



COMPANY UPDATE / ESTIMATE CHANGE

Key Metrics

ED - NYSE (Price as of 2/17/17)	\$73.50
Price Target	NA
52-Week Range	\$81.88 - \$68.44
Shares Outstanding (mm)	301.9
Market Cap. (\$mm)	\$22,189
3-Mo. Average Daily Volume	1,717,000
Institutional Ownership	55.0%
Debt/Total Capital	49.0%
ROE (ttm)	8.7%
Book Value/Share	\$44.82
Price/Book Value	1.6x
Indicated Dividend / Yield	\$2.76 3.9%
Dividend Cycle	Feb, May, Aug, Nov

EPS FY 12/31

	2015	Prior 2016E	2016A	Prior 2017E	Curr. 2017E
1Q	--	--	--	--	--
2Q	--	--	--	--	--
3Q	--	--	--	--	--
4Q	--	--	--	--	--
Year	\$4.08		\$3.99	\$4.15	\$4.08
P/E	18.0x		18.4x		18.0x
Payout	65%		68%		68%

Note: Figures exclude non-recurring items

Revenue (\$mm)

	2015	Prior 2016E	2016A	Prior 2017E	Curr. 2017E
1Q	--	--	--	--	--
2Q	--	--	--	--	--
3Q	--	--	--	--	--
4Q	--	--	--	--	--
Year	\$12,554	--	\$12,075	--	\$12,250

Company Description: Consolidated Edison is one of the nation's largest investor-owned energy companies with over \$12 billion in annual revenues and \$40 billion in assets. The company provides energy related services to its customers through its regulated and unregulated subsidiaries. Its two primary subsidiaries are Consolidated Edison of New York, Inc., a regulated electric, gas, and steam service in New York City and Westchester County, and New York and Rockland Utilities, which serves customers in New York, New Jersey and Pennsylvania. Fuel sources: Coal 10%, Natural Gas 43%, Hydro 4%, Nuclear 35%, Oil 6%, Other 2%.

Consolidated Edison

ED -- NYSE -- Neutral -- 2

Company reports higher fourth quarter, full-year results and introduces 2017 guidance

Investment Highlights

- Consolidated Edison reported fourth quarter adjusted earnings of \$0.69 per share versus \$0.61 per share in the fourth quarter of 2015.** Earnings were slightly above the consensus expectations of \$0.67 per share. Fourth quarter results were boosted primarily by changes in rate plans. For the full year, Con Ed earned \$3.99 per share compared to \$4.08 per share in 2015. Full year results were negatively impacted by higher depreciation and property tax expenses. Dilution from stock issuances along with the weather impact on steam revenues were also negatives. These factors were partially offset by a change in rate plans and favorable operations and maintenance expenses.
- Management introduces 2017 earnings guidance.** The company expects earnings this year to be in a range of \$3.95 to \$4.15 per share. This is somewhat below expectations as the consensus estimate for 2017 had been \$4.14 per share. We are trimming our 2017 EPS by \$0.07 to \$4.08 to reflect new company guidance. While we continue to believe Consolidated Edison has a solid fundamental outlook, we expect ED's earnings to grow at a slower rate than its average electric utility peer.
- Company raises dividend 43 years in a row.** In January, ED increased its annual dividend to \$2.76 per share from \$2.68 per share, an increase of 3%. Con Ed expects to continue to maintain a dividend payout ratio between 60% to 70%. The current yield on the stock is 3.9%.
- We maintain our Neutral rating on Consolidated Edison as we believe the stock is fairly valued.** The stock is trading at 18x estimated 2017 earnings despite a more modest growth rate relative to its regulated peers. However, we continue to regard ED as a high quality utility that remains a suitable holding for conservative utility investors.

Note Important Disclosures on Pages 2 and 3.

Note Analyst Certification on Page 2.

Suitability

We assign a 2 suitability rating to Consolidated Edison. This is a large regulated utility that generates consistent earnings and dividends. Dividends have been increased for 43 consecutive years. We regard ED as a suitable holding for conservative utility investors seeking dividends and modest capital appreciation potential.

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



Rating	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	36	30%	17%	83%
Hold/Neutral	76	62%	7%	93%
Sell	10	8%	0%	100%

As of 6 February 2017

Other Disclosures

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