amendment, or in conjunction with Performance Units, at any time during the Performance Period, subject to the terms, conditions, restrictions or limitations if any, as the Committee may establish and as set forth in this Article 13.

Section 13.2 *Payment*. Each Dividend Equivalent will entitle the Participant to receive an amount equal to the dividend actually paid with respect to a Share on each dividend payment date from the Date of Grant to the date the Dividend Equivalent lapses as set forth in Section 13.4. Dividend Equivalents may be invested in additional shares or units as determined by the Committee. The Committee, in its sole discretion, may direct the payment of such amount at such times and in such form and manner as determined by the Committee. The Committee may impose such other terms and conditions as, in its sole discretion, it deems appropriate.

Section 13.3 *Nontransferable*. Rights to Dividend Equivalents will not be transferable by the Participant except to the extent that the underlying Option, Stock Unit, Stock Appreciation Right or Performance Units is transferred in accordance with the Plan.

Section 13.4 *Lapse of a Dividend Equivalent*. Each Dividend Equivalent will lapse on the earlier of (i) the date of the lapse of the related Option or Stock Appreciation Right; (ii) the date of the exercise of the related Option or Stock Appreciation Right; (iii) the end of the Performance Period (or if earlier, the date the Participant terminates employment) of the related Performance Units; or (iv) the lapse date established by the Committee on the Date of Grant of the Dividend Equivalent.

ARTICLE 14. ACCELERATED AWARD PAYOUT/EXERCISE

Section 14.1 *Change in Control*. Notwithstanding anything in this Plan document to the contrary, a Participant is entitled to an accelerated payout or accelerated Option or Exercise Period (as set forth in Section 14.2) with respect to any previously granted Award, upon the happening of a Change in Control.

Section 14.2 *Amount of Award Subject to Accelerated Payout/Option Period/Exercise Period*. The amount of a Participant's previously granted Award that will be paid or exercisable upon the happening of a Change in Control will be determined as follows:

A. *Stock Unit Awards*. The Participant will be entitled to an accelerated Award payout, and the amount of the payout will be the balance of the number of Shares in his or her Stock Unit account.

B. *Restricted Stock Awards*. The Participant will be entitled to an accelerated Award payout, and the amount of the payout will be based on the number of Shares of Restricted Stock that were issued on the Date of Grant plus any stock resulting from reinvested dividends.

C. *Stock Option Awards and Stock Appreciation Rights*. Any previously granted Stock Option Awards or Stock Appreciation Rights will vest upon the occurrence of a Change in Control. In addition, the Plan Administrator may provide, either at the time an Award is made or at a later date, that any Stock Option Award or Stock Appreciation Right for which the exercise price is greater than the Fair Market Value of a Share may be canceled if, in the determination of the Plan Administrator, cancellation would reduce or eliminate any excise tax that otherwise would be imposed on the holder of such Stock Option Award or Stock Appreciation Right under Code Section 4999.

D. *Performance-Based Restricted Stock/Performance Units*. The Participant will be entitled to an accelerated Award payout, and the amount of the payout will be based on the number of shares of Performance-Based Restricted Stock/Performance Units subject to the Award as established on the Date of Grant, prorated based on the number of months of the Performance Period that have elapsed as of the payout date, and assuming that targeted performance was achieved.

Section 14.3 *Timing of Accelerated Payout/Option Period/Exercise Period*. Accelerated payouts provided for in Section 14.2 will be made within 30 days after the date of the Change in Control. When Common Stock is related to a cash payout, the amount of cash will be determined based on the Fair Market Value of Common Stock on the payout date.

Section 14.4 Notwithstanding the foregoing sections of this Article, the Plan Administrator may provide for a different result on a Change of Control at the time an Award is made.

ARTICLE 15. TAX WITHHOLDING

Section 15.1 *Tax Withholding*. The Company and its Affiliates shall have the authority to withhold, or require the Participant to remit to the Company or its Affiliates, prior to issuance or delivery of any Shares or cash hereunder, an amount sufficient to satisfy any applicable federal, state or local tax withholding requirements associated with any Award. Subject to compliance with any requirements of applicable law, the Committee may, in its sole discretion, permit or require a Participant to have any portion of any withholding or other taxes payable in respect to a distribution of Common Stock satisfied through (i) the payment of cash by the Participant to the Company or an Affiliate, (ii) the withholding of amounts due the Participant from other compensation, (iii) the retention by the Company or an Affiliate of Shares, or delivery of previously owned Shares, having a Fair Market Value on the date the tax withholding is required to be made equal to the withholding amount, (iv) the canceling of any number of Shares issuable in an amount sufficient to reimburse the Company or Affiliate for the amount it

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is required to withhold, or (v) any other method approved by the Committee. Any such Share withholding with respect to a Participant subject to Section 16(a) of the Exchange Act shall be subject to such limitations as the Committee may impose to comply with the requirements of Section 16 of the Exchange Act.

ARTICLE 16. AMENDMENT, MODIFICATIONS, AND TERMINATION

Section 16.1 *Amendment of Plan*. Subject to the terms of the Plan, the Committee may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part, as it may deem advisable, except (i) no such action that would require the consent of the Board and/or the stockholders of the Company pursuant to Section 162(m) of the Code or the securities laws, any other applicable law, rule, or regulation, the listing requirement of any national securities exchange or national market system on which are listed any of the Company's equity securities shall be effective without such consent; and (ii) no such action may be taken without the written consent of the Participant to whom any Award was previously granted, which materially adversely affects the rights of such Participant concerning such Award, except as such termination or amendment of the Plan is required by statute, or rules and regulations promulgated thereunder. Upon termination, the administration will continue in effect until all matters relating to the payment of outstanding Awards and the administration of the Plan have been settled.

ARTICLE 17. NO IMPLIED RIGHTS

Section 17.1 Participating in this Plan shall not constitute a contract of employment between the Company or any Affiliate and any person and shall not be deemed to be consideration for, or a condition of, continued employment of any person or affect any right of the Company or any Affiliate to terminate any employee's employment.

Section 17.2 Nothing contained in the Plan shall be deemed to confer upon any Director any right to remain a member of the Board or of the board of directors or analogous governing body of an Affiliate or in any way limit the right of a company's stockholders to terminate or fail to re-nominate or reelect any Director as a member of a Board.

Section 17.3 Nothing contained in this Plan shall be deemed to confer upon any employee or other person any claim or right to be granted an Award under the Plan.

ARTICLE 18. NONALIENBILITY

Section 18.1 *Nontransferability*. No benefit provided under this Plan shall be subject to alienation, sale, transfer, assignment, pledge, encumbrance, attachment, execution, levy or garnishment or other legal process by creditors of the Participant, the Participant's beneficiary or by a Participant (or by any person entitled to such benefit pursuant to the terms of this Plan) except (i) to the extent specifically mandated and directed by applicable state or federal statute; (ii) as requested by the Participant (or by any person entitled to such benefit pursuant to the terms of this Plan), and approved by the Committee, to satisfy income tax withholding; (iii) as requested by the Participant and approved by the Committee to members of the Participant's family, or a trust established by the Participant for the benefit of family members; (iv) by will, (v) by the laws of descent and distribution, (vi) pursuant to a beneficiary designation in accordance with Article 19 (Beneficiary Designation), or (vii) to the extent transfer of benefit is authorized and made in accordance with another specific Section of the Plan.

ARTICLE 19. BENEFICIARY DESIGNATION

Section 19.1 If a benefit is payable upon the death of a Participant, the Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom such benefit

under the Plan is to be paid in the event of such Participant's death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by such Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Secretary of the Company during the Participant's lifetime. In the absence of any such designation, or if such designated beneficiary or beneficiaries do not survive the Participant, to the extent benefits are payable and remain unpaid at the Participant's death they shall be paid to his or her estate.

ARTICLE 20. SUCCESSORS

Section 20.1 All rights and obligations of the Company under the Plan shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company or other corporate reorganization in which the Company will not be the surviving corporation or in which the holders of the Common Stock will receive securities of another corporation. The Company and such successor shall be jointly and severally liable for all of the Company's obligations under the Plan.

ARTICLE 21. UNFUNDED STATUS

Section 21.1 Unless otherwise determined by the Committee, the Plan shall be unfunded and shall not create (or be construed to create) a trust or a separate fund or funds. The Plan shall not establish any fiduciary relationship between the Company and any employee, awardee or other person. To the extent any person holds any rights by virtue of an Award granted under the Plan, such rights shall constitute general, unsecured liabilities of the Company and shall not confer upon such person any right, title or interest in any assets of the Company.

ARTICLE 22. ACCOUNT STATEMENT

Section 22.1 The Company will maintain Accounts, and credit thereto bookkeeping entries evidencing unfunded and unsecured general obligations of the Company. Annually, the Company will send to each Participant a statement of his or her account(s). This statement will include the account(s) balance and all activity since the last statement.

ARTICLE 23. GENERAL

Section 23.1 *No Stockholder Rights Conferred*. Nothing contained in the Plan will confer upon a Participant or beneficiary any rights of a stockholder of the Company, unless and until Shares are in fact issued or transferred to such Participant or beneficiary.

Section 23.2 *Employment Agreements*. To the extent that an employment agreement with an Officer or Employee is inconsistent with the Plan, the employment agreement shall govern.

Section 23.3 *Gender and Number*. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

Section 23.4 *Articles and Sections*. Except where otherwise indicated by the context, any reference to an "Article" or "Section" shall be to an Article or Section of this Plan.

Section 23.5 *Title and Headings*. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

Section 23.6 *Severability*. If any part of the Plan is declared to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any other part of the Plan. Any part of the Plan so declared to be unlawful or invalid shall, if possible, be construed in a manner that will give effect to the terms of such part to the fullest extent possible while remaining lawful and valid.

Section 23.7 *Government and Other Regulations*. The obligation of the Company to make payment of Awards in Shares or otherwise shall be subject to all applicable laws, rules, and regulations, and to such approvals by any government agencies as may be required. The Company shall be under no obligation to register under the Securities Act of 1933, as amended ("Act"), any of the Shares issued, delivered or paid in settlement under the Plan. If Shares awarded under the Plan may in certain circumstances be exempt from registration under the Act, the Company may restrict its transfer in such manner as it deems advisable to ensure such exempt status. If the Company determines that the exercise or nonforfeitability of, or delivery of benefits pursuant to, any Award or Deferral Election would violate any applicable provision of (i) federal or state securities laws or (ii) the listing requirements of any national securities exchange or national market system on which are then listed any of the Company's equity securities, then the Company may postpone any such exercise, nonforfeitability or delivery, as applicable, but the Company shall use all reasonable efforts to cause such exercise, nonforfeitability or delivery to comply with all such provisions at the earliest practicable date. If the Company deems necessary to comply with any applicable securities law, the Company may require a written investment intent representation by a Participant or beneficiary and may require that a restrictive legend be affixed to certificates for Shares delivered pursuant to the Plan.

Section 23.8 *Governing Law and Interpretation*. The provisions of the Plan shall take precedence over any conflicting provision contained in an Award. All matters relating to the Plan or to Awards granted hereunder shall be governed by and construed in accordance with the laws of the State of New York without regard to the principles of conflict of laws.

Section 23.9 *Expenses*. The costs and expenses of administering the Plan shall be borne by the Company and its Affiliates and shall not be charged against any Award or to any Participant or beneficiary receiving an Award.

Section 23.10 *Relationship to Other Benefits*. Any Awards under this Plan are not considered compensation for purposes of determining benefits under any pension, profit sharing, or other retirement or welfare plan, or for any other general employee benefit program unless specifically provided by any such plan or program.

Section 23.11 *Ratification of Actions*. By accepting any Award or other benefit under the Plan, each employee and each person claiming under or through such person shall be conclusively deemed to have indicated such person's acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board or the Committee.

Section 23.12 *Fractional Shares*. Any fractional Shares concerning Awards shall be eliminated at the time of payment or payout by rounding down for fractions of less than one-half and rounding up for fractions of equal to or more than one-half.

Section 23.13 *Reliance on Reports*. Each member of the Committee (and each person or Committee to whom the Committee or any member thereof has delegated any of its authority or power under this Plan) shall be fully justified in relying or acting in good faith upon any report made by the independent public accountants of the Company and its Affiliates and upon any other information furnished in connection with the Plan. In no event shall any person who is or shall have been a member of the Committee be liable for any determination made or other action taken or any omission to act in reliance upon any such report or information or for any action taken, including the furnishing of information, or failure to act, if in good faith.

Exhibit 12.1

Consolidated Edison, Inc.

Ratio of Earnings to Fixed Charges

(Millions of Dollars)

	For the Three Months Ended March 31, 2003	For the Twelve Months Ended December 31, 2002	2001	2000	1999	1998
Earnings						
Net Income for Common Stock	$ 154	$ 646	$ 682	$ 583	$ 701	$ 713
Preferred Stock Dividend	3	13	14	14	13	17
Cumulative Effect of Changes in Accounting Principles	—	22	—	—	—	—
(Income) or Loss from Equity Investees	—	—	—	(1)	1	1
Minority Interest Loss	1	2	2	1	—	—
Income Tax	98	376	442	307	373	405
Pre-Tax Income from Continuing Operations	$ 256	$ 1,059	$ 1,140	$ 904	$ 1,088	$ 1,136
Add: Fixed Charges*	119	493	480	452	378	372
Add: Distributed Income of Equity Investees	—	—	—	1	1	—
Subtract: Interest Capitalized	4	14	—	—	—	—
Subtract: Preferred Stock Dividend Requirement	4	19	22	21	21	27
Earnings	**$ 367**	**$ 1,519**	**$ 1,598**	**$ 1,336**	**$ 1,446**	**$ 1,481**
*** Fixed Charges**						
Interest on Long-term Debt	$ 96	$ 373	$ 384	$ 351	$ 306	$ 295
Amortization of Debt Discount, Premium and Expense	3	12	13	12	13	14
Interest Capitalized	4	14	—	—	—	—
Other Interest	8	61	42	50	20	18
Interest Component of Rentals	4	14	19	18	18	18
Preferred Stock Dividend Requirement	4	19	22	21	21	27
Fixed Charges	**$ 119**	**$ 493**	**$ 480**	**$ 452**	**$ 378**	**$ 372**
Ratio of Earnings to Fixed Charges	3.1	3.1	3.3	3.0	3.8	4.0

Exhibit 12.1

Consolidated Edison, Inc.

Ratio of Earnings to Fixed Charges

(Millions of Dollars)

	Twelve Months Ended March 2003
Earnings	
Net Income for Common Stock	$ 654
Preferred Stock Dividend	12
Cumulative Effect of Changes in Accounting Principles	2
(Income) or Loss from Equity Investees	1
Minority Interest Loss	2
Income Tax	378
Pre-Tax Income from Continuing Operations	$ 1,049
Add: Fixed Charges*	501
Add: Distributed Income of Equity Investees	—
Subtract: Interest Capitalized	18
Subtract: Preferred Stock Dividend Requirement	18
Earnings	**$ 1,514**
*** Fixed Charges**	
Interest on Long-term Debt	$ 378
Amortization of Debt Discount, Premium and Expense	12
Interest Capitalized	18
Other Interest	59
Interest Component of Rentals	16
Preferred Stock Dividend Requirement	18

Fixed Charges	**$**	**501**
Ratio of Earnings to Fixed Charges		3.0

Exhibit 12.2

Con Edison Company of New York, Inc.

Ratio to Earnings to Fixed Charges

(Millions of Dollars)

	For the Three Months Ended March 31, 2003	For the Twelve Months Ended December 31, 2002	2001	2000	1999	1998
Earnings						
Net Income for Common Stock	$ 593	$ 605	$ 649	$ 570	$ 698	$ 728
Preferred Stock Dividend	12	13	14	14	14	17
Cumulative Effect of Changes in Accounting Principles	—	—	—	—	—	—
(Income) or Loss from Equity Investees	1	1	—	—	—	1
Minority Interest Loss	—	—	—	—	—	—
Income Tax	346	342	427	290	366	414
Pre-Tax Income from Continuing Operations	$ 952	$ 961	$ 1,090	$ 874	$ 1,078	$ 1,160
Add: Fixed Charges*	431	408	410	392	340	346
Add: Amortization of Capitalized Interest	—	—	—	—	—	—
Add: Distributed Income of Equity Investees	—	—	—	—	—	—
Subtract: Interest Capitalized	—	—	—	—	—	—
Subtract: Preferred Stock Dividend Requirement	18	—	—	—	—	—
Earnings	**$ 1,365**	**$ 1,369**	**$ 1,500**	**$ 1,266**	**$ 1,418**	**$ 1,506**
*** Fixed Charges**						
Interest on Long-term Debt	336	$ 333	$ 347	$ 319	$ 292	$ 295
Amortization of Debt Discount, Premium and Expense	13	12	13	13	13	14
Interest Capitalized	—	—	—	—	—	
Other Interest	50	51	32	43	17	18
Interest Component of Rentals	14	12	18	17	18	19
Preferred Stock Dividend Requirement	18	—	—	—	—	—
Fixed Charges	**$ 431**	**$ 408**	**$ 410**	**$ 392**	**$ 340**	**$ 346**
Ratio of Earnings to Fixed Charges	3.2	3.4	3.7	3.2	4.2	4.4

Exhibit 12.2

Consolidated Edison Company of New York, Inc.

Ratio of Earnings to Fixed Charges

(Millions of Dollars)

	Twelve Months Ended March 2003
Earnings	
Net Income for Common Stock	$ 593
Preferred Stock Dividend	12
Cumulative Effect of Changes in Accounting Principles	—
(Income) or Loss from Equity Investees	1
Minority Interest Loss	
Income Tax	346
Pre-Tax Income from Continuing Operations	$ 952
Add: Fixed Charges*	431
Add: Amortization of Capitailzed Interest	—
Add: Distributed Income of Equity Investees	—
Subtract: Interest Capitalized	—
Subtract: Preferred Stock Dividend Requirement	18
Earnings	**$ 1,365**
*** Fixed Charges**	
Interest on Long-term Debt	$ 336
Amortization of Debt Discount, Premium and Expense	13

Interest Capitalized	
Other Interest	50
Interest Component of Rentals	14
Preferred Stock Dividend Requirement	18
Fixed Charges	**$ 431**
Ratio of Earnings to Fixed Charges	3.2

Exhibit 12.3

Orange and Rockland Utilities, Inc. and Subsidiaries

Ratio of Earnings to Fixed Charges

(Thousands of Dollars)

	For the Three Months Ended March 31, 2003	For the Twelve Months Ended December 31, 2002	2001	2000	1999	1998
Earnings						
Net Income	$ 16,206	$ 44,896	$ 40,182	$ 39,069	$ 14,726	$ 44,968
Federal Income & State Tax	11,389	24,574	25,937	24,654	40,101	24,877
Total Earnings Before Federal and State Income Tax	27,595	69,470	66,119	63,723	54,827	69,845
Fixed Charges*	6,222	30,118	26,373	27,141	35,454	36,973
Total Earnings Before Federal and State Income Tax and Fixed Charges	$ 33,817	$ 99,588	$ 92,492	$ 90,864	$ 90,281	$ 106,818
*** Fixed Charges**						
Interest on Long-Term Debt	5,049	20,257	20,861	21,873	26,326	23,867
Amortization of Debt Discount, Premium and Expense	233	961	994	1,060	1,208	1,138
Interest Component on lease Payment	578	1,598	1,305	1,257	2,583	2,505
Other Interest	362	7,302	3,213	2,951	5,337	9,463
Total Fixed Charges	$ 6,222	$ 30,118	$ 26,373	$ 27,141	$ 35,454	$ 36,973
Ratio of Earnings to Fixed Charges	5.4	3.3	3.5	3.4	2.5	2.9

ORANGE AND ROCKLAND UTILITIES, INC. AND SUBSIDIARIES

Ratio of Earnings to Fixed Charges

(Thousands of Dollars)

	Twelve Months Ended March 2003
Earnings	
Net Income	48,712
Federal Income & State Tax	26,971
Total Earnings Before Federal and State Income Tax	75,683
Fixed Charges*	29,838
Total Earnings Before Federal and State Income Tax and Fixed Charges	$ 105,521
*** Fixed Charges**	
Interest on Long-Term Debt	20,312
Amortization of Debt Discount, Premium and Expense	947
Interest Component on lease Payment	1,776
Other Interest	6,803
Total Fixed Charges	$ 29,838
Ratio of Earnings to Fixed Charges	3.5

Exhibit 99.1.1

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, Eugene R. McGrath, the Chief Executive Officer of Consolidated Edison, Inc. (the “Company”) certify that the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, which this statement accompanies, (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Eugene R. McGrath

Eugene R. McGrath

Dated: May 15, 2003

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.1.2

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, Joan S. Freilich, the Chief Financial Officer of Consolidated Edison, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joan S. Freilich

Joan S. Freilich

Dated: May 15, 2003

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.2.1

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, Eugene R. McGrath, the Chief Executive Officer of Consolidated Edison Company of New York, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Eugene R. McGrath

Eugene R. McGrath

Dated: May 15, 2003

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.2.2

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, Joan S. Freilich, the Chief Financial Officer of Consolidated Edison Company of New York, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joan S. Freilich
Joan S. Freilich

Dated: May 15, 2003

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.3.1

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, John D. McMahon, the Chief Executive Officer of Orange and Rockland Utilities, Inc. (the “Company”) certify that the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, which this statement accompanies, (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John D. McMahon

John D. McMahon

Dated: May 15, 2003

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.3.2

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, Edward J. Rasmussen, the Chief Financial Officer of Orange and Rockland Utilities, Inc. (the “Company”) certify that the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, which this statement accompanies, (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Edward J. Rasmussen
Edward J. Rasmussen

Dated: May 15, 2003

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.