

2005 Report to the Financial Community and 10K



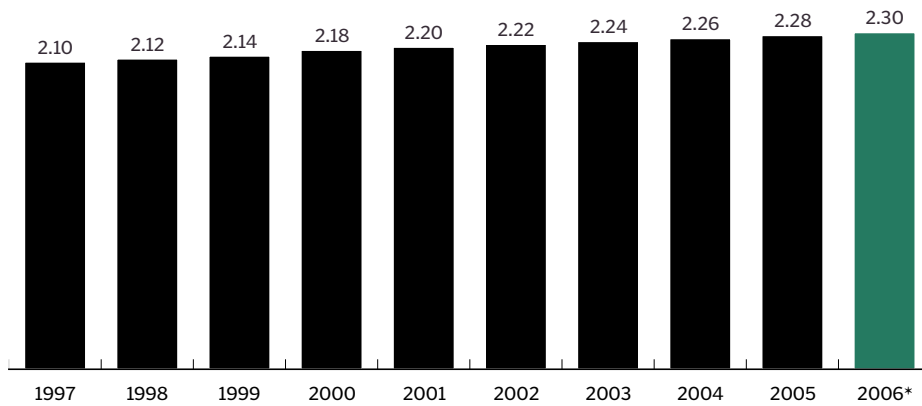
period ended December 31, 2005



conEdison, inc.

Annual Dividend Growth

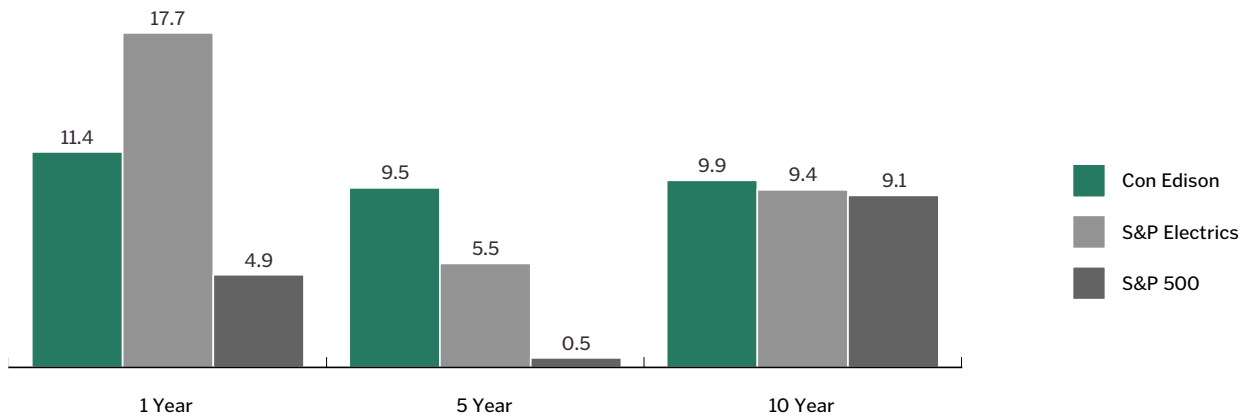
Dividends per share (\$)



* Annualized

Total Average Annual Return to Shareholders

Period Ended December 31, 2005 (%)



Source: Standard & Poor's, Bloomberg



Consolidated Edison, Inc., is traded on the New York Stock Exchange under the symbol ED. The press listing is "ConEdison" or "ConEd."

On the cover: Each day, Con Edison delivers reliable supplies of electricity, gas, and steam to more than 10 million people.

To Our Shareholders

Strength

In 2005, our focus on the core business of delivering energy allowed Con Edison to meet the power needs of the world's most demanding marketplace — and to achieve solid results for our shareholders.

As the New York region's economy continued to expand at a healthy rate, our program of infrastructure investments — more than \$1.6 billion in 2005 alone — provided the operational strength necessary to meet the rising demand for energy. The company's long-standing financial strategy of making careful investments and maintaining a strong balance sheet and stable credit ratings enabled us to increase the dividend we pay to shareholders for the 32nd consecutive year.

Focused on Delivering Energy

The centerpieces of Con Edison are our two regulated utilities: Con Edison Company of New York, and Orange and Rockland Utilities (O&R). Con Edison of New York, which serves the five boroughs of New York City and parts of Westchester County, has more than three million electric customers, more than one million natural gas customers, and approximately 1,800 steam customers. O&R serves almost 300,000 electric customers and 125,000 gas customers in Orange,



Kevin Burke *Chairman, President, and Chief Executive Officer*

“Our operating performance and a healthy local economy produced solid results in 2005 for our shareholders.”

Rockland, and Sullivan counties in southeastern New York State and adjacent sections of New Jersey and Pennsylvania. Together, they employ more than 14,000 people.

Leadership Transition

Con Edison places a high value on stability and continuity in all its endeavors, and particularly in the realm of management succession. In February 2006, the board of directors of Consolidated Edison, Inc. elected Kevin Burke, president and chief executive officer, as chairman of the board. Mr. Burke succeeds Eugene R. McGrath, who retired effective February 28, 2006. Mr. McGrath, who has served as Con Edison's chairman since 1990, will remain on the company's board of directors.

Mr. McGrath, a 43-year veteran of Con Edison, guided the company through major changes in the energy industry, most notably deregulation and the company's entrance into competitive energy markets through the establishment of several competitive businesses. He also oversaw the company's largest investment program to meet the energy needs of New

Yorkers. During his tenure, Con Edison maintained its position as the most reliable electric utility in the United States.

On September 1, 2005, Mr. Burke became president and chief executive officer of Consolidated Edison, Inc. Since joining the company in 1973, he has held senior operating positions at Con Edison of New York and Orange and Rockland Utilities (O&R), and, beginning in September 2000, served as president and chief operating officer of Con Edison of New York. As part of an orderly transition, veteran executive Louis Rana succeeded Mr. Burke as president and chief operating officer of Con Edison of New York. Robert Hogle, our former senior vice president of finance, was appointed chief financial officer. Joan Freilich, formerly chief financial officer, was named vice chairman.

The growth in both electricity and gas deliveries — our core businesses — is connected to the economic growth in our service area. The economy of our region is remarkably diverse and vibrant. And last year, factors such as the growth in housing and corporate expansions fueled the robust economy in New York City, in Westchester County, and in the seven counties west of the Hudson River in O&R's service territory.

In addition, life in the 21st century is becoming more energy intensive. Whether it's the increased deployment of computers and servers or the greater use of air conditioners, high-definition televisions, and cell phones, people are consuming more electricity as they go about their daily routines. While the population in our service area grew by 6.5 percent between 1994 and 2004, electric consumption grew by 20 percent.

As a result of these trends, demand for both electricity and gas continues to rise. Last summer, which was warmer than usual, both Con Edison of New York and O&R experienced a number of record peaks in customer usage of electricity. In addition, both utilities set new cold-weather electric peaks during the winter of 2004-2005, despite the fact that the season as a whole was relatively mild. Over the next five years, we expect that Con Edison of New York's electricity peak usage will grow about 1.5 percent per year and that O&R's peak customer usage will grow about 2.7 percent annually.



Luis Mendoza III, mechanic A, and Joseph Eckett, mechanic A, connect the fitting on a new transformer.



Laura Feeney (l), chief construction inspector, and Brian Yee-Chan (r), chief construction inspector, review plans for the new Mott Haven substation.

In Con Edison's vision, the delivery of energy demands an unwavering commitment to reliability, and to excellent environmental, health, and safety performance. Last year, we saw continued improvement in our efforts to conserve natural resources; provide a safe, healthy workplace; and minimize the environmental impact of our operations.

Financial Results

Our operating performance and a healthy local economy produced solid results in 2005 for our shareholders. Net income in 2005 was \$719 million, or \$2.95 per share, compared with \$537 million, or \$2.28 per share, in 2004. Earnings from continuing operations were \$732 million, or \$3.00 per share, compared with \$549 million, or \$2.33 per share, in 2004.

Including reinvested dividends, total return to Con Edison shareholders in 2005 was 11.4 percent, compared with 17.7 percent for the S&P electric utilities index, and 4.9 percent for the S&P 500. Over the past five years, Con Edison's stock has returned 57.4 percent, compared with 30.6 percent for the S&P electric utilities index, and 2.8 percent for the S&P 500. Con Edison is the only utility in the S&P 500 with 25 or more consecutive years of dividend increases. In January 2006, for the 32nd straight year, we increased our dividend. Raising our dividend to an annualized \$2.30 per share is a tangible measure of our commitment to shareholder value.

We work constructively with regulatory agencies and other constituents to communicate the importance of Con Edison having the necessary resources to continue investing in the region's energy infrastructure. Last year, Con Edison of New York's new electric rate plan went into effect.

Competitive Businesses

In addition to our core energy delivery business, Con Edison also operates several competitive energy businesses: Con Edison Development, Con Edison Energy, and Con Edison Solutions. These companies generate and deliver energy, sell energy in wholesale and retail markets, and provide energy-related services consistent with our support for competitive energy markets access and consumer choice.

Following a comprehensive review, we concluded that the fiber optic network constructed by our telecommunications subsidiary, Consolidated Edison Communications, would have greater value and serve its customers more effectively within a broader telecommunications business environment. Consequently, in December 2005, an agreement was reached to sell the company to RCN Corporation for \$32 million, subject to certain adjustments at closing.



Con Edison's steam system is the largest district steam system in the world. Senior designer Emilio Frederick confirms that the installation matches specifications.



In 2005, growth in housing and corporate expansions helped fuel the region's robust economy.

The Next Generation

Con Edison's energy infrastructure has always played a crucial role in supporting the economic prosperity of metropolitan New York and sustaining the quality of life that people living and working in the region have come to expect. To carry out this vital mission, we expect to invest more than \$5.3 billion in our infrastructure over the next three years.

Planning for the future requires us to do more than simply adhere to existing plans. The energy industry, by its very nature, is one of evolving challenges. At present, for example, the combination of tight supplies and increased demand for natural gas in the United States has increased the cost of electricity, gas, and steam dramatically.

As a result, national attention is once again focused on energy. In advance of winter 2005-2006, Con Edison took steps to secure adequate supplies of natural gas and introduced an education campaign that provided customers with information on energy conservation, budget programs, and fuel-assistance programs.

We're also working to develop the tools, technologies, and processes that will enable us to maintain reliability and improve service in the future. A broad range of initiatives that is currently under way will train the next generation of energy-industry professionals. And



In 2005, Con Edison continued its long and steady record of supplying the energy that powers New York.



General utility workers John Keenan and Vishnu Gopalsammy working on a gas excavation project; part of the \$150 million Con Edison of New York invested in its gas distribution system in 2005.

because our future as a business is directly linked to the future of the communities we serve, Con Edison invests in strategic partnerships with not-for-profit and other groups aimed at improving the quality of life for our customers.

Remaining Focused, Remaining Strong

For more than 180 years, Con Edison has remained dedicated to continuity — in service to our customers, in fiscal strength, in leadership, and in partnerships with our vibrant communities. At Con Edison, 2005 was in some ways a year of transition, with a number of changes in top leadership. But it was also a year in which we remained true to our core mission — delivering energy to a demanding, dynamic marketplace. Every day, our team arrived at work focused on providing excellent service. But our plans and efforts also revolve around how Con Edison can build and serve the next generation of New Yorkers. We're confident that by intently preparing for the future, by continually improving operations, and by managing our finances soundly, we will position our company to meet the energy needs of generations of New Yorkers to come — and continue to deliver solid returns to you, our shareholders. We appreciate the support you have shown for Con Edison and we pledge to work hard in the coming years to continue to earn your trust.

Consolidated Edison, Inc., Financial Highlights

| Three Months Ended December 31 | 2005 | 2004 |
|---|----------|----------|
| <i>(millions of dollars)</i> | | |
| Operating revenues | \$ 3,108 | \$ 2,181 |
| Purchased power | 1,297 | 926 |
| Fuel | 263 | 130 |
| Gas purchased for resale | 369 | 209 |
| Operating income | 230 | 154 |
| Income from continuing operations | 146 | 52 |
| Loss from discontinued operations | (8) | (1) |
| Net income | 138 | 51 |
| Earnings per common share – basic | | |
| Continuing operations | \$ 0.59 | \$ 0.22 |
| Discontinued operations | (0.03) | (0.01) |
| Net income | 0.56 | 0.21* |
| Earnings per common share – diluted | | |
| Continuing operations | 0.59 | 0.22 |
| Discontinued operations | (0.03) | (0.01) |
| Net income | 0.56 | 0.21 |
| Dividends per common share | 0.570 | 0.565 |
| Average common shares outstanding – basic <i>(millions)</i> | 245.0 | 242.2 |
| Average common shares outstanding – diluted <i>(millions)</i> | 245.9 | 242.9 |

* Includes \$65 million of after-tax charges related to the electric rate plan and a \$1 million after-tax loss from discontinued operations. Absent these charges, basic earnings for the three months ended December 31, 2004 would have been \$0.49 per share.

| Twelve Months Ended December 31 | 2005 | 2004 |
|---|-----------|----------|
| <i>(millions of dollars)</i> | | |
| Operating revenues | \$ 11,690 | \$ 9,758 |
| Purchased power | 4,743 | 3,960 |
| Fuel | 816 | 597 |
| Gas purchased for resale | 1,155 | 852 |
| Operating income | 1,158 | 931 |
| Income from continuing operations | 732 | 549 |
| Loss from discontinued operations | (13) | (12) |
| Net income | 719 | 537 |
| Earnings per common share – basic | | |
| Continuing operations | \$ 3.00 | \$ 2.33 |
| Discontinued operations | (0.05) | (0.05) |
| Net income | 2.95 | 2.28** |
| Earnings per common share – diluted | | |
| Continuing operations | 2.99 | 2.32 |
| Discontinued operations | (0.05) | (0.05) |
| Net income | 2.94 | 2.27 |
| Dividends per common share | 2.28 | 2.26 |
| Closing common stock price at December 31 | \$ 46.33 | \$ 43.75 |
| Book value per common share at December 31 | 29.80 | 29.09 |
| Average common shares outstanding – basic <i>(millions)</i> | 243.9 | 235.8 |
| Average common shares outstanding – diluted <i>(millions)</i> | 244.7 | 236.4 |

** Includes \$80 million of after-tax charges related to the electric, gas, and steam rate plans approved by the New York State Public Service Commission in 2005 and 2004, and a \$12 million after-tax loss from discontinued operations. Absent these charges, basic earnings for the 12 months ended December 31, 2004 would have been \$2.67 per share.

Major Factors for Fourth Quarter 2005 versus Fourth Quarter 2004

| | Earnings Per Share Variation (\$) |
|---|-----------------------------------|
| Con Edison of New York | |
| Sales growth <i>(estimated)</i> | \$ 0.05 |
| Impact of weather in 2005 versus 2004 <i>(estimated)</i> | 0.05 |
| Electric rate plan <i>(estimated)</i> | 0.19 |
| Gas rate plan <i>(estimated)</i> | – |
| Steam rate plan <i>(estimated)</i> | 0.04 |
| Increased pension and other postretirement benefit costs | (0.05) |
| Higher operations and maintenance expense | (0.12) |
| Higher depreciation and property tax | (0.11) |
| Allowance for funds used during construction | (0.04) |
| 2004 non-cash rate plan charges | 0.27 |
| Other | 0.03 |
| Total Con Edison of New York | 0.31 |
| Orange and Rockland Utilities | (0.01) |
| Con Edison Development | 0.07 |
| Con Edison Energy | 0.01 |
| Con Edison Solutions | (0.01) |
| Total earnings per share variation from continuing operations | \$ 0.37 |

Major Factors for 2005 versus 2004

| | Earnings Per Share Variation (\$) |
|---|-----------------------------------|
| Con Edison of New York | |
| Sales growth <i>(estimated)</i> | \$ 0.16 |
| Impact of weather in 2005 versus 2004 <i>(estimated)</i> | 0.17 |
| Electric rate plan <i>(estimated)</i> | 0.72 |
| Gas rate plan <i>(estimated)</i> | 0.13 |
| Steam rate plan <i>(estimated)</i> | 0.20 |
| Increased pension and other postretirement benefit costs | (0.19) |
| Higher operations and maintenance expense | (0.26) |
| Higher depreciation and property tax | (0.37) |
| Allowance for funds used during construction | (0.11) |
| 2004 non-cash rate plan charges | 0.34 |
| Other | (0.14) |
| Total Con Edison of New York | 0.65 |
| Orange and Rockland Utilities | 0.01 |
| Con Edison Development | (0.01) |
| Con Edison Energy | 0.01 |
| Con Edison Solutions | 0.01 |
| Total earnings per share variation from continuing operations | \$ 0.67 |

The earnings per share from continuing operations variations shown above include the dilutive effect of a higher weighted average number of common shares outstanding in the three months and year ended December 31, 2005. The dilutive effect on earnings per share from continuing operations for the three months and year ended December 31, 2005 is \$0.01 and \$0.10, respectively. These amounts per share do not reflect the offsetting benefits of avoided interest expense.

Consolidated Edison, Inc., Financial Highlights

Reported Quarterly Earnings

Basic Earnings Per Share

| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | Total |
|------|---------|---------|---------|---------|------------|
| 2005 | \$0.75 | \$0.47 | \$1.17 | \$0.56 | \$2.95 * |
| 2004 | 0.69 | 0.37 | 1.02 | 0.21 | 2.28 ** |
| 2003 | 0.72 | 0.29 | 1.17 | 0.21 | 2.39 *** |
| 2002 | 0.68 | 0.46 | 1.34 | 0.55 | 3.03 **** |
| 2001 | 0.84 | 0.48 | 1.31 | 0.59 | 3.22 ***** |

* Includes a \$13 million after-tax loss from discontinued operations. Absent this charge, basic earnings for the 12 months ended December 31, 2005 would have been \$3.00 per share.

** Includes \$80 million of after-tax charges related to the electric, gas, and steam rate plans approved by the New York State Public Service Commission in 2005 and 2004, and a \$12 million after-tax loss from discontinued operations. Absent these charges, basic earnings for the 12 months ended December 31, 2004 would have been \$2.67 per share.

*** Includes a \$109 million after-tax loss from discontinued operations, \$10 million of after-tax impairment charges for certain unregulated assets and a \$5 million after-tax regulatory settlement charge, partially offset by a \$3 million after-tax gain related to the cumulative effect of changes in accounting principles. Absent these charges, basic earnings for the 12 months ended December 31, 2003 would have been \$2.95 per share.

**** Includes \$22 million of after-tax charges representing the cumulative effect of changes in accounting principles (goodwill impairment, EITF 98-10), and a \$21 million after-tax loss from discontinued operations. Absent these charges, basic earnings for the 12 months ended December 31, 2002 would have been \$3.24 per share.

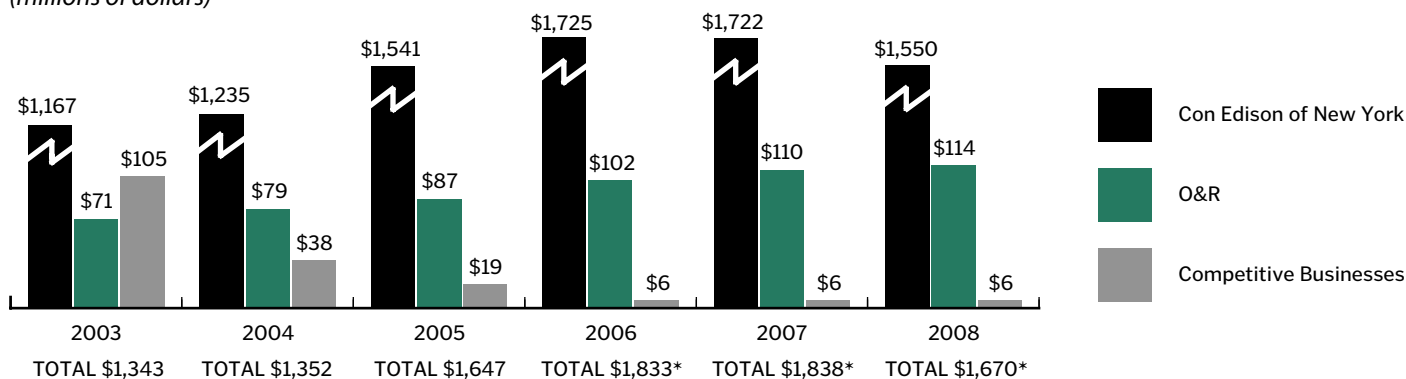
***** Includes a \$12 million after-tax loss from discontinued operations. Absent this charge, basic earnings for the 12 months ended December 31, 2001 would have been \$3.28 per share.

Financial Ratios and Other Data (as of December 31)

| Ratios to total capitalization (%) | 2005 | 2004 |
|---|-------|-------|
| Long-term debt | 49.6 | 47.4 |
| Preferred stock | 1.4 | 1.6 |
| Common equity | 49.0 | 51.0 |
| Total | 100.0 | 100.0 |
| Market-book ratio (%) | 155.5 | 150.4 |
| Price-earnings ratio (based on trailing 12 months' earnings) | 15.7X | 19.2X |

Capital Expenditures

(millions of dollars)



* Estimate

Credit Ratings Summary

| | Standard & Poor's | Moody's | Fitch |
|--|-------------------|---------|-------|
| Consolidated Edison, Inc. | | | |
| Senior Unsecured Debt | A- | A2 | A |
| Commercial Paper | A-1 | P-1 | F1 |
| Consolidated Edison Company of New York, Inc. | | | |
| Senior Unsecured Debt | A | A1 | A+ |
| Preferred Stock | BBB+ | A3 | A |
| Commercial Paper | A-1 | P-1 | F1 |
| Orange and Rockland Utilities, Inc. | | | |
| Senior Unsecured Debt | A | A1 | A+ |
| Commercial Paper | A-1 | P-1 | F1 |

All ratings carry a Stable Outlook.

Comparison of Consolidated Edison, Inc. to S&P Electrics (as of December 31, 2005)

| | Consolidated Edison, Inc. | S&P Electrics (weighted average) |
|--|---------------------------|----------------------------------|
| Market capitalization (millions of dollars) | \$ 11,348 | \$ 19,454 |
| Price-earnings ratio (based on 2006 forecasted earnings) | 15.4X | 14.9X |
| Indicated dividend yield | 4.9% | 3.5% |
| Year 2005 payout ratio | 77% | 51% |

Source: Thomson Financial

Consolidated Edison, Inc.

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Chairman, President, and
Chief Executive Officer

Joan S. Freilich

Vice Chairman

Robert N. Hoglund

Senior Vice President and
Chief Financial Officer

Edward J. Rasmussen

Vice President, Controller,
and Chief Accounting
Officer

Joseph P. Oates

Vice President and
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Competitive Energy Businesses

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www.conEdisonsolutions.com

Consolidated Edison Development, Inc.

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www.conEddev.com

Consolidated Edison Energy, Inc.

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1-914-993-2189
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Consolidated Edison, Inc. is one of the nation's largest investor-owned energy companies, with approximately \$12 billion in annual revenues and \$25 billion in assets. The company provides a wide range of energy-related products and services to its customers through the following subsidiaries: Consolidated Edison Company of New York, Inc., a regulated utility providing electric, gas, and steam service in New York City and Westchester County, New York; Orange and Rockland Utilities, Inc., a regulated utility serving customers in a 1,350 square mile area in southeastern New York State and adjacent sections of northern New Jersey and northeastern Pennsylvania; Con Edison Solutions, a retail energy supply and services company; Con Edison Energy, a wholesale energy supply company; Con Edison Development, a company that owns and operates generating plants and participates in other infrastructure projects; and Con Edison Communications, a telecommunications infrastructure company and service provider. For additional financial, operations, and customer service information, visit Consolidated Edison, Inc.'s Web site at www.conEdison.com.

Con Edison of New York and Orange and Rockland Service Areas



Con Edison of New York

- 93,612 miles of underground transmission and distribution lines
- 36,047 miles of overhead transmission and distribution lines
- 4,297 miles of gas mains
- 105 miles of steam mains and lines
- 3.2 million electric customers
- 1.1 million gas customers
- 1,800 steam customers

Orange and Rockland Utilities

- 1,493 miles of underground transmission and distribution lines
- 4,226 miles of overhead transmission and distribution lines
- 1,820 miles of gas mains
- 293,000 electric customers
- 125,000 gas customers