



COMPANY UPDATE

Key Metrics

ED - NYSE (Price as of 5/4/17)	\$78.88
Price Target	NA
52-Week Range	\$81.88 - \$68.76
Shares Outstanding (mm)	305.1
Market Cap. (\$mm)	\$24,066
3-Mo. Average Daily Volume	1,590,000
Institutional Ownership	55.0%
Debt/Total Capital (3/31)	50.5%
ROE (ttm)	8.7%
Book Value/Share	\$44.82
Price/Book Value	1.8x
Indicated Dividend / Yield	\$2.76 3.5%
Dividend Cycle	Feb, May, Aug, Nov

EPS FY 12/31

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	--	--	--	--	--
2Q	--	--	--	--	--
3Q	--	--	--	--	--
4Q	--	--	--	--	--
Year	\$3.99		\$4.08		\$4.25
P/E	19.8x		19.3x		18.6x
Payout	67%		68%		65%

Note: Figures exclude non-recurring items

Revenue (\$mm)

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	--	--	--	--	--
2Q	--	--	--	--	--
3Q	--	--	--	--	--
4Q	--	--	--	--	--
Year	\$12,075	--	\$12,310	--	\$12,725

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 Company 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 solid first quarter results and reaffirms 2017 guidance

Investment Highlights

- **Consolidated Edison reported first quarter adjusted earnings of \$1.27 per share versus \$1.18 per share in the first quarter of 2016.** Earnings were well above consensus expectations of \$1.19 per share. First quarter results were significantly helped by higher net base revenues under a new rate plan, which positively impacted both electric and gas revenues. Also, the company benefited from lower operations and maintenance expense. These positive drivers were partially offset by higher depreciation and amortization expense, along with both higher property taxes and income taxes.
- **Management reaffirmed 2017 earnings guidance.** The company continues to expect this year's earnings to be in a range of \$3.95 to \$4.15 per share. We are maintaining our 2017 earnings estimate of \$4.08 per share. Our initial 2018 earnings estimate is \$4.25 per share. While we continue to believe Consolidated Edison has a solid fundamental outlook, we expect ED's earnings to grow at a somewhat slower rate than its average electric utility peer.
- **The company has a three year rate plan in effect for CECONY (Consolidated Edison Company of New York).** The agreement increases rates and includes \$99 million in energy efficiency spending from 2017-2019. The agreement lessens near-term regulatory risk. Also, the company continues to make investments in its infrastructure, which could potentially help boost growth.
- **We maintain our Neutral rating on Consolidated Edison as we believe the stock is fairly valued.** The stock is trading at 18.6x estimated 2018 earnings despite a more modest growth rate relative to its regulated peers. We regard ED as a high quality utility and suitable holding for conservative utility investors, and note the company has raised its dividend for 43 straight years.

**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. The company has one of the best dividend growth track records in the entire electric utility industry. 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.

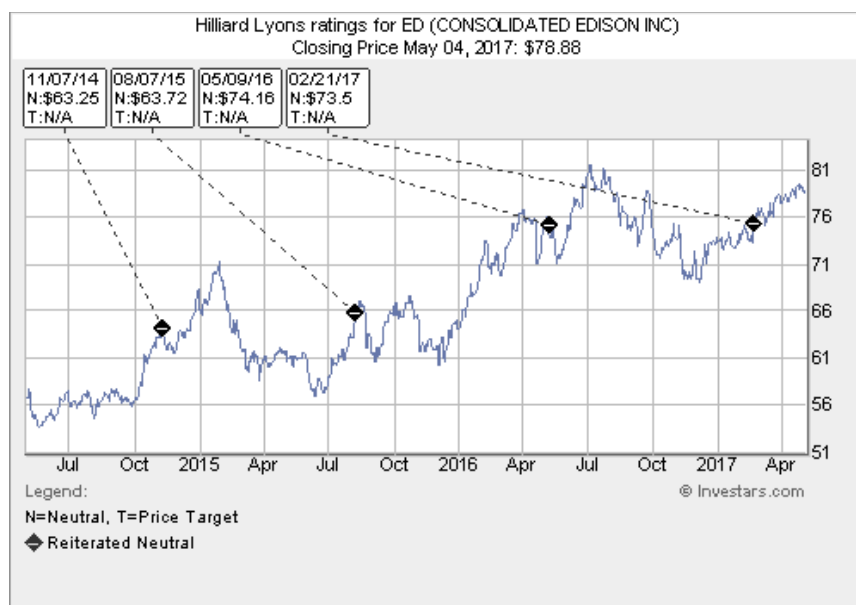
Suitability Ratings

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%	14%	86%
Hold/Neutral	71	58%	6%	94%
Sell	15	12%	7%	93%

As of 5 April 2017

Other Disclosures

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