

Con Edison, Inc. Reports 2003 Earnings

January 22, 2004

Increases Dividend for the 30th Consecutive Year

NEW YORK, Jan 22, 2004 /PRNewswire-FirstCall via COMTEX/ -- Consolidated Edison, Inc. (Con Edison) (NYSE: ED) today reported 2003 earnings from ongoing operations of \$624 million or \$2.83 a share, compared with earnings from ongoing operations of \$668 million or \$3.14 a share in 2002. Excluded from these results in 2003 are impairment charges for certain unregulated telecommunications and generating assets and the impact of a regulatory settlement, partially offset by the cumulative effect of changes in accounting principles, and in 2002, the cumulative effect of changes in accounting principles. Including these items, net income for common stock was \$528 million or \$2.39 a share in 2003 compared with \$646 million or \$3.03 a share in 2002.

For the fourth quarter of 2003, the company's earnings from ongoing operations were \$146 million or \$0.65 a share compared with \$120 million or \$0.56 a share for the fourth quarter of 2002. Including the items noted above, net income for common stock was \$50 million or \$0.21 a share in the fourth quarter 2003 compared with \$118 million or \$0.55 a share in the 2002 period.

"Con Edison's utility operations performed very well in 2003. For the second year in a row, Con Edison of New York was named 'Most Reliable Electric Utility in North America.' This award reflects our employees' dedication and our continued focus on the basics of our business," said Eugene R. McGrath, Chairman and Chief Executive Officer. "We're pleased to see that the economy in New York has clearly turned the corner. We are well positioned to participate in the continuing recovery."

The company also declared a quarterly dividend of 56-1/2 cents a share on its common stock, payable March 15, 2004 to shareholders of record as of February 11, 2004, an annualized increase of 2 cents over the previous annual dividend of \$2.24 a share. This represents the company's 30th consecutive annual increase in its dividend to shareholders. "The dividend increase reflects our continued confidence in our business and the underlying economic strength of our service area," said Joan S. Freilich, Executive Vice President and Chief Financial Officer. "While our earnings have been negatively impacted by the recent economic slowdown and by increased costs at Con Edison of New York that are not yet reflected in rates, we remain strong financially, with a solid balance sheet, good liquidity and above average debt ratings."

In view of conditions affecting certain of its competitive activities, the company recognized impairment charges of \$159 million (\$94 million after-tax) for its unregulated telecommunications and generation businesses in the fourth quarter of 2003. The company is evaluating strategic alternatives for the telecommunications business. In addition, the company recognized an \$8 million (\$5 million after-tax) charge for the settlement of a proceeding regarding outages at the nuclear generating unit the company sold in 2001.

The changes in accounting principles in 2003 were the adoption of new accounting standards requiring fair value accounting for certain power contracts and the consolidation of variable interest entities. The changes in 2002 were the adoption of new accounting standards for goodwill and for certain contracts involved in energy trading and risk management activities.

The following table is a reconciliation of Con Edison's earnings and earnings per share from ongoing operations to reported net income for common stock and earnings per share.

		Decemb	year end er 31, Earning			Decemb	arter en er 31, Earnings	
	Earr	nings	shar	e	Earni	ngs	share	9
(Million of Dollars, except earnings								
per share)	2003	2002	2003	2002	2003	2002	2003	2002
Ongoing operations Telecommunications	\$624	\$668	\$2.83	\$3.14	\$146	\$120	\$0.65	\$0.56
asset impairment	(84)	-	(0.38)	-	(84)	-	(0.38)	-
Unregulated generating asset impairments Settlement regarding	(10)	-	(0.05)	_	(10)	-	(0.05)	-
nuclear generating unit sold in 2001 Cumulative effect of	(5)	-	(0.03)	_	(5)	-	(0.03)	-
changes in accounting principles	3	(22)	0.02	(0.11)	3	(2)	0.02	(0.01)

Reported net income for common stock and earnings per share - * The weighted average number of shares outstanding used to calculate earnings per share was 221 million in 2003. Excluding the impact of new equity issuances in 2003 and 2002, the weighted average number of shares outstanding would have been 212 million in 2003.

The following table represents an analysis of the major factors affecting Con Edison's earnings per share from ongoing operations for the year and fourth quarter 2003 compared with the 2002 periods:

	Year	4th quarter
	2003 vs.	2003 vs.
	2002	2002
Con Edison of New York:		
Impact of weather in 2003 on net		
revenues versus 2002 (estimated)	\$(0.03)	\$(0.05)
Sales, adjusted for weather (estimated)	0.15	0.03
Lower operations expense	0.11	0.07
Regulatory accounting/amortizations	0.06	0.14
Increased pension & other post-retirement		
benefit costs	(0.24)	(0.05)
Higher depreciation and property tax expense	(0.12)	(0.03)
Regional power outage (estimated)	(0.03)	
Other	(0.04)	0.05
Total Con Edison of New York	(0.14)	0.16
Orange and Rockland Utilities		0.02
Unregulated subsidiaries and parent company	(0.17)	(0.09)
Total earnings per share variation from ongoing	a	
operations	(\$0.31)	\$0.09

The performance of the unregulated businesses in 2003 reflects lower merchant generation margins and additional costs related to generating units placed in service and lower than anticipated revenues in the telecommunications business.

For the year 2003, amounts of electricity, firm gas and steam delivered by Con Edison of New York, after adjusting for variations in weather and billing days in the period and the August power outage, increased 0.6 percent, 3.6 percent and 0.9 percent, respectively, as compared with the 2002 period.

Con Edison expects its earnings for 2004 to be in the range of \$2.60 to \$2.80 a share. The forecast reflects increased pension and other post-retirement benefit costs, insurance premiums and depreciation expense, partially offset by sales growth. Con Edison of New York has filed gas and steam rate proposals that would take effect in October 2004 and expects to file an electric rate proposal this spring, to take effect in April 2005, at the end of the respective current rate plans.

Regulated utility construction expenditures for 2004 are estimated at \$1.1 billion, compared with \$1.2 billion in 2003. Unregulated subsidiary construction expenditures are estimated at \$30 million in 2004 compared with approximately \$100 million in 2003.

Refer to attachments to this press release for the condensed consolidated balance sheets at December 31, 2003 and 2002 and the consolidated income statements for 2003 and 2002.

This press release contains certain forward-looking statements of future expectations and non-Generally Accepted Accounting Principles (GAAP) financial measures. Actual results might differ materially from those projected in the forward looking statements because of factors such as those identified in reports the company has filed with the Securities and Exchange Commission. Earnings from ongoing operations should not be considered as an alternative to net income, determined in accordance with GAAP. Management uses earnings and earnings per share from ongoing operations as measures to evaluate operations of the company and believes that these non-GAAP financial measures also provide useful information to investors. Use of these measures facilitates the analysis of the company's ongoing performance as compared to its internal budgets and previously reported financial results. Other companies may use different measures to present financial performance.

Consolidated Edison, Inc. (NYSE: ED) is one of the nation's largest investor-owned energy companies, with \$10 billion in annual revenues and approximately \$21 billion in assets. The company provides a wide range of energy-related products and services to its customers through the following 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, an infrastructure development company; and Con Edison Communications, a telecommunications infrastructure company and service provider.

As at

	As at		
December	31, 2003	December 31, 2002	
	(Millions	of Dollars)	
ASSETS			
PLANT, AT ORIGINAL COST			
Utility plant - net	\$14,284	\$13,442	
Non-utility plant - net	941	710	
NET PLANT	15,225	14,152	
CURRENT ASSETS			
Cash and temporary cash investments	67	132	
Funds held for the redemption of			
long-term debt		275	
Accounts receivable - customers, less			
allowance for uncollectible accounts	790	683	
Other receivables, less allowance for			
uncollectible accounts	184	169	
Inventories	283	196	
Prepayments	98	73	
Other current assets	170	178	
TOTAL CURRENT ASSETS	1,592	1,706	
INVESTMENTS	248	235	
DEFERRED CHARGES, REGULATORY ASSETS			
AND NONCURRENT ASSETS			
Goodwill	406	406	
Intangible assets - net	111	82	
Prepaid pension costs	1,257	1,024	
Regulatory assets	1,861	1,866	
Other deferred charges and noncurrent			
assets	266	196	
TOTAL DEFERRED CHARGES, REGULATORY			
ASSETS AND NONCURRENT ASSETS	3,901	3,574	
TOTAL ASSETS	\$20,966	\$19,667	

Consolidated Edison, Inc. CONSOLIDATED BALANCE SHEET (Condensed) (UNAUDITED)

	As at		
	December 31, 2003	December 31, 2002	
	(Millions of	Dollars)	
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION			
Common shareholders' equity	\$6,423	\$5,921	
Preferred stock	213	213	
Long-term debt	6,733	6,166	
TOTAL CAPITALIZATION	13,369	12,300	
NONCURRENT LIABILITIES			
Provision for injuries and dam	lages 194	197	
Pension and benefits	205	206	
Superfund and other environme			
costs	193	143	
Other noncurrent liabilities	157	122	
TOTAL NONCURRENT LIABILITIES	749	668	
CURRENT LIABILITIES			
Long-term debt due within one	year 166	473	
Notes payable	159	162	
Accounts payable	905	925	

Customer deposits Other current liabilities	228 453	221 494
TOTAL CURRENT LIABILITIES	1,911	2,275
DEFERRED CREDITS AND REGULATORY		
Deferred income taxes and investment		
tax credits	3,172	2,788
Regulatory liabilities and other		
deferred credits	1,765	1,636
TOTAL DEFERRED CREDITS AND REGULATORY		
LIABILITIES	4,937	4,424
TOTAL CAPITALIZATION AND LIABILITIES	\$20,966	\$19,667

CONSOLIDATED EDISON, INC. CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED DECEMBER 31, 2003 AND 2002 (Unaudited)

2003 2002 (Millions of Dollars) Operating revenues \$1,559 Electric \$1,424 Gas 362 332 Steam 107 115 Non-utility 251 186 Total operating revenues 2,279 2,057 Operating expenses 936 767 Purchased power Fuel 87 94 Gas purchased for resale 190 171 270 Other operations 266 75 90 Maintenance Impairment charges telecommunications and other unregulated assets 159 Depreciation and amortization 136 126 Taxes, other than income tax 267 277 10 46 Income tax 1,841 Total operating expenses 2,126 Operating income 153 216 Other income (deductions) Investment income 1 1 Allowance for equity funds used during construction 5 2 Other income 9 31 Other deductions (3) (1)Income tax 2 (4)Total other income (deductions) 29 14 Income before interest charges 167 245 Interest on long-term debt 101 90 Other interest 33 20 Allowance for borrowed funds used during construction (4)(1)Net interest charges 117 122 Income before preferred stock dividends 50 123

Preferred stock dividend	_	_
requirements	3	3
Income before cumulative effect of changes in accounting principles Cumulative effect of changes in accounting principles (net of	\$47	\$120
income tax of \$2 million in	**	* (0)
2003 and \$1 million in 2002) Net income for common stock	\$3 \$50	\$(2) \$118
Net Income for common stock	Ş50	ŞIIO
Earnings per common share - Basic Before cumulative effect of changes		
in accounting principles Cumulative effect of changes in	\$0.19	\$0.56
accounting principles After cumulative effect of changes	\$0.02	(0.01)
in accounting principles	\$0.21	\$0.55
Earnings per common share - Diluted Before cumulative effect of changes		
in accounting principles Cumulative effect of changes in	\$0.19	\$0.56
accounting principles After cumulative effect of changes	\$0.02	(0.01)
in accounting principles	\$0.21	\$0.55
Average number of shares outstanding - Basic (in Millions)	225.5	213.7
Average number of shares	223.3	213.7
outstanding - Diluted (in Millions)	226.5	214.8
Consolidated Edison, Inc. utility sa Electric (thousands of kilowatthours)	les	
Total energy delivered in service areas	14,218,825	14,405,405
Gas (dekatherms) Firm sales and transportation	31,148,615	32,072,850
Steam (thousands of pounds)	5,592,791	6,301,118

CONSOLIDATED EDISON, INC.
CONSOLIDATED INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED
DECEMBER 31, 2003 AND 2002
(Unaudited)

	2003	2002
	(Millions of Dollars)	
Operating revenues		
Electric	\$6,863	\$6,251
	. ,	
Gas	1,492	1,204
Steam	537	404
Non-utility	935	643
Total operating revenues	9,827	8,502
Operating expenses		
Purchased power	3,926	3,201
Fuel	504	289
Gas purchased for resale	847	596
Other operations	1,134	962
Maintenance	353	387
Impairment charges -		
telecommunications and		

other unregulated assets Depreciation and amortization Taxes, other than income tax Income tax Total operating expenses	159 529 1,116 325 8,893	- 495 1,114 398 7,442
Operating income	934	1,060
Other income (deductions) Investment income Allowance for equity funds used	4	2
during construction	15	10
Other income	23	48
Other deductions	(16)	(20)
Income tax Total other income (deductions)	10 36	22 62
Total other income (deductions)	30	62
Income before interest charges	970	1,122
Interest on long-term debt	401	386
Other interest	45	61
Allowance for borrowed funds used		
during construction	(12)	(5)
Net interest charges	434	442
Income before preferred stock	536	600
dividends Preferred stock dividend	536	680
requirements	11	12
Income before cumulative effect of	11	12
changes in accounting principles	525	668
Cumulative effect of changes in		
accounting principles (net of		
income tax of \$2 million in		
2003 and \$15 million in 2002)	3	(22)
Net income for common stock	\$528	\$646
Earnings per common share - Basic		
Before cumulative effect of changes		
in accounting principles	\$2.37	\$3.14
Cumulative effect of changes in	•	·
accounting principles	\$0.02	\$(0.11)
After cumulative effect of changes		
in accounting principles	\$2.39	\$3.03
Earnings per common share - Diluted Before cumulative effect of changes		
in accounting principles	\$2.36	\$3.13
Cumulative effect of changes in	·	
accounting principles	\$0.02	\$(0.11)
After cumulative effect of changes		
in accounting principles	\$2.38	\$3.02
Average number of shares outstanding		
- Basic (in Millions)	220.9	213.0
Average number of shares outstanding		
- Diluted (in Millions)	221.8	214.0
Consolidated Edison, Inc. utility sal Electric (thousands of kilowatthours)	es	
Total energy delivered in	EO 247 460	EO EOO (EO
service areas	59,347,469	59,520,658
Gas (dekatherms)		

Firm sales and transportation 127,527,813 (thousands of pounds) 26,248,361 Steam (thousands of pounds)

116,331,065 24,519,476

SOURCE Consolidated Edison, Inc.

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http://www.coned.com