



# CONSOLIDATED EDISON, INC.

## Company Update

March 2017



## Available Information

On February 16, 2017, Consolidated Edison, Inc. issued a press release reporting its 2016 earnings and filed with the Securities and Exchange Commission the company's 2016 Form 10-K. This presentation should be read together with, and is qualified in its entirety by reference to, the earnings press release and the Form 10-K. Copies of the earnings press release and the Form 10-K are available at: [www.conedison.com](http://www.conedison.com) (select "For Investors" and then select "Press Releases" and "SEC Filings", respectively).

## Forward-Looking Statements

This presentation 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; changes to tax laws could adversely affect it; 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.

## Non-GAAP Financial Measure

This presentation 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 subsidiaries of Con Edison Clean Energy Businesses, Inc. 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.

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### For more information, contact:

Jan Childress, Director, Investor Relations

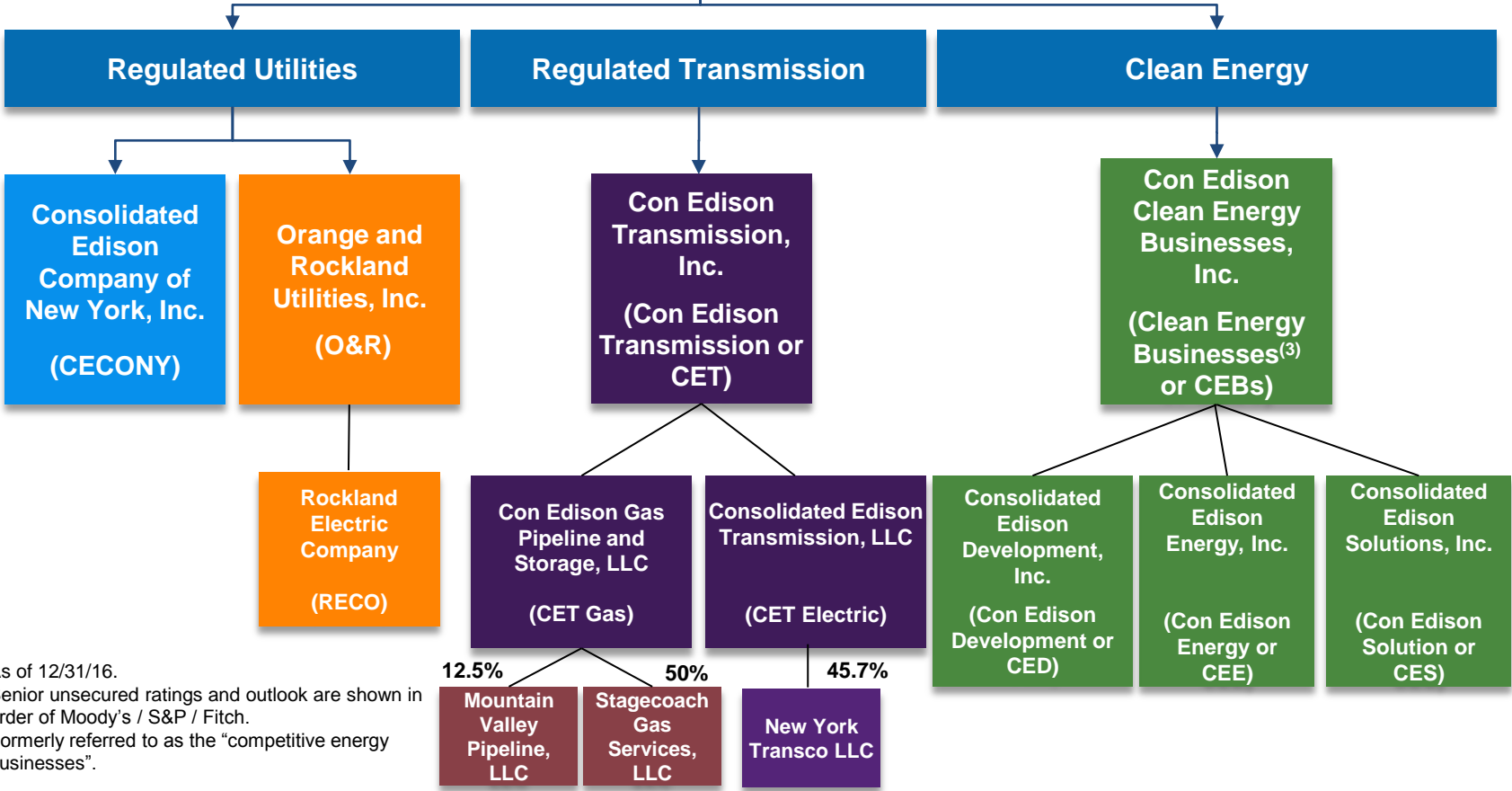
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# Organizational Structure



Market Cap <sup>(1)</sup> :	\$22.5 billion
Ratings <sup>(2)</sup> :	A3 / BBB+ / BBB+
Outlook <sup>(2)</sup> :	Stable / Stable / Stable



1. As of 12/31/16.  
 2. Senior unsecured ratings and outlook are shown in order of Moody's / S&P / Fitch.  
 3. Formerly referred to as the "competitive energy businesses".

# The Con Edison Plan

## Customer Focused

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Ensure safety and reliability

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Enhance the customer experience

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Achieve operational excellence

## Strategic

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Strengthen core utility delivery business

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Pursue additional regulated growth opportunities to add value in the evolving industry

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Grow existing clean energy businesses and pursue additional growth opportunities consistent with our risk appetite

## Value Oriented

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Provide steady, predictable earnings

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Maintain balance sheet stability

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Pay attractive, growing dividends

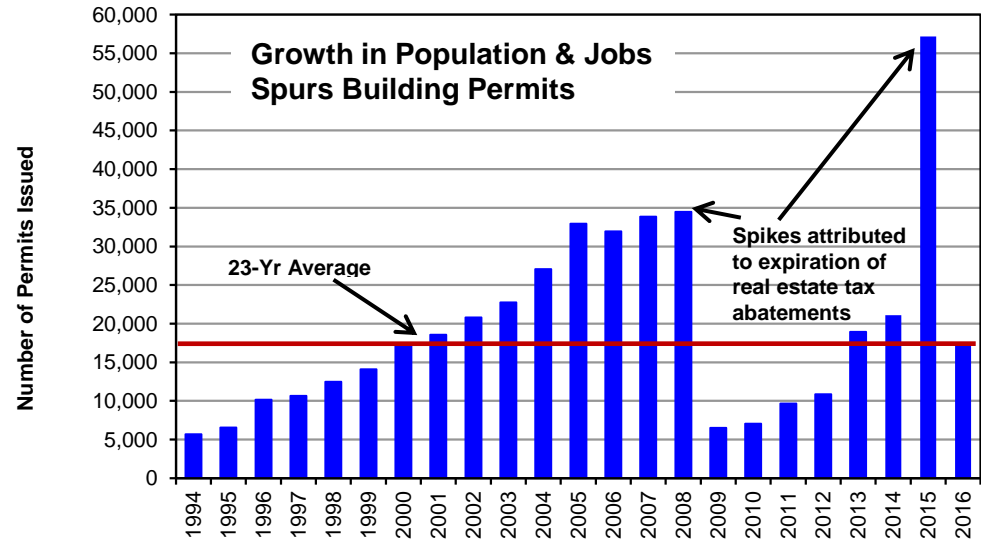
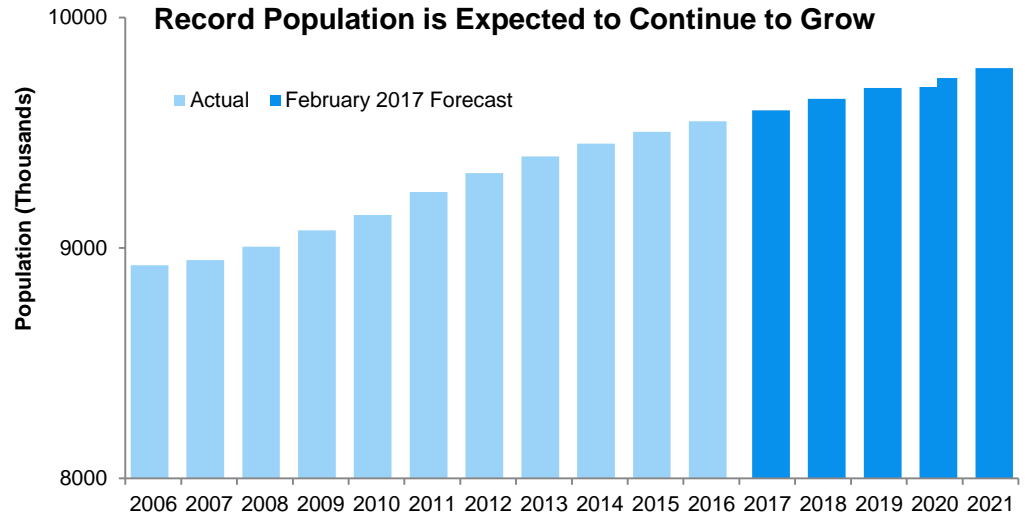
# Con Edison's Core Business is Regulated Energy Delivery

Regulated Utility Breakdown	Annual Growth in Peak Usage				
<ul style="list-style-type: none"> <li>• Con Edison of New York (CECONY)                             <ul style="list-style-type: none"> <li>• 3.4 million electric customers</li> <li>• 1.1 million gas customers</li> <li>• 1,600 steam customers</li> <li>• 726 MW of regulated generation</li> </ul> </li> <li>• Orange and Rockland (O&amp;R)                             <ul style="list-style-type: none"> <li>• 0.3 million electric customers</li> <li>• 0.1 million gas customers</li> </ul> </li> </ul>	<table border="1"> <thead> <tr> <th></th> <th>Historic 2012 - 2016*</th> <th>5-Year Forecast 2017 - 2021</th> </tr> </thead> </table>		Historic 2012 - 2016*	5-Year Forecast 2017 - 2021	
	Historic 2012 - 2016*	5-Year Forecast 2017 - 2021			
	<b>CECONY (%)</b>				
	Electric	0.5	0.2		
	Gas	4.5	2.3		
	Steam	(1.3)	(0.7)		
	<b>O&amp;R (%)</b>				
	Electric	0.4	(0.1)		
	Gas	0.7	0.2		

\* For Steam & Gas historical CAGR's are from winter ending March 2012 through winter ending March 2016

# Attractive Business Environment

- Con Edison is at the forefront of the transformation of the energy landscape
- Vibrant local economy with job growth in the region outpacing the nation
- Job growth from Technology, Health, Education, Hospitality, Tourism and Business Services
- Tourism at record levels



Source: U.S. Census Bureau.

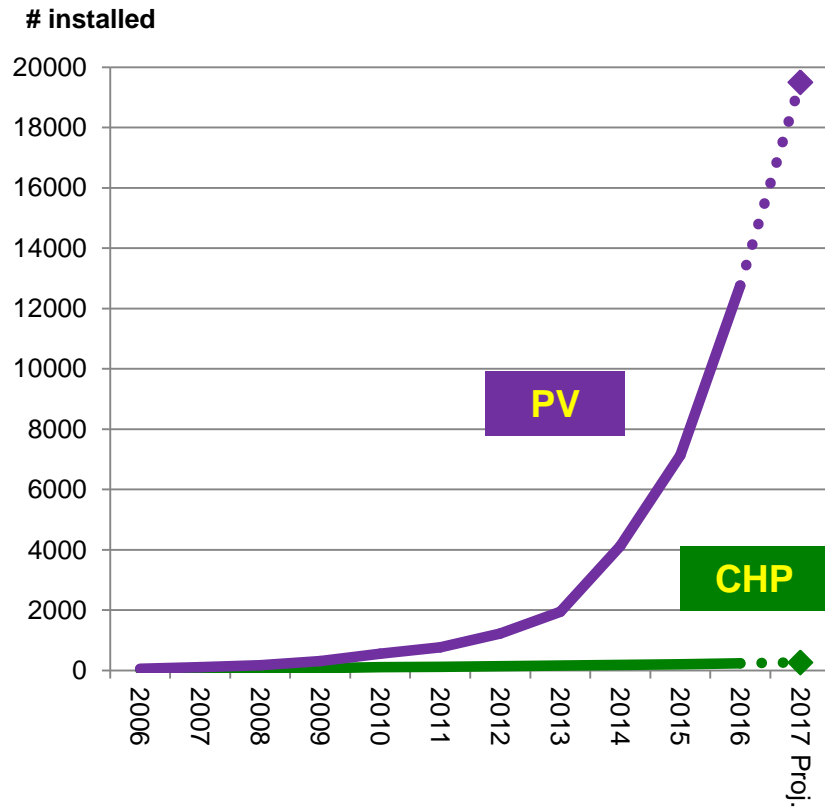
# Regulatory Framework in NY Supports Energy Efficiency and Distributed Resources

- Reduced regulatory lag
  - Forward-looking test years
  - Timely recovery of most fuel and commodity costs
  - Revenue decoupling mechanism in NY (electric and gas)
  - Adjustment mechanisms for several major uncontrollable expenses (e.g. pension)
- Ability to capture value in evolving industry for customer & shareholder benefit
  - Majority of investment is replacement and upgrade of existing assets
  - Accelerated gas main replacement
  - Growth from natural-gas conversions
- Reforming the Energy Vision (REV) proceeding is at the forefront of the evolving industry

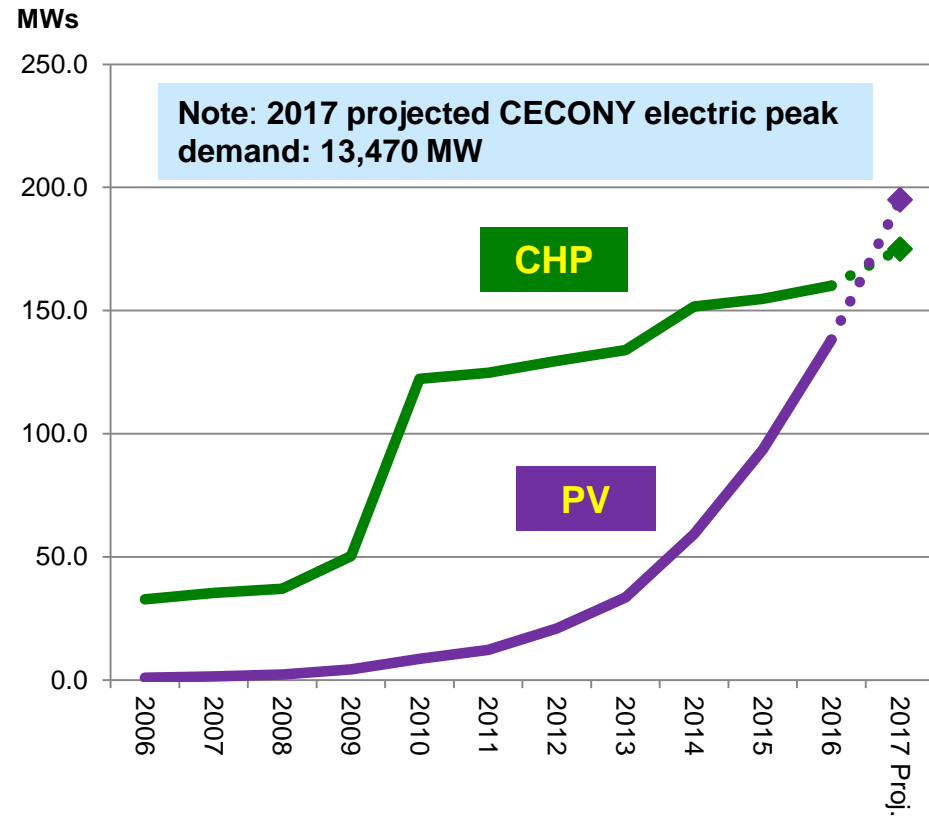
# Distributed Generation

## Adoption Trends in CECONY Service Area

### Total Installations



### Total Installed Capacity



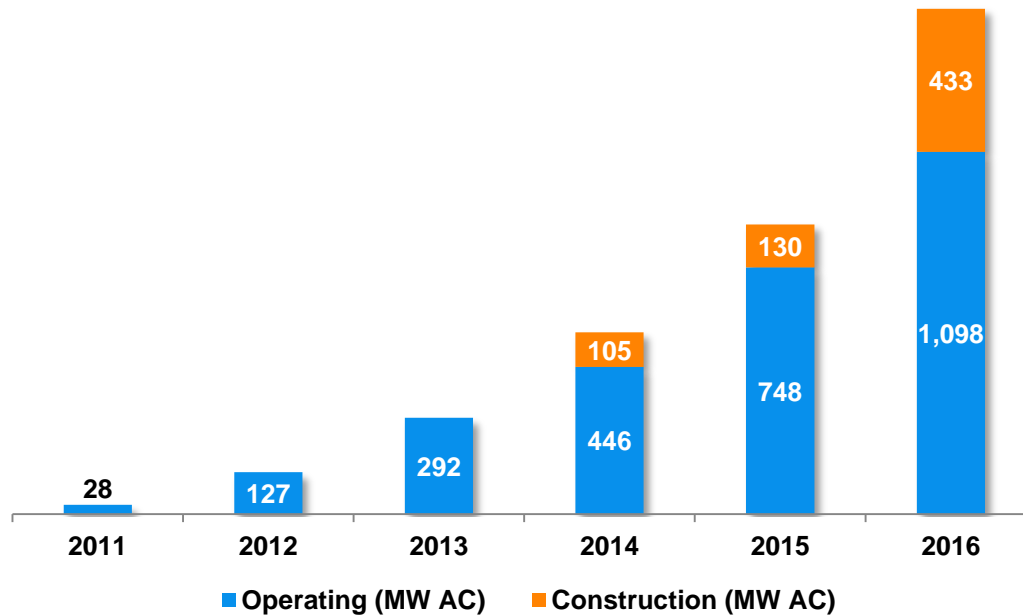
Source: Consolidated Edison Company of New York.



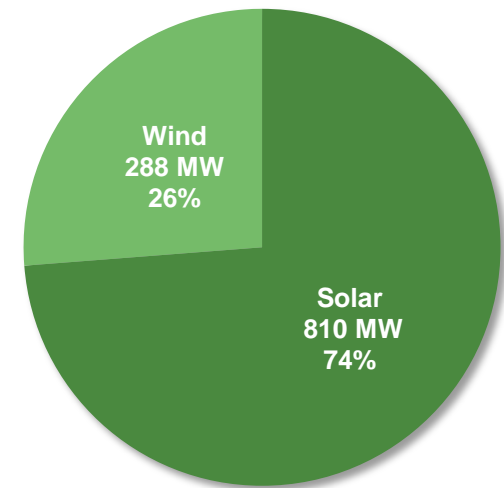
# Pursue non-utility growth

## Con Edison Development: 5<sup>th</sup> largest owner of solar in US

Conservative, measured approach aimed at long-term-contracted infrastructure development and focused on investment-grade off-takers



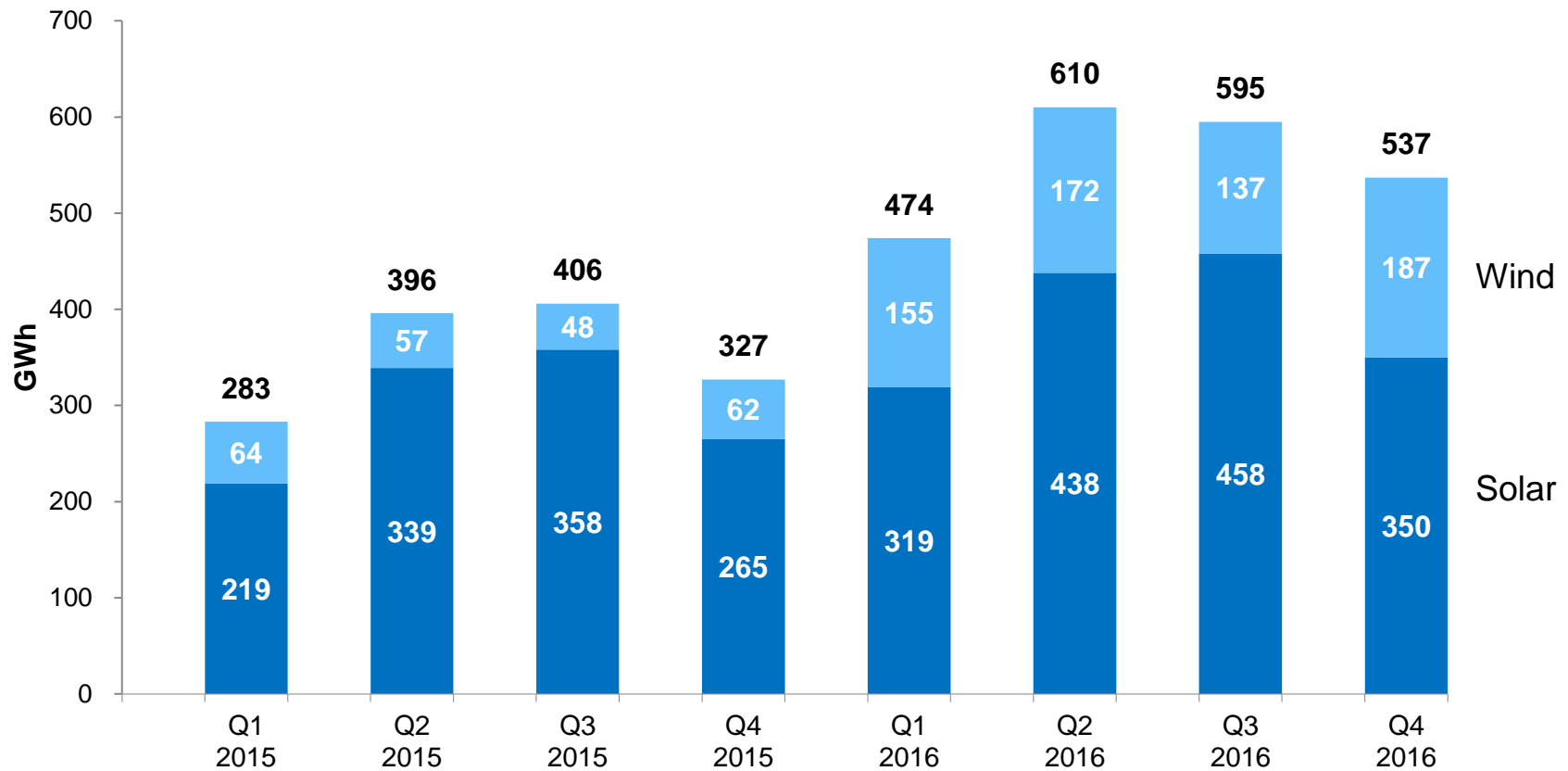
2016 Operating Capacity



Over 95% of capacity is under long-term power purchase agreements

# Con Edison Development: Renewable Electric Production

## By Quarter (2015-2016)



# Con Edison Development: Renewable Asset Summary

1,098 MW operating projects and 433 MW under construction as of year-end 2016

Project Name	Production Technology	MW-DC	MW-AC	Actual/Expected In-Service Date	Location (State)
<i>Wholly owned projects</i>					
Pilesgrove	Solar	20	18	2011	New Jersey
Flemington Solar	Solar	10	8	2011	New Jersey
Frenchtown I, II and III	Solar	17	14	2011-13	New Jersey
PA Solar	Solar	12	10	2012	Pennsylvania
California Solar 2	Solar	112	80	2014-16	California
Oak Tree Wind	Wind	20	20	2014	South Dakota
Texas Solar 3	Solar	7	6	2015	Texas
Texas Solar 5	Solar	118	95	2015	Texas
Campbell County Wind	Wind	95	95	2015	South Dakota
Texas Solar 7	Solar	132	106	2016	Texas
California Solar 3 (Partial)	Solar	98	75	2016	California
Adams Wind	Wind	23	23	2016	Minnesota
Valley View	Wind	10	10	2016	Minnesota
Coram	Wind	102	102	2016	California
Projects of less than 5 MW	Solar / Wind	29	25	Various	Various
<i>Jointly owned projects</i>					
California Solar	Solar	72	55	2012-13	California
Mesquite Solar 1	Solar	115	83	2013	Arizona
Copper Mountain Solar 2	Solar	100	75	2013-15	Nevada
Copper Mountain Solar 3	Solar	173	128	2014-15	Nevada
Broken Bow II	Wind	38	38	2014	Nebraska
Texas Solar 4	Solar	39	32	2014	Texas
<b>Total MW in Operation</b>		<b>1,342</b>	<b>1,098</b>		
California Solar 3 (Partial)	Solar	49	35	2017	California
Upton County	Solar	213	158	2017	Texas
Panoche Valley	Solar	335	240	2019	California
<b>Total MW in Construction</b>		<b>597</b>	<b>433</b>		
<b>Total MW All Projects</b>		<b>1,939</b>	<b>1,531</b>		

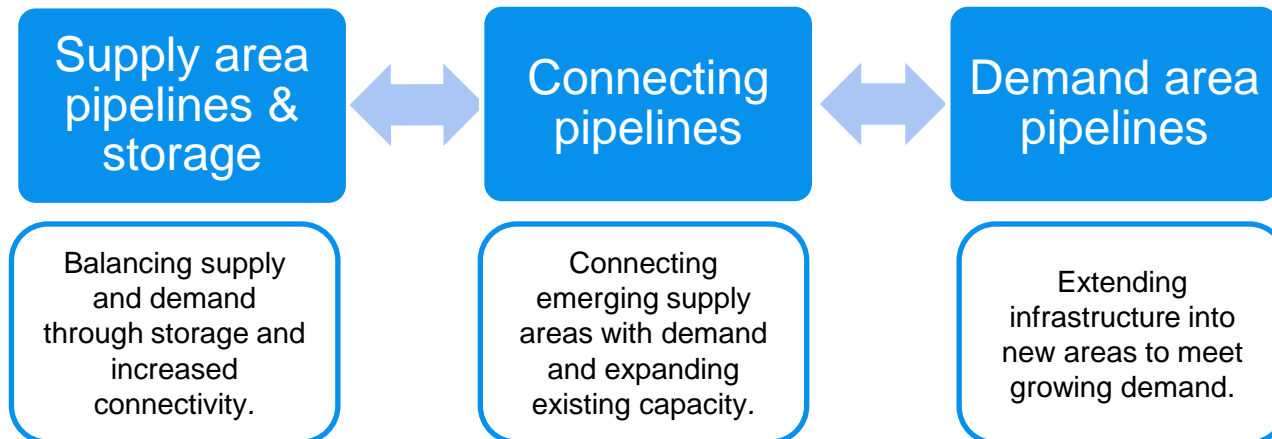
# Pursue non-utility growth

## Con Edison Transmission: Gas Infrastructure Investment

We seek opportunities that complement our existing investment

- Stagecoach and Mountain Valley Pipeline offer a number of related investment opportunities
- Having established CET, existing partners and third parties are presenting a regional and national flow of new opportunities

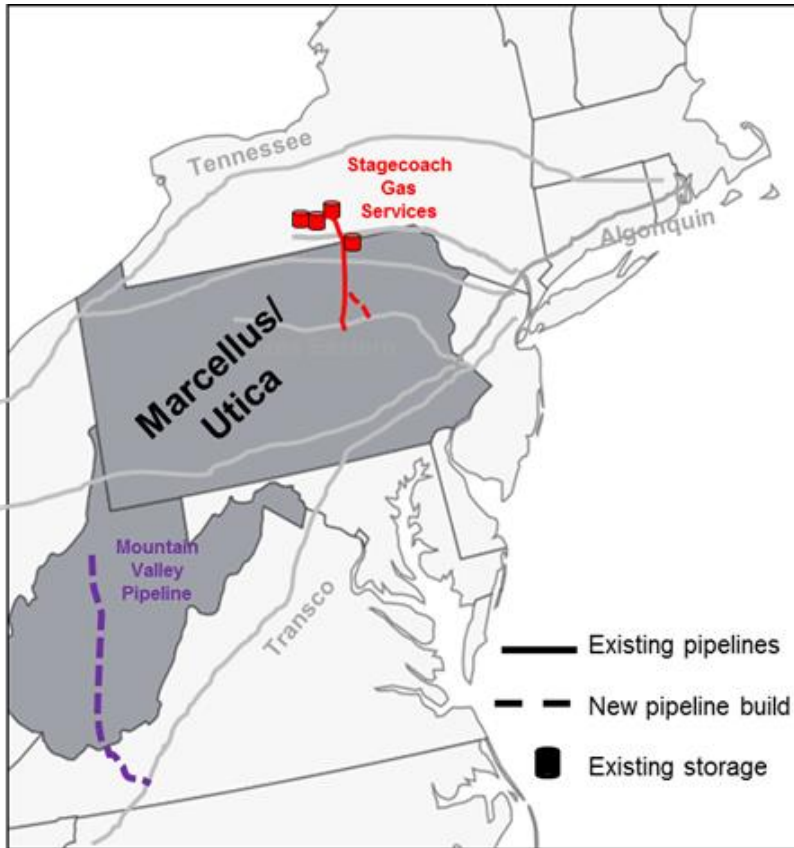
### Investments Types across the Natural Gas Value Chain:



# Con Edison Transmission: Overview of Natural Gas Services Assets

Provides an opportunity for Con Edison to further expand its Federal Energy Regulatory Commission-regulated-transmission business into growth markets

## Natural Gas Pipeline & Storage Footprint



## Asset Description

### Stagecoach Gas Services (50% ownership)

#### Storage

- 41 Bcf of natural gas storage; 99% subscribed
- Storage position with top regional utility customers: CECONY, NJNG, PSE&G, NYSEG
- Weighted average contract duration of approximately two years

#### Pipelines

- Total pipeline length of 159 miles with interconnections to Millennium, Tennessee, and Transco pipelines
- 3 natural gas pipelines (MARC I, North/South and the East Pipeline) with a combined throughput capacity of 2,960 Mmcf per day
- Favorable long-term supply fundamentals
- Contract duration between four and six years

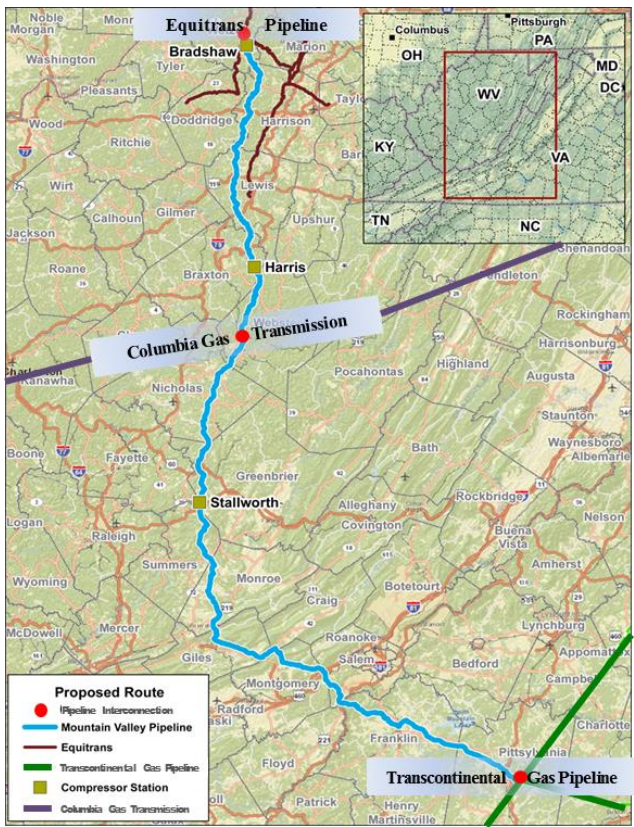
### Mountain Valley Pipeline (12.5% ownership)

- Proposed new 300-mile pipeline (2 million Dt/day) that connects Equitrans (EQT) pipeline in northwestern West Virginia to Columbia Gas Transmission and Transco pipelines
- Fully contracted under 20-year agreements
- 12.5% of firm capacity contracted by CECONY & O&R
- ~\$3 billion project with 4Q 2018 expected in-service date

# Con Edison Transmission: Mountain Valley Pipeline Investment

## Mountain Valley Pipeline

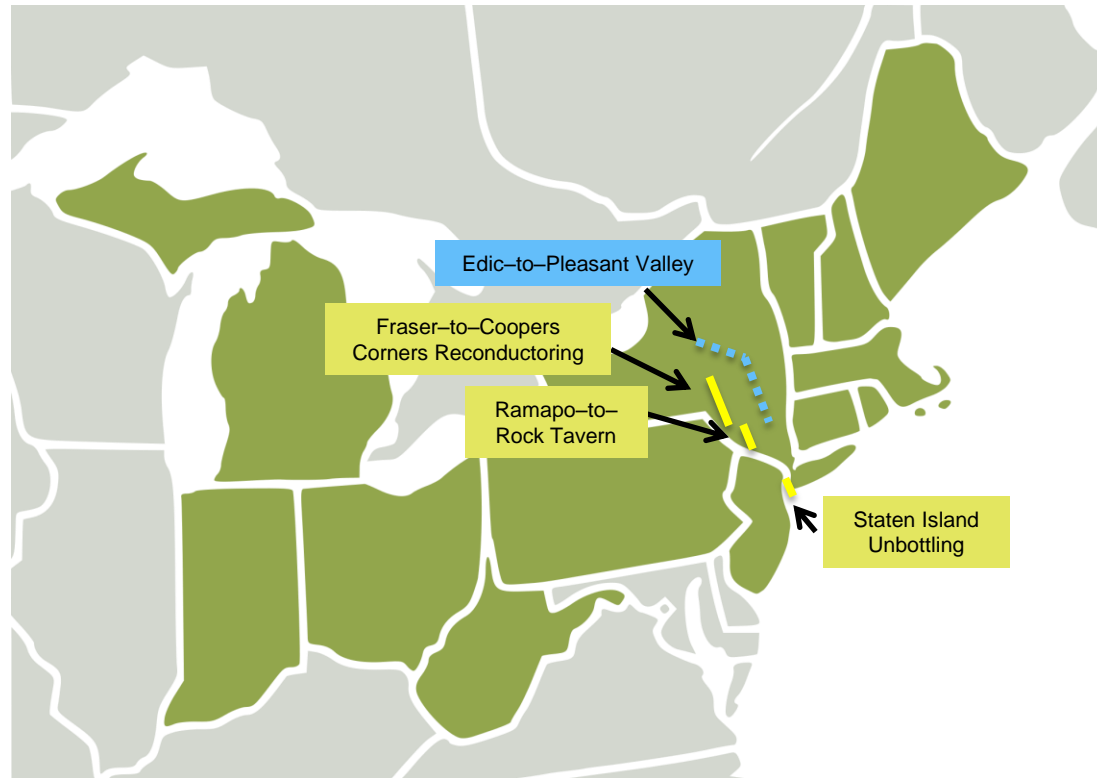
<b>Description</b>	300 mile pipeline (2 million Dt/day) that connects Equitrans (EQT) pipeline in northwestern West Virginia to Columbia Gas Transmission and Transco pipelines
<b>Location</b>	West Virginia and Virginia
<b>Con Edison Interest</b>	12.5% ownership interest 12.5% of firm capacity contracted by CECONY & O&R
<b>Total Cost Estimate</b>	\$3 billion to \$3.5 billion
<b>Shippers</b>	EQT Energy, NextEra Midstream, Con Edison (CECONY/O&R), WGL Midstream, Vega Energy, Roanoke Gas
<b>Financing</b>	Partnership funding and financing to be completed by the partners individually
<b>Engineering &amp; Procurement</b>	EQT Midstream
<b>Permitting</b>	Under FERC and other agency review
<b>Status</b>	Federal Energy Regulatory Commission (FERC) application submitted in Oct. 2015; Sept. 2016, FERC issued Draft Environmental Impact Statement; awaiting approvals
<b>Expected In-Service Date</b>	4Q 2018



# Pursue non-utility growth

## Con Edison Transmission: Electric Transmission Investments

Electric transmission growth is impacted by generator retirements and connecting large scale renewables to load



NY Transco existing      Proposed

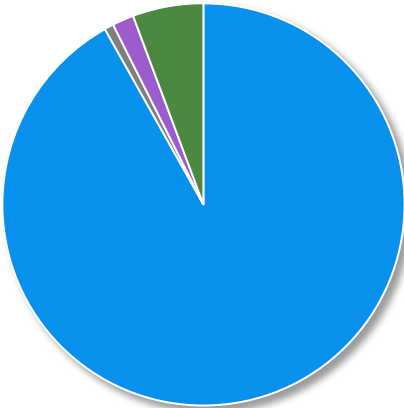
- Growing renewables development in NYS & Northeast implies increasing opportunity for CET to develop new electric transmission
- NY Transco has bid on additional investment opportunity in the current NYS process
- Additional investment opportunities in the region may emerge

# Long-Range Plan Financial Outlook

## Utilities continue to be the core of the business mix

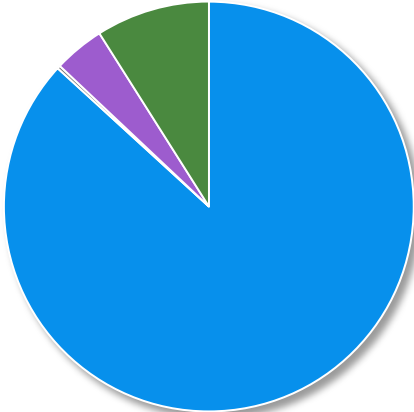
- Core utility business will continue to dominate the business mix
- Contracted renewables and new, contracted electric & gas transmission complement utility growth
- Other energy infrastructure and services opportunities as technology and markets develop

2016 Earnings per Share Contribution



- CECONY and O&R 93%
- Parent (<1%)
- Consolidated Edison Transmission 2%
- Clean Energy Businesses 6%

19-Year Outlook Earnings per Share Contribution



- CECONY and O&R 85-89%
- Parent (<1%)
- Consolidated Edison Transmission 3-5%
- Clean Energy Businesses 8-10%

Long-Range Plan Major Assumptions

- Target long-term capital structure of 52% debt / 48% equity
- Beyond current rate plans, earned ROE equal to allowed ROE of 9.0%
- Share price issuance at price/earnings ratio of 17.0x
- Bonus depreciation continues through 2019
- General inflation rate of 2.5%

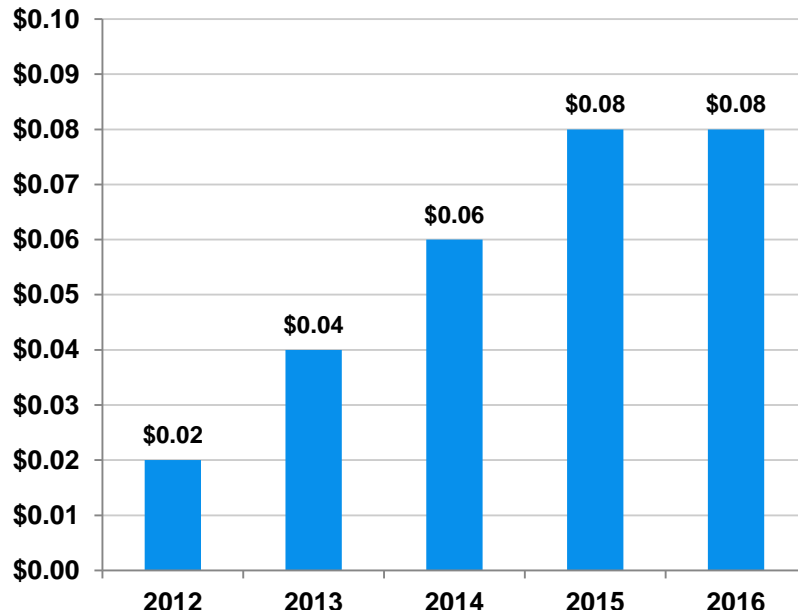


# 43 Consecutive Years of Dividend Increases

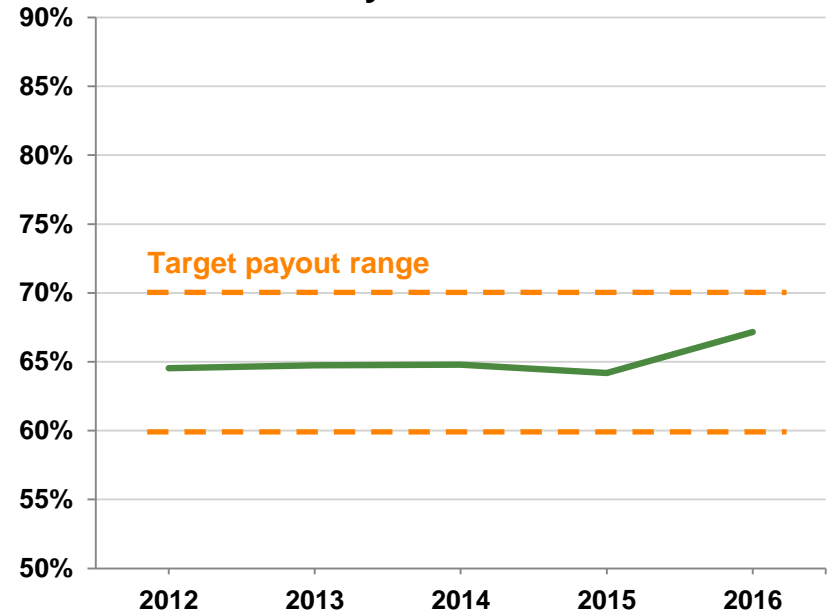
Only Utility in S&P 500 with 30 or More Straight Years of Dividend Increases

2017 indicated dividend increased \$0.08 to \$2.76

Dividend Increases 2012 – 2016



Dividend Payout Ratio 2012 – 2016



\*On January 19, 2017 Con Edison declared quarterly dividends of 69 cents a share, for an annualized rate of \$2.76. Future dividend actions are subject to Board of Directors approval among other factors.

# Appendix

## 2016 CECONY Electric and Gas Three-Year Rate Plans

Rate Plan Details	Electric Rate Change	Electric Average Rate Base	Electric Capital Expenditures	Gas Rate Change	Gas Average Rate Base	Gas Capital Expenditures
<b>New rates effective Jan. 1, 2017 (\$ millions)</b>						
2017*	\$242	\$18,902	\$1,961	\$35	\$4,841	\$916
2018	\$155	\$19,530	\$1,966	\$92	\$5,395	\$939
2019	\$155	\$20,277	\$1,806	\$90	\$6,005	\$966
ROE	9.0%	-	-	9.0%	-	-
Equity Ratio	48%	-	-	48%	-	-

\* The electric base rate increases shown above are in addition to a \$48 million increase resulting from the December 2016 expiration of a temporary credit under the current rate plan. At the NYSPSC's option, these increases are being implemented with increases of \$199 million in each rate year.

The base rate decrease for gas in Year 1 is offset by a \$41 million increase resulting from the December 2016 expiration of a temporary credit under the current rate plan.

# NY PSC's Formulaic ROE Approach: Decisions 2006 – 2017 YTD

Date	Company	ROE	Term
09/06	CECONY Steam	9.80%	2 years
10/06	O&R Gas	9.80%	3 years
08/07	Keyspan Gas	9.80%	5 years
09/07	CECONY Gas	9.70%	3 years
10/07	O&R Electric	9.10%	1 year
12/07	National Fuel Gas	9.10%	1 year
03/08	CECONY Electric	9.10%	1 year
06/08	O&R Electric	9.40%	3 years
09/08	CECONY Steam	9.30%	2 years
04/09	CECONY Electric	10.00%	1 year
05/09	Niagara Mohawk Gas	10.20%	2 years
06/09	Central Hudson	10.00%	1 year
09/09	Corning Gas	10.70%	2 years
10/09	O&R Gas	10.40%	3 years
03/10	CECONY Electric	10.15%	3 years
06/10	Central Hudson	10.00%	3 years
09/10	CECONY Gas	9.60%	3 years
09/10	CECONY Steam	9.60%	3 years

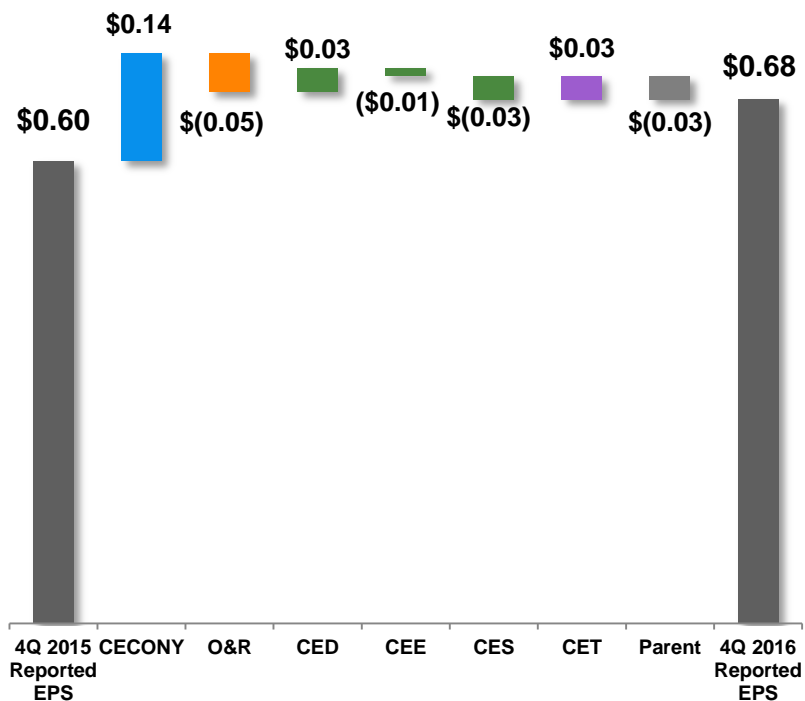
Date	Company	ROE	Term
09/10	Energy East (RGE/NYSEG)	10.00%	40 months
06/11	Niagara Mohawk Electric	9.30%	2 years
06/11	O&R Electric	9.20%	1 year
04/12	Corning Gas	9.50%	3 years
06/12	O&R Electric	9.40%	1 <sup>st</sup> year
		9.50%	2 <sup>nd</sup> year
		9.60%	3 <sup>rd</sup> year
04/13	Niagara Mohawk Electric & Gas	9.30%	3 years
06/13	Keyspan Gas	9.40%	2 years
02/14	CECONY Gas and Steam	9.30%	3 years
02/14	CECONY Electric	9.20%	2 years
05/14	National Fuel Gas	9.10%	2 years
06/15	Central Hudson Gas & Electric	9.00%	3 years
06/15	CECONY Electric extension	9.00%	3 <sup>rd</sup> year
10/15	O&R Electric/Gas	9.00%	2 years/ 3 years
6/16	Energy East (RGE/NYSEG)	9.00%	3 years
1/17	Keyspan Gas	9.00%	3 years
1/17	CECONY Electric and Gas	9.00%	3 years

## 4Q 2016 Earnings

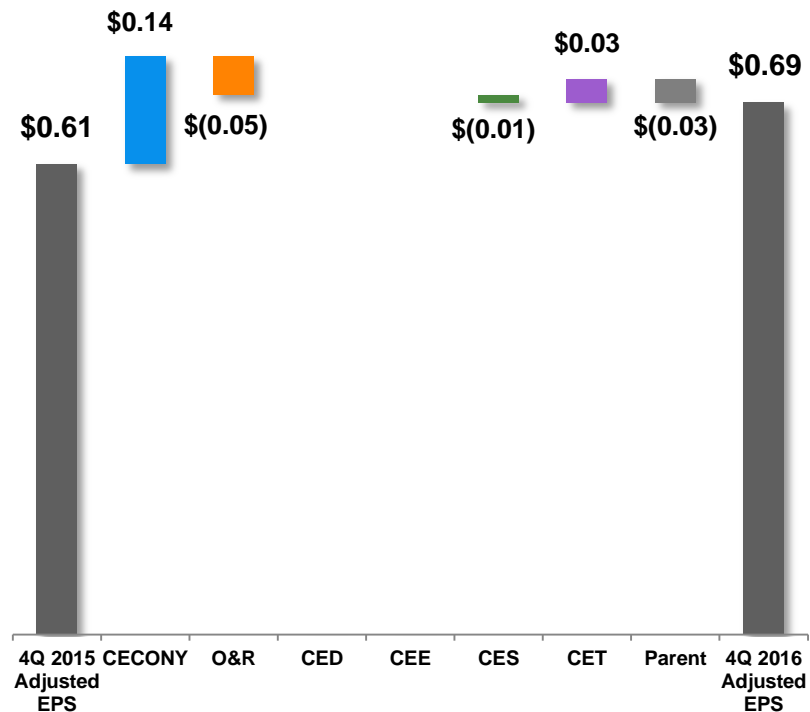
	Net Income (\$ Millions)		Earnings per Share	
	2016	2015	2016	2015
Reported Net Income and EPS – GAAP basis	\$207	\$176	\$0.68	\$0.60
Gain on sale of the CEBs' retail electric supply business	(9)	-	(0.03)	-
Goodwill impairment related to the CEBs' energy service business	12	-	0.04	-
Net mark-to-market effects of the CEBs	1	2	-	0.01
<b>Adjusted Earnings and Adjusted EPS – non-GAAP basis</b>	<b>\$211</b>	<b>\$178</b>	<b>\$0.69</b>	<b>\$0.61</b>

# Walk from 4Q 2015 EPS to 4Q 2016 EPS

## Variance in Reported EPS (GAAP)



## Variance in Adjusted EPS (Non-GAAP)



# 4Q 2016 vs. 4Q 2015 EPS Variances

	Three Months Ended Variation 2016 vs. 2015	Notes
<b>CECONY<sup>(1)</sup></b>		
Changes in rate plans and regulatory charges	\$0.19	
Weather impact on steam revenues	0.05	
Operations and maintenance expenses	0.08	
Depreciation, property taxes and other tax matters	(0.13)	
Other	(0.05)	Includes the impact of the dilutive effect of Con Edison's stock issuances.
<b>Total CECONY</b>	<b>\$0.14</b>	
<b>O&amp;R<sup>(1)</sup></b>		
Changes in rate plans and regulatory charges	(0.04)	
Operations and maintenance expenses	0.01	
Depreciation and property taxes	(0.01)	
Other	(0.01)	Includes the impact of the dilutive effect of Con Edison's stock issuances.
<b>Total O&amp;R</b>	<b>\$(0.05)</b>	
<b>Clean Energy Businesses</b>		
CED	\$0.03	
CEE	(0.01)	
CES	(0.03)	
<b>Total CEBs</b>	<b>\$(0.01)</b>	
<b>Con Edison Transmission</b>		
<b>Total CET</b>	<b>\$0.03</b>	Income from equity investments.
<b>Parent</b>		
<b>Total Parent Co.</b>	<b>\$(0.03)</b>	Lower income tax benefits.
<b>Reported EPS (GAAP)</b>	<b>\$0.08</b>	
Gain on sale of the CEBs' retail electric supply business	(0.03)	
Goodwill impairment related to the CEBs' energy service business	0.04	
Net mark-to-market effects of the CEBs	(0.01)	
<b>Adjusted EPS (non-GAAP)</b>	<b>\$0.08</b>	

1. 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.

# 4Q 2016 vs. 4Q 2015 EPS Reconciliation by Company

## 3 months ending December 31, 2016

	CECONY	O&R	CED	CEE	CES	CET <sup>(1)</sup>	Parent	Total
Reported EPS – GAAP basis	\$0.65	\$0.01	\$0.03	\$-	\$(0.03)	\$0.03	\$(0.01)	\$0.68
Gain on sale of retail electric supply business	-	-	(0.03)	-	-	-	-	(0.03)
Goodwill impairment related to energy service business	-	-	-	-	0.04	-	-	0.04
<b>Adjusted EPS – Non-GAAP basis</b>	<b>\$0.65</b>	<b>\$0.01</b>	<b>\$-</b>	<b>\$-</b>	<b>\$0.01</b>	<b>\$0.03</b>	<b>\$(0.01)</b>	<b>\$0.69</b>

## 3 months ending December 31, 2015

	CECONY	O&R	CED	CEE	CES	Parent	Total
Reported EPS – GAAP basis	\$0.51	\$0.06	\$-	\$0.01	\$-	\$0.02	\$0.60
Net mark-to-market losses/(gains)	-	-	-	(0.01)	0.02	-	0.01
<b>Adjusted EPS – Non-GAAP basis</b>	<b>\$0.51</b>	<b>\$0.06</b>	<b>\$-</b>	<b>\$-</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.61</b>

1. In 2016, Con Edison Transmission began investing, through CET Electric and CET Gas, in electric transmission and gas pipeline and storage assets.



# Other Developments\*

## CECONY

- Annual Growth Rates in Weather-Adjusted Peak Usage (page 8)

5-Year Forecast 2017 – 2021	
<b>CECONY (%)</b>	
Electric	0.2
Gas	2.3
Steam	(0.7)

- Distributed generation projects connected to the CECONY distribution system at December 31, 2016 had aggregate capacity of 302MW. (page 19)
- 2017 service area electric peak demand, under design weather conditions, at CECONY is forecasted to be 13,470 MW, of which 48.9% is for full-service customers, and the rest is for electric retail choice, NYPA and municipal agency customers. (pages 20-21)
- CECONY electric and gas rate plans approved by NYSPSC in January 2017. (pages 105-107)
- In 2016, the NYSPSC continued its proceeding to investigate the practices of qualifying persons to perform plastic fusions on gas facilities and its review of a March 2014 explosion and fire in which eight people died and more than 50 people were injured. In February 2017, the NYSPSC approved a settlement agreement with CECONY related to these matters. Pursuant to the settlement agreement, the company will not recover from customers \$126 million of costs it incurred for gas emergency response activities in 2014, 2015 and 2016 in excess of amounts reflected in its gas rate plan for those years. At December 31, 2016, the company had not deferred any such incremental costs as a regulatory asset. In addition, the company will provide \$27 million of future benefits to customers. At December 31, 2016, the company had accrued a regulatory liability for these future benefits. (pages 9, 111-112)

\* Page references to 2016 Form 10-K

# Other Developments (cont'd)

## O&R

- Annual Growth Rates in Weather-Adjusted Peak Usage (page 8)

5-Year Forecast 2017 – 2021	
O&R (%)	
Electric	(0.1)
Gas	0.2

- In February 2017, O&R submitted to the NYSPSC a request to expend an additional approximately \$74 million to expand the scope of the company’s AML implementation to all of its New York customers. (page 16)
- Distributed generation projects connected to the O&R distribution system at December 31, 2016 had aggregate capacity of 88 MW. (page 19)
- 2017 service area electric peak demand, under design weather conditions, at O&R is forecasted to be 1,625 MW, of which 53% is for its full-service customers and the rest for its electric retail choice customers. (page 25)
- In February 2017, RECO, the staff of the New Jersey Board of Public Utilities (NJBPU) and other parties entered into a stipulation of settlement for a RECO electric rate plan for the period commencing March 2017. The stipulation is subject to NJBPU approval. The rate plan would provide for an electric rate increase of \$1.7 million, reflecting a return on common equity of 9.6% and a common equity ratio of 49.7%. (page 111)

## Other Developments (*cont'd*)

### Clean Energy Businesses

- Con Edison formed Con Edison Clean Energy Businesses, Inc. and, in December 2016, transferred to it three wholly-owned subsidiaries: Con Edison Development, Con Edison Energy and Con Edison Solutions (the "Clean Energy Businesses," formerly referred to as the "competitive energy businesses"). (page 14)
- 1,531 MW (AC) of renewable energy production projects that are either in service (1,098 MW) or in construction (433 MW) at December 31, 2016. (page 27)
- In December 2016, Con Edison completed impairment tests for the goodwill of \$23 million related to two energy services companies owned by Con Edison Solutions and a gas storage company owned by Con Edison Development and determined that the goodwill related to the two energy services companies was impaired and recorded a corresponding impairment charge of \$15 million, or \$12 million after tax. (page 130)
- In December 2016, Con Edison Development acquired a 100 percent interest in a 102 MW (AC) wind electric production project in California (Coram) for \$97 million. The project commenced commercial operation in March 2012. (page 150)

## Other Developments (*cont'd*)

### Con Edison Transmission

- In November 2016, a CET Gas subsidiary contributed \$29.4 million to the Stagecoach Gas Services LLC joint venture and a Crestwood Equity Partners LP subsidiary contributed 100 percent of the equity interest in Crestwood Pipeline East LLC to the joint venture. At December 31, 2016, CET Gas's investment in the joint venture was \$992 million. (page 150)

### Parent

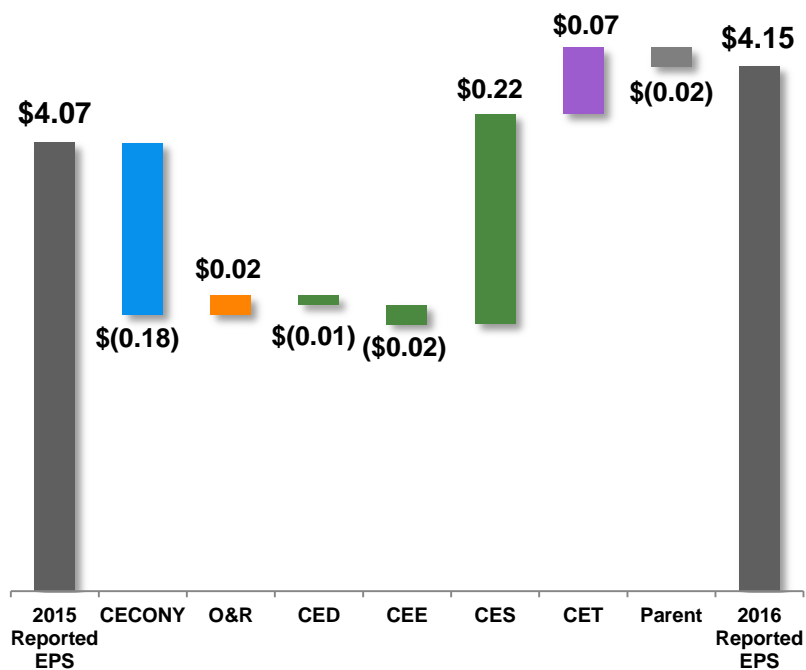
- Among the Companies' major risks (pages 38 – 41) is the risk that changes to tax laws, regulations or interpretations thereof could have a material adverse impact on the Companies. Changes to tax laws that would have the effect of reducing Con Edison's taxable income could adversely affect the company's ability to use its renewable energy tax credits.

## 2016 Earnings

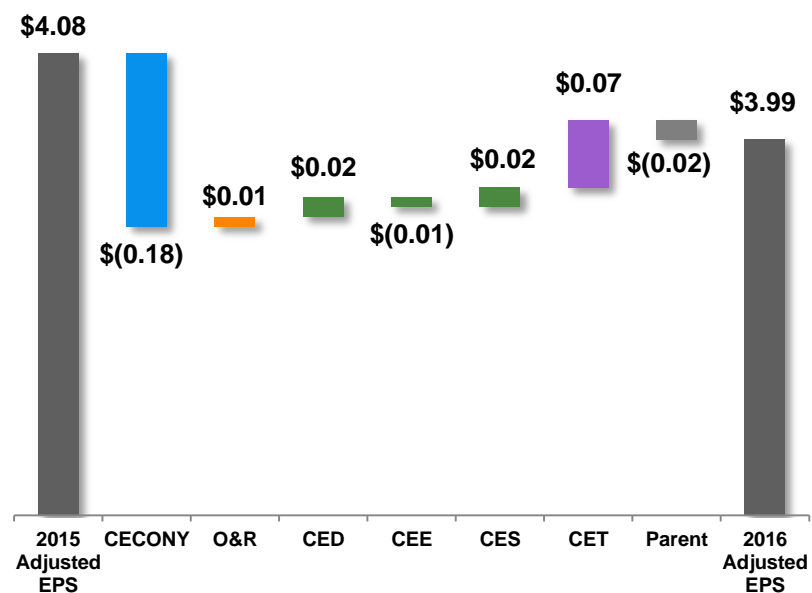
	Net Income (\$ Millions)		Earnings per Share	
	2016	2015	2016	2015
Reported Net Income and EPS – GAAP basis	\$1,245	\$1,193	\$4.15	\$4.07
Gain on sale of the CEBs' retail electric supply business	(56)	-	(0.19)	-
Goodwill impairment related to the CEBs' energy service business	12	-	0.04	-
Impairment on assets held for sale – Pike	-	3	-	0.01
Net mark-to-market effects of the CEBs	(3)	-	(0.01)	-
<b>Adjusted Earnings and Adjusted EPS – non-GAAP basis</b>	<b>\$1,198</b>	<b>\$1,196</b>	<b>\$3.99</b>	<b>\$4.08</b>

# Walk from 2015 EPS to 2016 EPS

## Variance in Reported EPS (GAAP)



## Variance in Adjusted EPS (Non-GAAP)



# 2016 vs. 2015 EPS Variances

	Year Ended Variation 2016 vs. 2015	Notes
<b>CECONY<sup>(1)</sup></b>		
Changes in rate plans and regulatory charges	\$0.34	
Weather impact on steam revenues	(0.07)	
Operations and maintenance expenses	0.15	
Depreciation, property taxes and other tax matters	(0.43)	
Other	(0.17)	Includes the impact of the dilutive effect of Con Edison's stock issuances.
<b>Total CECONY</b>	<b>(\$0.18)</b>	
<b>O&amp;R<sup>(1)</sup></b>		
Changes in rate plans and regulatory charges	-	
Operations and maintenance expenses	0.06	
Depreciation and property taxes	(0.03)	
Other	(0.01)	Includes the impact of the dilutive effect of Con Edison's stock issuances.
<b>Total O&amp;R</b>	<b>\$0.02</b>	
<b>Clean Energy Businesses</b>		
CED	\$(0.01)	
CEE	(0.02)	
CES	0.22	
<b>Total CEBs</b>	<b>\$0.19</b>	
<b>Con Edison Transmission</b>		
<b>Total CET</b>	<b>\$0.07</b>	Income from equity investments.
<b>Parent</b>		
<b>Total Parent Co.</b>	<b>\$(0.02)</b>	Lower income tax benefits.
<b>Reported EPS (GAAP)</b>	<b>\$0.08</b>	
Gain on sale of the CEBs' retail electric supply business	(0.19)	
Goodwill impairment related to the CEBs' energy service business	0.04	
Impairment of assets held for sale in 2015	(0.01)	
Net mark-to-market effects of the CEBs	(0.01)	
<b>Adjusted EPS (non-GAAP)</b>	<b>\$(0.09)</b>	

1. 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.

## 2016 vs. 2015 EPS Reconciliation by Company

### For the year ended December 31, 2016

	CECONY	O&R	CED	CEE	CES	CET <sup>(1)</sup>	Parent	Total
Reported EPS – GAAP basis	\$3.52	\$0.20	\$0.08	\$0.01	\$0.30	\$0.07	\$(0.03)	\$4.15
Gain on sale of retail electric supply business	-	-	0.03	-	(0.22)	-	-	(0.19)
Goodwill impairment related to energy service business	-	-	-	-	0.04	-	-	0.04
Net mark-to-market losses/(gains)	-	-	-	0.01	(0.02)	-	-	(0.01)
<b>Adjusted EPS – Non-GAAP basis</b>	<b>\$3.52</b>	<b>\$0.20</b>	<b>\$0.11</b>	<b>\$0.02</b>	<b>\$0.10</b>	<b>\$0.07</b>	<b>\$(0.03)</b>	<b>\$3.99</b>

### For the year ended December 31, 2015

	CECONY	O&R	CED	CEE	CES	Parent	Total
Reported EPS – GAAP basis	\$3.70	\$0.18	\$0.09	\$0.03	\$0.08	\$(0.01)	\$4.07
Impairment of assets held for sale – Pike	-	0.01	-	-	-	-	0.01
<b>Adjusted EPS – Non-GAAP basis</b>	<b>\$3.70</b>	<b>\$0.19</b>	<b>\$0.09</b>	<b>\$0.03</b>	<b>\$0.08</b>	<b>\$(0.01)</b>	<b>\$4.08</b>

1. In 2016, Con Edison Transmission began investing, through CET Electric and CET Gas, in electric transmission and gas pipeline and storage assets.



# Five-Year Reconciliation of Reported EPS (GAAP) to Adjusted EPS (Non-GAAP)

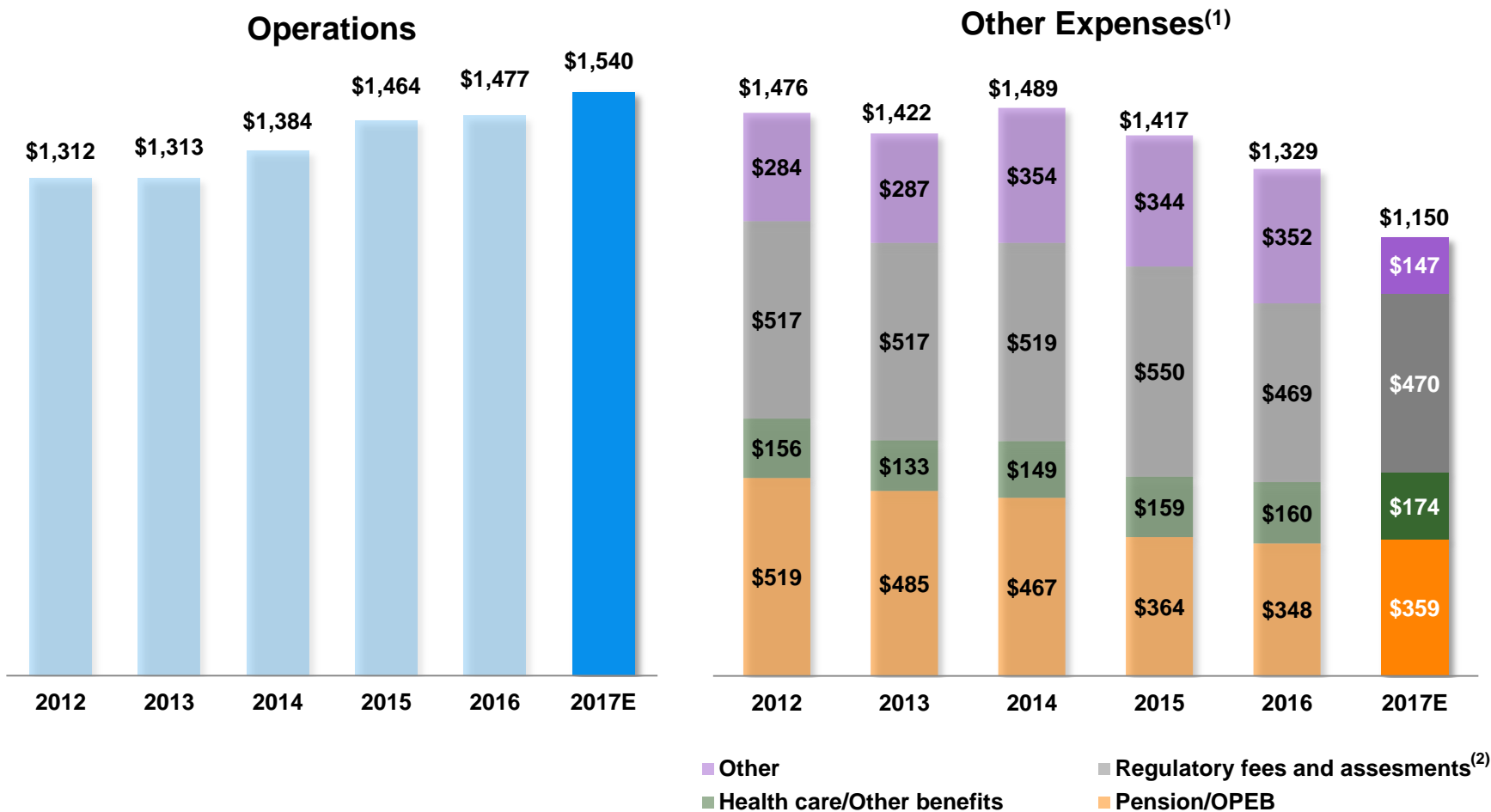
12 Months Ending December 31,

	2012	2013	2014	2015	2016
<b>Reported EPS – GAAP basis</b>	<b>\$3.88</b>	<b>\$3.62</b>	<b>\$3.73</b>	<b>\$4.07</b>	<b>\$4.15</b>
Gain on sale of the CEBs' retail electric supply business	-	-	-	-	(0.19)
Goodwill impairment related to the CEBs' energy service business					0.04
Impairment of assets held for sale	-	-	-	0.01	-
Gain on sale of solar electric production projects	-	-	(0.09)	-	-
Loss from LILO transactions	-	0.32	-	-	-
Net mark-to-market effects of the CEBs	(0.13)	(0.14)	0.25	-	(0.01)
<b>Adjusted EPS – Non-GAAP basis</b>	<b>\$3.75</b>	<b>\$3.80</b>	<b>\$3.89</b>	<b>\$4.08</b>	<b>\$3.99</b>

# Sustainability Highlights

- Safety and Environment:
  - Reduced employee injuries by over 60 percent since 2009.
  - Reduced our carbon footprint (carbon dioxide, methane and sulfur hexafluoride) by 48 percent since 2005. This is equal to taking 500,000 cars off the road.
  - Converted more than 5,200 large New York City buildings from oil to cleaner natural gas since 2011 – the reduced particulate emissions are the equivalent of removing 1.2 million cars off NYC streets.
- Operational Excellence:
  - Completed a four-year, \$1 billion investment to strengthen the resilience of our energy systems during major storms.
  - Investing \$1.4 billion in smart-meter technology, the largest capital investment in Con Edison's 193-year history, allowing us to make faster repairs during power outages.
  - Doubled our purchases of green products, with close to \$7 million of expenditures.
- Customer and Community:
  - CECONY was the top performer in JD Power's 2016 Business Customer Satisfaction Studies in the East Large Segment for both Electric and Gas.
  - Invested \$1.8 billion in renewable-resource projects in 2015 and 2016, with renewables in 13 states. We are also the fifth largest owner of operating PV solar capacity in the United States.
  - Invested \$11 million in nonprofits and promoted educational programs in science, technology, engineering, and math. Our employees donated 8,400 hours to company-sponsored volunteer initiatives.

# CECONY Operations and Maintenance Expenses (\$ millions)



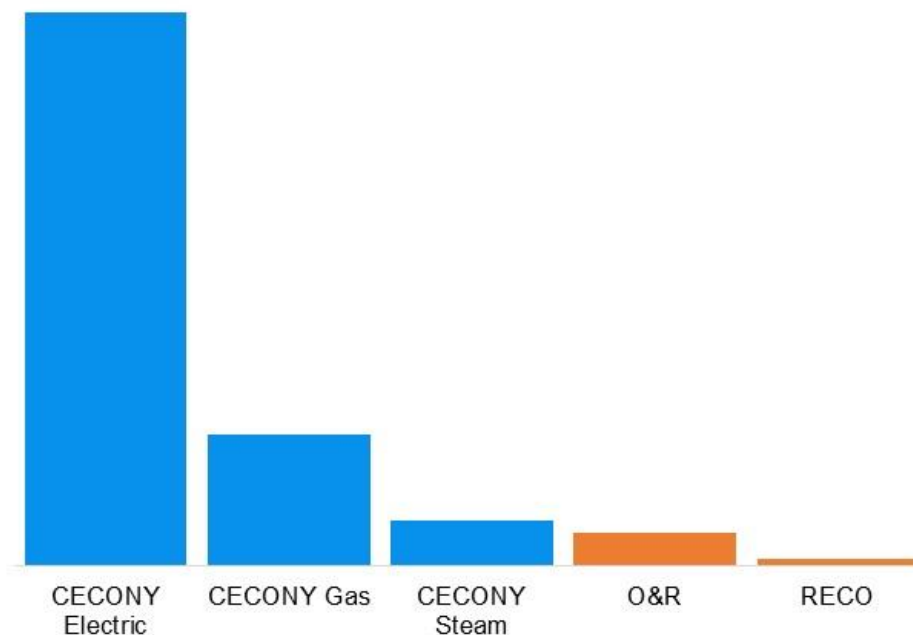
1. Other Expenses are either reconciled through amounts reflected in rates, or represent surcharges that are recovered in revenues from customers.
2. Includes Demand Side Management, System Benefit Charges and Public Service Law 18A assessments which are collected in revenues.

# Composition of Regulatory Rate Base<sup>(1)</sup> (as of December 31, 2016)

CECONY (\$ millions)		
Electric	NY	\$17,971
Gas	NY	4,267
Steam	NY	1,472
<b>Total CECONY</b>		<b>\$23,710</b>

O&R (\$ millions)		
O&R Electric	NY	\$731
O&R Gas	NY	362
RECO	NJ	211
<b>Total O&amp;R</b>		<b>\$1,304</b>

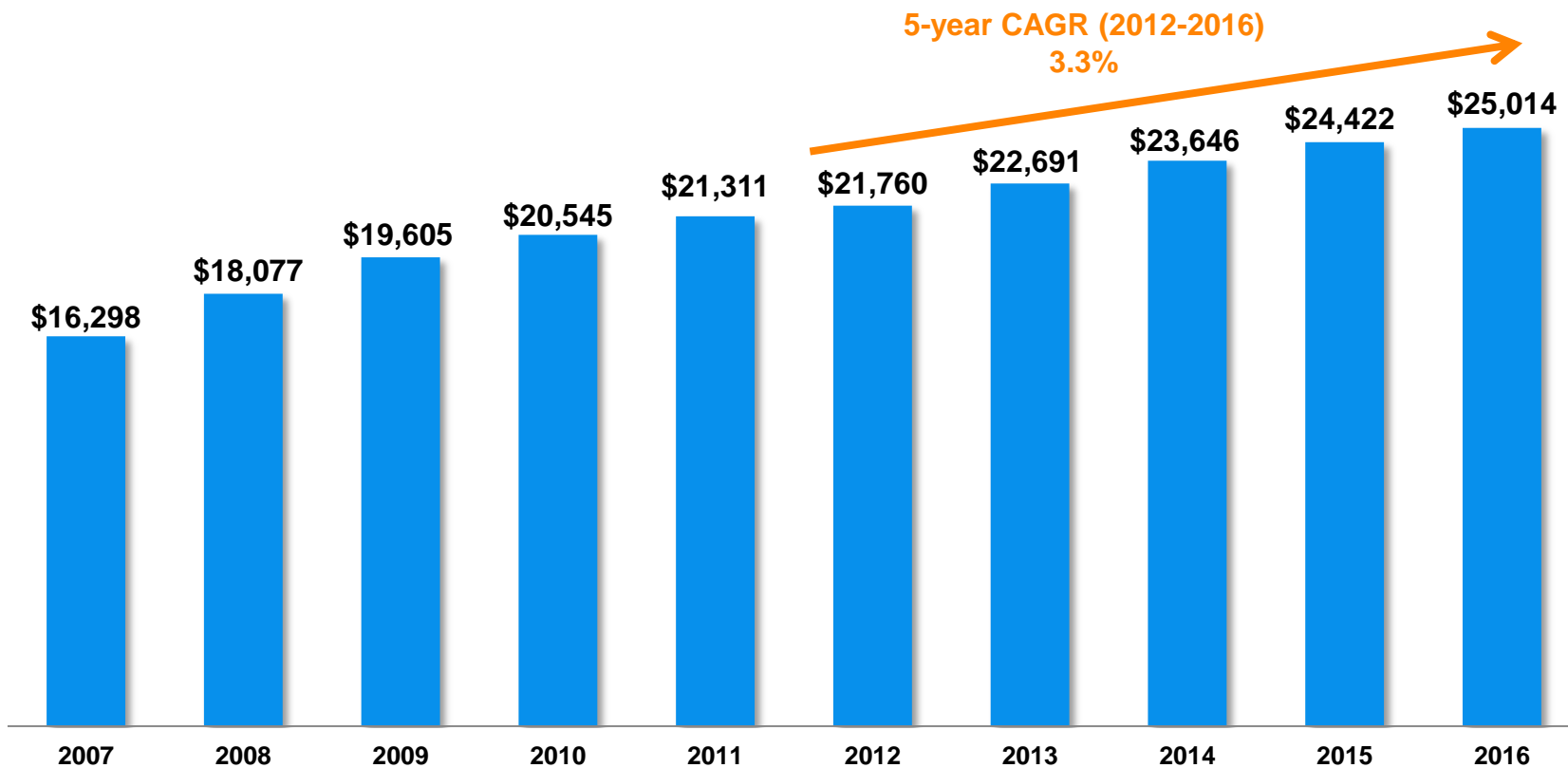
**Total Rate Base \$25,014**



1. Average rate base for 12 months ended 12/31/2016.

# Total Utility Rate Base Growth: CECONY & O&R

(\$ millions)

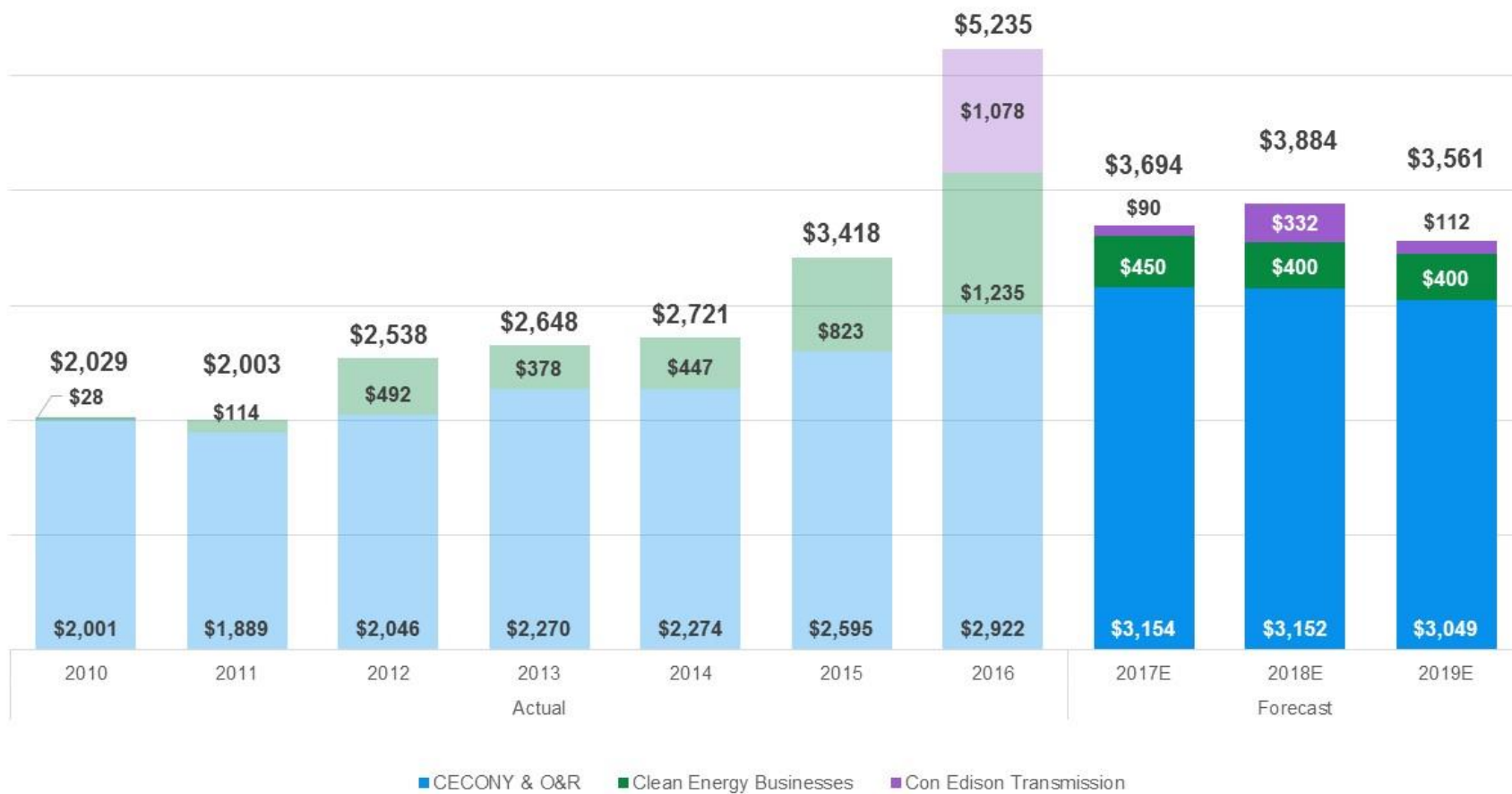


# Regulated Utility Rates of Return and Equity Ratio (12 Months ended December 31, 2016)

	Regulated Basis	
	Allowed	Actual
<b>CECONY</b>		
Electric	9.0%	9.5%
Gas	9.3%	7.8%
Steam	9.3%	7.8%
Overall – CECONY	9.1% <sup>(1)</sup>	9.1%
<b>CECONY Equity Ratio</b>	<b>48.0%</b>	<b>48.9%</b>
<b>O&amp;R</b>		
Electric	9.0%	9.1%
Gas	9.0%	8.7%
RECO	9.8%	7.0%
Overall – O&R	9.2% <sup>(1)</sup>	8.7%
<b>O&amp;R Equity Ratio</b>	<b>48.0%</b>	<b>48.7%</b>

1. Weighted by rate base.

# Capital Expenditures (\$ millions)



# 2016 Financing Activity

- CEI issued \$724 million of common equity in May<sup>(1)</sup>
- Debt financing activity:
  - In February, the CEBs issued \$218 million 4.21% senior secured notes due 2041
  - In May, the CEBs issued \$95 million 4.07% senior secured notes due 2036
  - In May, CEI issued \$500 million 2.00% senior notes due 2021
  - In June, CEI entered into a \$400 million term loan facility
  - In June, CECONY issued \$550 million 3.85% debentures due 2046
  - In November, CECONY issued \$250 million 2.90% debentures due 2026 and \$500 million 4.30% debentures due 2056
  - In December, O&R issued \$75 million 3.88% debentures due 2046
- In December, CEI refinanced the \$2.25 billion credit facility that will mature in 2021

## Debt Maturities

- CECONY \$400 million matured in September, 5.50%
- CECONY \$250 million matured in December, 5.30%
- O&R \$75 million matured in October, 5.45%

1. This is in addition to the equity issued through dividend reinvestment, employee stock purchase and long-term incentive plans.



## 2017 Financing Plan

- Capital expenditures of \$3,694 million (CECONY: \$2,962 million, the CEBs: \$450 million, O&R: \$192 million, CET: \$90 million)
- Issue between \$1.0 billion and \$1.8 billion of long-term debt, most of which would be at the Utilities
- Issue additional debt secured by the CEBs' renewable electric production projects
- Issue up to \$350 million of common equity in 2017 in addition to equity issued through dividend reinvestment, employee stock purchase and long-term incentive plans

### Financing Activity to Date

- In March, CEI issued \$400 million 2.00% senior notes due 2020 and prepaid a \$400 million loan under a June 2016 term loan facility

### Debt Maturities

(\$ millions)	2017	2018	2019	2020	2021
Con Edison, Inc. [Parent Co.]	\$2	\$402	\$3	\$3	\$503
CECONY	-	1,200	475	350	-
O&R	4	55	62	-	-
The CEBs	33	31	34	35	37
<b>Total</b>	<b>\$39</b>	<b>\$1,688</b>	<b>\$574</b>	<b>\$388</b>	<b>\$540</b>

# Capital Structure – December 31, 2016

(\$ millions)

## Consolidated Edison, Inc. A3 / BBB+ / BBB+

Debt	\$14,774	51%
Equity	14,305	49
<b>Total</b>	<b>\$29,079</b>	<b>100%</b>

### CECONY A2 / A- / A-

Debt	\$12,073	51%
Equity	11,829	49
<b>Total</b>	<b>\$23,902</b>	<b>100%</b>

### O&R A3 / A- / A-

Debt	\$665	51%
Equity	645	49
<b>Total</b>	<b>\$1,310</b>	<b>100%</b>

### Parent and Other

Debt	\$2,036	53%
Equity	1,831	47
<b>Total</b>	<b>\$3,867</b>	<b>100%</b>

Amounts shown exclude notes payable and include the current portion of long-term debt; senior unsecured credit ratings shown in order of Moody's / S&P / Fitch; All ratings have stable outlooks.

# Liquidity

## \$2.25 billion CEI Consolidated Revolving Credit Facility

