

FORM 10-Q
 SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

Quarterly Report Pursuant To Section 13 or 15(d)
 of the Securities Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1998

OR

Transition Report Pursuant to Section 13 or 15(d)
 of the Securities Exchange Act of 1934

Commission File Number	Exact name of registrant as specified in its charter and principal office address and telephone number	State of Incorporation	I.R.S. Employer I.D. Number
1-14514	CONSOLIDATED EDISON, INC. 4 Irving Place, New York, New York 10003 (212) 460-3900	New York	13-3965100
1-1217	CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. 4 Irving Place, New York, New York 10003 (212) 460-4600	New York	13-5009340

Each Registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and has been subject to such filing requirements for the past 90 days.

Yes X No _____

As of the close of business on July 31, 1998, (i) Consolidated Edison, Inc. ("CEI") had outstanding 233,829,394. Common Shares (\$.10 par value) and (ii) all of the outstanding Common Stock (\$2.50 par value) of Consolidated Edison Company of New York, Inc. was held by CEI.

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FILING FORMAT

This Quarterly Report on Form 10-Q is a combined quarterly report being filed separately by two different registrants: CEI and Consolidated Edison Company of New York, Inc. ("Con Edison"). CEI became the holding company for Con Edison on January 1, 1998. See "Corporate Structure" in Item 1 of the combined CEI and Con Edison Annual Reports on Form 10-K for the year ended December 31, 1997 (File Nos. 1-14514 and 1-1217, the "1997 Form 10-K"). Any references in this report to the "Company" are to CEI and Con Edison, collectively. Con Edison makes no representation as to the information contained in this report relating to CEI and the subsidiaries of CEI other than Con Edison.

CONSOLIDATED EDISON, INC.

 CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 1998, DECEMBER 31, 1997 AND JUNE 30, 1997

	As At		
	June 30, 1998	Dec. 31, 1997	June 30, 1997

	(Thousands of Dollars)		

ASSETS			
UTILITY PLANT, AT ORIGINAL COST			
Electric	\$ 11,878,103	\$ 11,743,745	\$ 11,754,898
Gas	1,784,322	1,741,562	1,686,174
Steam	588,534	576,206	546,949
General	1,203,749	1,203,427	1,159,098
	-----	-----	-----
Total	15,454,708	15,264,940	15,147,119
Less: Accumulated depreciation	4,562,740	4,392,377	4,447,539
	-----	-----	-----
Net	10,891,968	10,872,563	10,699,580
Construction work in progress	298,349	292,218	324,400
Nuclear fuel assemblies and components, less accumulated amortization	105,515	102,321	102,101
	-----	-----	-----
NET UTILITY PLANT	11,295,832	11,267,102	11,126,081
	-----	-----	-----
CURRENT ASSETS			
Cash and temporary cash investments	105,008	183,458	12,231
Funds held for refunding of debt	99,519	328,874	-
Accounts receivable - customer, less allowance for uncollectible accounts of \$22,570, \$21,600 and \$20,804	521,262	581,163	472,773
Other receivables	56,653	60,759	51,763
Regulatory accounts receivable	(593)	(1,682)	(866)
Fuel, at average cost	34,745	53,697	34,940
Gas in storage, at average cost	40,701	37,209	37,746
Materials and supplies, at average cost	191,489	191,759	199,795
Prepayments	74,260	75,516	293,592
Other current assets	16,769	16,457	15,732
	-----	-----	-----
TOTAL CURRENT ASSETS	1,139,813	1,527,210	1,117,706
	-----	-----	-----
INVESTMENTS AND NONUTILITY PROPERTY	341,424	292,397	217,745
	-----	-----	-----
DEFERRED CHARGES			
Enlightened Energy program costs	91,026	117,807	120,837
Unamortized debt expense	135,679	126,085	125,770
Recoverable fuel costs	17,339	98,301	43,170
Power contract termination costs	69,943	80,978	38,636
Other deferred charges	245,338	239,559	277,102
	-----	-----	-----
TOTAL DEFERRED CHARGES	559,325	662,730	605,515
	-----	-----	-----
REGULATORY ASSET-FUTURE FEDERAL INCOME TAXES	899,799	973,079	948,410
	-----	-----	-----
TOTAL	\$ 14,236,193	\$ 14,722,518	\$ 14,015,457
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON, INC.

 CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 1998, DECEMBER 31, 1997 AND JUNE 30, 1997

	As At		
	June 30, 1998	Dec. 31, 1997	June 30, 1997
	-----	-----	-----
	(Thousands of Dollars)		
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION			
Common stock, authorized 500,000,000 shares; outstanding 234,151,294 shares, 235,489,650 shares and 235,023,795 shares	\$ 1,482,343	\$ 1,482,351	\$ 1,478,768
Retained earnings	4,409,589	4,484,703	4,242,133
Capital stock expense	(36,835)	(36,975)	(34,754)
	-----	-----	-----
TOTAL COMMON SHAREHOLDERS' EQUITY	5,855,097	5,930,079	5,686,147
	-----	-----	-----
Preferred stock			
Subject to mandatory redemption			
7.20% Series I	47,500	47,500	47,500
6-1/8% Series J	37,050	37,050	37,050
	-----	-----	-----
TOTAL SUBJECT TO MANDATORY REDEMPTION	84,550	84,550	84,550
	-----	-----	-----
Other preferred stock			
\$ 5 Cumulative Preferred	175,000	175,000	175,000
5-3/4% Series A	7,061	7,061	7,061
5-1/4% Series B	13,844	13,844	13,844
4.65% Series C	15,330	15,330	15,330
4.65% Series D	22,233	22,233	22,233
6% Convertible Series B	-	-	4,398
	-----	-----	-----
TOTAL OTHER PREFERRED STOCK	233,468	233,468	237,866
	-----	-----	-----
TOTAL PREFERRED STOCK	318,018	318,018	322,416
	-----	-----	-----
Long-term debt	4,197,577	4,188,906	4,288,383
	-----	-----	-----
TOTAL CAPITALIZATION	10,370,692	10,437,003	10,296,946
	-----	-----	-----
NONCURRENT LIABILITIES			
Obligations under capital leases	38,475	39,879	41,265
Other noncurrent liabilities	132,933	106,137	82,109
	-----	-----	-----
TOTAL NONCURRENT LIABILITIES	171,408	146,016	123,374
	-----	-----	-----
CURRENT LIABILITIES			
Long-term debt due within one year	200,000	529,385	202,630
Accounts payable	366,314	440,114	375,438
Notes payable	44,024	-	15,000
Customer deposits	170,653	161,731	159,749
Accrued taxes	67,718	65,736	(56,676)
Accrued interest	83,512	85,613	83,310
Accrued wages	80,586	82,556	78,312
Other current liabilities	186,199	183,122	142,910
	-----	-----	-----
TOTAL CURRENT LIABILITIES	1,199,006	1,548,257	1,000,673
	-----	-----	-----
PROVISIONS RELATED TO FUTURE FEDERAL INCOME TAXES AND OTHER DEFERRED CREDITS			
Accumulated deferred federal income tax	2,227,669	2,307,835	2,333,097
Accumulated deferred investment tax credits	159,300	163,680	168,070
Other deferred credits	108,118	119,727	93,297
	-----	-----	-----
TOTAL DEFERRED CREDITS	2,495,087	2,591,242	2,594,464
	-----	-----	-----
TOTAL	\$14,236,193	\$14,722,518	\$14,015,457
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON, INC.

 CONSOLIDATED INCOME STATEMENT

 FOR THE THREE MONTHS ENDED JUNE 30, 1998 AND 1997

	1998	1997
	-----	-----
	(THOUSANDS OF DOLLARS)	
Operating revenues		
Electric	\$1,286,320	\$1,228,366
Gas	196,562	213,376
Steam	57,411	62,272
Non-utility	20,748	4,074
	-----	-----
TOTAL OPERATING REVENUES	1,561,041	1,508,088
	-----	-----
OPERATING EXPENSES		
Purchased power	324,426	314,221
Fuel	123,870	122,426
Gas purchased for resale	86,902	89,494
Other operations	289,388	288,881
Maintenance	132,709	146,859
Depreciation and amortization	129,265	125,003
Taxes, other than federal income tax	290,415	270,828
Federal income tax	36,015	24,044
	-----	-----
TOTAL OPERATING EXPENSES	1,412,990	1,381,756
	-----	-----
OPERATING INCOME	148,051	126,332
OTHER INCOME (DEDUCTIONS)		
Investment income	3,080	2,942
Allowance for equity funds used during construction	575	1,520
Other income less miscellaneous deductions	1,038	(205)
Federal income tax	525	(1,296)
	-----	-----
TOTAL OTHER INCOME	5,218	2,961
	-----	-----
INCOME BEFORE INTEREST CHARGES	153,269	129,293
Interest on long-term debt	76,985	79,192
Other interest	10,066	3,287
Allowance for borrowed funds used during construction	(294)	(745)
	-----	-----
NET INTEREST CHARGES	86,757	81,734
	-----	-----
PREFERRED STOCK DIVIDEND REQUIREMENTS	4,536	4,603
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 61,976	\$ 42,956
	=====	=====
COMMON SHARES OUTSTANDING - AVERAGE (000)	234,992	235,016
BASIC AND DILUTED EARNINGS PER SHARE	\$ 0.26	\$ 0.18
	=====	=====
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$ 0.53	\$ 0.525
	=====	=====

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON, INC.

 CONSOLIDATED INCOME STATEMENT

 FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1997

	1998	1997
	----	----
	(THOUSANDS OF DOLLARS)	
Operating revenues		
Electric	\$2,577,643	\$2,497,316
Gas	595,732	668,396
Steam	192,801	224,450
Non-utility	47,912	33,481
	-----	-----
TOTAL OPERATING REVENUES	3,414,088	3,423,643
	-----	-----
OPERATING EXPENSES		
Purchased power	682,676	666,929
Fuel	258,424	273,780
Gas purchased for resale	276,341	341,205
Other operations	565,218	566,956
Maintenance	250,684	261,022
Depreciation and amortization	257,523	248,797
Taxes, other than federal income tax	592,634	575,811
Federal income tax	127,976	115,931
	-----	-----
TOTAL OPERATING EXPENSES	3,011,476	3,050,431
	-----	-----
OPERATING INCOME	402,612	373,212
OTHER INCOME (DEDUCTIONS)		
Investment income	5,984	3,978
Allowance for equity funds used during construction	1,087	3,320
Other income less miscellaneous deductions	535	(726)
Federal income tax	(454)	(1,599)
	-----	-----
TOTAL OTHER INCOME	7,152	4,973
	-----	-----
INCOME BEFORE INTEREST CHARGES	409,764	378,185
Interest on long-term debt	156,043	157,944
Other interest	11,313	7,701
Allowance for borrowed funds used during construction	(557)	(1,627)
	-----	-----
NET INTEREST CHARGES	166,799	164,018
	-----	-----
PREFERRED STOCK DIVIDEND REQUIREMENTS	9,072	9,207
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 233,893	\$ 204,960
	=====	=====
COMMON SHARES OUTSTANDING - AVERAGE (000)	235,205	235,009
BASIC AND DILUTED EARNINGS PER SHARE	\$ 0.99	\$ 0.87
	=====	=====
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$ 1.06	\$ 1.05
	=====	=====

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON, INC.

 CONSOLIDATED INCOME STATEMENT

 FOR THE TWELVE MONTHS ENDED JUNE 30, 1998 AND 1997

	1998	1997
	-----	-----
	(THOUSANDS OF DOLLARS)	
Operating revenues		
Electric	\$5,715,902	\$5,507,860
Gas	1,021,216	1,053,175
Steam	360,151	381,763
Non-utility	89,328	123,921
	-----	-----
TOTAL OPERATING REVENUES	7,186,597	7,066,719
	-----	-----
OPERATING EXPENSES		
Purchased power	1,365,334	1,314,196
Fuel	581,468	542,779
Gas purchased for resale	487,733	572,087
Other operations	1,122,965	1,167,447
Maintenance	464,450	470,887
Depreciation and amortization	512,182	492,713
Taxes, other than federal income tax	1,197,978	1,158,528
Federal income tax	389,767	366,977
	-----	-----
TOTAL OPERATING EXPENSES	6,121,877	6,085,614
	-----	-----
OPERATING INCOME	1,064,720	981,105
OTHER INCOME (DEDUCTIONS)		
Investment income	14,220	8,988
Allowance for equity funds used during construction	2,215	5,530
Other income less miscellaneous deductions	(2,839)	(6,253)
Federal income tax	(853)	107
	-----	-----
TOTAL OTHER INCOME	12,743	8,372
	-----	-----
INCOME BEFORE INTEREST CHARGES	1,077,463	989,477
Interest on long-term debt	316,257	313,289
Other interest	20,695	16,551
Allowance for borrowed funds used during construction	(1,110)	(2,665)
	-----	-----
NET INTEREST CHARGES	335,842	327,175
	-----	-----
PREFERRED STOCK DIVIDEND REQUIREMENTS	18,209	18,424
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 723,412	\$ 643,878
	=====	=====
COMMON SHARES OUTSTANDING - AVERAGE (000)	235,152	234,997
BASIC AND DILUTED EARNINGS PER SHARE	\$ 3.08	\$ 2.74
	=====	=====
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$ 2.11	\$ 2.09
	=====	=====

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON, INC.

 CONSOLIDATED STATEMENT OF CASH FLOWS

 FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1997

	1998	1997
	-----	-----
	(THOUSANDS	OF DOLLARS)
OPERATING ACTIVITIES		
Net income for common stock	\$ 233,893	\$ 204,960
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	257,523	248,797
Deferred recoverable fuel costs	80,962	58,292
Federal income tax deferred	(17,810)	74,360
Common equity component of allowance for funds used during construction	(1,057)	(3,225)
Other non-cash credits	(7,139)	13,680
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - customer, less allowance for uncollectibles	59,901	71,231
Regulatory accounts receivable	(1,089)	46,263
Materials and supplies, including fuel and gas in storage	15,730	42,008
Prepayments, other receivables and other current assets	5,050	(239,372)
Enlightened Energy program costs	26,781	12,881
Power contract termination costs	904	15,414
Cost of removal less salvage	(36,390)	(28,538)
Accounts payable	(73,800)	(55,677)
Accrued income taxes	15,760	(81,412)
Other - net	2,244	(75,154)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	561,463	304,508
	-----	-----
INVESTING ACTIVITIES INCLUDING CONSTRUCTION		
Construction expenditures	(264,331)	(292,308)
Nuclear fuel expenditures	(3,194)	(7,230)
Contributions to nuclear decommissioning trust	(10,650)	(17,047)
Common equity component of allowance for funds used during construction	1,057	3,225
	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES INCLUDING CONSTRUCTION	(277,118)	(313,360)
	-----	-----
FINANCING ACTIVITIES INCLUDING DIVIDENDS		
Repurchase of common stock	(59,340)	-
Net proceeds from short-term debt	44,024	15,000
Issuance of long-term debt	385,000	150,000
Retirement of long-term debt	(100,000)	(3,626)
Advance refunding of long-term debt	(605,240)	-
Issuance and refunding costs	(6,975)	(410)
Funds held for refunding of debt	229,355	-
Common stock dividends	(249,619)	(246,763)
	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES INCLUDING DIVIDENDS	(362,795)	(85,799)
	-----	-----
NET DECREASE IN CASH AND TEMPORARY CASH INVESTMENTS	(78,450)	(94,651)
CASH AND TEMPORARY CASH INVESTMENTS AT JANUARY 1	183,458	106,882
	-----	-----
CASH AND TEMPORARY CASH INVESTMENTS AT JUNE 30	\$ 105,008	\$ 12,231
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 153,462	\$ 151,686
Income taxes	174,426	126,133

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON, INC.

 CONSOLIDATED STATEMENT OF CASH FLOWS

 FOR THE TWELVE MONTHS ENDED JUNE 30, 1998 AND 1997

	1998	1997
	----- (THOUSANDS OF DOLLARS)	
OPERATING ACTIVITIES		
Net income for common stock	\$ 723,412	\$ 643,878
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	512,182	492,713
Deferred recoverable fuel costs	25,831	(21,202)
Federal income tax deferred	(69,550)	120,800
Common equity component of allowance for funds used during construction	(2,153)	(5,311)
Other non-cash credits	(3,551)	33,715
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - customer, less allowance for uncollectibles	(48,489)	26,743
Regulatory accounts receivable	(273)	5,804
Materials and supplies, including fuel and gas in storage	5,546	7,476
Prepayments, other receivables and other current assets	213,405	(237,619)
Enlightened Energy program costs	29,811	8,902
Power contract termination costs	(2,959)	38,930
Cost of removal less salvage	(81,571)	(68,323)
Accounts payable	(9,124)	34,203
Accrued income taxes	120,997	(94,251)
Other - net	63,568	(36,804)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,477,082	949,654
	-----	-----
INVESTING ACTIVITIES INCLUDING CONSTRUCTION		
Construction expenditures	(626,244)	(654,261)
Nuclear fuel expenditures	(10,543)	(56,117)
Contributions to nuclear decommissioning trust	(14,904)	(21,301)
Common equity component of allowance for funds used during construction	2,153	5,311
	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES INCLUDING CONSTRUCTION	(649,538)	(726,368)
	-----	-----
FINANCING ACTIVITIES INCLUDING DIVIDENDS		
Repurchase of common stock	(59,340)	-
Net proceeds from short-term debt	29,024	15,000
Issuance of long-term debt	715,000	300,000
Retirement of long-term debt	(202,630)	(82,095)
Advance refunding of long-term debt	(605,240)	-
Issuance and refunding costs	(15,495)	(10,179)
Funds held for refunding of debt	(99,519)	-
Common stock dividends	(496,567)	(491,150)
	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES INCLUDING DIVIDENDS	(734,767)	(268,424)
	-----	-----
NET INCREASE (DECREASE) IN CASH AND TEMPORARY CASH INVESTMENTS	92,777	(45,138)
CASH AND TEMPORARY CASH INVESTMENTS AT JULY 1	12,231	57,369
	-----	-----
CASH AND TEMPORARY CASH INVESTMENTS AT JUNE 30	\$ 105,008	\$ 12,231
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 312,086	\$ 304,948
Income taxes	383,924	341,888

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

BALANCE SHEET

AS AT JUNE 30, 1998, DECEMBER 31, 1997 AND JUNE 30, 1997

	As At		
	June 30, 1998	Dec. 31, 1997	June 30, 1997
(Thousands of Dollars)			
ASSETS			
UTILITY PLANT, AT ORIGINAL COST			
Electric	\$11,878,103	\$11,743,745	\$11,754,898
Gas	1,784,322	1,741,562	1,686,174
Steam	588,534	576,206	546,949
General	1,203,749	1,203,427	1,159,098
Total	15,454,708	15,264,940	15,147,119
Less: Accumulated depreciation	4,562,740	4,392,377	4,447,539
Net	10,891,968	10,872,563	10,699,580
Construction work in progress	298,349	292,218	324,400
Nuclear fuel assemblies and components, less accumulated amortization	105,515	102,321	102,101
NET UTILITY PLANT	11,295,832	11,267,102	11,126,081
CURRENT ASSETS			
Cash and temporary cash investments	20,258	183,458	12,231
Funds held for refunding of debt	99,519	328,874	-
Accounts receivable - customer, less allowance for uncollectible accounts of \$21,739, \$21,600 and \$20,804	508,905	581,163	472,773
Other receivables	47,306	60,759	51,763
Regulatory accounts receivable	(593)	(1,682)	(866)
Fuel, at average cost	34,745	53,697	34,940
Gas in storage, at average cost	37,985	37,209	37,746
Materials and supplies, at average cost	191,489	191,759	199,795
Prepayments	72,956	75,516	293,592
Other current assets	16,756	16,457	15,732
TOTAL CURRENT ASSETS	1,029,326	1,527,210	1,117,706
INVESTMENTS AND NONUTILITY PROPERTY	254,302	292,397	217,745
DEFERRED CHARGES			
Enlightened Energy program costs	91,026	117,807	120,837
Unamortized debt expense	135,679	126,085	125,770
Recoverable fuel costs	17,339	98,301	43,170
Power contract termination costs	69,943	80,978	38,636
Other deferred charges	245,338	239,559	277,102
TOTAL DEFERRED CHARGES	559,325	662,730	605,515
REGULATORY ASSET - FUTURE FEDERAL INCOME TAXES	899,799	973,079	948,410
TOTAL	\$14,038,584	\$14,722,518	\$14,015,457

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

BALANCE SHEET

AS AT JUNE 30, 1998, DECEMBER 31, 1997 AND JUNE 30, 1997

	As At		
	June 30, 1998	Dec. 31, 1997	June 30, 1997
	(Thousands of Dollars)		
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION			
Common stock	\$1,482,343	\$ 1,482,351	\$ 1,478,768
Retained earnings	4,214,561	4,484,703	4,242,133
Capital stock expense	(36,835)	(36,975)	(34,754)
TOTAL COMMON SHAREHOLDERS' EQUITY	5,660,069	5,930,079	5,686,147
Preferred stock			
Subject to mandatory redemption			
7.20% Series I	47,500	47,500	47,500
6-1/8% Series J	37,050	37,050	37,050
TOTAL SUBJECT TO MANDATORY REDEMPTION	84,550	84,550	84,550
Other preferred stock			
\$ 5 Cumulative Preferred	175,000	175,000	175,000
5-3/4% Series A	7,061	7,061	7,061
5-1/4% Series B	13,844	13,844	13,844
4.65% Series C	15,330	15,330	15,330
4.65% Series D	22,233	22,233	22,233
6% Convertible Series B	-	-	4,398
TOTAL OTHER PREFERRED STOCK	233,468	233,468	237,866
TOTAL PREFERRED STOCK	318,018	318,018	322,416
Long-term debt	4,197,577	4,188,906	4,288,383
TOTAL CAPITALIZATION	10,175,664	10,437,003	10,296,946
NONCURRENT LIABILITIES			
Obligations under capital leases	38,475	39,879	41,265
Other noncurrent liabilities	132,933	106,137	82,109
TOTAL NONCURRENT LIABILITIES	171,408	146,016	123,374
CURRENT LIABILITIES			
Long-term debt due within one year	200,000	529,385	202,630
Accounts payable	354,532	440,114	375,438
Notes payable	44,024	-	15,000
Customer deposits	180,853	161,731	159,749
Accrued taxes	74,662	65,736	(56,676)
Accrued interest	83,512	85,613	83,310
Accrued wages	80,586	82,556	78,312
Other current liabilities	183,704	183,122	142,910
TOTAL CURRENT LIABILITIES	1,201,873	1,548,257	1,000,673
PROVISIONS RELATED TO FUTURE FEDERAL INCOME TAXES AND OTHER DEFERRED CREDITS			
Accumulated deferred federal income tax	2,222,210	2,307,835	2,333,097
Accumulated deferred investment tax credits	159,300	163,680	168,070
Other deferred credits	108,129	119,727	93,297
TOTAL DEFERRED CREDITS	2,489,639	2,591,242	2,594,464
TOTAL	\$14,038,584	\$14,722,518	\$14,015,457

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

INCOME STATEMENT

FOR THE THREE MONTHS ENDED JUNE 30, 1998 AND 1997

	1998	1997
	----	----
	(THOUSANDS OF DOLLARS)	
Operating revenues		
Electric	\$ 1,289,860	\$ 1,228,366
Gas	196,562	213,376
Steam	57,411	62,272
Non-utility	-	4,074
	-----	-----
TOTAL OPERATING REVENUES	1,543,833	1,508,088
	-----	-----
OPERATING EXPENSES		
Purchased power	322,147	314,221
Fuel	123,870	122,426
Gas purchased for resale	75,033	89,494
Other operations	281,340	288,881
Maintenance	132,709	146,859
Depreciation and amortization	129,002	125,003
Taxes, other than federal income tax	290,265	270,828
Federal income tax	37,500	24,044
	-----	-----
TOTAL OPERATING EXPENSES	1,391,866	1,381,756
	-----	-----
OPERATING INCOME	151,967	126,332
OTHER INCOME (DEDUCTIONS)		
Investment income	1,665	2,942
Allowance for equity funds used during construction	575	1,520
Other income less miscellaneous deductions	(1,462)	(205)
Federal income tax	1,766	(1,296)
	-----	-----
TOTAL OTHER INCOME	2,544	2,961
	-----	-----
INCOME BEFORE INTEREST CHARGES	154,511	129,293
Interest on long-term debt	76,985	79,192
Other interest	10,066	3,287
Allowance for borrowed funds used during construction	(294)	(745)
	-----	-----
NET INTEREST CHARGES	86,757	81,734
	-----	-----
NET INCOME	67,754	47,559
PREFERRED STOCK DIVIDEND REQUIREMENTS	4,536	4,603
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 63,218	\$ 42,956
	=====	=====
CON EDISON SALES		
Electric (Thousands of kilowatthours)		
Con Edison customers	8,760,065	8,281,386
Delivery service to NYPA and others	2,105,633	2,028,973
Service for municipal agencies	265,858	296,530
	-----	-----
Total sales in service territory	11,131,556	10,606,889
Off-system and ESCO sales	411,652	701,070
Gas (dekatherms)		
Firm (A)	17,845,799	19,747,792
Off-peak firm/interruptible	3,646,403	5,215,550
	-----	-----
Total sales to Con Edison customers	21,492,202	24,963,342
Transportation of customer-owned gas		
NYPA	641,921	4,668,422
Other	3,598,938	1,736,419
Off-system sales	4,600,307	1,255,168
	-----	-----
Total sales and transportation	30,333,368	32,623,351
Steam (Thousands of pounds)	4,540,725	4,796,828

(A) Includes firm sales and transportation volumes.
The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1997

	1998	1997
	----	----
	(THOUSANDS OF DOLLARS)	
Operating revenues		
Electric	\$ 2,581,183	\$ 2,497,316
Gas	595,732	668,396
Steam	192,801	224,450
Non-utility	-	33,481
	-----	-----
TOTAL OPERATING REVENUES	3,369,716	3,423,643
	-----	-----
OPERATING EXPENSES		
Purchased power	680,383	666,929
Fuel	258,424	273,780
Gas purchased for resale	239,743	341,205
Other operations	549,500	566,956
Maintenance	250,684	261,022
Depreciation and amortization	257,054	248,797
Taxes, other than federal income tax	592,383	575,811
Federal income tax	131,640	115,931
	-----	-----
TOTAL OPERATING EXPENSES	2,959,811	3,050,431
	-----	-----
OPERATING INCOME	409,905	373,212
OTHER INCOME (DEDUCTIONS)		
Investment income	2,708	3,978
Allowance for equity funds used during construction	1,087	3,320
Other income less miscellaneous deductions	(1,966)	(726)
Federal income tax	1,363	(1,599)
	-----	-----
TOTAL OTHER INCOME	3,192	4,973
	-----	-----
INCOME BEFORE INTEREST CHARGES	413,097	378,185
Interest on long-term debt	156,043	157,944
Other interest	11,313	7,701
Allowance for borrowed funds used during construction	(557)	(1,627)
	-----	-----
NET INTEREST CHARGES	166,799	164,018
	-----	-----
NET INCOME	246,298	214,167
PREFERRED STOCK DIVIDEND REQUIREMENTS	9,072	9,207
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 237,226	\$ 204,960
	=====	=====
CON EDISON SALES		
Electric (Thousands of kilowatthours)		
Con Edison customers	17,790,466	17,213,254
Delivery service to NYPA and others	4,360,230	4,250,306
Service for municipal agencies	465,482	510,591
	-----	-----
Total sales in service territory	22,616,178	21,974,151
Off-system and ESCO sales	760,433	1,012,848
Gas (dekatherms)		
Firm (A)	54,285,625	59,021,742
Off-peak firm/interruptible	11,187,254	13,419,753
	-----	-----
Total sales to Con Edison customers	65,472,879	72,441,495
Transportation of customer-owned gas		
NYPA	1,725,535	7,368,630
Other	7,186,264	3,453,753
Off-system sales	9,932,608	4,760,561
	-----	-----
Total sales and transportation	84,317,286	88,024,439
Steam (Thousands of pounds)	13,526,399	14,937,516

(A) Includes firm sales and transportation volumes.
The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

INCOME STATEMENT

FOR THE TWELVE MONTHS ENDED JUNE 30, 1998 AND 1997

	1998	1997
	----	----
(THOUSANDS OF DOLLARS)		
Operating revenues		
Electric	\$ 5,719,441	\$ 5,507,860
Gas	1,021,216	1,053,175
Steam	360,151	381,763
Non-utility	41,416	123,921
	-----	-----
TOTAL OPERATING REVENUES	7,142,224	7,066,719
	-----	-----
OPERATING EXPENSES		
Purchased power	1,363,041	1,314,196
Fuel	581,468	542,779
Gas purchased for resale	451,135	572,087
Other operations	1,107,247	1,167,447
Maintenance	464,450	470,887
Depreciation and amortization	511,712	492,713
Taxes, other than federal income tax	1,197,727	1,158,528
Federal income tax	393,431	366,977
	-----	-----
TOTAL OPERATING EXPENSES	6,070,211	6,085,614
	-----	-----
OPERATING INCOME	1,072,013	981,105
OTHER INCOME (DEDUCTIONS)		
Investment income	10,945	8,988
Allowance for equity funds used during construction	2,215	5,530
Other income less miscellaneous deductions	(5,339)	(6,253)
Federal income tax	963	107
	-----	-----
TOTAL OTHER INCOME	8,784	8,372
	-----	-----
INCOME BEFORE INTEREST CHARGES	1,080,797	989,477
Interest on long-term debt	316,257	313,289
Other interest	20,695	16,551
Allowance for borrowed funds used during construction	(1,110)	(2,665)
	-----	-----
NET INTEREST CHARGES	335,842	327,175
	-----	-----
NET INCOME	744,955	662,302
PREFERRED STOCK DIVIDEND REQUIREMENTS	18,209	18,424
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 726,746	\$ 643,878
	=====	=====
CON EDISON SALES		
Electric (Thousands of kilowatthours)		
Con Edison customers	38,105,191	36,781,964
Delivery service to NYPA and others	8,903,302	8,674,514
Service for municipal agencies	800,785	843,657
	-----	-----
Total sales in service territory	47,809,278	46,300,135
Off-system and ESCO sales	2,247,172	3,661,056
Gas (dekatherms)		
Firm (A)	88,757,674	92,669,039
Off-peak firm/interruptible	21,679,035	22,600,610
	-----	-----
Total sales to Con Edison customers	110,436,709	115,269,649
Transportation of customer-owned gas		
NYPA	11,398,600	12,141,058
Other	11,389,385	6,583,194
Off-system sales	19,131,031	8,917,528
	-----	-----
Total sales and transportation	152,355,725	142,911,429
Steam (Thousands of pounds)	26,011,444	27,610,425

(A) Includes firm sales and transportation volumes.
The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1997

	1998	1997
	----	----
	(THOUSANDS OF DOLLARS)	
OPERATING ACTIVITIES		
Net income	\$ 246,298	\$ 214,167
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	257,054	248,797
Deferred recoverable fuel costs	80,962	58,292
Federal income tax deferred	(17,810)	74,360
Common equity component of allowance for funds used during construction	(1,057)	(3,225)
Other non-cash charges (credits)	(7,139)	13,680
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - customer, less allowance for uncollectibles	49,334	71,231
Regulatory accounts receivable	(1,089)	46,263
Materials and supplies, including fuel and gas in storage	18,446	42,008
Prepayments, other receivables and other current assets	9,404	(239,372)
Enlightened Energy program costs	26,781	12,881
Power contract termination costs	904	15,414
Cost of removal less salvage	(36,390)	(28,538)
Accounts payable	(60,932)	(55,677)
Accrued income taxes	23,072	(81,412)
Other - net	19,345	(75,151)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	607,183	313,718
	-----	-----
INVESTING ACTIVITIES INCLUDING CONSTRUCTION		
Construction expenditures	(264,331)	(292,308)
Nuclear fuel expenditures	(3,194)	(7,230)
Contributions to nuclear decommissioning trust	(10,650)	(17,047)
Common equity component of allowance for funds used during construction	1,057	3,225
	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES INCLUDING CONSTRUCTION	(277,118)	(313,360)
	-----	-----
FINANCING ACTIVITIES INCLUDING DIVIDENDS		
Repurchase of common stock	(59,340)	-
Net proceeds from short-term debt	44,024	15,000
Issuance of long-term debt	385,000	150,000
Retirement of long-term debt	(100,000)	(3,626)
Advance refunding of long-term debt	(605,240)	-
Issuance and refunding costs	(6,975)	(410)
Funds held for refunding of debt	229,355	-
Common stock dividends	(249,619)	(246,763)
Preferred stock dividends	(9,066)	(9,210)
Corporate reorganization	(121,404)	-
	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES INCLUDING DIVIDENDS	(493,265)	(95,009)
	-----	-----
NET DECREASE IN CASH AND TEMPORARY CASH INVESTMENTS	(163,200)	(94,651)
CASH AND TEMPORARY CASH INVESTMENTS AT JANUARY 1	183,458	106,882
	-----	-----
CASH AND TEMPORARY CASH INVESTMENTS AT JUNE 30	\$ 20,258	\$ 12,231
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 153,462	\$ 151,686
Income taxes	174,426	126,133

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STATEMENT OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED JUNE 30, 1998 AND 1997

	1998	1997
	-----	-----
	(THOUSANDS OF DOLLARS)	
OPERATING ACTIVITIES		
Net income	\$ 744,955	\$ 662,302
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	511,712	492,713
Deferred recoverable fuel costs	25,831	(21,202)
Federal income tax deferred	(69,550)	120,800
Common equity component of allowance for funds used during construction	(2,153)	(5,311)
Other non-cash charges (credits)	(3,551)	33,715
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - customer, less allowance for uncollectibles	(59,056)	26,743
Regulatory accounts receivable	(273)	5,804
Materials and supplies, including fuel and gas in storage	8,262	7,476
Prepayments, other receivables and other current assets	217,757	(237,619)
Enlightened Energy program costs	29,811	8,902
Power contract termination costs	(2,959)	38,930
Cost of removal less salvage	(81,571)	(68,323)
Accounts payable	3,745	34,203
Accrued income taxes	128,309	(94,251)
Other - net	80,736	(36,804)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,532,005	968,078
	-----	-----
INVESTING ACTIVITIES INCLUDING CONSTRUCTION		
Construction expenditures	(626,244)	(654,261)
Nuclear fuel expenditures	(10,543)	(56,117)
Contributions to nuclear decommissioning trust	(14,904)	(21,301)
Common equity component of allowance for funds used during construction	2,153	5,311
	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES INCLUDING CONSTRUCTION	(649,538)	(726,368)
	-----	-----
FINANCING ACTIVITIES INCLUDING DIVIDENDS		
Repurchase of common stock	(59,340)	-
Net proceeds from short-term debt	29,024	15,000
Issuance of long-term debt	715,000	300,000
Retirement of long-term debt	(202,630)	(82,095)
Advance refunding of long-term debt	(605,240)	-
Issuance and refunding costs	(15,495)	(10,179)
Funds held for refunding of debt	(99,519)	-
Common stock dividends	(496,567)	(491,150)
Preferred stock dividends	(18,269)	(18,424)
Corporate reorganization	(121,404)	-
	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES INCLUDING DIVIDENDS	(874,440)	(286,848)
	-----	-----
NET INCREASE (DECREASE) IN CASH AND TEMPORARY CASH INVESTMENTS	8,027	(45,138)
CASH AND TEMPORARY CASH INVESTMENTS AT JULY 1	12,231	57,369
	-----	-----
CASH AND TEMPORARY CASH INVESTMENTS AT JUNE 30	\$ 20,258	\$ 12,231
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 312,086	\$ 304,948
Income taxes	383,924	341,888

The accompanying notes are an integral part of these financial statements.

NOTE A - GENERAL

These footnotes accompany and form an integral part of (i) the interim consolidated financial statements of Consolidated Edison, Inc. ("CEI") and its subsidiaries, including Consolidated Edison Company of New York, Inc. ("Con Edison"), the regulated utility, and several non-utility subsidiaries, and (ii) the interim consolidated financial statements of Con Edison on a stand-alone basis. These financial statements are unaudited but, in the respective opinions of the managements of CEI and Con Edison, represent all adjustments (which include only normally recurring adjustments) necessary for a fair statement of the results for the interim periods presented. These financial statements should be read together with the audited financial statements (including the notes thereto) included in the combined CEI and Con Edison Annual Reports on Form 10-K for the year ended December 31, 1997 (the "1997 Form 10-K").

NOTE B - CONTINGENCIES

INDIAN POINT Nuclear generating units similar in design to Con Edison's Indian Point 2 unit have experienced problems that have required steam generator replacement. Inspections of the Indian Point 2 steam generators since 1976 have revealed various problems, some of which appear to have been arrested, but the remaining service life of the steam generators is uncertain. The projected service life of the steam generators is reassessed periodically in the light of the inspections made during scheduled outages of the unit. Based on the latest available data and current NRC criteria, Con Edison estimates that steam generator replacement will not be required before 2001. Con Edison has replacement steam generators, which are stored at the site. Replacement of the steam generators would require estimated additional expenditures of approximately \$108 million (1997 dollars, exclusive of replacement power costs) and an outage of approximately four months. However, securing necessary permits and approvals or other factors could require a substantially longer outage if steam generator replacement is required on short notice.

NUCLEAR INSURANCE The insurance policies covering Con Edison's nuclear facilities for property damage, excess property damage, and outage costs permit assessments under certain conditions to cover insurers' losses. As of June 30, 1998, the highest amount that could be assessed for losses during the current policy year under all of the policies was \$19 million. While assessments may also be made for losses in certain prior years, Con Edison is not aware of any losses in such years that it believes are likely to result in an assessment.

Under certain circumstances, in the event of nuclear incidents at facilities covered by the federal government's third-party liability indemnification program, Con Edison could be assessed up to \$88.1 million per incident, of which not more than \$10 million may be assessed in any one year. The per-incident limit is to be adjusted for inflation not later than 2003 and not less than once every five years thereafter.

ENVIRONMENTAL MATTERS The normal course of Con Edison's operations necessarily involves activities and substances that expose it to potential liabilities under federal, state and local laws protecting the environment. Such liabilities can be material and in some instances may be imposed without regard to fault, or may be imposed for past acts, even though such past acts may have been lawful at the time they occurred. Sources of such potential liabilities include (but are not limited to) the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund), a 1994 settlement with the New York State Department of Environmental Conservation (DEC), asbestos, and electric and magnetic fields (EMF).

SUPERFUND By its terms Superfund imposes joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages. Con Edison has received process or notice concerning possible claims under Superfund or similar state statutes relating to a number of sites at which it is alleged that hazardous substances generated by Con Edison (and, in most instances, a large number of other potentially responsible parties) were deposited. Estimates of the investigative, removal, remedial and environmental damage costs (if any) that Con Edison will be obligated to pay with respect to each of these sites range from extremely preliminary to highly refined. Based on these estimates Con Edison had accrued at June 30, 1998 a liability of approximately \$23 million. There will be additional costs with respect to these and possibly other sites, the materiality of which is not presently determinable.

DEC SETTLEMENT In 1994 Con Edison agreed to a consent order settling a civil administrative proceeding instituted by the DEC alleging environmental violations by Con Edison. Pursuant to the consent order, Con Edison has conducted an environmental management systems evaluation and an environmental compliance audit. Con Edison also must implement "best management practices" plans for certain facilities and undertake a remediation program at certain sites. At June 30, 1998, Con Edison had an accrued liability of \$16.6 million for these sites. Expenditures for environmental-related capital projects in the five years 1998-2002, including expenditures to comply with the consent order, are estimated at \$148 million. These estimated expenditures do not reflect divestiture by Con Edison of generating plants pursuant to the Settlement Agreement (see Note A to the financial statements included in the 1997 Form 10-K) or otherwise.

ASBESTOS CLAIMS Suits have been brought in New York State and federal courts against Con Edison and many other defendants, wherein a large number of plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises of Con Edison. Many of these suits have been disposed of without any payment by Con Edison, or for immaterial amounts. The amounts specified in all the remaining suits total billions of dollars but Con Edison believes that these amounts are greatly exaggerated, as were the claims already disposed of. Based on the information and relevant circumstances known to Con Edison at this time, it is the opinion of Con Edison that these suits will not have a material adverse effect on Con Edison's financial position, results of operations or liquidity.

EMF Electric and magnetic fields (EMF) are found wherever electricity is used. In the event a causal relationship between EMF and adverse health effects is established, or independently of any such causal determination, in the event of adverse developments in related legal or public policy doctrines, there could be a material adverse effect on the electric utility industry, including Con Edison.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis relates to (i) the interim consolidated financial statements of Consolidated Edison, Inc. (CEI) and its subsidiaries, including Consolidated Edison Company of New York, Inc. (Con Edison), the regulated utility, and several non-utility subsidiaries, and (ii) the interim consolidated financial statements of Con Edison on a stand-alone basis. CEI is a holding company, operates only through its subsidiaries and has no material assets other than the stock of its subsidiaries. Con Edison is the principal subsidiary of CEI. Unless otherwise indicated, this discussion and analysis applies to each of CEI and Con Edison. References in this report to the "Company" are to CEI and Con Edison, collectively.

This discussion and analysis should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of the combined CEI and Con Edison Annual Reports on Form 10-K for the year ended December 31, 1997 (File Nos. 1-14514 and 1-1217, the 1997 Form 10-K). Reference is also made to the notes to the financial statements in Part I, Item 1 of this report, which notes are incorporated herein by reference.

LIQUIDITY AND CAPITAL RESOURCES

Con Edison's cash balances reflect, among other things, the timing and amount of external financing and the January 1, 1998 corporate reorganization (see "Corporate Structure" in Item 1 of the 1997 10-K). In addition, the June 1997 balance reflects a prepayment of \$226 million for New York City property taxes.

Con Edison initiated a \$500 million commercial paper program in January 1998. The highest amount outstanding during the six months ended June 30, 1998 was \$195 million. There was \$44 million of commercial paper outstanding at June 30, 1998.

Con Edison's interest coverage for the 12 months ended June 30, 1998 was 4.19 times, compared with 4.09 times for the year 1997 and 3.96 times for the 12 months ended June 30, 1997. The increase in interest coverage reflects higher pre-tax income.

In June 1998 Con Edison issued \$100 million of 6.15 percent 10-year taxable debentures to refund, in July 1998, its 7-3/8 percent tax-exempt debt issued through the New York State Energy Research and Development Authority. For information about securities refunded by Con Edison during the first quarter of 1998, see "Liquidity and Capital Resources - Refundings" in Item 7 of the 1997 Form 10-K.

In May 1998 CEI commenced its common stock repurchase program. Approximately 1.3 million shares were repurchased by Con Edison at a cost of \$59.3 million through June 30, 1998.

Con Edison's equivalent number of days of revenue outstanding as customer accounts receivable was 27.6 days at June 30, 1998 compared with 28.2 days at December 31, 1997 and 27.8 days at June 30, 1997.

Recoverable fuel costs amounted to \$17.3 million at June 30, 1998 compared with \$98.3 million at December 31, 1997 and \$43.2 million at June 30, 1997, reflecting the ongoing recovery of previously deferred amounts and the changes in purchased power, fuel and gas purchased for resale discussed below in "Results of Operations."

TRANSITION TO COMPETITION

Reference is made to (i) "Liquidity and Capital Resources - Competition and Industry Restructuring and PSC Settlement Agreement" in Item 7, "Electric Facilities - Generating Facilities" in Item 2 and "Challenges to the Settlement Agreement" in Item 3 of the 1997 Form 10-K, (ii) "Liquidity and Capital Resources - Transition to Competition" in Part I, Item 2 of the combined CEI and Con Edison Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1998 (First Quarter Form 10-Q) and (iii) "Challenges to the Settlement Agreement" in Part II, Item 1 of this report for information about the September 1997 Settlement Agreement among Con Edison, the staff of the New York State Public Service Commission (PSC) and certain other parties (the Settlement Agreement) and additional information about the transition to competitive electric markets.

In June 1998 approximately 68,000 Con Edison customers representing approximately 1,000 megawatts of aggregate customer load began purchasing electricity from other power providers under the first phase of Con Edison's Retail Choice program. The electricity purchased by these customers is delivered through Con Edison's transmission and distribution system.

In July 1998 the PSC issued an order (the Divestiture Order) authorizing Con Edison to auction all of its New York City fossil-fueled electric generating capacity (approximately 5,500 MW). Sales pursuant to the auction will be subject to PSC approval and contingent upon an independent system operator being operational in New York State. The Divestiture Order also directed Con Edison to analyze and report to PSC staff the feasibility of divesting its entitlements under its contracts with non-utility generators and to provide a detailed plan for divestiture of its property not required for Con Edison's continuing operations. In the Divestiture Order, the PSC indicated that it "agree[s] generally that Con Edison need not plan on constructing new generation as the competitive market develops," but considers "overly broad" and does not adopt Con Edison's request for a declaration that, solely with respect to providing generating capacity, it will no longer be required to engage in long-range planning to meet potential demand and, in particular, that it will no longer have the obligation to construct new generating facilities, regardless of the market price of capacity.

In August 1998 the PSC also approved a proposal pursuant to which Con Edison affiliates would not participate in the auction and Con Edison would be permitted to apply up to \$50 million of any net after-tax gains resulting from divestiture of its in-City capacity, jointly-owned Bowline Point and Roseton generating stations and potential generating sites (which are also required to be sold pursuant to the Divestiture Order) to reduce Con Edison's unrecovered investment in Indian Point 2. The net after-tax gain to be applied would be in excess of the \$50 million of any net after-tax gain that under the Settlement Agreement would be retained by shareholders.

In June 1998 FERC conditionally authorized the establishment of the independent system operator that would control and operate most electric transmission facilities in New York and a New York State Reliability Council that would promulgate reliability rules.

ACQUISITION

In May 1998 CEI agreed to acquire Orange and Rockland Utilities, Inc. (O&R) for cash at a price of \$58.50 per share of O&R common stock (approximately \$790 million in aggregate) pursuant to an Agreement and Plan of Merger among the parties. The acquisition is to be accomplished through the merger of C Acquisition Corp., a CEI subsidiary, with O&R. The transaction is subject to certain conditions, including the approval of the holders of O&R's common stock and the approval of the New York, New Jersey and Pennsylvania utility regulators, the Federal Energy Regulatory Commission and the Securities and Exchange Commission. The transaction is not subject to the approval of CEI's shareholders. O&R has called a Special Meeting of the Common Shareholders of O&R, to be held on August 20, 1998, to consider and vote upon the Agreement and Plan of Merger. CEI, Con Edison and O&R have submitted joint petitions for approval of the acquisition to the PSC, the New Jersey Board of Public Utilities, and the Pennsylvania Public Utilities Commission.

FINANCIAL MARKET RISKS

Reference is made to "Liquidity and Capital Resources - Financial Market Risks" in Item 7 of the 1997 Form 10-K and Part I, Item 3 of the First Quarter Form 10-Q. Currently, CEI and its consolidated subsidiaries, including Con Edison, enter into derivative transactions only when such transactions meet the criteria for hedging and qualify for deferred accounting treatment. See Note A to the financial statements included in Item 8 of the 1997 Form 10-K. At June 30, 1998 neither the fair value of the derivatives outstanding nor potential derivative losses from reasonably possible near-term changes in market prices were material to the financial position, results of operations or liquidity of the Company.

In June 1998 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133), which will apply to the Company beginning January 1, 2000. SFAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether or not a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. The effect that SFAS 133 will have on the Company's financial position and results of operations in future periods will depend on the nature and extent of the Company's derivative transactions and changes in the prices of the commodities or financial or other instruments relating to the derivative transactions during such periods.

NUCLEAR GENERATION

Reference is made to (i) "Electric Facilities - Generating Facilities" in Item 2 and "Liquidity and Capital Resources - Nuclear Generation and 1995 Electric Rate Agreement - Partial Pass-Through Fuel Adjustment Clause (PPFAC)" in Item 7 of the 1997 Form 10-K and (ii) "Liquidity and Capital Resources - Nuclear Generation" in Part 1, Item 2 of the First Quarter Form 10-Q, for information about Con Edison's Indian Point 2 nuclear generating unit, which has been out of service since October 15, 1997. In July 1998 the Nuclear Regulatory Commission fined Con Edison \$110,000 for testing and repair violations at Indian Point 2.

ENVIRONMENTAL CLAIMS AND OTHER CONTINGENCIES

Reference is made to the notes to the financial statements included in this report for information concerning potential liabilities of the Company arising from the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund), from claims relating to alleged exposure to asbestos, and from certain other contingencies to which the Company is subject.

FORWARD-LOOKING STATEMENTS

This discussion and analysis includes forward-looking statements, which are statements of future expectation and not facts. Words such as "estimates," "expects," "anticipates," "intends," "plans" and similar expressions identify forward-looking statements. Actual results or developments might differ materially from those included in the forward-looking statements because of factors such as competition and industry restructuring, changes in economic conditions, changes in historical weather patterns, changes in laws, regulations, regulatory policies or public policy doctrines, technological developments and other presently unknown or unforeseen factors.

RESULTS OF OPERATIONS

CEI's net income for common stock for the second quarter, six months and 12 months ended June 30, 1998 was higher than in the corresponding 1997 periods by \$19.0 million (\$.08 per share), \$28.9 million (\$.12 per share) and \$79.5 million (\$.34 per share), respectively. The increased earnings reflect higher electric revenues from an improving New York City economy and lower expenses from continued cost reduction programs and voluntary attrition in the labor force, partially offset by the expenses incurred during the current outage of Indian Point 2. The 1997 results were also impacted by cooler than normal spring weather in the second quarter of the year and by hotter than normal weather in the third quarter. The results of operations of CEI include the results of operations of Con Edison and of the several non-utility subsidiaries of CEI.

	Increases (Decreases)					
	Three Months Ended		Six Months Ended		Twelve Months Ended	
	June 30, 1998		June 30, 1998		June 30, 1998	
	Compared With		Compared With		Compared with	
Three Months Ended		Six Months Ended		Twelve Months Ended		
June 30, 1997		June 30, 1997		June 30, 1997		
Amount	Percent	Amount	Percent	Amount	Percent	
(Amounts are for CEI and are in Millions)						
Operating revenues	\$ 52.9	3.5%	\$ (9.6)	(0.3)%	\$119.9	1.7%
Purchased power - electric and steam	10.2	3.2	15.8	2.4	51.1	3.9
Fuel - electric and steam	1.4	1.2	(15.4)	(5.6)	38.7	7.1
Gas purchased for resale	(2.6)	(2.9)	(64.9)	(19.0)	(84.3)	14.7)
Operating revenues less purchased power, fuel and gas purchased for resale (Net revenues)	43.9	4.5	54.9	2.6	114.4	2.5
Other operations and maintenance	(13.7)	(3.1)	(12.1)	(1.5)	(50.9)	(3.1)
Depreciation and amortization	4.3	3.4	8.7	3.5	19.5	4.0
Taxes, other than federal income tax	19.6	7.2	16.8	2.9	39.4	3.4
Federal income tax	12.0	49.8	12.1	10.4	22.8	6.2
Operating income	21.7	17.2	29.4	7.9	83.6	8.5
Other income less deductions and related federal income tax	2.2	76.2	2.2	43.8	4.4	52.2
Net interest charges	5.0	6.1	2.8	1.7	8.7	2.6
Preferred stock dividend requirements	0.1	1.5	0.1	1.5	0.2	1.2
Net income for common stock	\$ 19.0	44.3%	\$ 28.9	14.1%	\$ 79.5	12.4%
	=====		=====		=====	

CEI's investment in its non-utility subsidiaries was \$136.3 million at June 30, 1998. CEI's results of operations include the net after-tax losses of its non-utility subsidiaries as follows (with amounts shown in millions):

	1998		1997	
	Amount	Per Share	Amount	Per Share
Second Quarter	\$ (2.0)	\$ (.01)	\$ (3.6)	\$ (.02)
Six months ended June 30,	\$ (5.2)	\$ (.02)	\$ (4.1)	\$ (.02)
Twelve Months ended June 30,	\$ (10.7)	\$ (.05)	\$ (4.4)	\$ (.02)

For additional information about CEI's non-utility subsidiaries, see "Competitive Businesses and Competition" in Item 1 of the 1997 Form 10-K.

SECOND QUARTER 1998 COMPARED WITH
SECOND QUARTER 1997

CEI's net revenues (operating revenues less purchased power, fuel and gas purchased for resale) increased \$43.9 million in the second quarter of 1998 compared with the 1997 period. Electric, steam and non-utility net revenues increased \$40.8 million, \$2.9 million and \$6.6 million, respectively. Gas net revenues decreased \$6.4 million.

Electric net revenues in the 1998 period were higher than in the 1997 period primarily as a result of higher sales, partially reflecting warmer weather in the 1998 period, offset in part by the \$107.5 million annualized rate reductions that went into effect in January and April 1998. See "Liquidity and Capital Resources - PSC Settlement Agreement - Rate Plan" in Item 7 of the 1997 Form 10-K.

Con Edison's electric sales, excluding off-system sales, in the 1998 period compared with the 1997 period were:

DESCRIPTION	MILLIONS OF KWHRS.		PERCENT	
	2ND QUARTER 1998	2ND QUARTER 1997	VARIATION	VARIATION
Residential/Religious	2,429	2,308	121	5.2%
Commercial/Industrial	6,175	5,833	342	5.9%
Other	157	140	17	12.1%
Total Con Edison Customers	8,761	8,281	480	5.8%
NYP&A, Municipal Agency and Other Sales	2,371	2,326	45	1.9%
Total Service Area	11,132	10,607	525	4.9%

For the 1998 period, Con Edison's firm gas sales volume, including firm transportation, decreased 9.6 percent and interruptible sales decreased 30.1 percent compared with the 1997 period as a result of warmer winter weather in 1998. Under the gas rate agreements covering the 1998 and 1997 periods, most weather-related variations in firm gas sales and transportation did not affect earnings. Transportation of customer-owned gas (other than gas transported for the New York Power Authority), which comprised approximately 12 percent of the gas Con Edison sold or transported to customers in the 1998 period, increased 107 percent. See "Gas Operations - Gas Sales" in Item 1 of the 1997 Form 10-K.

Steam sales volume decreased 5.3 percent compared with the 1997 period as a result of the warmer winter weather in 1998.

After adjusting for variations, primarily in weather and billing days in each period, electric sales volume in Con Edison's service territory increased 3.4 percent in the 1998 period, firm gas sales volume (including firm transportation) increased 1.0 percent and steam sales volume decreased 2.5 percent.

Electric fuel costs increased \$10.0 million in the 1998 period due to an increase in the unit cost of fuel, partially offset by lower electric generation. Electric purchased power costs increased in the 1998 period due to higher purchased volumes. Steam fuel costs decreased \$8.6 million in the 1998 period due to decreased generation of steam and lower unit cost. Steam purchased power costs increased \$0.8 million due to higher unit cost, partially offset by lower purchased volumes. Gas purchased for resale decreased, reflecting lower sendout and a lower unit cost of purchased gas.

Other operations and maintenance expenses decreased in the 1998 period compared with the 1997 period, due primarily to lower nuclear production expenses (lower expenses for the maintenance outage at Indian Point 2 in the 1998 period compared with the refueling and maintenance outage expenses at Indian Point 2 in the 1997 period) and continued voluntary attrition in the labor force.

Depreciation and amortization increased in the 1998 period due principally to higher plant balances.

Taxes other than federal income tax increased in the 1998 period due to higher revenue and property taxes.

Federal income tax increased in the 1998 period due to higher taxable income.

Net interest charges increased due to increased short-term borrowing by Con Edison.

SIX MONTHS ENDED JUNE 30, 1998 COMPARED WITH
SIX MONTHS ENDED JUNE 30, 1997

CEI's net revenues increased \$54.9 million in the six months ended June 30, 1998 compared with the 1997 period. Electric, steam and non-utility net revenues increased \$48.7 million, \$2.0 million and \$8.5 million, respectively. Gas net revenues decreased \$4.3 million.

Electric net revenues in the 1998 period were higher than in the corresponding 1997 period primarily as a result of higher sales, offset in part by the rate reductions that went into effect in January and April 1998. Electric net revenues in the 1998 period include \$3.9 million of earnings under the partial pass-through fuel adjustment clause (PPFAC) incentive, compared with \$1.1 million of PPFAC and other incentive earnings for the 1997 period.

Con Edison's electric sales, excluding off-system sales, in the 1998 period compared with the 1997 period were:

DESCRIPTION	MILLIONS OF KWRS.		PERCENT	
	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1997	VARIATION	VARIATION
Residential/Religious	5,081	4,949	132	2.7%
Commercial/Industrial	12,392	11,976	416	3.5%
Other	317	288	29	10.1%
Total Con Edison Customers	17,790	17,213	577	3.4%
NYP&A, Municipal Agency and Other Sales	4,826	4,761	65	1.4%
Total Service Area	22,616	21,974	642	2.9%

For the 1998 period, Con Edison's firm gas sales volume, including firm transportation, decreased 8.0 percent and interruptible sales decreased 16.6 percent compared with the 1997 period, as a result of warmer winter weather in 1998. Transportation of customer-owned gas (other than gas transported for the New York Power Authority), which comprised approximately nine percent of the gas Con Edison sold or transported to customers in the 1998 period, increased 108 percent. See "Gas Operations - Gas Sales " In Item 1 of the 1997 Form 10-K.

Steam sales volume decreased 9.4 percent compared with the 1997 period, as a result of the warmer winter weather in 1998.

After adjusting for variations, primarily in weather and billing days in each period, electric sales volume in Con Edison's service territory increased 2.4 percent in the 1998 period, firm gas sales volume (including firm transportation) was unchanged and steam sales volume decreased 2.0 percent.

Electric fuel costs increased \$17.9 million in the 1998 period due to an increase in the unit cost of fuel, partially offset by lower electric generation. Electric purchased power costs increased in the 1998 period due to higher purchased volumes. Steam fuel costs decreased \$33.3 million in the 1998 period due to decreased generation of steam and lower unit cost. Steam purchased power costs decreased \$0.4 million due to lower purchased volumes, partially offset by higher unit cost. Gas purchased for resale decreased, reflecting lower sendout and a lower unit cost of purchased gas.

Other operations and maintenance expenses decreased in the 1998 period compared with the 1997 period, due primarily to lower pension and retiree benefit expenses, continued cost reduction programs and voluntary attrition in the labor force, partially offset by increased Indian Point 2 outage expenses (higher expenses for the maintenance outage at Indian Point 2 in the 1998 period compared with the refueling and maintenance outage expenses at Indian Point 2 in the 1997 period).

Depreciation and amortization increased in the 1998 period due principally to higher plant balances.

Taxes other than federal income tax increased in the 1998 period due primarily to higher property taxes.

Federal income tax increased in the 1998 period due to higher taxable income.

Net interest charges increased due to increased short-term borrowing by Con Edison.

TWELVE MONTHS ENDED JUNE 30, 1998 COMPARED WITH
TWELVE MONTHS ENDED JUNE 30, 1997

CEI's net revenues increased \$114.4 million in the 12 months ended June 30, 1998 compared with the 1997 period. Electric, gas, steam and non-utility net revenues increased \$89.8 million, \$6.2 million, \$9.3 million and \$9.1 million, respectively.

Electric net revenues in the 1998 period were higher than in the corresponding 1997 period primarily as a result of higher sales, offset in part by the rate reductions that went into effect in January and April 1998. Electric net revenues in the 1998 period include \$1.6 million of PPFAC incentive earnings compared with \$31.3 million for PPFAC and other incentive earnings for the 1997 period.

Gas net revenues in the 1998 period reflect the retention of net revenues from interruptible sales in accordance with the 1997 gas rate agreement. Steam net revenues in the 1998 period reflect rate increases, offset in part by weather-related sales decreases.

Con Edison's electric sales, excluding off-system sales, for the 1998 period compared with the 1997 period were:

DESCRIPTION	TWELVE MONTHS ENDED JUNE 30, 1998	MILLIONS OF KWHRS.		PERCENT	
		TWELVE MONTHS ENDED JUNE 30, 1997		VARIATION	VARIATION
Residential/Religious	11,135	10,728	407	3.8%	
Commercial/Industrial	26,327	25,450	877	3.4%	
Other	643	604	39	6.5%	
Total Con Edison Customers	38,105	36,782	1,323	3.6%	
NYP&A Municipal Agency and Other Sales	9,704	9,518	186	2.0%	
Total Service Area	47,809	46,300	1,509	3.3%	

For the 1998 period, Con Edison's firm gas sales volume (including firm transportation) decreased 4.2 percent and interruptible sales decreased 4.1 percent. Transportation of customer-owned gas (other than gas transported for the New York Power Authority), which comprised approximately seven percent of the gas Con Edison sold or transported to customers in the 1998 period, increased 73 percent. Steam sales volume decreased 5.8 percent compared with the 1997 period. The decreases in firm gas and steam sales volumes for the 1998 period were due primarily to milder than normal 1998 winter weather.

After adjustment for variations, primarily in weather and billing days in each period, electric sales volume in Con Edison's service territory in the 1998 period increased 2.2 percent. Similarly adjusted, firm gas sales volume (including firm transportation) increased 0.1 percent and steam sales volume decreased 2.2 percent.

Electric fuel costs increased \$77.8 million in the 1998 period due to a higher unit cost of fuel, partially offset by decreased generation of electricity. Electric purchased power costs increased in the 1998 period, reflecting increased purchased volumes. The variations in electric fuel and purchased power costs also reflect the greater availability of Indian Point 2 in the 1997 period than in the 1998 period. Steam fuel costs decreased \$39.1 million in the 1998 period due to decreased generation of steam by Con Edison and a lower unit cost of fuel. Steam purchased power costs were \$8.3 million higher reflecting greater purchased volumes. Gas purchased for resale decreased, reflecting a lower unit cost of fuel.

Other operations and maintenance expenses decreased in the 1998 period due primarily to lower pension, retiree benefits and health insurance costs, continued cost reduction programs and voluntary attrition of the labor force, partially offset by increased Indian Point 2 outage expenses (higher expenses for the maintenance outage at Indian Point 2 in the 1998 period compared with the refueling and maintenance outage expenses at Indian Point 2 in the 1997 period).

Depreciation and amortization increased in the 1998 period due principally to higher plant balances.

Taxes other than federal income tax increased in the 1998 period compared with the 1997 period due primarily to higher property and revenue taxes.

Federal income tax increased in the 1998 period due to higher taxable income.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information about the Company's primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Liquidity and Capital Resources - Financial Market Risks" in Item 2 of this report and Item 7 of the 1997 Form 10-K.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

GRAMERCY PARK

Reference is made to "Gramercy Park" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K and in Part II, Item 1, Legal Proceedings in the combined CEI and Con Edison Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1998.

CHALLENGES TO THE SETTLEMENT AGREEMENT

Reference is made to "Challenges to the Settlement Agreement" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K. Con Edison and the New York State Public Service Commission (the "PSC") have each filed a motion to dismiss the lawsuit commenced by the Public Utility Law Project of New York, Inc. Travelers Group Inc. and Smith Barney Inc. have withdrawn, without prejudice, their lawsuit against the PSC.

RATE PROCEEDINGS

Reference is made to "Rate Proceedings" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K. In July 1998, the United States Court of Appeals for the Second Circuit affirmed the dismissal by the United States District Court for the Southern District of New York of the suit against Con Edison. In the state court proceeding by these plaintiffs, the New York State Supreme Court, County of Kings has denied Con Edison's motion to dismiss.

SUPERFUND - GLOBAL LANDFILL SITE

Reference is made to the information under the caption "SUPERFUND - Global Landfill Site" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K. In September 1997, the EPA issued a Record of Decision in which it selected a Phase II cleanup program estimated to cost approximately \$2.35 million of which Con Edison's share has not yet been determined.

SUPERFUND - ANCHOR MOTOR SITE

Reference is made to the information under the caption "SUPERFUND - Anchor Motor Site" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K. The costs of the cleanup programs being considered for the contaminated section of the Hudson River range from approximately \$1.87 million to \$2.82 million. The cost of the cleanup program for the coal tar contamination present on the Anchor Motor and asphalt plant properties could exceed \$8 million if the DEC requires Con Edison to excavate all of the coal tar.

SUPERFUND - BORNE CHEMICAL SITE

Reference is made to the information under the caption "SUPERFUND - Borne Chemical Site" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K. Con Edison and four other third-party defendants in the lawsuit have reached a tentative settlement with the third-party plaintiffs under which Con Edison would pay about \$70,000 as reimbursement of the \$8.25 million in expenses that the third-party plaintiffs incurred performing emergency removal actions at the site and would assume responsibility for approximately 0.67% of the expenses that the third-party plaintiffs incur conducting the site investigation study ordered by the NJDEP and any soil or groundwater cleanup program that the NJDEP may require after the site investigation study is completed.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) At the Annual Meeting of Stockholders of CEI and the Annual Meeting of Stockholders of Con Edison held concurrently on May 18, 1998, the stockholders of CEI voted to elect management's nominees for the Board of Directors, to ratify and approve the appointment of CEI's independent accountants, and not to adopt two stockholder proposals, and the stockholders of Con Edison (including CEI, which owned all 235,489,650 shares of Con Edison's common stock outstanding and entitled to vote at the Annual Meeting and the holders of 1,915,319 shares of cumulative preferred stock) voted to elect management's nominees for the Board of Trustees and to ratify and approve the appointment of Con Edison's independent accountants. The stockholder proposals were submitted by Con Edison stockholders prior to January 1, 1998 when CEI became the holding company for Con Edison and (as provided in the Proxy Statement and Prospectus of CEI and Con Edison included in CEI's Registration Statement on Form S-4 (No. 333-39164)) were deemed to apply to CEI.

(b) The name of each nominee for election as a member of CEI's Board of Directors or Con Edison's Board of Trustees and the number of shares voted for or with respect to which authority to vote for was withheld are as follows:

	CEI's Board of Directors		Con Edison's Board of Trustees	
	For	Withheld	For	Withheld
E. Virgil Conway	185,755,137	2,491,838	236,902,361	16,658
Gordon J. Davis	185,861,901	2,385,074	236,902,206	16,813
Ruth M. Davis	185,761,066	2,485,909	236,902,431	16,588
Joan S. Freilich	185,866,162	2,380,813	236,901,532	17,487
Ellen V. Futter	185,861,575	2,385,400	236,902,506	16,513
Sally Hernandez-Pinero	185,609,960	2,637,015	236,900,653	18,366
Peter W. Likins	185,908,394	2,338,581	236,902,398	16,621
Eugene R. McGrath	185,878,900	2,368,075	236,903,738	15,281
Robert G. Schwartz	185,746,103	2,500,872	236,902,839	16,180
Richard A. Voell	185,928,911	2,318,064	236,903,658	15,361
Stephen R. Volk	185,833,071	2,363,904	236,902,629	16,390

(c) The results of the vote on the appointment of Price Waterhouse LLP (now PricewaterhouseCoopers LLP) as independent accountants for CEI for 1998 were as follows: 186,093,507 shares were voted for this proposal; 946,966 shares were voted against the proposal; and 1,206,502 shares were abstentions.

(d) The results of the vote on the appointment of Price Waterhouse LLP (now PricewaterhouseCoopers LLP) as independent accountants for Con Edison for 1998 were as follows: 236,881,512 shares were voted for this proposal; 9,012 shares were voted against the proposal; and 28,495 shares were abstentions.

(e) The following stockholder-proposed resolution was voted upon by the stockholders of CEI at the Annual Meeting:

"RESOLVED: That the stockholders of Consolidated Edison Company of New York, Inc., assembled in annual meeting in person and by proxy, hereby request the Board of Directors to take the steps necessary to provide for cumulative voting in the election of directors, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he or she owns multiplied by the number of directors to be elected, and he or she may cast all of such votes for a single candidate, or any two or more of them as he or she may see fit."

The results of the vote on this proposal were as follows: 37,868,522 shares were voted for this proposal; 111,343,829 shares were voted against the proposal; 8,396,663 shares were abstentions; and 30,637,961 shares were broker nonvotes.

(f) The following stockholder-proposed resolution was voted upon by the stockholders of CEI at the Annual Meeting:

"RESOLVED: That the shareholders recommend that the Board take the necessary step that Con Edison specifically identify by name and corporate title in all future proxy statements those executive officers, not otherwise so identified, who are contractually entitled to receive in excess of \$100,000 annually as base salary, together with whatever other additional compensation bonuses and other cash payments were due them."

The results of the vote on this proposal were as follows: 15,229,325 shares were voted for this proposal; 136,710,753 shares were voted against the proposal; 5,668,936 shares were abstentions; and 30,637,961 shares were broker nonvotes

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

Exhibit 3.2.1 By-laws of CEI, effective June 23, 1998.

Exhibit 3.2.2 By-laws of Con Edison, effective June 23, 1998.

Exhibit 12.1 Statement of computation of CEI ratio of earnings to fixed charges for the twelve-month periods ended June 30, 1998 and 1997.

Exhibit 12.2 Statement of computation of Con Edison's ratio of earnings to fixed charges for the twelve-month periods ended June 30, 1998 and 1997.

Exhibit 27.1 Financial Data Schedule for CEI.*

Exhibit 27.2 Financial Data Schedule for Con Edison.*

*To the extent provided in Rule 402 of Regulation S-T, this exhibit shall not be deemed "filed", or otherwise subject to liabilities, or be deemed part of a registration statement.

(B) REPORTS ON FORM 8-K

CEI and Con Edison each filed a Current Report on Form 8-K, dated May 10, 1998, reporting (under Item 5) the proposed acquisition of Orange and Rockland Utilities, Inc. discussed in "Liquidity and Capital Resources - Acquisition" Item 2 of Part I of this report. Con Edison filed a Current Report on Form 8-K, dated June 22, 1998, reporting (under Item 5) the sale of debentures and refunding of a series of outstanding debt securities. No other CEI or Con Edison Current Reports on Form 8-K were filed during the quarter ended June 30, 1998.

SIGNATURES

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 thereunto duly authorized.

CONSOLIDATED EDISON, INC.

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

DATE: August 14, 1998

By: JOAN S. FREILICH
Joan S. Freilich
Executive Vice President,
Chief Financial Officer and
Duly Authorized Officer

DATE: August 14, 1998

By: HYMAN SCHOENBLUM
Hyman Schoenblum
Vice President, Controller and
Chief Accounting Officer

BY-LAWS
OF
CONSOLIDATED EDISON, INC.
Effective as of June 23, 1998

SECTION 1. Meetings of the shareholders of the Company may be held at such time and at such place within or without the State of New York as may be designated by the Board of Directors or stockholders holding one-fourth of the outstanding shares entitled to vote at such meeting, except that the annual meeting of shareholders of the Company for the election of Directors and such other business as may properly come before such meeting shall be held on the third Monday in May of each year, unless otherwise determined by the Board of Directors.

SECTION 2. Notice of the time and place of each shareholders' meeting and the purpose of the meeting shall be mailed by the Secretary of the Company, or other officer performing his or her duties, not less than the minimum nor more than the maximum number of days permitted under New York law, to each shareholder of record, at his or her last known Post Office address; provided, however, that if a shareholder be present at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, or in writing waives notice thereof before or after the meeting, the mailing to the shareholder of notice of the meeting is unnecessary.

SECTION 3. The holders of a majority of the outstanding shares of the Company entitled to vote at a shareholders' meeting, present in person or by proxy, shall constitute a quorum, but less than a quorum shall have power to adjourn.

SECTION 4. The Chairman of the Board of Directors, or in his or her absence the President of the Company, shall preside over each shareholders' meeting as Chairman of the meeting. In their absence, a Vice President designated by the Board of Directors shall preside as Chairman of the meeting. The Chairman of the meeting is authorized to establish such procedures for the conduct of the meeting, and to make all determinations with respect to the conduct of the meeting, that the Chairman, in his or her sole discretion, deems appropriate, including determinations as to whether business was properly brought before the meeting. If the Chairman of the meeting shall determine, in his or her sole discretion, that any business was not properly brought before the meeting or was not in compliance, or conflicts, with the procedures for the conduct of the meeting, these By-laws, the Company's Certificate of Incorporation or any applicable law or regulation, then such business shall not be voted upon, or otherwise considered, at the meeting. The Secretary of the Company shall act as Secretary of the meeting, if present. In his or her absence, the Chairman of the meeting may appoint any person to act as Secretary of the meeting.

SECTION 5. A shareholders' meeting may be adjourned by the Chairman of the meeting, or by the vote of a majority of the shares of the Company that are represented, in person or by proxy, at the meeting whether or not a quorum is present.

SECTION 6. At each meeting of shareholders at which votes are to be taken by ballot there shall be at least two and not more than five inspectors of election of shareholders' votes, who shall be either designated prior to such meeting by the Board of Trustees or, in the absence of such designation, appointed by the Chairman of the meeting.

SECTION 7. Business properly brought before any shareholders' meeting shall include matters specifically set forth in the Company's notice of the meeting given to shareholders and matters which the Chairman of the meeting, in his or her sole discretion, causes to be placed on the agenda of any such meeting. Such business shall also include any proposal of a shareholder of this Company and any nomination by a shareholder of a person or persons for election as director or directors, if such shareholder has made a written request to this Company to have such proposal or nomination considered at such meeting, as provided herein, and further provided that such proposal or nomination is otherwise proper for consideration under the procedures for the conduct of the meeting, these By-laws, the Company's Certificate of Incorporation or any applicable law or regulation.

Written notice of any proposal to be presented by any shareholder or any person to be nominated by any shareholder for election as a Director must be received by the Secretary of the Company at its principal executive office not less than 70 nor more than 90 days prior to the anniversary date of the previous year's annual meeting (the anniversary date for the Company's first annual meeting

shall be deemed to be May 19, 1998); provided, however, that if the date of the annual meeting is first publicly announced or disclosed (in a public filing or otherwise) less than 80 days prior to the date of the meeting, such notice shall be given not more than ten days after such date is first so announced or disclosed. Public notice shall be deemed to have been given more than 80 days in advance of the annual meeting if the Company shall have previously disclosed, in these By-laws or otherwise, that the annual meeting in each year is to be held on a determinable date, unless and until the Board of Directors determines to hold the meeting on a different date.

A shareholder's notice of any proposal shall set forth the text of the proposal, a brief statement of the reasons why the shareholder favors the proposal, the shareholder's name and address, the number and class of all shares of the Company beneficially owned by the shareholder, any material interest of the shareholder in the proposal and, if the shareholder intends to solicit proxies in support of the proposal, a statement to that effect.

A shareholder's notice of any person to be nominated by the shareholder for election as a Director shall set forth the name of the person to be nominated, the number and class of all shares of the Company beneficially owned by the shareholder's nominee, any information regarding the shareholder's nominee that would have been required to be included in a proxy statement filed pursuant to the rules under the Securities Exchange Act of 1934, as amended, if proxies for such shareholder's nominee had been solicited by the Board of Directors, the signed consent of the shareholder's nominee to serve as a Director if elected, the shareholder's name and address, the number and class of all shares of the Company beneficially owned by the shareholder, a description of all arrangements or understandings between the shareholder and the shareholder's nominee or any other person or persons (naming such person or persons) with respect to the nomination of the shareholder's nominee and, if the shareholder intends to solicit proxies in support of the proposal, a statement to that effect. .

SECTION 8. The affairs of the Company shall be managed under the direction of the Board of Directors, who shall be elected annually by the shareholders by ballot and shall hold office until their successors are elected and qualified. Vacancies in the Board of Directors may be filled by the Board by the vote of a majority of Directors then in office. Members of the Board of Directors shall be entitled to receive such reasonable fees or other forms of compensation, on a per diem, annual or other basis, as may be fixed by resolution of the Board of Directors or the shareholders in respect of their services as such, including attendance at meetings of the Board and its committees; provided, however, that nothing herein contained shall be construed as precluding any Director from serving the Company in any capacity other than as a member of the Board or a committee thereof and receiving compensation for such other services.

SECTION 9. Meetings of the Board of Directors shall be held at the time and place fixed by resolution of the Board or upon call of the Chairman of the Board, the President, or any three Directors. The Secretary of the Company or officer performing his duties shall give 24 hours' notice of all meetings of the Board provided that a meeting may be held without notice immediately after the annual election of Directors, and notice need not be given of regular meetings held at times fixed by resolution of the Board. Meetings may be held at any time without notice if all the Directors are present and none protests the lack of notice either prior to the meeting or at its commencement, or if those not present waive notice either before or after the meeting. Notice by mailing or telegraphing, telecopying, electronically mailing or delivering by hand, to the usual business address, residence or electronic mailbox of the Director not less than the time above specified before the meeting shall be sufficient. A majority of the Directors in office, but not less than one-third of the entire Board, shall constitute a quorum, but less than a quorum shall have power to adjourn. The Chairman of the Board or, in his or her absence, a Chairman pro tem elected by the meeting from among the Directors present shall preside at all meetings of the Board. Any one or more members of the Board may participate in a meeting of the Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such meeting. Any action required or permitted to be taken by the Board may

be taken without a meeting if all members of the Board consent in writing to the adoption of a resolution authorizing the action. Each resolution so adopted and the written consents thereto by the members of the Board shall be filed with the minutes of the proceedings of the Board.

SECTION 10. The Board of Directors, as soon as may be after the election of Directors in each year, may by a resolution passed by a majority of the entire Board, appoint an Executive Committee, to consist of the Chairman of the Board and three or more additional Directors as the Board may from time to time determine, which shall have and may exercise during the intervals between the meetings of the Board all the powers vested in the Board except that neither the Executive Committee nor any other committee appointed pursuant to this section of these By-laws shall have authority as to any of the following matters: the submission to shareholders of any action as to which shareholders' authorization is required by law; the filling of vacancies on the Board or on any committee thereof; the fixing of compensation of any Directors for serving on the Board or on any committee thereof; the amendment or repeal of these By-laws; or the adoption of new By-laws; and the amendment or repeal of any resolution of the Board which by its terms shall not be so amendable or repealable. The Board shall have the power at any time to change the membership of the Executive Committee and to fill vacancies in it. The Executive Committee may make rules for the conduct of its business and may appoint such committees and assistants as it may deem necessary. Four members of the Executive Committee shall constitute a quorum. The Chairman of the Board or, in his or her absence, a Chairman pro tem elected by the meeting from among the members of the Executive Committee present shall preside at all meetings of the Executive Committee. The Board may designate one or more Directors as alternate members of any committee appointed pursuant to this section of the By-laws who may replace any absent member or members at any meeting of the committee. The Board of Directors may also from time to time appoint other committees consisting of three or more Directors with such powers as may be granted to them by the Board of Directors, subject to the restrictions contained in this section of the By-laws. Any one or more members of any committee appointed pursuant to this section may participate in any meeting of the committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting. Any action required or permitted to be taken by any committee appointed pursuant to this section may be taken without a meeting if all members of the committee consent in writing to the adoption of a resolution authorizing the action. Each resolution so adopted and the written consents thereto by the members of the committee shall be filed with the minutes of the proceedings of the committee.

SECTION 11. The Board of Directors, as soon as may be after the election of Directors in each year, shall elect from their number a Chairman of the Board, who shall be the chief executive officer of the Company, and shall elect a President. The Board shall also elect one or more Vice Presidents, a Secretary and a Treasurer, and may from time to time elect such other officers as they may deem proper. Any two or more offices may be held by the same person, except as otherwise may be required by law.

SECTION 12. The term of office of all officers shall be until the next election of Directors and until their respective successors are chosen and qualify, but any officer may be removed from office at any time by the Board of Directors. Vacancies among the officers may be filled by the Board of Directors at any meeting.

SECTION 13. The Chairman of the Board and the President shall have such duties as usually pertain to their respective offices, except as otherwise directed by the Board of Directors or the Executive Committee, and shall also have such powers and duties as may from time to time be conferred upon them by the Board of Directors or the Executive Committee. In the absence or disability of the Chairman of the Board, the President shall perform the duties and exercise the powers of the Chairman of the Board. In the absence or disability of the President, one of the Vice Presidents, as designated by the Board of Directors, shall perform the duties and exercise the powers of the President. The Vice Presidents and the other officers of the Company shall have such duties as usually pertain to their respective offices, except as otherwise directed by the Board of Directors, the Executive Committee, the Chairman of the Board or the President, and shall also have such powers and duties as may from time to time be conferred upon them by the Board of Directors, the Executive Committee, the Chairman of the Board or the President.

SECTION 14. The Board of Directors shall select such depositories as they shall deem proper for the funds of the Company. All checks and other transfers of such deposited funds shall be authorized only pursuant to resolutions of the Board of Directors. No officers, agents, employees of the Company, or other person, alone or with others, shall have power to make any checks, notes, drafts or other negotiable instruments in the name of the Company or to bind the Company thereby, except pursuant to resolutions of the Board of Directors.

SECTION 15. The Board of Directors may, in their discretion, appoint one or more transfer agents, paying agents and/or registrars of the stock of the Company.

SECTION 16. The Company shall limit the liability to the Company of, and indemnify, Directors and officers of the Company and other persons serving at the request of the Company any other enterprise as a director, officer or in any other capacity as and to the extent provided in the Certificate of Incorporation of the Company.

BY-LAWS
OF
CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

Effective as of June 23, 1998

SECTION 1. The annual meeting of stockholders of the Company for the election of Trustees and such other business as may properly come before such meeting shall be held on the third Monday in May in each year at such hour and at such place in the City of New York or the County of Westchester as may be designated by the Board of Trustees.

SECTION 2. Special meetings of the stockholders of the Company may be held upon call of the Chairman of the Board, the Vice Chairman of the Board, the President, the Board of Trustees, or stockholders holding one-fourth of the outstanding shares of stock entitled to vote at such meeting.

SECTION 3. Notice of the time and place of every meeting of stockholders, the purpose of such meeting and, in case of a special meeting, the person or persons by or at whose direction the meeting is being called, shall be mailed by the Secretary, or other officer performing his duties, at least ten days, but not more than fifty days, before the meeting to each stockholder of record, at his last known Post Office address; provided, however, that if a stockholder be present at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, or in writing waives notice thereof before or after the meeting, the mailing to such stockholder of notice of such meeting is unnecessary.

SECTION 4. The holders of a majority of the outstanding shares of stock of the Company, entitled to vote at a meeting, present in person or by proxy shall constitute a quorum, but less than a quorum shall have power to adjourn.

SECTION 5. The Chairman of the Board, or in his absence the Vice Chairman of the Board, or in his absence the President shall preside over all meetings of stockholders. In their absence one of the Vice Presidents shall preside over such meetings. The Secretary of the Board of Trustees shall act as Secretary of such meeting, if present. In his absence, the Chairman of the meeting may appoint any person to act as Secretary of the meeting.

SECTION 6. At each meeting of stockholders at which votes are to be taken by ballot there shall be at least two and not more than five inspectors of election and of stockholders' votes, who shall be either designated prior to such meeting by the Board of Trustees or, in the absence of such designation, appointed by the Chairman of the meeting.

SECTION 7. The Board of Trustees may, in their discretion, appoint one or more transfer agents, paying agents and/or registrars of the stock of the Company.

SECTION 8. The affairs of the Company shall be managed under the direction of a Board consisting of eleven Trustees, who shall be elected annually by the stockholders by ballot and shall hold office until their successors are elected and qualified. Vacancies in the Board of Trustees may be filled by the Board at any meeting, but if the number of Trustees is increased or decreased by the Board by an amendment of this section of the By-laws, such amendment shall require the vote of a majority of the whole Board. Members of the Board of Trustees shall be entitled to receive such reasonable fees or other forms of compensation, on a per diem, annual or other basis, as may be fixed by resolution of the Board of Trustees or the stockholders in respect of their services as such, including attendance at meetings of the Board and its committees; provided, however, that nothing herein contained shall be construed as precluding any Trustee from serving the Company in any capacity other than as a member of the Board or a committee thereof and receiving compensation for such other services.

SECTION 9. Meetings of the Board of Trustees shall be held at the time and place fixed by resolution of the Board or upon call of the Chairman of the Board, the Vice Chairman of the Board, the President, or a Vice President or any two Trustees. The Secretary of the Board or officer performing his duties shall give 24 hours' notice of all meetings of Trustees; provided that a meeting may be held without notice immediately after the annual election of Trustees, and notice need not be given of regular meetings held at times fixed by resolution of the Board. Meetings may be held at any time without notice if all the Trustees are present and none protests the lack of notice either prior to the meeting or at its commencement, or if those not present waive notice either before or after the meeting. Notice by mailing or telegraphing, or delivering by hand, to the usual business address or residence of the Trustee not less than the time above specified before the meeting shall be sufficient. A Majority of the Trustees in office shall constitute a quorum, but less than such quorum

shall have power to adjourn. The Chairman of the Board or, in his absence the Vice Chairman of the Board or, in his absence a Chairman pro term elected by the meeting from among the Trustees present shall preside at all meetings of the Board. Any one or more members of the Board may participate in a special meeting of the Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation

by such means shall constitute presence in person at such special meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board consent in writing to the adoption of a resolution authorizing the action; provided, however, that no action taken by the Board by unanimous written consent shall be taken in lieu of a regular monthly meeting of the Board. Each resolution so adopted and the written consents thereto by the members of the Board shall be filed with the minutes of the proceedings of the Board.

SECTION 10. The Board of Trustees, as soon as may be after the election of Trustees in each year, shall elect from their number a Chairman of the Board, who shall be the chief executive officer of the Company, and shall elect a Vice Chairman of the Board and a President. The Board shall also elect one or more Vice Presidents, a Secretary and a Treasurer, and may from time to time elect such other officers as they may deem proper. Any two or more offices may be held by the same person, except the offices of President and Secretary.

SECTION 11. The term of office of all officers shall be until the next election of Trustees and until their respective successors are chosen and qualify, but any officer may be removed from office at any time by the Board of Trustees. Vacancies among the officers may be filled by the Board of Trustees at any meeting.

SECTION 12. The Chairman of the Board and the President shall have such duties as usually pertain to their respective offices, except as otherwise directed by the Board of Trustees or the Executive Committee, and shall also have such powers and duties as may from time to time be conferred upon them by the Board of Trustees or the Executive Committee. The Vice Chairman of the Board shall have such powers and duties as may from time to time be conferred upon him by the Board of Trustees, the Executive Committee or the Chairman of the Board. In the absence or disability of the Chairman of the Board, the Vice Chairman of the Board shall perform the duties and exercise the powers of the Chairman of the Board. The Vice Presidents and the other officers of the Company shall have such duties as usually pertain to their respective offices, except as otherwise directed by the Board of Trustees, the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board or the President, and shall also have such powers and duties as may from time to time be conferred upon them by the Board of Trustees, the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board or the President.

SECTION 13. The Board of Trustees, as soon as may be after the election of Trustees in each year, may by a resolution passed by a majority of the whole Board, appoint an Executive Committee, to consist of the Chairman of the Board (and in his absence the Vice Chairman of the Board) and three or more additional Trustees as the Board may from time to time determine, which shall have and may exercise during the intervals between the meetings of the Board all the powers vested in the Board except that neither the Executive Committee nor any other committee appointed pursuant to this section of the By-laws shall have authority as to any of the following

matters: the submission to stockholders of any action as to which stockholders' authorization is required by law; the filling of vacancies on the Board or on any committee thereof; the fixing of compensation of any Trustee for serving on the Board or on any committee thereof; the amendment or repeal of these By-laws, or the adoption of new By-laws; and the amendment or repeal of any resolution of the Board which by its terms shall not be so amendable or repealable. The Board shall have the power at any time to change the membership of such Executive Committee and to fill vacancies in it. The Executive Committee may make rules for the conduct of its business and may appoint such committees and assistants as it may deem necessary. Four members of said Executive Committee shall constitute a quorum. The Chairman of the Board or, in his absence a Chairman pro term elected by the meeting from among the members of the Executive Committee present shall preside at all meetings of the Executive Committee. The Board may designate one or more Trustees as alternate members of any committee appointed pursuant to this section of the By-laws who may replace any absent member or members at any meeting of such committee. The Board of Trustees may also from time to time appoint other committees consisting of three or more Trustees with such powers as may be granted to them by the Board of Trustees, subject to the restrictions contained in this section of the By-laws. Any one or more members of any committee appointed pursuant to this section may participate in any meeting of such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such meeting. Any action required or permitted to be taken by any committee appointed pursuant to this section may be taken without a meeting if all members of such committee consent in writing to the adoption of a resolution authorizing the action. Each resolution so adopted and the written consents thereto by the members of such committee shall be filed with the minutes of the proceedings of such committee.

SECTION 14. The Board of Trustees are authorized to select such depositories as they shall deem proper for the funds of the Company. All checks and drafts against such deposited funds shall be signed by such person or persons and in such manner as may be specified by the Board of Trustees.

SECTION 15. The Company shall fully indemnify in all circumstances to the extent not prohibited by law any person made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, including an investigative, administrative or legislative proceeding, and including an action by or in the right of the Company or any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, by reason of the fact that he, his testator or intestate, is or was a Trustee or officer of the Company, or is or was serving at the request of the Company any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, as a director, officer or in any other capacity against any and all judgments, fines, amounts paid in settlement, and expenses,

including attorneys' fees, actually and reasonably incurred as a result of or in connection with any such action or proceeding or related appeal; provided, however, that no indemnification shall be made to or on behalf of any Trustee, director or officer if a judgment or other final adjudication adverse to the Trustee, director or officer establishes that his acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled; and, except in the case of an action or proceeding specifically approved by the Board of Trustees, the Company shall pay expenses incurred by or on behalf of such a person in defending such a civil or criminal action or proceeding (including appeals) in advance of the final disposition of such action or proceeding promptly upon receipt by the Company, from time to time, of a written demand of such person for such advancement, together with an undertaking by or on behalf of such person to repay any expenses so advanced to the extent that the person receiving the advancement is ultimately found not to be entitled to indemnification for such expenses; and the right to indemnification and advancement of defense expenses granted by or pursuant to this by-law (i) shall not limit or exclude, but shall be in addition to, any other rights which may be granted by or pursuant to any statute, certificate of incorporation, by-law, resolution or agreement, (ii) shall be deemed to constitute contractual obligations of the Company to any Trustee, director or officer who serves in such capacity at any time while this by-law is in effect, (iii) are intended to be retroactive and shall be available with respect to events occurring prior to the adoption of this by-law and (iv) shall continue to exist after the repeal or modification hereof with respect to events occurring prior thereto. It is the intent of this by-law to require the Company to indemnify the persons referred to herein for the aforementioned judgments, fines, amounts paid in settlement and expenses, including attorneys' fees, in each and every circumstance in which such indemnification could lawfully be permitted by an express provision of a by-law, and the indemnification required by this by-law shall not be limited by the absence of an express recital of such circumstances. The Company may, with the approval of the Board of Trustees, enter into an agreement with any person who is, or is about to become, a Trustee or officer of the Company, or who is serving, or is about to serve, at the request of the Company, any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, as a director, officer or in any other capacity, which agreement may provide for indemnification of such person and advancement of defense expenses to such person upon such terms, and to the extent, as may be permitted by law.

SECTION 16. Wherever the expression "Trustees" or "Board of Trustees" is used in these By-laws the same shall be deemed to apply to the Directors or Board of Directors, as the case may be, if the designation of those persons constituting the governing board of this Company is changed from "Trustees" to "Directors".

SECTION 17. Either the Board of Trustees or the stockholders may alter or amend these By-laws at any meeting duly held as above provided, the notice of which includes notice of the proposed amendment.

EMERGENCY BY-LAWS
OF
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
As Amended
February 23, 1966
Effective May 16, 1966

SECTION 1. These Emergency By-laws may be declared effective by the Defense Council of New York as constituted under the New York State Defense Emergency Act in the event of attack and shall cease to be effective when the Council declares the end of the period of attack.

SECTION 2. In the event of attack and until the Defense Council declares the end of the period of attack the affairs of the Company shall be managed by such Trustees theretofore elected as are available to act, and a majority of such Trustees shall constitute a quorum. In the event that there are less than three Trustees available to act, then and in that event the Board of Trustees shall consist of such Trustees theretofore elected and available to act plus such number of senior officers of the Company not theretofore elected as Trustees as will make a Board of not less than three nor more than five members. The Board as so constituted shall continue until such time as the Defense Council declares the end of the period of attack and their successors are duly elected.

SECTION 3. The By-laws of the Company shall remain in effect during the period of emergency to the extent that said By-laws are not inconsistent with these Emergency By-laws.

CONSOLIDATED EDISON, INC.
Ratio of Earnings to Fixed Charges
Twelve Months Ended
(Thousands of Dollars)

	JUNE 1998 -----	JUNE 1997 -----
Earnings		
Net Income	\$741,621	\$662,302
Federal Income Tax	460,170	246,070
Federal Income Tax Deferred	(60,780)	129,590
Investment Tax Credits Deferred	(8,770)	(8,790)
	-----	-----
Total Earnings Before Federal Income Tax	1,132,241	1,029,172
Fixed Charges*	355,319	348,015
	-----	-----
Total Earnings Before Federal Income Tax and Fixed Charges	\$1,487,560 =====	\$1,377,187 =====
* Fixed Charges		
Interest on Long-Term Debt	\$303,379	\$301,853
Amort. of Debt Discount, Premium & Expense	12,878	11,436
Interest on Component of Rentals	18,367	18,175
Other Interest	20,695	16,551
	-----	-----
Total Fixed Charges	\$355,319 =====	\$348,015 =====
Ratio of Earnings to Fixed Charges	4.19	3.96

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Ratio of Earnings to Fixed Charges
Twelve Months Ended
(Thousands of Dollars)

	JUNE 1998 -----	JUNE 1997 -----
Earnings		
Net Income	\$744,955	\$662,302
Federal Income Tax	462,018	246,070
Federal Income Tax Deferred	(60,780)	129,590
Investment Tax Credits Deferred	(8,770)	(8,790)
	-----	-----
Total Earnings Before Federal Income Tax	1,137,423	1,029,172
Fixed Charges*	355,319 -----	348,015 -----
	-----	-----
Total Earnings Before Federal Income Tax and Fixed Charges	\$1,492,742 =====	\$1,377,187 =====
* Fixed Charges		
Interest on Long-Term Debt	\$303,379	\$301,853
Amort. of Debt Discount, Premium & Expense	12,878	11,436
Interest on Component of Rentals	18,367	18,175
Other Interest	20,695 -----	16,551 -----
	-----	-----
Total Fixed Charges	\$355,319 =====	\$348,015 =====
Ratio of Earnings to Fixed Charges	4.20	3.96

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The schedule contains summary financial
Information extracted from Consolidated Balance
Sheet, Income Statement and Statement of Cash
Flows for Consolidated Edison, Inc. and is
qualified in its entirety by reference to such
financial statements and the notes thereto.

0001047862

Consolidated Edison, Inc.

1,000

Dec-31-1998

Jun-30-1998

6-Mos

Per-Book

11,295,832

341,424

1,139,813

559,325

899,799

14,236,193

585,378

860,130

4,409,589

5,855,097

84,550

233,468

4,197,577

0

0

44,024

200,000

0

38,475

2,790

3,580,212

14,236,193

3,414,088

127,976

2,883,500

3,011,476

402,612

7,152

409,764

166,799

242,965

9,072

233,893

249,619

156,043

561,463

.99

.99

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The schedule contains summary financial information extracted from Consolidated Balance Sheet, Income Statement and Statement of Cash Flows for Consolidated Edison Company of New York, Inc. and is qualified in its entirety by reference to such financial statements and the notes thereto.

0000023632

Consolidated Edison Company of New York, Inc.
1,000

Dec-31-1998

Jun-30-1998

6-Mos

Per-Book

11,295,832

254,302

1,029,326

559,325

899,799

14,038,584

585,378

860,130

4,214,561

5,660,069

84,550

233,468

4,197,577

0

0

44,024

200,000

0

38,475

2,790

3,577,631

14,038,584

3,369,716

131,640

2,828,171

2,959,811

409,905

3,192

413,097

166,799

246,298

9,072

237,226

249,619

156,043

607,183

0

0