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212 460 4111 (24 hours)

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News

FOR IMMEDIATE RELEASE
July 22, 2004

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CON EDISON, INC. REPORTS 2004 SECOND QUARTER EARNINGS

Company Reaffirms 2004 Earnings Projections

NEW YORK – Consolidated Edison, Inc. (Con Edison) [NYSE: ED] today reported net income for common stock for the second quarter of 2004 of \$86 million or 37 cents a share, compared with earnings of \$66 million or 29 cents a share for the second quarter of 2003. The company also declared a quarterly dividend of 56½ cents a share on its common stock payable September 15, 2004 to stockholders of record as of August 11, 2004.

“Our solid performance in the second quarter is consistent with our earnings forecast for the year,” said Eugene R. McGrath, chairman and chief executive officer. “In operations, we energized three new substations, the most in three decades. These events were just a part of our preparation for our growing summer peak loads. They also represent another milestone in our multi-billion dollar investment in the most reliable electric system in the country,” he said.

The company's net income for common stock for the first six months of 2004 was \$241 million or \$1.05 a share compared with \$220 million or \$1.01 a share for the first six months of 2003.

The following table represents an analysis of the major factors affecting basic earnings per share for the second quarter of 2004 compared with 2003:

| | Earnings per Share Variation |
|---|------------------------------------|
| Con Edison of New York: | |
| Impact of weather in 2004 on net revenues versus 2003 (estimated) | \$0.05 |
| Sales growth and other revenue factors (estimated) | 0.06 |
| Regulatory accounting | (0.02) |
| Higher depreciation and property tax expense | (0.03) |
| Lower interest expense on long-term debt | 0.01 |
| Other | <u>0.01</u> |
| Total Con Edison of New York | 0.08 |
| Orange and Rockland Utilities | 0.01 |
| Con Edison Communications | 0.02 |
| Con Edison Development | (0.01) |
| Con Edison Energy | - |
| Con Edison Solutions | (0.03) |
| Other (parent and inter-company accounting) | 0.01 |
| Total earnings per share variation | <u>\$0.08</u> |

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The earnings per share variations shown above include the dilutive effect of a higher weighted average number of common shares outstanding in the 2004 period (234 million shares) than in the 2003 period (219 million shares).

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| | Earnings per Share Variation |
|--|------------------------------------|
| Con Edison of New York: | |
| Impact of weather in 2004 on net revenues versus 2003 (estimated) | \$0.03 |
| Sales growth and other revenue factors (estimated) | 0.06 |
| Regulatory accounting | 0.02 |
| Higher depreciation and property tax expense | (0.07) |
| Lower interest expense on long-term debt | 0.02 |
| Allowance for equity funds used during construction and other income | 0.03 |
| Other | <u>0.02</u> |
| Total Con Edison of New York | 0.11 |
| Orange and Rockland Utilities | - |
| Con Edison Communications | 0.03 |
| Con Edison Development | (0.03) |
| Con Edison Energy | - |
| Con Edison Solutions | (0.05) |
| Other (parent and inter-company accounting) | <u>(0.02)</u> |
| Total earnings per share variation | <u>\$0.04</u> |

The earnings per share variations shown above include the dilutive effect of a higher weighted average number of common shares outstanding in the 2004 period (231 million shares) than in the 2003 period (217 million shares).

For the second quarter and the first six months of 2004, Con Edison of New York's earnings variances reflect two significant factors. Higher net revenues in 2004 are due primarily to ongoing sales growth and the warm spring weather as compared with spring 2003. There was more than twice the number of cooling degree days in the second quarter of 2004 billing cycles as in the prior period. Higher depreciation and property taxes in 2004 reflect large continuing investments in energy delivery infrastructure.

The performance of the unregulated subsidiaries and parent in the second quarter and the first six months of 2004 compared with the 2003 periods reflect lower gross margins on electric sales and higher interest expense.

For the full year 2004, the company reaffirms its previous forecast of earnings in the range of \$2.50 to \$2.70 per share. The forecast reflects increased costs in the second half of the year for pensions and other post-retirement benefits, depreciation and property taxes, and the continued impact of the dilutive effect of common equity issuances. These factors are all addressed in Con Edison of New York's gas and steam proposed agreements and in the current electric rate proceeding.

For the three months ended June 30, 2004, amounts of electricity and gas delivered by Con Edison of New York, after adjusting for variations in weather and billing days in the period, increased 1.9 percent and 0.6 percent, respectively, while adjusted steam delivery volumes decreased 1.2 percent, as compared to the 2003 period.

For the first six months of 2004, amounts of electricity, gas and steam delivered by Con Edison of New York, after adjusting for variations in weather and billing days in the period, increased 1.8 percent, 0.8 percent and 0.3 percent, respectively, as compared to the 2003 period.

During the second quarter of 2004, the company issued 14 million shares of common stock under a public offering, resulting in net proceeds of \$513 million.

Refer to attachments to this press release for the condensed consolidated balance sheets at June 30, 2004 and December 31, 2003 and the consolidated income statements for the three and six months ended June 30, 2004 and 2003.

The press release contains forward-looking statements of future expectations. Actual results might differ materially from those projected because of factors such as those identified in reports the company has filed with the Securities and Exchange Commission.

Consolidated Edison, Inc. [NYSE: ED] is one of the nation's largest investor-owned energy companies, with \$10 billion in annual revenues and \$22 billion in assets. The company provides a wide range of energy-related products and services to its customers through its six 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 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.

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CONSOLIDATED EDISON, INC.
CONSOLIDATED BALANCE SHEET (Condensed)
(UNAUDITED)

Attachment A

| | <u>June 30, 2004</u> | <u>December 31, 2003</u> |
|--|-----------------------|--------------------------|
| | (Millions of Dollars) | |
| ASSETS | | |
| PLANT, AT ORIGINAL COST | | |
| Utility plant - net | \$ 14,708 | \$ 14,284 |
| Non-utility plant - net | 946 | 941 |
| NET PLANT | <u>15,654</u> | <u>15,225</u> |
| CURRENT ASSETS | | |
| Cash and temporary cash investments | 212 | 49 |
| Funds held for the redemption of long-term debt | 275 | - |
| Accounts receivable - customers, less allowance for uncollectible accounts | 694 | 790 |
| Other receivables, less allowance for uncollectible accounts | 297 | 184 |
| Inventories | 126 | 133 |
| Prepayments | 90 | 98 |
| Other current assets | 397 | 338 |
| TOTAL CURRENT ASSETS | <u>2,091</u> | <u>1,592</u> |
| INVESTMENTS | <u>253</u> | <u>248</u> |
| DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS | | |
| Goodwill | 406 | 406 |
| Intangible assets - net | 106 | 111 |
| Prepaid pension costs | 1,348 | 1,257 |
| Regulatory assets | 2,073 | 1,861 |
| Other deferred charges and noncurrent assets | 293 | 266 |
| TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS | <u>4,226</u> | <u>3,901</u> |
| TOTAL ASSETS | <u>\$ 22,224</u> | <u>\$ 20,966</u> |
| CAPITALIZATION AND LIABILITIES | | |
| CAPITALIZATION | | |
| Common shareholders' equity | \$ 6,994 | \$ 6,423 |
| Preferred stock | 213 | 213 |
| Long-term debt | 6,971 | 6,733 |
| TOTAL CAPITALIZATION | <u>14,178</u> | <u>13,369</u> |
| NONCURRENT LIABILITIES | | |
| Provision for injuries and damages | 198 | 194 |
| Pension and retiree benefits | 230 | 205 |
| Superfund and other environmental costs | 200 | 193 |
| Other noncurrent liabilities including minority interest | 150 | 157 |
| TOTAL NONCURRENT LIABILITIES | <u>778</u> | <u>749</u> |
| CURRENT LIABILITIES | | |
| Long-term debt due within one year | 291 | 166 |
| Notes payable | 40 | 159 |
| Accounts payable | 944 | 905 |
| Customer deposits | 234 | 228 |
| Other current liabilities | 419 | 453 |
| TOTAL CURRENT LIABILITIES | <u>1,928</u> | <u>1,911</u> |
| DEFERRED CREDITS AND REGULATORY LIABILITIES | | |
| Deferred income taxes and investment tax credits | 3,412 | 3,172 |
| Regulatory liabilities and other deferred credits | 1,928 | 1,765 |
| TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES | <u>5,340</u> | <u>4,937</u> |
| TOTAL CAPITALIZATION AND LIABILITIES | <u>\$ 22,224</u> | <u>\$ 20,966</u> |

CONSOLIDATED EDISON, INC.
CONSOLIDATED INCOME STATEMENT
(Unaudited)

Attachment B

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--|--|--------------|--------------------------------------|---------------|
| | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> |
| | (Millions of Dollars) | | | |
| Operating revenues | | | | |
| Electric | \$ 1,531 | \$ 1,561 | \$ 3,070 | \$ 3,054 |
| Gas | 283 | 326 | 928 | 946 |
| Steam | 93 | 97 | 328 | 334 |
| Non-utility | 262 | 192 | 528 | 412 |
| Total operating revenues | <u>2,169</u> | <u>2,176</u> | <u>4,854</u> | <u>4,746</u> |
| Operating expenses | | | | |
| Purchased power | 890 | 906 | 1,820 | 1,770 |
| Fuel | 134 | 102 | 319 | 286 |
| Gas purchased for resale | 155 | 193 | 557 | 556 |
| Other operations and maintenance | 370 | 370 | 759 | 759 |
| Depreciation and amortization | 138 | 130 | 275 | 258 |
| Taxes, other than income tax | 256 | 270 | 538 | 556 |
| Income tax | 44 | 41 | 149 | 141 |
| Total operating expenses | <u>1,987</u> | <u>2,012</u> | <u>4,417</u> | <u>4,326</u> |
| Operating income | 182 | 164 | 437 | 420 |
| Other income (deductions) | | | | |
| Investment and other income | 7 | 8 | 20 | 14 |
| Allowance for equity funds used during construction | 6 | 4 | 12 | 6 |
| Other deductions | (3) | (5) | (6) | (8) |
| Income tax | 5 | 1 | 6 | 3 |
| Total other income (deductions) | <u>15</u> | <u>8</u> | <u>32</u> | <u>15</u> |
| Interest expense | | | | |
| Interest on long-term debt | 106 | 99 | 214 | 198 |
| Other interest expense | 6 | 7 | 16 | 16 |
| Allowance for borrowed funds used during construction | (4) | (3) | (8) | (5) |
| Net interest expense | <u>108</u> | <u>103</u> | <u>222</u> | <u>209</u> |
| Income before preferred stock dividends of subsidiary | 89 | 69 | 247 | 226 |
| Preferred stock dividend requirements of subsidiary | 3 | 3 | 6 | 6 |
| Net income for common stock | <u>\$ 86</u> | <u>\$ 66</u> | <u>\$ 241</u> | <u>\$ 220</u> |
| Earnings per common share - Basic | \$ 0.37 | \$ 0.29 | \$ 1.05 | \$ 1.01 |
| Earnings per common share - Diluted | \$ 0.37 | \$ 0.29 | \$ 1.04 | \$ 1.01 |
| Average number of shares outstanding - Basic (in Millions) | 234.0 | 219.3 | 230.6 | 217.1 |
| Average number of shares outstanding - Diluted (in Millions) | 234.9 | 220.3 | 231.6 | 218.0 |
| Consolidated Edison, Inc. - Utility sales | | | | |
| Electric (thousands of kilowatthours) | | | | |
| Total energy delivered in service areas | 14,101,153 | 13,325,188 | 28,799,202 | 27,831,992 |
| Gas (dekatherms) | | | | |
| Firm sales and transportation | 23,246,992 | 24,582,412 | 80,583,827 | 83,985,800 |
| Steam (thousands of pounds) | 4,743,702 | 4,435,485 | 15,357,270 | 15,107,574 |