

# ABC

## ***2002 Personal Compensation & Benefits Statement***

*Prepared for:*

***JANE SMITH  
1 MAIN WAY  
NEW YORK, NY 10001***

This **2002 Personal Compensation & Benefits Statement**, which reflects your benefit elections and account balances as of *January 1, 2002* is based on the following information about you:

- Name: **JANE SMITH**
- Address: **1 MAIN WAY  
NEW YORK, NY 10001**
- Date of birth: **2/21/1940**
- Date of hire: **5/2/66\***
- Social Security Number: **111-11-1111**
- Employee Number: **33333**

If any of this information is incorrect, please indicate any error(s) on the "Let Us Know" sheet (see last page) and return it to the Human Resources Services Department.

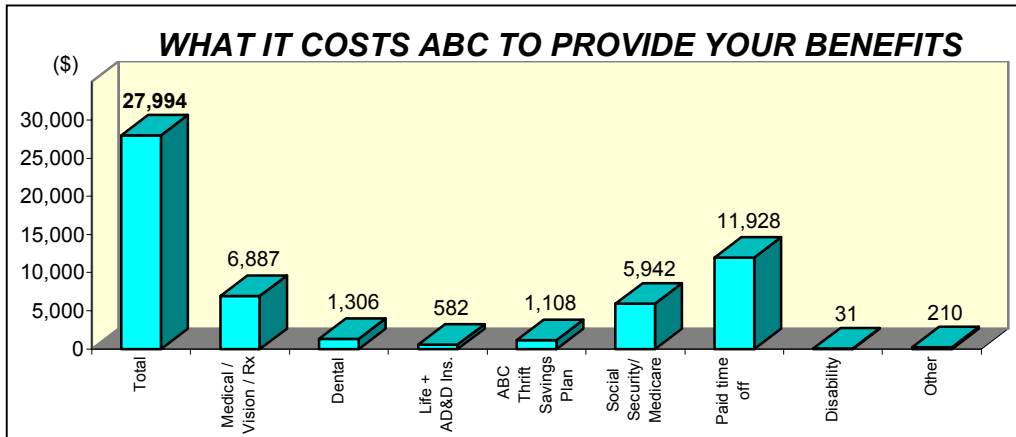
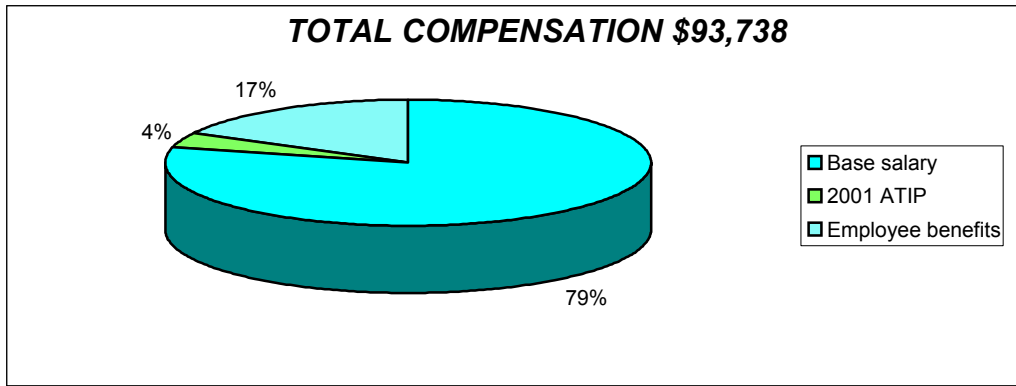
\*This reflects your most recent date of hire. If you have an established date, due to previous employment with the Company, that established date is used for calculations of benefits eligibility (such as vesting, vacation and sick leave).

# Total Compensation

## Salary Plus Benefits Equals ABC Compensation

As of January 1, your total compensation at ABC is approximately \$93,738 which is the sum of your:

- annual base salary: \$73,879
- 2001 ATIP: \$3,794
- employee benefits (excluding paid time off): \$16,066



## Benefits -- Protection Today, Security Tomorrow

Your benefit plans protect you from the financial hardship that could result from serious illness, injury or loss of life. ABC's program also enables you to save money for the future while deferring current income taxes. Review the following pages to learn more about how your benefits program works for you and your family.

## Current Financial Security

(The ✓ means this benefit is automatically provided to you -- no election is necessary.)

Benefit		Description
Medical		You elected <b>employee plus 1</b> coverage which covers you and your covered dependent against a wide range of medical expenses through the United HC PPO Plan. There is a \$13 copayment for services under this plan.
Vision		You elected <b>employee plus 1</b> coverage. You are entitled to a \$200 benefit for lenses, frames and exams every 24 months through Cole Managed Vision Services.
Rx		You elected <b>employee plus 1</b> coverage through Caremark. Following a \$25 annual family deductible, you have a \$5.00 copay for generic drugs, and a \$10.00 copay for brand name prescriptions. There is no cost for mail order prescriptions.
Dental		You elected <b>employee plus 1</b> coverage which covers you and your covered dependent against a wide range of dental expenses through the Met Life Dental Plan Plan.
Health Care FRA		Had you elected to participate, you could have paid, on a tax-free basis, for a number of unreimbursed health care expenses.
Dependent Care FRA		Had you elected to participate, you could have paid, on a tax-free basis, for a number of dependent care expenses (inside or outside your home).
Short-Term Disability	✓	<p>If you are physically unable to work while employed by ABC, you may receive <b>285</b> days of sick leave benefits due to non-work related sickness, accident or pregnancy. You may also be eligible for partial pay under state disability insurance programs.</p> <p><i>Optional Coverage:</i> You <b>elected</b> the optional Short-Term Disability Plan which provides a benefit of \$40 per week beginning on the eighth day of absence due to a non-work related illness or accident. This plan provides up to 52 weeks of coverage. Your cost of coverage is \$8.36 per month.</p>
Long-Term Disability (LTD)	✓	You may, after six months (or the exhaustion of sick/accident days if longer) of total disability, be eligible to receive <b>\$3,694</b> per month (60% of your salary, up to \$5,000/month). This amount is reduced by other sources of disability income, such as Social Security and Worker's Compensation, for as long as you are disabled and under a doctor's care. If the disability occurs before age 62 and you have at least 10 years of service at that time, payments generally continue until you reach age 65. If the disability occurs after turning 62 or you have less than 10 years of service at that time, payments occur for limited durations as specified in the plan.
Life	✓	<p><i>Basic Life</i> – would pay <b>\$147,000</b> (two times your base salary) to your designated beneficiary(ies) if you die. The cost is paid 100% by ABC.</p> <p><i>Contributory Supplemental Life</i> – You <b>declined</b> optional supplemental life insurance.</p> <p><i>Universal Life</i> – You <b>declined</b> to enroll in the Voluntary Supplemental Benefits Program which gives you and your family greater protection in the event of a family member's death.</p> <p><i>Spouse and Eligible Children Life</i> -- Based on your election, an additional <b>\$20,000</b> would be paid to you in the event of your spouse's death. Your cost of coverage for spouse life insurance is \$23.80 per month. You <b>declined</b> optional eligible child(ren) life insurance.</p>
Accidental Death and Dismemberment (AD&D)	✓	<p><i>Basic AD&amp;D</i> – would pay <b>\$15,000</b> or a lesser amount to your designated beneficiary if you die or become dismembered due to an accident.</p> <p><i>Optional AD&amp;D</i> – You <b>declined</b> optional employee AD&amp;D coverage.</p>

Personal Accident Insurance		Based on your election to participate in the family plan, would pay an additional \$200,000 to your designated beneficiary in the event of your accidental death, dismemberment, or paralysis either on or off the job. Coverage is also provided for your spouse and eligible dependent children. Your cost of coverage is \$7.00 per month.
Business Travel Accident Insurance	√	Pays \$750,000 to your designated beneficiary if you die due to an accident while traveling on company business.
Crime Protection Insurance	√	Provides \$250,000 to your beneficiary when death results from a criminal act of violence while on company business.
Employees' Retirement Plan	√	Although the primary purpose of the Employees' Retirement Plan is to provide you with monthly income at retirement (see page 7 for information), it offers financial security well before retirement age. If you become disabled and have at least 10 years of credited service, you may be eligible for a monthly, lifetime benefit through the Retirement Plan. If you die and are vested, your spouse may be eligible for a benefit from the Retirement Plan.
Consolidated Edison Thrift Savings Plan		You are contributing 15.0% of your pay to the Plan -- your account will be credited with \$11,082 from you and \$1,108 from the Company (through the Company 'match' of 1.5%) for a total annual contribution of \$12,190 to your Savings Plan account.
Social Security / Medicare	√	Based on your compensation as of January 1, 2002, the company will contribute \$5,942 and you will contribute \$5,942 for a total contribution of \$11,884.

Your package of automatic (√) benefits also includes:

Benefit		Paid 2002 Days	Multiplied by:	Your daily 2002 pay	Total
Vacation	√	30	x	\$284	\$8,520
Holidays	√	12	x	\$284	\$3,408
<b>Totals</b>		<i>Days: 42</i>		<i>Value:</i>	\$11,928

The value of paid time off represents 16% of your base salary.

The Company observes the following 12 paid holidays in 2002:

- New Year's Day
- Martin Luther King, Jr. Day
- Presidents' Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans' Day
- Thanksgiving Day
- Day after Thanksgiving
- Christmas Day
- Floating Holiday

In addition, other valuable benefits provided by ABC include:

- Employee Training
- Direct Deposit of Paycheck
- Financial Planning
- Retirement Planning
- Child-Care Referral Service
- Employee Assistance Program
- Maintenance of Recreation Areas
- Jury Duty Leave
- ABC Culture Card
- Military Leave
- Service Recognition Program
- 25 Year Club
- Education Assistance Plan
- Bereavement Leave
- Unemployment Insurance and Workers Compensation Insurance
- ABC Stock Purchase Plan

### Changing Your Optional Benefits

Every year, during the annual enrollment period, you will have the opportunity to change your benefits for the next calendar year. If you do not change your elections, your optional benefits (as shown on the previous page) will continue unchanged, except for the FRAs, which must be elected before the calendar year in which you wish to participate.

# Future Financial Security

## Your Retirement Plan

Your retirement plan includes:

- the Employees' Retirement Plan,
- the ABC Thrift Savings Plan, and
- Social Security.

These benefits are designed to work together to replace a substantial portion of the income that you are accustomed to receiving during your working years.

## Your Current Retirement Plan Status

Since the Retirement Plan and Savings Plan have special "vesting" features, you may be eligible to receive a retirement benefit from the plans, even if you leave well before retirement age.

- *Employees' Retirement Plan:* Under the Retirement Plan, you are generally 100% vested in your Retirement Plan account based upon five years of service. If you were a member of the Pension Plan as of 8/1/98, you were automatically vested regardless of your service due to a change in control of the company. As of January 1, 2002 your current accrued monthly retirement benefit is \$3,043.38. This is the benefit you have earned to date and would be eligible to receive at age 65 if you were to leave the company.

While retirement age is generally thought of as age 65, you will be eligible to receive a pension benefit as early as age 55 with 10 years of eligible service, with a reduction of 4% per year prior to age 60. You may receive an unreduced monthly retirement income at age 60 with 10 years of eligible service, or between ages 55 and 60 if the sum of your age and years of eligible service totals 85 points. If you retire between ages 60 and 62, you will receive a supplemental payment of \$600 per month from the date of retirement until the month you reach age 62.

A Pension Benefit Adjustment (PBA) has been added to the Retirement Plan. The PBA automatically provides an annual increase up to a cumulative 3% once inflation, measured from the year your benefit begins, exceeds 20%. The adjustment will be the lower of 75% of the cumulative inflation over 20% or the compounded 3% maximum.

- *ABC Thrift Savings Plan:* Under the Savings Plan, you are always 100% vested in the money you choose to contribute and the funds contributed by the Company on your behalf as well as earnings on those contributions. As of January 1, 2002, your account balance is \$25,892.79, including any outstanding loan amounts.

Effective January 1, 2002, your contribution percentage has been increased from a 15% per payperiod maximum to 50%. You may make this election on a pre-tax or post-tax basis or combination of the two up to the annual maximum IRS limitations.

## Annual Retirement Income Estimates

It's always helpful to know what kind of income you can expect to receive at retirement so you can plan accordingly. The following chart projects how much annual retirement income you could receive from the Employees' Retirement Plan, Social Security, and the ABC Thrift Savings Plan.

- For the purposes of these estimates, your salary remains unchanged and your savings are assumed to experience 3% annual investment growth.
- To estimate your annual Social Security benefits, we've made some broad assumptions (such as you've been steadily employed throughout your career, and there will be 2% annual increases in Social Security benefits).
- The figures below assume that contributions (from you and/or the company, as applicable) to each plan continue at their current levels until the applicable age (i.e., 60, 62 and 65) and that you continue service with the Company until the ages indicated.
- The Employees' Retirement Plan amounts are those payable for your lifetime only – your retirement benefit will be reduced if you elect a survivorship option.
- If you see "NA" (Not Applicable) in the chart, it means you are not currently a member of that Plan.

Your age at retirement	Employees' Retirement Plan	Social Security	ABC Thrift Savings Plan	Estimated Total
65	\$43,474	\$19,696	\$8,501	\$71,672
62	\$36,767	\$14,484	\$3,854	\$55,105
60*	NA	NA	NA	NA

The amounts shown above are what you could actually receive at age 60, 62 or 65. Keep in mind that these amounts will not have the same purchasing power in the future, due to cost of living increases, inflation, etc. For example, your estimated total annual income at age 65 of **\$71,672** would be approximately equal to **\$66,213** in today's dollars (assuming an inflation rate of 2%).

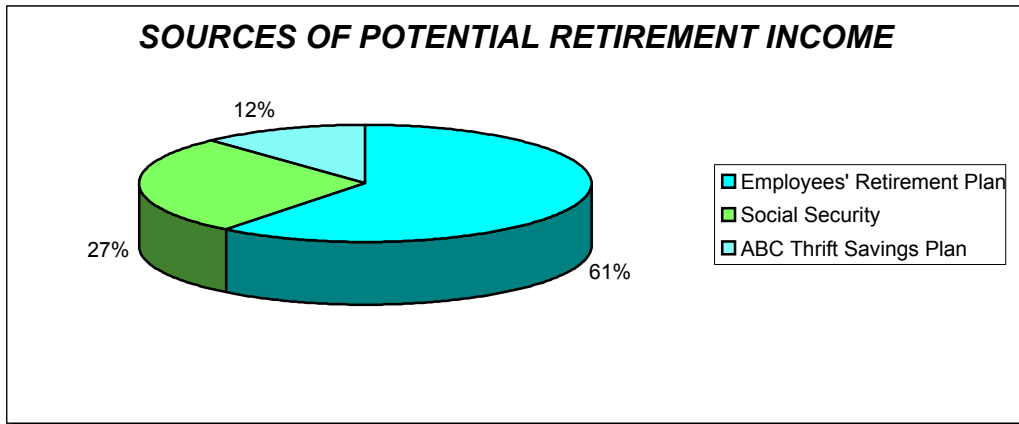
If the above estimated total is less than you anticipate needing during retirement, the following exhibits and recommendations provide information about how you can increase your retirement income.

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\*This amount does not include a \$600 per month supplement from age 60 to 62.

## Income Replacement in Retirement

National Retirement Income Policy (NRIP) studies suggest that in order to maintain your current lifestyle, you will need to replace approximately 70% of your final pay at age 65 with retirement income. Again, keep in mind that the amounts shown on the previous page do not reflect the loss in the value of the dollar between now and when you retire. Based upon your current participation in the company's retirement plans along with Social Security, your sources of potential retirement income are as follows:



Sources of **other income** include benefits from previous employers and personal savings. When it comes to savings, you have a number of options. For example, you can:

- take a more aggressive investment strategy -- selecting investment funds that have higher growth potential for your account balance in the ABC Thrift Savings Plan,
- open a non-deductible Individual Retirement Account (IRA) at a local financial institution, and
- establish and maintain a systematic personal savings program.

# Your Financial Plan

This **2002 Personal Compensation & Benefits Statement** offers you information that is important and useful. Its most important use will be as a tool for you, either to create or to update your family financial plan. If you have not already done so, contact an attorney to have a will prepared (or update your existing will). Any desired additional insurance and retirement planning should then be completed with your accountant or a certified financial planner. And, finally, your spouse and other dependents should be informed of your goals and plans which affect them. The following section is intended to assist you in planning and communicating with others about those plans.

**1. Will and/or Trust**

Have you reviewed your will within the past year for changes in:

- a. beneficiaries?
- b. circumstances surrounding children, value of assets, etc.?
- c. changes in laws which would affect your estate?

**2. Insurance Program**

- a. Are your beneficiary designations up-to-date?
- b. Does your current insurance meet your specific needs?
- c. Have you considered an insurance trust?

My will is located at \_\_\_\_\_

My attorney is \_\_\_\_\_

My checking account # \_\_\_\_\_ is through (Bank name/address)

\_\_\_\_\_

My savings account # \_\_\_\_\_ is through (Bank name/address)

\_\_\_\_\_

My safe deposit box is located at \_\_\_\_\_

The key is kept \_\_\_\_\_

Among the contents of the box are \_\_\_\_\_

\_\_\_\_\_

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While we have made every effort to ensure the accuracy of this **Personal Compensation & Benefits Statement**, there is the possibility that errors have occurred. Therefore, refer to the applicable Insurance Contract, Plan Document or Prospectus for more details. The Insurance Contract, Plan Document or Prospectus, as applicable, will govern any legal interpretation. Contact the Human Resources Services Department if you would like to review these documents. The Company reserves the right to change or terminate any of its compensation and benefits policies at any time. Finally, any forms of Company compensation/benefits plans and communication, including *this* Statement, should not be construed as an employment contract.

## Let Us Know

Now that you've reviewed your **2002 Personal Compensation & Benefits Statement**, we want to know what you think. Your comments are valuable to us and will help us improve future reports.

1. How helpful is this personal report to you in understanding your *total compensation* at ABC?  
 Very helpful       Somewhat helpful       Not helpful
  
2. How helpful is this personal report to you in understanding your *benefits* at ABC?  
 Very helpful       Somewhat helpful       Not helpful
  
3. If you could change anything about this personal report, what would it be?  

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4. Is all of your personal information (name, date of birth, date of hire, Employee Number, Social Security Number) as well as your benefit information (medical coverage, FRA deposit[s], etc.) accurate? If not, please note any errors, as well as your name and Employee number for identification in the space below.  

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**Please return to HR/Employee Benefits in New York.**

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**Thank you for your input.**