



COMPANY UPDATE / ESTIMATE CHANGE

Key Metrics

D - NYSE (5/4/17)	\$77.30
Price Target	NA
52-Week Range	\$79.36 - \$68.71
Shares Outstanding (mm)	628.1
Market Cap. (\$mm)	\$48,552
3-Mo. Average Daily Volume	2,486,000
Institutional Ownership	62.0%
Debt/Total Capital	65.4%
ROE (ttm)	11.4%
Book Value/Share	\$19.12
Price/Book Value	4.0x
Indicated Dividend / Yield	\$3.02 3.9%
Dividend Cycle	March, June, Sept., Dec.

EPS FY 12/31

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q					
2Q					
3Q					
4Q					
Year	\$3.80	\$3.70	\$3.65		\$4.00
P/E	20.3x		21.2x		19.3x
Payout	74%		83%		76%

Note: Figures exclude non-recurring items

Revenue (\$mm)

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q					
2Q					
3Q					
4Q					
Year	\$11,733		\$13,050		\$14,100

Company Description: Dominion Resources is one of the nation's largest producers and transporters of energy, with a portfolio of approximately 26,400 megawatts of generation, 14,600 miles of natural gas transmission, gathering and storage pipeline, and 6,600 miles of electric transmission lines. Dominion operates one of the nation's largest natural gas storage systems with 1 trillion cubic feet of storage capacity and serves more than 6 million utility and retail energy customers. Generation sources: Coal 46%, Nuclear 41%, Natural Gas 9%, Hydro and other 3%, Oil 1%.

Dominion Resources

D -- NYSE -- Neutral -- 2

Company reports solid first quarter results and reaffirms 2017 earnings guidance

Investment Highlights

- **Dominion reported first quarter earnings of \$0.97 per share versus \$0.96 in the first quarter of 2016.** Earnings were in line with expectations. The increase in year-over-year earnings was primarily attributable to revenues from regulated growth projects, lower electric capacity expense, and the addition of Dominion Questar. These positive drivers were partially offset by mild weather, a reduction of Cove Point import contract revenues, and a step down in solar investment tax credits. Dominion indicated February was the warmest on record in its service territory. The milder than normal weather negatively impacted earnings by approximately \$0.08 per share.
- **Management reaffirms 2017 earnings guidance.** The company continues to expect this year's earnings to be in a range of \$3.40 to \$3.90 per share. We are trimming our 2017 EPS estimate by \$0.05 to \$3.65, the midpoint of guidance, to reflect a more conservative view. We are initiating a 2018 earnings estimate of \$4.00 per share. Dominion expects earnings to grow by at least 10% next year. In addition, D is projecting its earnings will grow by a 6% to 8% compound annual rate from 2017-2020. Moreover, Dominion intends to grow its dividend by 8% annually beginning next year.
- **Company's growth projects are moving forward.** Dominion's Cove Point liquefied natural gas export facility is expected to be operational by year-end. We believe Cove Point's commercial operation will boost Dominion's earnings in 2018. The company continues to make progress with its Atlantic Coast Pipeline project.
- **We maintain our Neutral rating on Dominion based on valuation.** While this year's earnings could be modestly lower than 2016, we believe the company is well positioned to deliver ongoing earnings growth beginning in 2018. We would maintain positions in the stock for long-term total return accounts.

**Note Important Disclosures on Pages 2 and 3.
Note Analyst Certification on Page 2.**

Suitability

We assign a 2 suitability rating to Dominion Resources. The company generates the majority of its earnings from its regulated utility assets, which has allowed for consistent earnings and dividend growth. In addition, the company does have some merchant generation exposure and is pursuing additional energy projects. As a result, it carries modestly more risk than a completely regulated utility. We view Dominion as an appropriate holding for utility investors seeking total return.

Additional information is available upon request.

Analyst Certification

I, David B. Burks, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

Investment Ratings

Buy - We believe the stock has significant total return potential in the coming 12 months.

Long-term Buy - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

Neutral - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

Underperform - We believe the stock is vulnerable to a price set back in the next 12 months.

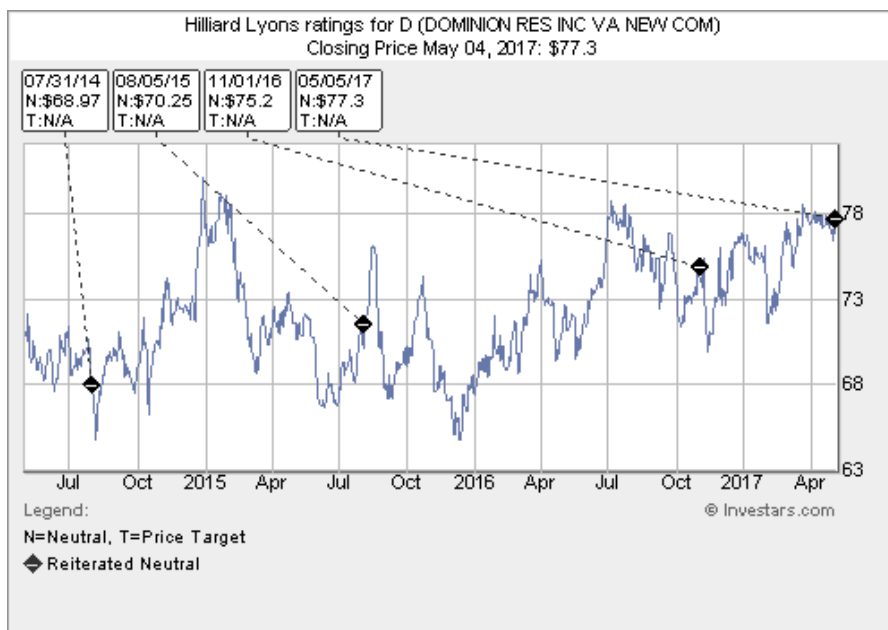
Suitability Ratings

1 - A large cap, core holding with a solid history

2 - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks

3 - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage

4 - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base



	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Rating				
Buy	36	30%	14%	86%
Hold/Neutral	71	58%	6%	94%
Sell	15	12%	7%	93%

As of 5 April 2017

Other Disclosures

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