

CONSOLIDATED EDISON INC

Form 424B3

May 11, 2004

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The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 10, 2004

PROSPECTUS SUPPLEMENT

(To Prospectus dated April 22, 2004)

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-114222

14,000,000 Shares

Consolidated Edison, Inc.

Common Shares

Consolidated Edison, Inc., or Con Edison, is offering 14,000,000 of its common shares. Our common shares are listed on the New York Stock Exchange under the symbol ED. On May 10, 2004, the last reported sale price of our common shares on the New York Stock Exchange was \$38.99 per share.

Investing in our common shares involves risks. See Risk Factors beginning on page 3 of the accompanying prospectus.

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	<u>Price to Public</u>	<u>Commissions</u>	<u>Con Edison</u>
Per Share	\$	\$	\$
Total	\$	\$	\$

We have granted the underwriters an option exercisable for up to 30 days from the date of this prospectus supplement to purchase up to 1,400,000 additional common shares at the price to the public less the underwriting discounts and commissions to cover overallocments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The common shares will be ready for delivery on or about May , 2004.

Joint Book-Running Managers

Citigroup

Merrill Lynch & Co.

Credit Suisse First Boston

JPMorgan

Morgan Stanley

A.G. Edwards

BNY Capital Markets, Inc.

HSBC

Janney Montgomery Scott LLC

Jefferies & Company, Inc.

KeyBanc Capital Markets

Lehman Brothers

M.R. Beal & Company

The Williams Capital Group, L.P.

The date of this prospectus supplement is May , 2004.

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This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the common shares we are offering and certain other matters relating to us and our financial condition. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to the common shares we are offering. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. To the extent information in this prospectus supplement differs from information in the accompanying prospectus, you should rely on the information in this prospectus supplement.

We and the underwriters have not authorized anyone to provide you with information, other than the information contained or incorporated by reference in this document. If anyone provides you with different or inconsistent information, you should not rely on it. This document may only be used where it is legal to sell these securities. The information which appears in this document and which is incorporated by reference in this document may only be accurate as of the date of this document or the date of the document in which the incorporated information appears. Our business, financial condition, results of operations and prospects may have changed since the date of such information.

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PROSPECTUS SUPPLEMENT SUMMARY

In this prospectus supplement, the words "Con Edison," "Company," "we," "our" and "us" refer to Consolidated Edison, Inc., a New York corporation, and its subsidiaries and predecessors.

The following summary contains basic information about this offering. It may not contain all of the information that is important to you. The "Description of Common Shares" section of the accompanying prospectus contains more detailed information regarding the common shares. The following summary is qualified in its entirety by reference to the more detailed information appearing elsewhere or incorporated by reference in this prospectus supplement and in the accompanying prospectus. Unless we indicate otherwise, the information in this prospectus supplement assumes the underwriters' overallotment option is not exercised.

Con Edison

Con Edison is a holding company with approximately \$2.7 billion and \$9.8 billion in operating revenues for the three months ended March 31, 2004 and the year ended December 31, 2003, respectively and approximately \$21.5 billion and \$21.0 billion in total assets as of March 31, 2004 and December 31, 2003, respectively. We conduct our principal business operations through our regulated utility subsidiaries, Consolidated Edison Company of New York, Inc. (Con Edison of New York) and Orange and Rockland Utilities, Inc. (O&R). Our regulated utility subsidiaries accounted for approximately 91.0 percent of our approximately \$21.5 billion of total assets as of March 31, 2004 and all of our net income for the year ended December 31, 2003 and the three months ended March 31, 2004. We also have unregulated subsidiaries. The major products and services provided by our subsidiaries are described below.

Regulated Utility Subsidiaries

Our regulated utility subsidiaries are primarily "wires and pipes" energy delivery companies that are subject to extensive federal and state regulation. Pursuant to regulatory restructuring agreements, our utilities have sold most of their electric generating capacity.

Con Edison of New York provides electric service to over 3.1 million customers and gas service to 1.1 million customers in New York City and Westchester County. The company also provides steam service in parts of Manhattan.

O&R, along with its regulated utility subsidiaries, provides electric service to our 285,000 customers in southeastern New York and adjacent sections of New Jersey and northeastern Pennsylvania, an approximately 1,350 square mile service area. O&R also provides gas service to over 120,000 customers in southeastern New York and northeastern Pennsylvania.

Unregulated Business

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Our unregulated subsidiaries compete in energy-related and telecommunications businesses.

Con Edison Solutions sells electricity to delivery customers of Con Edison of New York, O&R and other utilities and also offers energy related services. As of March 31, 2004, the company served approximately 29,000 electric customers with an estimated aggregate peak load of 1,500 MW of electricity.

Con Edison Development owns and operates generating plants and participates in other infrastructure projects. As of March 31, 2004, the company owned interests of 1,668 MW of capacity in electric generating facilities of which 244 MW are sold under long-term power purchase agreements and the balance is sold on the wholesale electricity markets.

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Con Edison Energy provides energy and capacity to Con Edison Solutions and others and markets the output of plants owned or operated by Con Edison Development. The company also provides risk management services to Con Edison Solutions and Con Edison Development and offers their services to others.

Con Edison Communications builds and operates fiber optic networks to provide telecommunications services. The company's properties, the capitalized cost of which as of March 31, 2004 amounted to \$41.0 million, include network facilities and over 400 miles of fiber optic cable that has been installed in the New York City metropolitan area primarily through Con Edison of New York's underground conduits and other rights of way. Con Edison is evaluating strategic alternatives for its telecommunications business.

Our principal executive offices are located at 4 Irving Place, New York, New York 10003, and our telephone number is (212) 460-4600.

Recent Developments

Reference is made to our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

First Quarter Financial Results

We reported net revenues (operating revenues less purchased power, fuel and gas purchased for resale), operating income and net income for common stock for the three months ended March 31, 2004 of \$1,169 million, \$255 million and \$155 million, respectively, compared to net revenues, operating income and net income for common stock for the three months ended March 31, 2003 of \$1,157 million, \$257 million and \$154 million, respectively. The major factors affecting our results for the three months ended March 31, 2004, as compared to the 2003 period, were higher depreciation and property tax expense and a reduction in the net credits for pensions and other post-retirement benefits; offset by the effects of sales growth and the recognition in the 2003 period, but not the 2004 period, of a provision for refund to customers of electric earnings in excess of a targeted return. Our results in the 2004 period reflect lower gross margins on electric sales by our unregulated subsidiaries and higher interest expense.

Electric Rate Case Filing

On April 30, 2004, Con Edison of New York filed a request with the New York State Public Service Commission (PSC) to increase charges for electric service by \$550 million (6.7 percent increase), effective April 2005.

The filing with the PSC reflects a return on equity of 12 percent and an equity ratio of 48.8 percent. The filing includes a proposal for a multi-year rate plan to continue the proposed level of charges through March 2008 provided that charges would be adjusted, effective April 2006 and April 2007, to reflect additions to utility plant in service, property taxes, changes in pension and retiree health expense, and the impact, if any, of reconciling certain cost elements from the prior rate year.

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In addition, the filing would continue the provisions pursuant to which fuel and purchased power costs are recovered from customers on a current basis.

The Offering

Common shares offered	14,000,000 shares.
Common shares to be outstanding after this offering	240,944,179 shares.
Use of proceeds	For investment in Con Edison of New York, for funding of its construction expenditures and for other general corporate purposes.
New York Stock Exchange symbol	ED.

The number of shares shown above to be outstanding after this offering is based on 226,944,179 shares outstanding as of April 30, 2004 and assumes the underwriters' overallotment option to purchase 1,400,000 shares is not exercised.

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The summary financial data set forth below should be read in conjunction with our financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus. The financial data as of and for the years ended December 31, 2003, 2002 and 2001 have been derived from the audited consolidated financial statements that are incorporated by reference in this prospectus supplement and the accompanying prospectus. The financial data as of and for the three months ended March 31, 2004 and 2003 have been derived from the unaudited consolidated financial statements that are incorporated by reference in this prospectus supplement and the accompanying prospectus and include, in our opinion, all adjustments necessary for a fair presentation of the results of each period.

	Three Months Ended		Year Ended December 31,		
	March 31,		Year Ended December 31,		
	2004	2003	2003	2002	2001
	(millions of dollars, except share and per share data)				
Income Statement Data:					
Operating revenues					
Electric	\$ 1,539	\$ 1,493	\$ 6,863	\$ 6,251	\$ 6,888
Gas	645	620	1,492	1,204	1,466
Steam	235	238	537	404	504
Non-utility	266	219	935	643	531
Total operating revenues	2,685	2,570	9,827	8,502	9,389
Total operating expenses	2,430	2,313	8,893	7,442	8,261
Operating income	255	257	934	1,060	1,128
Total other income (deductions)	17	6	36	62	(1)
Income before interest expense	272	263	970	1,122	1,127
Net interest expense	114	106	434	442	431
Income before preferred stock dividends of subsidiary	158	157	536	680	696
Preferred stock dividend requirements of subsidiary	3	3	11	12	14
Income before cumulative effect of changes in accounting principles	155	154	525	668	682
Cumulative effect of changes in accounting principles (net of income taxes of \$(2) in 2003 and \$15 in 2002)			3	(22)	
Net income for common stock	155	154	528	646	682
Earnings per common share - basic					
Before cumulative effect of changes in accounting principles	\$ 0.69	\$ 0.72	\$ 2.37	\$ 3.14	\$ 3.22
Cumulative effect of changes in accounting principles			\$ 0.02	\$ (0.11)	
After cumulative effect of changes in accounting principles	\$ 0.69	\$ 0.72	\$ 2.39	\$ 3.03	\$ 3.22
Earnings per common share - diluted					
Before cumulative effect of changes in accounting principles	\$ 0.68	\$ 0.72	\$ 2.36	\$ 3.13	\$ 3.21
Cumulative effect of changes in accounting principles			\$ 0.02	\$ (0.11)	
After cumulative effect of changes in accounting principles	\$ 0.68	\$ 0.72	\$ 2.38	\$ 3.02	\$ 3.21
Dividends declared per share of common stock	\$ 0.565	\$ 0.560	\$ 2.24	\$ 2.22	\$ 2.20
Average number of shares outstanding - basic	226.2	214.2	220.9	213.0	212.1
Average number of shares outstanding - diluted	227.5	215.1	221.8	214.0	212.9

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FORWARD-LOOKING STATEMENTS

This prospectus supplement includes forward-looking statements intended to qualify for the safe-harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements of future expectation and not facts. Words such as expects, estimates, anticipates, intends, plans, will and similar expressions in this prospectus supplement are forward-looking statements.

Actual results or developments might differ materially from those included in the forward-looking statements because of various factors such as:

results from outstanding rate case filings and future filings of our regulated subsidiaries;

further restructuring of the regulated public utility and unregulated energy and telecommunications industries;

competition, including competition in the delivery, supply, trading and services businesses;

operating performance and condition of our energy delivery systems, generating assets and fiber optic communications network;

success of completion of ongoing construction projects;

legal proceedings, including proceedings relating to hazardous substances and Northeast Utilities (see Notes G, K, Q, T and W to our audited consolidated financial statements in our 2003 Annual Report on Form 10-K and Notes D, E, F and G to the unaudited consolidated financial statements in our Form 10-Q for the three months ended March 31, 2004, each incorporated by reference in this prospectus supplement and the accompanying prospectus);

wholesale energy markets, including availability, sufficiency and cost of energy and capacity and the effectiveness of our efforts to manage risks in these markets;

capital markets, including availability, sufficiency and cost of liquidity and credit facilities and the effectiveness of our efforts to manage risks in these markets;

availability, sufficiency and cost of other services and goods used in our business, including insurance coverage;

investment returns on the assets of our pension and other post-employment benefit plans and actual experience regarding the plans and other actuarial assumptions (see Notes E and F to our audited consolidated financial statements in our 2003 Annual Report on Form 10-K incorporated by reference in this prospectus supplement and the accompanying prospectus);

employee matters, including changes in key executives and collective bargaining with union employees;

economic conditions, including recession, inflation or deflation;

technological developments;

weather, including its effects on our sales and facilities;

laws, regulations or regulatory policies, including those relating to taxes or fees, the environment and any that would adversely affect the ability of our regulated utility subsidiaries to operate or recover costs from their customers;

public policy developments;

accounting matters, including changes in policies, principles and interpretations generally accepted in the United States of America;

acts of war or terrorism; and

other presently unknown or unforeseen factors.

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Please read the Risk Factors section beginning on page 3 of the accompanying prospectus.

USE OF PROCEEDS

The net proceeds from the sale of the common shares in this offering, after deducting the underwriters' discounts and commissions and estimated offering expenses, are estimated to be approximately \$ million, or approximately \$ million if the underwriters exercise their over-allotment option in full. The net proceeds from the sale of the common shares will be invested by us in our regulated utility subsidiary, Con Edison of New York, for funding of its construction expenditures and for other general corporate purposes. Pending this investment, we may choose to use a portion of the net proceeds of this offering to repay outstanding commercial paper obligations. As of March 31, 2004, the weighted average annualized yield for our commercial paper was 1.08 percent.

PRICE RANGE OF COMMON SHARES AND DIVIDENDS

Our common shares are listed on the New York Stock Exchange, or NYSE, under the symbol ED. The following table sets forth the range of intra-day high and low sale prices, as reported on the NYSE Composite Tape, and the cash dividends declared on the common shares for the periods indicated:

	<u>High</u>	<u>Low</u>	<u>Dividends</u>
2002			
First Quarter	\$ 42.66	\$ 39.30	\$ 0.555
Second Quarter	45.40	40.10	0.555
Third Quarter	43.80	32.65	0.555
Fourth Quarter	45.16	39.02	0.555
2003			
First Quarter	\$ 46.02	\$ 36.55	\$ 0.560
Second Quarter	44.26	38.20	0.560
Third Quarter	43.78	38.55	0.560
Fourth Quarter	43.48	38.80	0.560
2004			
First Quarter	\$ 45.01	\$ 42.21	\$ 0.565
Second Quarter (through May 10, 2004)	44.25	38.75	0.565

On May 10, 2004, the last reported sale price of the common shares on the NYSE was \$38.99 per share.

Dividends on our common shares are paid as declared by Con Edison's Board of Directors. On April 21, 2004, we declared a dividend of \$0.565 per share payable on June 15, 2004 to shareholders of record on May 12, 2004. Dividends are typically paid on the 15th of March, June, September and December. Dividends can be paid by check or electronic deposit, or may be reinvested. Purchasers of common shares in this

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offering will not be entitled to receive the dividend payable on June 15, 2004 because they will not be shareholders of record on the applicable record date.

As of April 30, 2004, we had 226,944,179 common shares outstanding and there were approximately 92,693 holders of record of our common shares. This number excludes beneficial owners of common shares held in street name.

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The following table sets forth our capitalization as of March 31, 2004:

on an actual basis; and

on an as adjusted basis to give effect to the sale of 14,000,000 common shares in this offering and the application of a portion of the net proceeds, after deducting the underwriters' discounts and commissions and estimated offering expenses payable by us, to repay commercial paper as described under "Use of Proceeds."

You should read the information in this table together with our consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and accompanying prospectus.

	As of March 31, 2004	
	Actual	As Adjusted
	(millions of dollars)	
Cash and temporary cash investments	\$ 55	\$
Short-term debt(1)	\$ 410	\$
Long-term debt	6,987	6,987
Total debt	7,397	
Subsidiary preferred stock	213	213
Common shareholders' equity	6,492	
Total capitalization	\$ 14,102	\$

(1) Includes securities due within one year.

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Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as joint book-running managers of the offering and representatives of the underwriters named below (the underwriters). Subject to the terms and conditions contained in the underwriting agreement between us and the underwriters, we have agreed to sell the common shares to the underwriters, and the underwriters have severally agreed to purchase, the respective number of common shares set forth after their names below.

Underwriter	Number of Shares
Citigroup Global Markets Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Credit Suisse First Boston LLC	
J.P. Morgan Securities Inc.	
Morgan Stanley & Co. Incorporated	
A.G. Edwards & Sons, Inc.	
BNY Capital Markets, Inc.	
HSBC Securities (USA) Inc.	
Janney Montgomery Scott LLC	
Jefferies & Company, Inc.	
KeyBanc Capital Markets, a Division of McDonald Investments Inc.	
Lehman Brothers Inc.	
M.R. Beal & Company	
The Williams Capital Group, L.P.	
Total	14,000,000

The underwriters have agreed to purchase all of the common shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

The underwriters are offering the common shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the common shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

We have granted an option to the underwriters to purchase up to an additional 1,400,000 common shares at the public offering price less underwriting discounts and commissions. The underwriters may exercise this option for 30 days from the date of this prospectus supplement solely to cover any overallocments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase approximately the same percentage of additional shares as the number set forth next to the underwriter's name in the preceding table bears to the total number of shares set forth next to the names of all underwriters in the preceding table. If the underwriters' overallocation option is exercised in full, the total price to the public would be approximately \$ million, the total underwriting discounts and commissions would be approximately \$ million and the total proceeds, before expenses, would be approximately \$ million.

The expenses of the offering, not including the underwriting discounts and commissions, are estimated to be \$400,000 and are payable by us.

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The underwriters have advised us that they propose initially to offer the common shares to the public at the public offering price on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of \$ per share. The underwriters may allow, and those dealers may reallow, a discount not in excess of \$ per share on sales to other dealers. After