



## Con Edison Reports 2016 Third Quarter Earnings

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NEW YORK, NY -- (Marketwired) -- 11/03/16 --

Consolidated Edison, Inc. (Con Edison) (NYSE: ED) today reported third quarter net income of \$497 million or \$1.63 a share compared with \$428 million or \$1.46 a share in 2015. Adjusted earnings, which exclude the effects of a gain on the sale of the competitive energy businesses' (CEBs) retail electric supply business, a gain related to a solar electric production investment, the impairment of assets held for sale in 2015 and the net mark-to-market effects of the CEBs, were \$460 million or \$1.51 a share in 2016 compared with \$424 million or \$1.45 a share in 2015.

For the first nine months of 2016, net income was \$1,039 million or \$3.47 a share compared with \$1,017 million or \$3.47 a share in the first nine months of 2015. Adjusted earnings, which exclude the effects of a gain on sale of the CEBs' retail electric supply business, the gain and impairment related to a solar electric production investment, the impairment of assets held for sale in 2015 and the net mark-to-market effects of the CEBs, were \$987 million or \$3.30 a share in 2016 compared with \$1,018 million or \$3.47 a share in 2015.

"Our utility energy systems and our employees performed very well when faced with significantly higher than normal New York temperatures in the third quarter," said John McAvoy, chairman and CEO of Con Edison. "We also closed on two transactions in the quarter, the sales of our retail commodity business and Pike County Light & Power, to provide better alignment among our various lines of business."

The following table is a reconciliation of Con Edison's reported earnings per share to adjusted earnings per share and reported net income to adjusted earnings for the three and nine months ended September 30, 2016 and 2015.

	For the Three Months Ended				For the Nine Months Ended			
	Earnings per Share		Net Income (Millions of Dollars)		Earnings per Share		Net Income (Millions of Dollars)	
	2016	2015	2016	2015	2016	2015	2016	2015
Reported earnings per share (basic) and net income (GAAP basis)	\$1.63	\$1.46	\$497	\$428	\$3.47	\$3.47	\$1,039	\$1,017
Gain on sale of the CEBs' retail electric supply business (a)	(0.15)	-	(47)	-	(0.15)	-	(47)	-
Gain/impairment related to a solar electric production investment (b)	(0.02)	-	(5)	-	-	-	-	-
Impairment of assets held for sale (c)	-	0.01	-	3	-	0.01	-	3
Net mark-to-market effects of the CEBs (d)	0.05	(0.02)	15	(7)	(0.02)	(0.01)	(5)	(2)
Adjusted earnings per share and adjusted earnings (non-GAAP basis)	\$1.51	\$1.45	\$460	\$424	\$3.30	\$3.47	\$987	\$1,018

- (a) After taxes of \$57 million for the three and nine months ended September 30, 2016, which includes an adjustment for the apportionment of state income taxes.
- (b) In August 2016, the company recognized a gain of \$5 million (after taxes of \$3 million) upon its acquisition of the remaining ownership interest in a solar electric production investment. An impairment charge of a similar amount was recognized in June 2016 on the investment portion held at that time.
- (c) After taxes of \$2 million for the three and nine months ended September 30, 2015.
- (d) After taxes of \$(10) million and \$5 million for the three months ended September 30, 2016 and 2015 and \$3 million and \$1 million for the nine months ended September 30, 2016 and 2015.

For the year 2016, the company expects its adjusted earnings per share to be in the range of \$3.90 to \$4.00 a share. The company's previous forecast was in the range of \$3.85 to \$4.05 per share. Adjusted earnings per share exclude the effects, shown on the preceding table, of the gain on sale of the CEBs' retail electric supply business, the gain and impairment related to a solar electric production investment and the net mark-to-market effects of the CEBs.

The results of operations for the three and nine months ended September 30, 2016, as compared with the 2015 periods, reflect changes in rate plans and regulatory charges and, in the nine month period, the impact of warmer than normal weather on steam revenues. The results of operations also reflect higher electric retail gross profit and income from renewable investments at the CEBs. Operations and maintenance expenses reflect lower surcharges for assessments and fees that are collected in revenues from customers at the utilities. In the nine month period, these expenses also reflect higher costs for emergency response, municipal infrastructure support and stock-based compensation at Consolidated Edison Company of New York, Inc. (CECONY). In addition, the utilities' rate plans provide for revenues to cover expected changes in certain operating costs including depreciation, property taxes and other tax matters.

The following table presents the estimated effect on earnings per share and net income for the three and nine months ended September 30, 2016

periods compared to the 2015 periods, resulting from these and other major factors:

	Three Months Ended Variation 2016 vs. 2015		Nine Months Ended Variation 2016 vs. 2015	
	Earnings per Share	Net Income (Millions of Dollars)	Earnings per Share	Net Income (Millions of Dollars)
<b>CECONY (a)</b>				
Changes in rate plans and regulatory charges	\$0.05	\$16	\$0.14	\$40
Weather impact on steam revenues	-	1	(0.12)	(36)
Operations and maintenance expenses	0.05	16	0.07	21
Depreciation, property taxes and other tax matters	(0.06)	(18)	(0.30)	(88)
Other (b)	(0.05)	(2)	(0.11)	(13)
<b>Total CECONY</b>	<b>(0.01)</b>	<b>13</b>	<b>(0.32)</b>	<b>(76)</b>
<b>Orange and Rockland Utilities, Inc. (O&amp;R) (a)</b>				
Changes in rate plans and regulatory charges	0.02	5	0.02	7
Operations and maintenance expenses	0.01	3	0.06	17
Depreciation and property taxes	(0.01)	(3)	(0.03)	(8)
Other	-	2	0.01	4
<b>Total O&amp;R</b>	<b>0.02</b>	<b>7</b>	<b>0.06</b>	<b>20</b>
<b>CEBs</b>				
Operating revenues less energy costs	(0.02)	(7)	0.14	41
Operations and maintenance expenses	-	(2)	(0.05)	(16)
Gain on sale of the CEBs' retail electric supply business	0.15	47	0.15	47
Other (b)	0.01	3	(0.03)	(7)
<b>Total CEBs</b>	<b>0.14</b>	<b>41</b>	<b>0.21</b>	<b>65</b>
Con Edison Transmission, Inc.	0.03	10	0.04	11
Other, including parent company expenses	(0.01)	(2)	0.01	2
<b>Total GAAP basis</b>	<b>\$0.17</b>	<b>\$69</b>	<b>\$-</b>	<b>\$22</b>
Gain on sale of the CEBs' retail electric supply business	(0.15)	(47)	(0.15)	(47)
Gain/impairment related to a solar electric production investment	(0.02)	(5)	-	-
Impairment of assets held for sale	(0.01)	(3)	(0.01)	(3)
Net mark-to-market effects of the CEBs	0.07	22	(0.01)	(3)
<b>Total non-GAAP basis</b>	<b>\$0.06</b>	<b>\$36</b>	<b>\$(0.17)</b>	<b>\$(31)</b>

- (a) Under the revenue decoupling mechanisms in the utilities' New York electric and gas rate plans and the weather-normalization clause applicable to their gas businesses, revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.
- (b) Includes the impact of the dilutive effect of Con Edison's stock issuances.

Refer to the company's Third Quarter Form 10-Q, which is being filed with the Securities and Exchange Commission, for the consolidated balance sheets at September 30, 2016 and December 31, 2015 and the consolidated income statements for the three and nine months ended September 30, 2016 and 2015. Additional information related to utility sales and revenues and the third quarter 2016 earnings release supplement is available at [www.conedison.com](http://www.conedison.com) (select "Shareholder Services" and then select "Press Releases").

This press release contains forward-looking statements that are 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 expectations and not facts. Words such as "forecasts," "expects," "estimates," "anticipates," "intends," "believes," "plans," "will" and similar expressions identify forward-looking statements. The forward-looking statements reflect information available and assumptions at the time the statements are made, and speak only as of that time. Actual results or developments may differ materially from those included in the forward-looking statements because of various factors such as those identified in reports the company has filed with the Securities and Exchange Commission, including that the company's subsidiaries are extensively regulated and are subject to penalties; its utility subsidiaries' rate plans may not provide a reasonable return; it may be adversely affected by changes to the utility subsidiaries' rate plans; the intentional misconduct of employees or contractors could adversely affect it; the failure of, or damage to, its subsidiaries' facilities could adversely affect it; a cyber-attack could adversely affect it; it is exposed to risks from the environmental consequences of its subsidiaries' operations; a disruption in the wholesale energy markets or failure by an energy supplier could adversely affect it; it has substantial unfunded pension and other postretirement benefit liabilities; its ability to pay dividends or interest depends on dividends from its subsidiaries; it requires access to capital markets to satisfy funding requirements; its strategies may not be effective to address changes in the external business environment; and it also faces other risks that are beyond its control.

This press release also contains a financial measure, adjusted earnings, that is not determined in accordance with generally accepted accounting principles in the United States of America (GAAP). This non-GAAP financial measure should not be considered as an alternative to net income, which is an indicator of financial performance determined in accordance with GAAP. Adjusted earnings excludes from net income the net mark-to-market changes in the fair value of the derivative instruments the competitive energy businesses use to economically hedge market price fluctuations in related underlying physical transactions for the purchase or sale of electricity and gas. Adjusted earnings may also exclude from net income certain other items that the company does not consider indicative of its ongoing financial performance. Management uses this non-GAAP financial measure to facilitate the analysis of the company's financial performance as compared to its internal budgets and previous financial results. Management also uses this non-GAAP financial measure to communicate to investors and others the company's expectations regarding its future earnings and dividends on its common stock. Management believes that this non-GAAP financial measure also is useful and meaningful to investors to facilitate their analysis of the company's financial performance.

Consolidated Edison, Inc. is one of the nation's largest investor-owned energy-delivery companies, with approximately \$13 billion in annual revenues and \$47 billion in assets. The company provides a wide range of energy-related products and services to its customers through the following subsidiaries: Consolidated Edison Company of New York, Inc., a regulated utility providing electric, gas and steam service in New York City and Westchester County, New York; Orange and Rockland Utilities, Inc., a regulated utility serving customers in a 1,300-square-mile-area in southeastern New York State and northern New Jersey; Consolidated Edison Solutions, Inc., a retail energy services company; Consolidated Edison Energy, Inc., a wholesale energy services company; Consolidated Edison Development, Inc., a company that develops, owns and operates renewable and energy infrastructure projects and Con Edison Transmission, Inc., which invests in electric and natural gas transmission projects.

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