



COMPANY UPDATE

Key Metrics

ED - NYSE (Price as of 11/2/17)	\$86.80
Price Target	NA
52-Week Range	\$68.76 - \$86.82
Shares Outstanding (mm)	305.4
Market Cap. (\$mm)	\$26,508
3-Mo. Average Daily Volume	1,382,000
Institutional Ownership	55.0%
Debt/Total Capital (9/30)	50.0%
ROE (ttm)	8.7%
Book Value/Share	\$47.35
Price/Book Value	1.8x
Indicated Dividend / Yield	\$2.76 3.2%
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	21.8x		21.3x		20.4
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 third quarter results and raises the low end of 2017 earnings guidance

Investment Highlights

- **Consolidated Edison reported third quarter adjusted earnings of \$1.47 per share versus \$1.51 per share in the third quarter of 2016.** Earnings were slightly below consensus expectations of \$1.50 per share. Third quarter utility earnings benefited from changes in rate plans and regulatory charges. However, earnings from the company's competitive energy businesses declined in the period. This segment was negatively impacted by higher operations and maintenance expense as well as higher depreciation expense. Through the first nine months of the year, ED has posted earnings of \$3.32 per share compared to \$3.30 per share in the same period last year.
- **Management raised the low end of the guidance range.** Con Edison now expects earnings this year to be in a range of \$4.05 to \$4.15 per share. The company had previously projected a range of \$4.00 to \$4.15 per share. We are maintaining both our 2017 and 2018 earnings estimates of \$4.08 and \$4.25 per share, respectively. 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. We anticipate the company growing its earnings at a 4% to 5% annual rate over the next few years compared with a 5% to 6% rate for the average regulated utility. Yet we believe Con Edison carries less risk than the average utility with its focus on its transmission and distribution assets. We believe their entrance into the contracted renewables business could also help boost results longer term.
- **We maintain our Neutral rating on Consolidated Edison due to valuation.** In our view, the stock is fairly valued trading at over 20x estimated 2018 earnings. We continue to regard ED as a high quality utility and a suitable holding for conservative utility investors, and note the company has raised its dividend for 43 straight years. The next dividend hike should come in January.

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



Hilliard Lyons Recommended Issues			Investment Banking Provided in Past 12 Mo.	
Rating	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	39	32%	8%	92%
Hold/Neutral	74	60%	9%	91%
Sell	8	7%	0%	100%
Restriction	2	2%	100%	0%

As of 5 October 2017

Other Disclosures

Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of J.J.B. Hilliard, W.L. Lyons, LLC or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed here.

J.J.B. Hilliard, W.L. Lyons, LLC is a multi-disciplined financial services firm that regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as placement agent in private transactions.

The information herein has been obtained from sources we believe to be reliable but is not guaranteed and does not purport to be a complete statement of all material factors. This is for informational purposes and is not a solicitation of orders to purchase or sell securities. Reproduction is forbidden unless authorized. All rights reserved.