HILLIARD LYONS

RESEARCH'S BEST IDEAS *for* 2012

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Note Important Disclosures on Pages 7-8
Note Analysts' Certification on Page 7

Banking, Ross Demmerle

Comerica Inc. (CMA-NYSE)

Price	----- FY EPS -----			----- P/E Multiple -----			Indicated	Annual	Target		
11-Jan-12	2010	2011E	2012E	2010	2011E	2012E	Dividend	Yield	Price	Rating	Suit.
$28.72	$0.89	$2.25	$2.36	32.3x	12.8x	12.2x	$0.40	1.39%	$32	LTB	1

Commercial lending should help company benefit from an economic expansion

- Comerica Inc.'s niche is business lending -- three quarters of the loan portfolio consists of commercial & industrial or commercial real estate. An improving economy bodes well for this core competency.
- Geographic diversification in California, Michigan and Texas helps reduce regional economic risk.
- Expansion in the attractive Texas market with the July 2011 acquisition of $5 billion Sterling Banc positions CMA well for revenue growth.
- Strong capital position with tangible common equity of greater than 10% provides greater flexibility in terms of raising the dividend and buying back stock.

Electric Utilities, David Burks

American Electric Power (AEP-NYSE)

Price	----- FY EPS -----			----- P/E Multiple -----			Indicated	Annual	Target		
11-Jan-12	2010	2011E	2012E	2010	2011E	2012E	Dividend	Yield	Price	Rating	Suit.
$41.23	$3.03	$3.12	$3.22	13.6x	13.2x	12.8x	$1.88	4.56%	$42	Buy	2

Solid fundamental outlook and above average dividend yield

- American Electric Power currently trades at approximately 13x estimated 2012 earnings and at a discount to the group, which trades at approximately 14.5x estimated earnings.
- AEP offers an attractive 4.6% dividend yield, which is above the industry average of 4.2%.
- The company recently reached a regulatory settlement in Ohio which reduces regulatory risk.
- We believe earnings can begin to gradually accelerate over the next few years, and we regard AEP as a good regulated utility selling at a reasonable valuation while offering an above average dividend yield.

Entertainment & Leisure, Jeffrey Thomison

Take-Two Interactive Software, Inc. (TTWO-NASDAQ)

Price 11-Jan-12	FY EPS 2010	FY EPS 2011	FY EPS 2012E	P/E Multiple 2010	P/E Multiple 2011	P/E Multiple 2012E	Indicated Dividend	Annual Yield	Target Price	Rating	Suit.
$14.50	$0.85	$1.02	$0.19	17.1x	14.2x	76.3x	$0.00	0.00%	$18	Buy	3

Improved confidence in future earnings based on well-stocked product pipeline

- We believe Take-Two Interactive Software, Inc. shares have 20-25% upside potential over the next year, based on the current price and our $18 per share price target. We believe several factors combine to form a good buying opportunity.
- In its five years of leadership, this management team has overseen vast improvements in many facets of TTWO's operations. We expect management's goal of attractive shareholder returns to be a key determinant in all future decisions.
- Once considered a 'one trick pony' due to the success of legendary franchise *Grand Theft Auto*, TTWO has been able to grow its product portfolio over the years and now has about a dozen popular franchises.
- The company recently confirmed the existence of *Grand Theft Auto V*, the first new *GTA* console game since 2008. An official release date has not been set, but we expect it during the company's fiscal year that ends March 2013. We would consider the game's release a major industry event.
- We look at a three-year average EPS figure to smooth the *GTA* effect (historical swings in year to year profitability). TTWO shares are trading at about 12.5x an average EPS figure, a valuation we find attractive and one we expect to expand as the year unfolds.

Natural Gas Utilities, James Lykins

South Jersey Industries, Inc. (SJI-NYSE)

Price 11-Jan-12	FY EPS 2010	FY EPS 2011E	FY EPS 2012E	P/E Multiple 2010	P/E Multiple 2011E	P/E Multiple 2012E	Indicated Dividend	Annual Yield	Target Price	Rating	Suit.
$55.86	$2.70	$2.95	$3.37	20.7x	18.9x	16.6x	$1.61	2.88%	$61	Buy	2

Predictable core utility along with non-utility initiatives creates appeal

- South Jersey Industries, Inc. is evolving into an energy company versus just a plain vanilla gas utility.
- Predictable core utility operates in a positive ratemaking environment.
- SJI is well positioned to benefit from New Jersey's Energy Master Plan, which focuses on natural gas and renewables.
- Non-utility initiatives that should drive earnings in 2012 include solar, cogeneration plants, natural gas marketing, passive investment in the Marcellus Shale, and compressed natural gas (CNG) filling stations.
- Additionally, the company has a solid dividend history with six years of ~10% increases versus stated range of 6-7% increases.

Pharmaceuticals, Steve O'Neil

Pfizer, Inc. (PFE-NYSE)

Price	----- FY EPS -----			----- P/E Multiple -----			Indicated	Annual	Target		
11-Jan-12	2010	2011E	2012E	2010	2011E	2012E	Dividend	Yield	Price	Rating	Suit.
$21.90	$2.23	$2.25	$2.30	9.8x	9.7x	9.5x	$0.88	4.02%	$30	LTB	2

Attractive valuation

- Pfizer, Inc., the world's largest pharmaceutical company, has interests in numerous therapeutic areas. Revenue for 2011 could be over $65 billion.

- Investors may now look at the company post-*Lipitor*. Though the loss of much of *Lipitor* global revenue, about $10 billion annually, will be a drag on revenue and earnings the remaining business is expected to perform well. Revenue from existing drugs and vaccines continues to grow and offset some of the *Lipitor* impact. Products obtained with the 2009 acquisition of Wyeth could also contribute. Additional cost synergies from the merger with Wyeth are expected.

- New products in development are also expected to contribute to future results. These include a novel anti-coagulant, a new type of arthritis drug, and several cancer drugs that look very promising with large revenue potential.

- Earnings could be modestly higher in 2012 despite generic competition for *Lipitor*. EPS of $2.25 to $2.35 in 2012 reflect the factors mentioned above along with significant cost saving activities beyond the merger benefits.

- Despite being one of the better performing drug stocks in 2011, PFE still trades at a significant discount to the S&P 500. A P/E multiple closer to that of the S&P 500 results in our 2 to 3 year price target of $30.

REITs, Carol Kemple

CBL & Associates Properties, Inc. (CBL-NYSE)

Price	----- FY FFO Per Share -----			----- P/FFO Multiple -----			Indicated	Annual	Target		
11-Jan-12	2010	2011E	2012E	2010	2011E	2012E	Dividend	Yield	Price	Rating	Suit.
$16.00	$1.87	$1.88	$2.03	8.6x	8.5x	7.9x	$0.84	5.25%	$21.50	Buy	3

Fundamentals improving, in our view

- CBL & Associates Properties, Inc. typically owns the dominant mall in its market and also owns associated and community centers.

- Same-store sales for small shop tenants in the company's stabilized malls increased 3.5% for the nine months ended September 30, 2011.

- The stock is trading at a steep discount to its peer group, trading at 7.9 times our 2012 FFO per share estimates compared to 16.6 times for the peer group.

- We believe fundamentals are improving for CBL, with occupancy increasing and positive rent spreads. We also like the stock's 5.2% dividend yield. Our 1-year target price is $21.50.

REITs, John Roberts

Gladstone Commercial Corp. (GOOD-NASDAQ)

Price	----- FY FFO Per Share -----			----- P/FFO Multiple -----			Indicated	Annual	Target		
11-Jan-12	2010	2011E	2012E	2010	2011E	2012E	Dividend	Yield	Price	Rating	Suit.
$17.90	$1.64	$1.58	$1.60	10.9x	11.3x	11.2x	$1.50	8.38%	$19	LTB	3

Excellent dividend payer

- At 8.4%, Gladstone Commercial Corp.'s dividend yield is well above the market as well as the peer group.
- The stock has a P/FFO ratio of just over 11 times, well below the peer group average.
- GOOD's unique business platform targets the real estate of small companies that are not easily able to secure financing through normal lending channels.
- The company has strong management expertise with a shareholder friendly nature.

Regional Energy Producers, Joel Havard

BreitBurn Energy Partners LP (BBEP-NASDAQ)

Price	---- FY Net Income/Unit ----			----- P/U Multiple -----			Indicated	Annual	Target		
11-Jan-12	2010	2011E	2012E	2010	2011E	2012E	Dividend	Yield	Price	Rating	Suit.
$19.14	$1.24	$0.76	$1.30	15.4x	25.2x	14.7x	$1.74	9.09%	$25	Buy	3

Rising liquids production appealing

- BreitBurn Energy Partners LP's units are trading at an Enterprise Value per Mcfe of $2.32 compared to the regional average of $2.94, a 21% discount. That discount expands to 39% compared to the sector's national average of $3.80.
- We believe this discount should moderate given that the company's reserve base is currently better than the peer group average at 35% oil/NGLs versus 32% for its peers.
- Moreover, BBEP continues to transition to a more liquids-oriented stance. We are forecasting liquids will comprise more than 50% of production within the next six months and continue growing at a significantly higher rate than the company's gas production over the intermediate term.
- We believe this rising liquids production and the company's conservative overall hedge position can sustain cash flows sufficient to continue growing the 9% current distribution rate.

Specialty Materials, Steve O'Neil

Multi-Color Corp. (LABL-NASDAQ)

Price 11-Jan-12	FY EPS 2010	FY EPS 2011	FY EPS 2012E	P/E Multiple 2010	P/E Multiple 2011	P/E Multiple 2012E	Indicated Dividend	Annual Yield	Target Price	Rating	Suit.
$24.12	$1.13	$1.76	$2.15	21.3x	13.4x	11.2x	$0.20	0.83%	$30	Buy	2

Attractive market position, recession resistant business and sizeable excess cash flow

- Multi-Color Corp. is one of the largest manufacturers of labels. Results from the core business have improved. Better economic conditions have brought consumers back to the big brands, such as those offered by Procter & Gamble (PG-$65.68), the company's largest customer, resulting in stronger North American results.

- In a significant move to expand its business, Multi-Color completed the acquisition of York Label on October 3, 2011 for $356 million. York, with annual revenue of about $240 million, supplies pressure sensitive labels, a growth area in the industry, to multi-national consumer products companies and increases LABL's annual revenue to about $650 million. York is expected to be accretive to fiscal 2013 earnings.

- EPS for fiscal 2011, which ended in March 2011, were up 42%. For 2012, we look for EPS growth of 22%.

- With improving results and the addition of strategically important, accretive acquisitions, we view the company's outlook positively. Our 12 month price target is $30 per share.

Technology, Stephen Turner

Apple Inc. (AAPL-NASDAQ)

Price 11-Jan-12	FY EPS 2010	FY EPS 2011	FY EPS 2012E	P/E Multiple 2010	P/E Multiple 2011	P/E Multiple 2012E	Indicated Dividend	Annual Yield	Target Price	Rating	Suit.
$422.55	$15.15	$27.68	$33.40	27.9x	15.3x	12.7x	$0.00	0.00%	$475	Buy	2

Positioned for a strong first quarter

- On January 13, Apple Inc.'s iPhone 4S will begin selling in China on the #2 mobile carrier in China, opening Apple products up to 196 million mobile subscribers. Apple is currently waiting on permits to sell the iPhone to China Telecom (CHA-$54.87) which has 123 million mobile subscribers.

- Apple's 1Q earnings announcement is scheduled for January 24; we expect strong results.

- Some announcements we expect from the company in 2012 include a possible dividend initiation; a minor iPad upgrade in the spring (with the potential for a higher resolution screen and Siri integration); an iTV introduction or Apple TV upgrade this summer; and a major iPhone upgrade in the fall (iPhone 5 4G compatible).

Telecommunications, David Burks

AT&T Inc. (T-NYSE)

Price 11-Jan-12	----- FY EPS ----- 2010	2011E	2012E	----- P/E Multiple ----- 2010	2011E	2012E	Indicated Dividend	Annual Yield	Target Price	Rating	Suit.
$29.99	$2.29	$2.23	$2.45	13.1x	13.4x	12.2x	$1.76	5.87%	$32	Buy	2

Still attractive for income oriented accounts

- We continue to like AT&T Inc. for income oriented investors seeking modest capital appreciation. The stock has a 5.9% dividend yield and is the highest yielding stock in the Dow Jones Industrial Average.
- Dividends have increased for 28 consecutive years. The yield on the stock is at a 20-year high relative to the yield on the 10-year Treasury.
- Smartphone sales are strong and the company is generating large free cash flows.

Additional information is available upon request.

Risks

Price targets may be dependent on a variety of factors including, but not limited to, a company meeting projected earnings forecasts, product acceptance, weather and consumer sentiment, industry trends meeting expectations, changes in the economy and interest rates as well as the geopolitical environment. Risks may also be specific to the company profiled.

For greater details, please request a full report on each company featured from your Financial Consultant.

Stocks priced as of the close, 11 January 2012.

Analysts' Certification

The contributors to this report hereby certify that the views expressed in this report accurately reflect their personal views about the subject. They also certify that they have not been, are not, and will not be receiving direct or indirect compensation in exchange for expressing the specific points of view in this report.

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Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

As of January 11, 2012, Hilliard Lyons or its affiliates beneficially own (as defined for purposes of Section 13d of the 1934 Act) 1% or more of the common stock of South Jersey Industries, Inc.

Hilliard Lyons has been a manager or co-manager of an offering of securities of Gladstone Commercial Corp. within the past 12 months.

Hilliard Lyons has received investment banking compensation from Gladstone Commercial Corp. within the past 12 months.

Gladstone Commercial Corp. and Gladstone Investment Corp. (GAIN-$7.53) share the same board and management.

Hilliard Lyons' customers owned at least 5% of Gladstone Commercial Corp. and Gladstone Investment Corp.'s common stock outstanding as of January 11, 2012.

Comerica Inc. is/was a client of Hilliard Lyons within the past 12 months, received noninvestment banking securities-related services, and Hilliard Lyons received compensation for those services.

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. **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 decline 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	56	29%	4%	96%
Long-term Buy	40	21%	8%	93%
Neutral	94	49%	0%	100%
Underperform	1	1%	0%	100%

As of 9 January 2012

Other Disclosures

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