



Con Edison, Inc. Reports 2008 Third Quarter Earnings

November 7, 2008

[3rd Quarter 2008 Sales and Revenue Report](#)

NEW YORK, NY, Nov 07, 2008 (MARKET WIRE via COMTEX News Network) -- Consolidated Edison, Inc. (Con Edison) (NYSE: ED) today reported 2008 third quarter earnings of \$182 million or \$0.66 a share compared with \$312 million or \$1.15 a share in 2007. Excluding items discussed in the table below, earnings from ongoing operations were \$269 million or \$0.98 a share compared with \$321 million or \$1.18 a share in the 2007 third quarter.

The company's net income for the first nine months of 2008 was \$1,036 million or \$3.80 a share compared with \$722 million or \$2.73 a share for the first nine months of 2007. Excluding items discussed in the table below, earnings from ongoing operations were \$620 million or \$2.27 a share compared with \$739 million or \$2.79 a share for the first nine months of 2007.

"Our energy delivery systems performed well this summer, as we continue making significant infrastructure investments for our customers," said Kevin Burke, the company's Chairman, President and Chief Executive Officer. "We are also continuing to monitor economic conditions and the potential impact of these conditions on our business."

The following table is a reconciliation of Con Edison's reported earnings per share and reported net income to earnings per share and earnings from ongoing operations for the three and nine months ended September 30, 2008 and 2007.

	Third Quarter				Nine Months Ended			
	Earnings per Share		Net Income (Millions of Dollars)		Earnings per Share		Net Income (Millions of Dollars)	
	2008	2007	2008	2007	2008	2007	2008	2007
Reported earnings per share and net income - GAAP basis	\$0.66	\$1.15	\$ 182	\$ 312	\$3.80	\$2.73	\$1,036	\$ 722
Less: Northeast Utilities litigation settlement	-	-	-	-	0.11	-	30	-
Less: Gain on the sale of Con Edison Development's generation projects and discontinued operations	-	0.01	1	2	1.51	0.01	411	2
Less: Net mark-to-market effects of competitive energy businesses	(0.32)	(0.04)	(88)	(11)	(0.09)	(0.07)	(25)	(19)
Ongoing operations	\$0.98	\$1.18	\$ 269	\$ 321	\$2.27	\$2.79	\$ 620	\$ 739

The company expects its earnings from ongoing operations for 2008 to be in the range of \$2.95 to \$3.05 a share. The company's previously forecasted 2008 earnings range was \$2.95 to \$3.15. Earnings per share from ongoing operations excludes discontinued operations and the gain on the sale of Con Edison Development's generation projects, which was completed in the second quarter of 2008, and the proceeds from the Northeast Utilities litigation settlement. Also excluded from the range of earnings from ongoing operations are the net mark-to-market effects of the competitive energy businesses.

The results of operations for the three and nine months ended September 30, 2008, as compared with the 2007 period, reflect changes in the company's rate plans (including lower allowed returns on equity and additional revenues designed to recover increases in certain operations and maintenance expenses, depreciation and property taxes, and interest charges) and the results of the competitive energy businesses (including net mark-to-market effects, the gain on the sale of generation projects and discontinued operations). Results for the nine-month periods also include an

additional reserve in 2008 related to the Long Island City power outage, the resolution in 2008 of litigation with Northeast Utilities and the resolution in 2007 of a deferred tax amortization petition. Operations and maintenance expenses were higher in the three and nine months ended September 30, 2008 compared with the 2007 periods reflecting primarily higher costs, which are generally reflected in rates, such as pension and other post-retirement benefits, the movement of company facilities to accommodate municipal projects and additional operating programs. Depreciation and property taxes were higher in the three and nine months ended September 30, 2008 compared with the 2007 periods reflecting primarily the impact from increased capital expenditures. The following table presents the estimated effect on earnings per share and net income for the 2008 period compared with the 2007 period, resulting from these and other major factors:

	Third Quarter Variation		Nine Months Ended Variation	
	Earnings per Share Variation	Net Income Variation (Millions of Dollars)	Earnings per Share Variation	Net Income Variation (Millions of Dollars)
Con Edison of New York (a)				
Sales growth	\$ 0.01	\$ 2	\$ 0.05	\$ 14
Impact of weather	0.03	7	(0.03)	(7)
Electric rate plan	0.06	15	0.26	68
Gas rate plan	0.03	9	0.08	22
Steam rate plan	0.04	10	0.05	13
Resolution of deferred tax amortization petition in 2007 and other tax matters	(0.11)	(32)	(0.07)	(19)
Operations and maintenance expense	(0.09)	(25)	(0.27)	(70)
Long Island City power outage reserve	-	-	(0.05)	(14)
Depreciation and property taxes	(0.05)	(14)	(0.18)	(48)
Net interest expense	(0.02)	(6)	(0.03)	(9)
Other (includes dilutive effect of new stock issuances)	(0.04)	-	(0.14)	(19)
Total Con Edison of New York	(0.14)	(34)	(0.33)	(69)
Orange and Rockland Utilities (O&R)	0.02	6	(0.02)	(4)
Competitive energy businesses				
Earnings excluding net mark-to-market effects, gain on sale of generation projects and discontinued operations	(0.08)	(23)	(0.20)	(56)
Net mark-to-market effects (b)	(0.28)	(77)	(0.02)	(6)
Gain on the sale of Con Edison Development's generation projects and discontinued operations	(0.01)	(1)	1.50	409
Total competitive energy businesses	(0.37)	(101)	1.28	347
Northeast Utilities litigation settlement	-	-	0.11	30
Other, including parent				

company expenses	-	(1)	0.03	10
	-----	-----	-----	-----
Total variation	\$ (0.49)	\$ (130)	\$ 1.07	\$ 314
	=====	=====	=====	=====

- (a) Under the revenue decoupling mechanisms in Con Edison of New York's electric and gas rate plans (effective April 2008 and October 2007, respectively) and the weather-normalization clause applicable to the gas business, revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.
- (b) These variations reflect after-tax net mark-to-market losses of \$88 million or \$(0.32) a share in the third quarter of 2008, after-tax net mark-to-market losses of \$11 million or \$(0.04) a share in the third quarter of 2007, and after-tax net mark-to-market losses of \$25 million or \$(0.09) a share in the first nine months of 2008 and after-tax net mark-to-market losses of \$19 million or \$(0.07) a share in the first nine months of 2007.

The earnings per share variations shown above include the dilutive effect of a higher weighted average number of common shares outstanding in the 2008 three-month and nine-month periods (273 million in each period) than in the 2007 three-month and nine-month periods (271 million and 265 million shares, respectively).

The changes in the amounts of energy delivered by the company's utility subsidiaries, for actual and as adjusted for variations in weather and billing days for the three and nine months ended September 30, 2008, as compared with the 2007 periods were as follows (expressed as a percentage of 2007 amounts):

	Third Quarter Variation		Nine Months Ended Variation	
	Actual	Adjusted	Actual	Adjusted
	-----	-----	-----	-----
Con Edison of New York				
Electric	2.4	1.1	1.0	0.8
Firm - Gas	(2.0)	(2.0)	(1.6)	1.2
Steam	(5.2)	(7.3)	(7.9)	(3.1)
O&R				
Electric	(2.1)	(1.9)	0.1	(0.7)
Firm - Gas	0.3	0.7	(5.6)	0.6
	-----	-----	-----	-----

Refer to the company's Third Quarter Form 10-Q for the consolidated balance sheets at September 30, 2008 and December 31, 2007 and the consolidated income statements for the three and nine months ended September 30, 2008 and 2007. Additional information related to utility sales and revenues is available at www.conedison.com (select "Shareholder Services" and then select "Press Releases").

This press release contains forward-looking statements that reflect expectations and not facts. Actual results may differ materially from those expectations because of factors such as those identified in reports the company has filed with the Securities and Exchange Commission.

This press release also contains a financial measure, earnings from ongoing operations. This non-GAAP measure should not be considered as an alternative to net income, which is an indicator of operating performance determined in accordance with GAAP. Management uses this non-GAAP measure to facilitate the analysis of the company's ongoing performance as compared to its internal budgets and previously reported financial results. Management believes that this non-GAAP measure is also useful and meaningful to investors.

Consolidated Edison, Inc. is one of the nation's largest investor-owned energy companies, with approximately \$13 billion in annual revenues and \$29 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; Consolidated Edison Solutions, Inc., a retail energy supply and services company; Consolidated Edison Energy, Inc., a wholesale energy supply company; and Consolidated Edison Development, Inc., a company that participates in infrastructure projects.

Contact:
Joseph Petta
212-460-4111

SOURCE: Consolidated Edison, Inc.