

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)
January 24, 2005

Consolidated Edison, Inc.

(Exact name of registrant as specified in its charter)

New York
(State or Other Jurisdiction
of Incorporation)

1-14514
(Commission File Number)

13-3965100
(IRS Employer
Identification No.)

4 Irving Place, New York, New York
(Address of principal executive offices)

10003
(Zip Code)

Registrant's telephone number, including area code
(212) 460-4600

Consolidated Edison Company of New York, Inc.

(Exact name of registrant as specified in its charter)

New York
(State or Other Jurisdiction
of Incorporation)

1-1217
(Commission File Number)

13-5009340
(IRS Employer
Identification No.)

4 Irving Place, New York, New York
(Address of principal executive offices)

10003
(Zip Code)

Registrant's telephone number, including area code
(212) 460-4600

Orange and Rockland Utilities, Inc.

(Exact name of registrant as specified in its charter)

New York
(State or Other Jurisdiction
of Incorporation)

1-4315
(Commission File Number)

13-1727729
(IRS Employer
Identification No.)

One Blue Hill Plaza, Pearl River, New York
(Address of principal executive offices)

10965
(Zip Code)

Registrant's telephone number, including area code
(845) 352-6000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 1.01 Entry into a Material Definitive Agreement

During the week of January 24, 2005, awards were given to the executive officers of Consolidated Edison, Inc. (Con Edison) pursuant to (i) the Consolidated Edison Company of New York, Inc. (Con Edison of New York) Executive Incentive Plan (the EIP), the Orange and Rockland Utilities, Inc. (O&R) Annual Team Incentive Plan or the Con Edison Annual Incentive Plan; and (ii) the Con Edison Long Term Incentive Plan (the LTIP).

The EIP was included as Exhibit 10.2.1 in the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2001; the O&R Annual Team Incentive Plan policy was included as Exhibit 10.3 in the Annual Report on Form 10-K for the year ended December 31, 2003; the Con Edison Annual Incentive Plan was included as Exhibit 10.1.11 in the Annual Report on Form 10-K for the year ended December 31, 2003; and the LTIP was included as Exhibit 10.9.3 in the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003. A Form 4 has been filed for each Con Edison executive officer with respect to the EIP and LTIP awards the officer received.

Forms of the restricted stock unit awards and stock option agreements used for the awards under the LTIP are filed as exhibits to this report.

Each restricted stock unit represents the right to receive, upon vesting, one share of Con Edison common shares, the cash value of a share or a combination thereof. The number of units in each award is subject to adjustment as follows: (i) fifty percent of the units awarded will be multiplied by a factor that may range from 0 to 150 percent based on Con Edison's total shareholder return relative to the Standard & Poor's Electric Utilities Index during a specified performance period; and (ii) fifty percent of the units awarded will be multiplied by a factor that may range from 0 to 150 percent based on determinations made in connection with the EIP (or, for two officers, the O&R Annual Team Incentive Plan or goals relating to Con Edison's unregulated subsidiaries). Units vest when the performance period ends.

The stock option grants represent the right for a certain period (of not more than ten years) to purchase a specified number of Con Edison common shares at an exercise price equal to the fair market value of a common share when the option was granted. Upon exercise of a stock option, the option holder may receive Con Edison common shares, cash, or by a combination of both. The exercise price may be adjusted only in the event of a stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination or exchange of equity securities or other distribution.

ITEM 2.02 Results of Operations and Financial Condition

On January 27, 2005, Con Edison issued a press release reporting, among other things, its results of operations for 2004. Con Edison's condensed unaudited consolidated balance sheets at December 31, 2004 and 2003 and unaudited consolidated income statements for 2004 and 2003 were attached to the press release. The press release (including its attachments) is "furnished" as an exhibit to this report pursuant to Item 2.02 of Form 8-K.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit 10.1	Description of Directors' Compensation.
Exhibit 10.2	Form of Restricted Stock Unit Award under the Con Edison Long Term Incentive Plan.
Exhibit 10.3	Form of Stock Option Agreement under the Con Edison Long Term Incentive Plan.
Exhibit 99	Press Release, dated January 27, 2005, furnished pursuant to Item 2.02 of Form 8-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CONSOLIDATED EDISON, INC.

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

By /s/ Edward J. Rasmussen

Edward J. Rasmussen
Vice President and Controller

ORANGE AND ROCKLAND
UTILITIES, INC.

By /s/ Robert N. Hoglund

Robert N. Hoglund
Chief Financial Officer and Controller

DATE: January 27, 2005

Description of Directors' Compensation

The following description of the compensation arrangements of the members of the Board of Directors of Consolidated Edison, Inc. was included in the proxy statement for the Annual Meeting of Shareholders held on May 17, 2004:

Those members of the Board who are not employees of the Company or its subsidiaries are paid an annual retainer of \$40,000, a fee of \$1,500 for each meeting of the Board or of the Boards of its subsidiaries attended and a fee of \$1,500 for each meeting of a Committee of the Board or of the Boards of its subsidiaries attended. Con Edison will reimburse Board members who are not currently officers of the Company for expenses incurred in attending Board and Committee meetings. No person who serves on both the Con Edison Board and on the Board of its subsidiary, Con Edison of New York, and corresponding Committees, is paid additional compensation for concurrent service.

The Chairs of the Corporate Governance and Nominating, Environment, Health and Safety, Finance, Management Development and Compensation and Planning Committees each receive an annual retainer fee of \$5,000. The Audit Committee Chair receives an annual retainer of \$10,000, and each Audit Committee member receives an annual retainer of \$5,000. The Acting Chair of any Board Committee is paid an additional meeting fee of \$200 for any Committee meeting at which he or she presides. Members of the Board participate in Con Edison's Long Term Incentive Plan and may participate in the Company's Stock Purchase Plan described below.

Members of the Board who are officers of the Company or its subsidiaries receive no retainer or meeting fees for their service on the Board.

Pursuant to Con Edison's Long-Term Incentive Plan, which was approved at the last Annual Meeting, each non-management Director is allocated an annual award of 1,300 deferred stock units on the first business day following each Annual Meeting. If a non-management Director is first appointed to the Board after an Annual Meeting, his or her first annual award will be prorated. In mid-2002, the Company terminated its retirement plan for Directors, converted each Director's accrued benefits under the retirement plans into deferred stock units and allocated each Director 400 deferred stock units. The 2002 deferred stock units and all annual awards of stock units will be deferred until the Director's termination of service from the Board of Directors when, at the Director's option, they may be paid or further deferred for payment over a maximum of ten years. Each Director may defer all or a portion of his or her retainers and meeting fees into additional deferred stock units, which would be deferred until the Director's termination of service or, at the option of the Director and if earlier, for five years or more after the year in which the units were deferred. Dividend equivalents are payable on deferred stock units in the amount and at the time that dividends are paid on Con Edison's common stock and, at the Director's option, are paid in cash or invested in additional deferred stock units. All payments on account of deferred stock units will be made in shares of Con Edison common stock except that fractional stock units will be paid in cash.

CONSOLIDATED EDISON, INC.
20__ Restricted Stock Unit Agreement

This Agreement (the "Agreement") is entered into as of _____, 20__ between Consolidated Edison, Inc. (the "Company") and _____ (the "Employee").

This Agreement allocates Restricted Stock Units (the "Units") to the Employee under the Consolidated Edison, Inc. Long Term Incentive Plan (the "Plan") as follows:

	Number	Performance Period	Payout Date
20__ Grant:	____ Units	_____ – _____	_____

This Award is subject to the terms and conditions set forth in this Agreement and the Plan. The terms of this Award are subject in all respects to the provisions of the Plan, which are incorporated herein by reference. All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

Each Unit shall represent the right, upon vesting, to receive one Share of Stock, the cash value of one Share of Stock, or a combination thereof. The cash value of a Unit shall equal the closing price of a Share of Stock in the Consolidated Reporting System as reported in the Wall Street Journal or in a similarly readily available public source for the trading day immediately prior to the applicable transaction date. If no trading of Shares of Stock occurred on such date, the closing price of a Share of Stock in such System as reported for the preceding day on which sales of Shares of Stock occurred shall be used.

Performance Factors: Fifty percent of the Units for the grant will be earned based on the Company's Total Shareholder Return (TSR) compared to the S & P Electric Utilities Index over the Performance Period. The remaining fifty percent of the Units for the grant will be earned based on the corporate average of the Executive Incentive Plan Award* over the Performance Period. The actual number of Units earned can range from 0 to 150% of the above allocation for the Grant. The final determination of the number of Units to be awarded will be made by the Management Development and Compensation Committee ("Committee") of the Board. The Units vest after the Performance Period when they are determined and awarded by the Committee.

* Or, for certain officers, Orange and Rockland Utilities, Inc.'s Annual Team Incentive Plan or goals relating to the Company's unregulated subsidiaries

1. **Consequences of Separation from Service and Death.** In the event of the Employee's Separation from Service with the Company or its subsidiaries or death prior to the vesting date, the Employee's rights under this Agreement will be as set forth below:

- a. If the Employee Separates from Service other than by reason of retirement, disability or death, during a Performance Period his/her award is completely forfeited.
- b. If the Employee dies during a Performance Period, his/her award is prorated based on the actual period of service during the Performance Period and is awarded as soon as administratively possible after his/her death. The determination of the performance factors will be made by the Vice President of Human Resources of Consolidated Edison Company of New York, Inc. using the indicators as of the end of the month for the Total Shareholder Return and using the prior year(s) corporate average(s) for Executive Incentive Plan Awards.
- c. If the Employee Separates from Service by reason of retirement or disability, then his/her award is prorated based on the actual period of service during the Performance Period and is awarded, as soon as administratively possible, at the end of the Performance Period based on the performance.

2. **Form of Payout.** The Units will be paid in a lump sum, either in Shares of Stock, in cash, or a combination. Cash can be deferred into the Deferred Income Plan ("DIP").

3. **Deferrals.** Employees will have a one-time election to defer the receipt of the cash value of the Award into the DIP or to defer the receipt of the Shares, or a combination of cash or Shares. Deferral election forms must be submitted by December 31 of the year before the Grant.

4. **Dividend or Dividend Equivalent Payments.**

- a. No Dividend or Dividend Equivalent payments will be made until the Units vest.
- b. If the Employee receives Shares at the time of vesting, he or she will be entitled to receive dividends on the Shares when the dividends are paid.
- c. However, if the Employee elects prior to the Grant to defer the receipt of the Shares, he or she will be entitled to receive the Dividend Equivalent payments on the Shares once the Shares vest. These Dividend Equivalent payments can be received as additional Stock, cash, or as cash deferred into the DIP.

- d. If at the time of vesting, the Employee receives a cash payment or defers the cash into the DIP, he or she will not receive Dividend Equivalent payments.
- e. Dividend Equivalent payments are made on the Dividend Payment Date, which is the date the Company pays any dividend on outstanding Shares based on the number of Units owned as of the record date for such dividend.

5. Deferral Election for Dividend Equivalent Payments. A deferral of Dividend Equivalent payments must be made at the same time as the deferral of the receipt of the Restricted Stock Unit Award. At that time the Employee can elect to receive the Dividend Equivalent payments as additional Stock to be distributed or deferred to a future date, or as cash to be distributed or deferred into the DIP.

6. No Right to Continued Employment. Nothing contained in this Agreement shall confer on the Employee any right to continue in the employ of the Company or its subsidiaries or shall limit the Company's rights to terminate the Employees at any time, provided, however, that nothing in this Agreement shall affect any other contractual rights existing between the Employee and the Company or its subsidiaries.

7. Leave of Absence. If the Employee is officially granted a leave of absence for illness, military or governmental service or other reasons by the Company or its subsidiaries, for purposes of this Award, such leave of absence shall not be treated as a Separation from Service.

8. Payment. Subject to any deferral election, once Units vest, the Company shall pay, as soon as administratively possible, the Employee (a) the cash value of the Shares of Stock represented by the Units, (b) the Stock, or (c) a combination of cash and Stock. Prior to vesting the Units represent an unfunded and unsecured promise to pay the Employee the cash value of Shares of Stock or Stock upon vesting thereof.

9. Transferability. Except as may otherwise be authorized by the Committee in accordance with the Plan, this Award shall not be transferable other than by will or the laws of descent and distribution. Any attempted transfers shall be null and void and of no effect.

10. Tax Withholding. The Company may make such provision and take such steps as it deems necessary or appropriate for the withholding of any taxes that the Company is required by law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with this Award.

11. **Miscellaneous.** The Agreement: (a) shall be binding upon and inure to the benefit of any successor of the Company; (b) shall be governed by the laws of the State of New York, and any applicable laws of the United States of America; (c) may not be amended except in writing; and (d) shall in no way affect the Employee's participation or benefits under any other plan or benefit program maintained or provided by the Company. In the event of a conflict between this Agreement and the Plan, the terms and conditions of the Plan shall govern.

12. **Acknowledgement.** The Employee acknowledges that he or she may request a copy of the Plan from the Company's Secretary at any time.

This Agreement has been executed by the undersigned:

CONSOLIDATED EDISON, INC.

By: _____

By: _____

Name:

Title:

CONSOLIDATED EDISON, INC.
20__ Non-qualified Stock Option Agreement

This Agreement (the "Agreement") is entered into as of _____, 20__ between Consolidated Edison, Inc. (the "Company") and _____ (the "Optionee").

This Agreement confirms an award of a stock option (the "Option") covering _____ Shares of Common Shares (\$.10 par value) of the Company which has been granted to the Optionee under the Consolidated Edison, Inc. Long Term Incentive Plan (the "Plan"). This award entitles the Optionee to purchase the Shares covered by this Option at a price of \$_____ per Share under the terms and conditions set forth in this Agreement and the Plan. The terms of this award are subject in all respects to the provisions of the Plan, which are incorporated herein by reference. All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

The Option has been granted for the purposes of encouraging the Optionee to acquire an ownership in the Company and as an incentive to advance the Company's interests and to continue in the employ of the Company or its subsidiaries. This Option is not intended to comply with the requirements of Section 422 of the Code.

1. Option Period. This Option was granted on _____ 20__ and shall remain in effect until the tenth grant anniversary date subject to either (i) earlier expiration in the event that the Optionee's employment with the Company or its subsidiaries terminates prior to such anniversary date as provided for in Paragraph 3 of this Agreement or earlier termination of the Option in accordance with the terms of the Plan or (ii) possible later expiration as a result of the Optionee's death within one year of such anniversary date as provided for in Paragraph 3(c) of this Agreement.

2. Purchase Rights. The Shares covered by this Option cannot be purchased until the third grant anniversary date and the purchase of any or all of the Shares must occur no later than the termination or expiration date of the Option.

3. Consequences of Termination of Employment and Death. In the event of the Optionee's termination of employment with the Company or its subsidiaries or death prior to the tenth grant anniversary date, the Optionee's purchase rights under this Option will be cancelled in accordance with the terms and conditions set forth below:

a) If the Optionee's employment is terminated by the Company or its subsidiaries for cause or the Optionee terminates employment without Company consent, the purchase rights and the Option shall be cancelled

as of the date of such termination. "Termination for cause" means that the termination is the result of the Company's determination that the Optionee has acted in a manner which is inimical to the Company.

b) If the Optionee terminates employment (other than being terminated for cause): (i) on or after the Optionee's 65th birth date; or (ii) by reason of retirement at an earlier age under a Company pension plan with the Company's consent; or (iii) due to Disability; or (iv) otherwise with the consent of the Company, the option period shall continue until the tenth grant anniversary date.

c) In the event of the Optionee's death while the Option is outstanding and has not otherwise expired as provided for by Paragraphs 3(a), 3(b) and 3(d) of this Agreement, the option period shall continue until the third anniversary of the Optionee's death.

d) If the Optionee's employment with the Company or its subsidiaries is terminated for any other reason than those described above, the option period shall continue until the earlier of ninety days from the date of such termination or the tenth grant anniversary date.

e) Regardless of the cause of termination of employment of the Optionee, the Shares covered by the Option shall not be purchasable until the third grant anniversary provided that the Option has not been cancelled as of such date.

f) If an Optionee's whose employment with the Company or its subsidiaries is terminated other than for cause and the Optionee is subsequently reemployed by the Company or its subsidiaries, the Optionee's Option will be restored with the same terms and conditions as originally granted as if the Optionee's employment had not terminated.

Nothing contained in this Agreement shall confer on the Optionee any right to continue in the employ of the Company or its subsidiaries or shall limit the Company's rights to terminate the Optionee at any time, provided, however, that nothing in this Agreement shall affect any other contractual rights existing between the Optionee and the Company or its subsidiaries.

4. Leave of Absence. If the Optionee is officially granted a leave of absence for illness, military or governmental service or other reasons by the Company or its subsidiaries, for purposes of this Option, such leave of absence shall not be treated as termination of employment.

5. Payment for Shares. From time to time, but only to the extent this Option is then exercisable, the Optionee may purchase all or a portion of the Shares covered by this Option by delivering to the Company a signed notice of

the Optionee's election to purchase a designated number of Shares. The aggregate purchase price of the Shares shall be paid in full at the time of exercise by delivery to the Company of cash, check, bank draft and/or wire transfer, or if permitted by the Committee, and in such manner as the Committee shall prescribe, by tendering, or attesting to the ownership of, Shares having a Fair Market Value equal to such aggregate purchase price. The Committee may also authorize such other form of payment as permitted under the Plan.

6. Transferability. Except as may otherwise be authorized by the Committee in accordance with the Plan, this Option shall not be transferable other than by will or the laws of descent and distribution and is exercisable during the Optionee's lifetime only by the Optionee or by his or her guardian or legal representative.

7. Purchase for Investment. As a condition to the purchase in whole or in part of the Shares covered by this Option, each written notice of election shall include a representation and warranty in writing to the Company that the Shares purchased are being acquired for investment and not with a view to the distribution or resale thereof, unless at the time the Option is exercised, in whole or in part, there is in effect under the Securities Act of 1933 (the "1933 Act") a registration statement relating to the Shares issuable upon exercise of this Option and available for delivery to the Optionee a prospectus meeting the requirements of Section 10(a) of the 1933 Act. No Shares shall be purchased upon the exercise of this Option unless and until any then applicable requirements of the United States Securities and Exchange Commission, any state having jurisdiction (and any other regulatory agencies having jurisdiction), and of any exchanges upon which Shares may be listed or of regulatory bodies governing trading of Shares shall have been fully complied with.

8. Tax Withholding. As a condition to delivery by the Company of certificates for Shares purchased upon exercise of all or any part of this Option, adequate provision, as determined by the Company, shall be made for any payment that may be required by law to satisfy any federal, state or local tax withholding obligations. The Committee may permit or require Shares purchased under this Option to be used to satisfy such tax withholding obligations, with such Shares valued using the Fair Market Value on the date of exercise.

9. Miscellaneous. The Agreement: (a) shall be binding upon and inure to the benefit of any successor of the Company; (b) shall be governed by the laws of the State of New York, and any applicable laws of the United States of America; (c) may not be amended except in writing; and (d) shall in no way affect the Optionee's participation or benefits under any other plan or benefit program maintained or provided by the Company. In the event of a conflict between this Agreement and the Plan, the terms and conditions of the Plan shall govern.

10. Acknowledgment. Optionee acknowledges that he or she may request a copy of the Plan from the Company's Secretary at any time.

This Agreement has been executed by the undersigned:

CONSOLIDATED EDISON, INC.

By: _____

By: _____

Name:

Title:



conEdison, inc.

Media Relations
212 460 4111 (24 hours)Consolidated Edison, Inc.
4 Irving Place
New York, NY 10003
www.conEdison.com

FOR IMMEDIATE RELEASE

January 27, 2005

Contact: Michael Clendenin

212-460-4111

CONSOLIDATED EDISON, INC. REPORTS 2004 EARNINGS***Increases Dividend For 31st Consecutive Year***

NEW YORK—Consolidated Edison, Inc. (Con Edison) [NYSE: ED] today reported 2004 earnings from ongoing operations of \$629 million or \$2.67 a share, compared with earnings from ongoing operations of \$649 million or \$2.95 a share in 2003. Earnings from ongoing operations exclude the effect of non-cash, non-recurring charges totaling \$80 million (after-tax) in 2004 related to the company's new electric, gas and steam rate plans and \$12 million (after-tax) in 2003 related to impairment charges for certain unregulated generating assets, the impact of a regulatory settlement and the cumulative effect of changes in accounting principles. Also excluded from these results are losses from the discontinued operations of Con Edison Communications, reflecting a December 2004 agreement to sell the telecommunications company. Including these items, net income for common stock for 2004 was \$537 million or \$2.28 a share compared with \$528 million or \$2.39 a share in 2003.

For the fourth quarter of 2004, the company's earnings from ongoing operations were \$117 million or \$0.49 a share compared with \$152 million or \$0.67 a share for the fourth quarter of 2003. Including the items noted above, net income for common stock was \$51 million or \$0.21 a share compared with \$50 million or \$0.21 a share in the 2003 period.

"In 2004, we were at or near the end of our multi-year rate plans. With new rate plans in place or close to approval, we are confident that we will have the financial strength and flexibility we need to continue to meet our customers' growing energy needs with the highest levels of reliability," said Eugene R. McGrath, chairman and chief executive officer.

Con Edison expects its earnings for 2005 to be in the range of \$2.75 to \$2.90 a share. The forecast reflects the multi-year rate plans for gas and steam that took effect in October 2004 and a three-year electric rate plan that, subject to PSC approval, is expected to take effect in April 2005.

The company also declared a quarterly dividend of 57 cents a share on its common stock, payable March 15, 2005 to shareholders of record as of February 16, 2005, an annualized increase of 2 cents over the previous annual dividend of \$2.26 a share. This represents the company's 31st consecutive annual increase in its dividend to shareholders. "We recognize the importance of dividends to all of our investors," said Joan S. Freilich, executive vice president and chief financial officer. "We focus on steady dividend growth, consistent with maintaining our strong financial position."

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

(Million of Dollars, except earnings per share)	For the year ended December 31,				For the quarter ended December 31,			
	Earnings		Earnings per share		Earnings		Earnings per share	
	2004	2003	2004*	2003	2004	2003	2004*	2003
Reported net income for common stock and earnings per share – GAAP Basis	\$537	\$528	\$2.28	\$ 2.39	\$ 51	\$ 50	\$0.21	\$ 0.21
One-time rate plan charges	80	—	0.34	—	65	—	0.27	—
Discontinued operations of Con Edison Communications**	12	109	0.05	0.50	1	90	0.01	0.40
Unregulated generating asset impairments	—	10	—	0.05	—	10	—	0.05
Settlement regarding nuclear generating unit sold in 2001	—	5	—	0.03	—	5	—	0.03
Cumulative effect of changes in accounting principles	—	(3)	—	(0.02)	—	(3)	—	(0.02)
Ongoing operations	\$629	\$649	\$2.67	\$ 2.95	\$117	\$152	\$0.49	\$ 0.67

* The earnings per share variations shown above include the dilutive effect of higher weighted average number of common shares outstanding in the three months and the year ended December 31, 2004.

** The 2003 amounts include an after-tax impairment charge of \$84 million, or \$0.38 per share.

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 of 2004 compared with the 2003 periods:

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	Year 2004 vs. 2003	4th quarter 2004 vs. 2003
Con Edison of New York:		
Impact of weather in 2004 on net revenues versus 2003 (estimated)	\$(0.02)	\$(0.01)
Sales growth and other revenue factors (estimated)	0.15	0.08
Increased pension & other post-retirement benefit costs	(0.08)	(0.03)
Regulatory accounting	(0.05)	(0.08)
Higher depreciation and property tax expense	(0.13)	(0.04)
Higher operations and maintenance expense	(0.11)	(0.10)
Lower interest expense, primarily on long-term debt	0.06	0.03
Allowance for funds used during construction and other income	0.09	0.01
Other	(0.07)	(0.03)
Total Con Edison of New York	(0.16)	(0.17)
Orange and Rockland Utilities	(0.02)	—
Con Edison Development	(0.01)	—
Con Edison Energy	—	—
Con Edison Solutions	(0.08)	(0.02)
Other (parent and inter-company accounting)	(0.01)	0.01
Total earnings per share variation from ongoing operations	\$(0.28)	\$(0.18)

The earnings per share from ongoing operations variations shown above include the dilutive effect of higher weighted average number of common shares outstanding in the three months and the year ended December 31, 2004. The weighted average numbers of common shares were 242 million shares and 236 million shares for the three months and year ended December 31, 2004, compared with 226 million shares and 221 million shares in the 2003 periods, respectively. The dilutive effect on earnings per share from ongoing operations for the three months and year ended December 2004 is \$0.03 and \$0.18, respectively. These amounts per share do not reflect the offsetting benefits of avoided interest expense.

The company's earnings for the fourth quarter of 2004 reflect the new gas and steam rate increases, partially offset by warm fall weather. The lower fourth quarter and year-end results also include a reduction in net credits for pensions and other post-retirement benefits and higher operations and maintenance expense, principally related to work we are doing to improve the safety of steam manholes. In addition, higher depreciation and property taxes in 2004 reflect large continuing investments in energy delivery infrastructure.

- more -

The results for the unregulated energy businesses in 2004 reflect lower gross margins on wholesale and retail electric sales and higher costs related to generating plants placed in service in mid-2003, offset in part by higher mark-to-market gains on forward transactions.

Amounts of electricity and firm gas delivered by Con Edison of New York, after adjusting for variations in weather and billing days in the period, increased 1.4 percent and 0.6 percent, respectively, in 2004, while steam deliveries decreased 0.4 percent, as compared with the 2003 period. The 2003 amounts were also adjusted for the August 2003 regional power outage.

Construction expenditures are estimated at \$1.6 billion per year for 2005 and 2006 and \$1.7 billion for 2007, compared with \$1.3 billion in 2004. Virtually all of the estimated construction expenditures are for the company's regulated utilities. The company does not expect to issue new equity in 2005, other than an estimated \$95 million to be issued through its dividend reinvestment and employee stock plans.

This press release contains certain forward-looking statements of future expectations and financial measures not determined in accordance with Generally Accepted Accounting Principles (non-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" excludes the impact of unusual items. Earnings from ongoing operations should not be considered as an alternative to net income, which is an indicator of operating performance determined in accordance with GAAP. Management uses earnings and earnings per share from ongoing operations to facilitate the analysis of the company's ongoing performance as compared to its internal budgets and previously reported financial results. Management believes that earnings from ongoing operations, although a non-GAAP measure, are also useful and meaningful to investors. Other companies may use different measures to present financial performance.

Refer to the attachments to this press release for the condensed consolidated balance sheets at December 31, 2004 and 2003 and the consolidated income statements for 2004 and 2003. For additional information related to utility sales and revenues go to the Con Edison Web site at www.conedison.com, select "Investor Information" and then select "Financial Reports."

Consolidated Edison, Inc. is one of the nation's largest investor-owned energy companies, with \$10 billion in annual revenues and approximately \$23 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; and Con Edison Development, a company that owns and operates generating plants and participates in other infrastructure projects.

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

	December 31, 2004	December 31, 2003
(Millions of Dollars)		
ASSETS		
PLANT, AT ORIGINAL COST		
Utility plant - net	\$ 15,168	\$ 14,284
Non-utility plant - net	873	941
Non-utility plant assets held for sale	65	—
NET PLANT	16,106	15,225
CURRENT ASSETS		
Cash and temporary cash investments	26	49
Accounts receivable - customers, less allowance for uncollectible accounts	760	798
Other receivables, less allowance for uncollectible accounts	179	176
Inventories	311	283
Prepayments	93	98
Current assets held for sale	5	—
Other current assets	339	188
TOTAL CURRENT ASSETS	1,713	1,592
INVESTMENTS	257	248
DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS		
Goodwill	406	406
Intangible assets - net	100	111
Prepaid pension costs	1,442	1,257
Regulatory assets	2,262	1,861
Other deferred charges and noncurrent assets	271	266
TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS	4,481	3,901
TOTAL ASSETS	\$ 22,557	\$ 20,966
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common shareholders' equity	\$ 7,054	\$ 6,423
Preferred stock of subsidiary	213	213
Long-term debt	6,561	6,733
TOTAL CAPITALIZATION	13,828	13,369
NONCURRENT LIABILITIES		
Provision for injuries and damages	180	194
Pensions and retiree benefits	207	205
Superfund and other environmental costs	198	193
Noncurrent liabilities held for sale	5	—
Other noncurrent liabilities including minority interests	134	157
TOTAL NONCURRENT LIABILITIES	724	749
CURRENT LIABILITIES		
Long-term debt due within one year	469	166
Notes payable	156	159
Accounts payable	923	905
Customer deposits	234	228
Current liabilities held for sale	11	—
Other current liabilities	434	453
TOTAL CURRENT LIABILITIES	2,227	1,911
DEFERRED CREDITS AND REGULATORY LIABILITIES		
Deferred income taxes and investment tax credits	3,726	3,172
Regulatory liabilities and other deferred credits	2,052	1,765
TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES	5,778	4,937

TOTAL CAPITALIZATION AND LIABILITIES

\$ 22,557

\$ 20,966

Consolidated Edison, Inc.
CONSOLIDATED INCOME STATEMENT
(Unaudited)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2004	2003	2004	2003
(Millions of Dollars/Except Share Data)				
OPERATING REVENUES				
Electric	\$ 1,414	\$ 1,559	\$ 6,652	\$ 6,863
Gas	396	362	1,507	1,492
Steam	134	107	550	537
Non-utility	237	245	1,049	916
TOTAL OPERATING REVENUES	2,181	2,273	9,758	9,808
OPERATING EXPENSES				
Purchased power	926	895	3,961	3,884
Fuel	130	87	597	504
Gas purchased for resale	209	231	852	889
Other operations and maintenance	373	327	1,494	1,438
Impairment charges - unregulated assets	—	18	—	18
Depreciation and amortization	139	133	551	516
Taxes, other than income taxes	265	267	1,080	1,116
Income taxes	(15)	71	292	399
TOTAL OPERATING EXPENSES	2,027	2,029	8,827	8,764
OPERATING INCOME	154	244	931	1,044
OTHER INCOME (DEDUCTIONS)				
Investment and other income	3	10	42	27
Allowance for equity funds used during construction	7	5	25	15
Preferred stock dividend requirements of subsidiary	(3)	(3)	(11)	(11)
Other deductions	(4)	(3)	(14)	(16)
Income taxes	7	1	20	9
TOTAL OTHER INCOME (DEDUCTIONS)	10	10	62	24
INTEREST EXPENSE				
Interest on long-term debt	106	101	426	401
Other interest	11	20	36	45
Allowance for borrowed funds used during construction	(5)	(4)	(18)	(12)
NET INTEREST EXPENSE	112	117	444	434
INCOME FROM CONTINUING OPERATIONS	52	137	549	634
LOSS FROM DISCONTINUED OPERATIONS (NET OF INCOME TAXES OF \$1 AND \$8 IN 2004 AND \$61 AND \$74 IN 2003)	(1)	(90)	(12)	(109)
INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	51	47	537	525
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES (NET OF INCOME TAX OF \$2 MILLION IN 2003)	—	3	—	3
NET INCOME	\$ 51	\$ 50	\$ 537	\$ 528
EARNINGS PER COMMON SHARE - BASIC				
Continuing operations	\$ 0.22	\$ 0.59	\$ 2.33	\$ 2.87
Discontinued operations	\$ (0.01)	\$ (0.40)	(0.05)	(0.50)
Before cumulative effect of changes in accounting principles	\$ 0.21	\$ 0.19	\$ 2.28	\$ 2.37
Cumulative effect of changes in accounting principles	\$ —	\$ 0.02	\$ —	\$ 0.02
After cumulative effect of changes in accounting principles	\$ 0.21	\$ 0.21	\$ 2.28	\$ 2.39
EARNINGS PER COMMON SHARE - DILUTED				
Continuing operations	\$ 0.22	\$ 0.59	\$ 2.32	\$ 2.86
Discontinued operations	\$ (0.01)	\$ (0.40)	\$ (0.05)	\$ (0.50)
Before cumulative effect of changes in accounting principles	\$ 0.21	\$ 0.19	\$ 2.27	\$ 2.36

Cumulative effect of changes in accounting principles	\$ —	\$ 0.02	\$ —	\$ 0.02
After cumulative effect of changes in accounting principles	\$ 0.21	\$ 0.21	\$ 2.27	\$ 2.38
AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC (IN MILLIONS)	242.2	225.5	235.8	220.9
AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED (IN MILLIONS)	242.9	226.5	236.4	221.8