HILLIARD LYONS

Comments from 2017 AGA Financial Forum

May 21-23, 2017

Analyst: Spencer E. Joyce, CFA
502.588.8402 // sjoyce@hilliard.com

Institutional Sales Desk: George Moorin
502.588.9141 // gmoorin@hilliard.com

J.J.B. Hilliard, W.L. Lyons, LLC
May 26, 2017

Note Important Disclosures on page 11
Note Analyst Certification on page 11

TABLE OF CONTENTS

2017 AGA FINANCIAL FORUM RECAP & TAKEAWAYS

Over the course of three days earlier this week, we networked and conversed with members of the natural gas industry and related financial community (i.e. buy-side investors) at the AGA Financial Forum in Orlando, FL. Perhaps most impactful, we met with management from each company within our gas utility coverage group in a 1-on-1 style setting, details from these meetings comprise the bulk of this recap report. The exception here is WGL Holdings, Inc., which was not hosting 1-on-1s with equity-centric analysts due to the firm's pending merger.

In our estimation, attendance was down slightly yr/yr. We attribute this to a less visible (or at least less frenetic) Mergers & Acquisitions banker contingent, and an incrementally smaller contingent of LDC (local distribution company) businesses following announced M&A deals from the past couple of years. Representing a contrast, we estimate buy-side interest was more/less unchanged year over year, with fundamentals for the industry still robust; as per usual, our sell-side peers seemed to be well accounted for in the attendance column, a cohort that has expanded in recent years.

Some particular topics and conversations we believe are germane:

1. Mergers & Acquisitions: Conversation Fatigue. Not surprising, we sense that management teams across the gas utility industry have grown weary of fielding M&A-related questions. Not only have company's been dealing with a heightened interest on this front for a couple of years now, the still-free standings LDCs are arguably the least-likely to seek a strategic partner. Perhaps less intuitive, we gauge the analyst community has tired of this conversation thread as well, with most buy/sell-siders debating the topic more out of habit and/or obligation rather than genuine intellectual curiosity.

Having said that, we are compelled to relay a few evolutions to the M&A conversation; all notes should be regarded as our opinion only. A) In our view, both managers and investors seem less certain of future activity than at last year's AGA. B) Uncertainty surrounding future federal tax concerns seems to be an accepted hurdle to seeing deals announced near-term. C) We do not believe the Street is betting on any one or two specific deals (last year, ATO was the buzz).

With a litany of 'hypotheticals' having been asked and answered in both public and private settings over the past several AGA cycles, we did not waste time across our 1-on-1 meetings addressing this issue. Nonetheless, we reiterate a few of our core views on M&A. We still believe the inherent positives of running a standalone LDC outweigh positives tied to merging a strong gas franchise into a larger, diversified utility, given current (easy) access to capital. We retain a soft 'buyer beware' stance for electric utility investors, although **our gas-centric take is that those managers most inclined to value the stakeholder positions of customers and employees (versus financial positions of equity investors) may be the least likely to embrace (or seek) a suitor.**

2. Federal Policy Concerns. Although noise out of Washington D.C. post-election has been steady, and energy-related rhetoric has pivoted substantially from one year ago, we do not sense much fear or optimism tied to the federal agenda as it pertains to gas utilities. From an operational standpoint, all interested parties seem to be comfortable that gas utilities will be able to execute their growth initiatives, regardless of any potential progress on energy/environmental de-regulation, tax reform, or an infrastructure bill.

On balance, our management teams seem to support lower statutory tax rates and continuance of bonus depreciation; however, investors and managements alike hold a realistic/sober view on the positive impact tax reform might have on stock prices. In our view, a potential (positive or negative) development could come via a more active FERC attempting to influence or override state-level regulatory decisions.

3. Managements Are Comfortable with Strategic Trajectories. Across our conversations, we see an industry that is very content with its current docket of strategic initiatives. A slight exception might be NWN, where we would not be surprised to see a new platform established in the coming years to reinvigorate growth; however, we otherwise believe managements across the group are comfortable with the strategic trajectories of their respective companies. An enhanced safety focus permeates all business decisions, while most teams remain committed to executing a 'regulated first' strategy. Some pockets of focus are not totally uniform across the group (i.e. acquisitions at SR; wind at NJR), but each team we spoke with largely reiterated guideposts we have heard in the past.

PROJECTING FORWARD FROM 2017 AGA FINANCIAL FORUM

We do not believe the 2017 AGA Financial Forum represents an industry-wide catalyst for gas utility stocks, although (high) valuation seemed to be less of a concern for fundamental investors than we might have suspected. The operational narrative has been steady for a couple of years now; we gauge M&A fervor to be a bit subdued, and a cycle of increasing capital budgets and mid-stream announcements seems to be fading. Having said that, a general sense of positive fundamentals persists, in our view, making us optimistic 'stock pickers' exiting the conference.

Projecting the development of conversations over the next year, we expect federal initiatives to demand the attention of investors at some point, although we stop short of projecting what actual levers might be pulled in D.C. (i.e. tax reform; FERC or EPA overhaul, etc.). Organic growth has already percolated for most of our covered companies, although given plenty of noise at the macro level, this remains a conversation that we believe is underappreciated. On mostly steady Cap Ex expectations (reiterating a view from both 2015 and 2016), we believe organic additions could demand more investor attention at some point before the investment community convenes for the 2018 Forum in Arizona.

To handicap our forward projections from one year ago, we were correct in asserting that negligible 'move forward' would occur with the Constitution pipeline project over the May 2016 to May 2017 timeframe; more broadly, we take pride in our assertion that project execution risk in the mid-stream space remained one of the more prescient concerns for the gas utility industry. This stance softens a bit with the Trump Administration, although environmental interests remain determined and coordinated.

Angst and/or exuberance over interest rates never quite emerged as the catalyst that we thought it might after an (at least 2-year) period of complacency regarding rates leading into spring 2016; we do not make much of a call here moving forward. We expected some interest in the LDC space could wane with firming energy prices making other facets of the energy complex more attractive; however, we have hard time gauging the success of this assertion. Fervor for gas utilities seems to have fallen somewhat, though valuations remain full-ish, in our view.

1-on-1 MANAGEMENT MEETING COMMENTS

A few notes from each of our solo meetings with our covered companies are included below. In addition to broad discussion, we have noted our qualitative view of the firm heading into our meeting (Positive/Neutral/Negative), and any incremental shift in our opinion emerging from the meeting (Strengthened/Flat/Weakened). These two items do not necessarily correspond to our stock ratings due to valuation and tactical considerations.

Atmos Energy—ATO—Neutral-rated

Positive—Flat (qualitative view—shift)

One of the first companies to solidify and re-focus its strategy, our conversation with Atmos has been fairly straightforward for a couple of years now. The team remained firmly on message in that the best use of its capital remains deployment within its own systems for both safety and service enhancements. ATO continues to sidestep the LNG buzz in and around the gulf region, noting the company has no interest in constructing merchant pipelines to service export terminals. Similarly, we expect no major mid-stream (FERC regulated) investments from Atmos.

Management was adamant that there are no dots to be connected given two recent (and unexpected) M&A transactions, and we are inclined to agree; in other words, acquisitions/divestures have not reentered the strategic narrative for us as it pertains to Atmos Energy. The divestiture of Atmos Energy Marketing was something investors were interested in for a while, and though the midstream tuck-in in north Texas was a legitimate surprise, we get the sense that ATO may have been working with a motivated seller.

We tied up our meeting with ATO discussing the ongoing general rate case for Atmos Pipeline Texas. Management cited precedent for its ‘ask’ of a nearly 60% equity cap structure, and while we still see some risk versus the prior 5-yr ROE of 11.8%, at least the line form Atmos has not changed over the course of the past couple of years.

Chesapeake Utilities Corp—CPK—Long-term Buy-rated, $81 Price Target

Positive—Flat

We dedicated a material portion of our meeting with CPK to discussing the recent North Florida transmission pipe announcement, in a similar vein as prior years where we dug into unique items such as the Amelia Island CHP facility or the Sandpiper acquisition. This particular project will bring gas to the Pensacola city gate, in what we view as an impressive piece of business development. For years we have sought to quantify and/or explain CPK’s strong execution, and at this year’s Forum we wound up discussing a de-centralized structure, which we believe empowered and encouraged local managers to find and develop the noted pipeline extension. Related, CPK’s business units (each responsible for its own profitability) meet monthly, as does a growth council that must approve all major initiatives.

Parsing what we believe to best-in-sector organic customer growth, we were surprised to hear utility additions in Delaware are running at a rate of 5% per year in many areas. This leads Florida (at ~2%) and Maryland (at ~1%), although growth in those two states is fine by us as well. Management mentioned an 8% growth rate in Ohio for Aspire’s customers, although these additions do not show up in CPK statistics and we are comparatively less certain of the margin impact to CPK from this growth versus core utility adds. Net however, we emerge from the Forum with some additional comfort that organic growth for Chesapeake still has a decent runway; related, management spoke favorably of new construction trends.

New Jersey Resources—NJR—Neutral-rated

Neutral—Flat

In our view, NJR has differentiated itself as a more holistic energy story than many of its peer LDC firms, and we spent considerable time at the Forum discussing where growth is likely to come from over the long term. A core tenet of management philosophy is to be supportive of public policy, which in turn supports a continued emphasis on solar and wind investments. The utility segment holds a 7-8 year supply of 'easy' conversions, and accelerated pipe replacement spend should extend to at least 2021 when bare steel is scheduled to be eliminated from the system. We expect growth at Energy Services to be measured, although we are comfortable that the opportunity set for this business is stable to slightly expanding.

Advances in battery technology could ultimately allow the clean generation assets to exploit new opportunities, although until that point, the economics for commercial projects seem pretty much set; value (particularly on the solar side) dominated by tax credits, with ongoing cash generation fairly predictable alongside much lesser net income benefit (due in large part to depreciation). Management confirmed our assertion that in-place NJRCEV projects generate about $35-$40MM of annual EBITDA. On-going economics for the residential program seem a bit more attractive to us, with NJR's competitive positioning much stronger than what we gauge for standard commercial solar/wind projects. Penetration for this line is still very low, and keeping with the public policy mantra, we actually believe Sunlight Advantage could emerge as legitimate growth driver for the consolidated entity projecting out 5-10 years.

We wrapped up our discussions with NJR with a few questions on taxes. Though just modeling minutia, we were interested to learn that NJR's energy and other taxes line item is dominated by an archaic Uniform Transitional Utility Assessment, which is merely a pass through not affecting net income. Based on our discussions, we would be surprised to see NJR bring in a tax equity partner for certain clean generation projects over the next couple of years, though management is cognizant of the merits (and demerits).

Northwest Natural Gas—NWN—Underperform-rated, $50 Price Target

Negative—Flat

The growth narrative is elusive for us as we evaluate NWN. During our meeting we were encouraged by an explicit desire of management to return to a more meaningful growth trajectory; however, we are unsure when and how this plays out. NWN management spoke openly about potentially evaluating opportunities outside of the core utility, but with ideal new ventures having similar cash flow characteristics as the utility distribution business.

On a more granular basis, timing for NWN's next general rate case in Oregon was suggested to be late this year or early next year. Although a potential rate case is still being prepared, management noted an expectation to make a more 'straightforward' filing versus the 2012 case that proved arduous; certain policy issues/questions are likely to be kept out of the case, with Northwest electing to have certain debates outside of the mainstream proceeding.

At the Forum, we met new CFO Frank Burkhartsmeyer; from our vantage point, Mr. Burkhartsmeyer was in lock step with CEO Dave Anderson with respect to systematically evaluating new strategic initiates that could aide growth. Although executive turnover has seemingly been in the NWN conversation on a regular basis for the past few years, we were reminded that outside of one short CFO tenure (personal reasons), most noteworthy changes have been retirement related.

ONE Gas—OGS—Neutral-rated

Positive—Strengthened

ONE Gas added a layer of granularity to its Cap Ex outlook, outlining a plan replace 1100 miles of vintage pipe over the next 5 years. This represents about 20% of the bare steel/cast iron/aged plastic mains that OGS would like to replace due to safety-related concerns, which in turn means we could be discussing an accelerated level of investment for the next couple of decades. This point of clarification was not accompanied by a near-term shift in the capital or operational plan; however, it does add just enough visibility to the story to merit a ‘strengthened’ designation.

Now three years into operating as a standalone entity, we hope to leave a line of separation-related questioning in the past with a few concluding remarks at the Forum. Management noted that personnel issues post-spin have turned out better than expected, with a high level of internal collaboration, little turnover, and successful hiring for a swath of positons created by the loss of shared services. We also note that our conclusion here coincides with a handful of milestones having been achieve on the regulatory/rate making front, including a base rate proceeding in OK (impacted 2016), and a base rate case in KS (impacting 2017) after a multi-year stay out provision expired.

Moving forward, we expect annual PBRC adjustment filing in Oklahoma to be the most impactful singular year-to-year growth driver for the utility, punctuated by general rate filing every 5 years as statutorily required (similar to GRIP in Texas). We expect general activity a bit more often in Kansas, where only about 50%-70% of capital spend is recoverable through GSRS filings. We were also reminded at the forum at the ‘first’ KS case was limited to a 55% equity cap structure, although this has the potential to float higher with OGS’ next base filing in the state. More similar to OK, we see Texas operations as operating at a stable state at this point.

South Jersey Industries—SJI—Long-term Buy-rated, $40 Price Target

Positive—Flat

For the first time in several years we exit the AGA Forum with a positive qualitative view on South Jersey, although admittedly we have been cultivating our view here for much of the past year (perhaps most explicitly via our upgrade of the stock). We believe CEO Mike Renna holds high credibility in his pivot of the company back to a cleaner mix of businesses, with growth dominated by regulated activities. The strategy is now a couple of years old; however, we especially like the commitment to the 2020 plan at this year’s conference given what we view as disappointing guidance for 2017 issued just a few weeks ago.

Versus the initial unveiling of the $150MM 2020 Economic Earnings target, the primary upside surprise, in our view, has come from in the form of additional fuel management agreements; SJI seems positioned to have at least 2 additional projects in service by 2020, with the potential for a pipeline to still be a catalyst. Safety-related accelerated capital spend is likely to meet expectations, with some upside risk depending on how the expiration (and potential re-approval) of the SHARP program is handled between South Jersey Gas and the NJ Board of Public Utilities.

On the negative side, the landfill-to-gas losses persist, and we be believe it has taken longer to ‘fix’ these investments than management expected; we asset that timing has also been a consistent disappointment for the BL England project, although progress there is percolating. Both of these noted these items, could still be resolved in time to have their expected impact in 2020. Over the nearer term, we were reminded that 2017 represents a final year of a rate case cycle for South Jersey Gas, something we expect was likely underappreciated by the Street (including HL) prior to the initiation of 2017 guidance.

Spire Inc.—SR—Long-term Buy-rated, $77 Price Target

Positive—Strengthened

Our qualitative view on SR rises from Neutral to Positive on our interpretation that growth-through-acquisition has moved down on the priority scale. Management noted frothy valuations across the LDC space during our meeting, and in our view, relayed a sense of satisfaction with economies of scale that have already been realized via the past few transactions. Furthermore, Spire is in the process of compiling holistic engineering 'master plans' for its Kansas City, Alabama and Mississippi territories; over the next handful of years, in our view, these strategic reviews are likely to net several major capital improvement projects. This idea flows in similarity to the STL pipeline project that is slated to be in service in late-2018 (fiscal Q1'19), which was an undertaking stemming for a broad review of the St. Louis area.

By this summer, SR expects to re-brand the local franchises (i.e. Alagasco, Laclede Gas, Missouri Gas Energy) to 'Spire,' effectively completing an initiative unveiled over a year ago. According to management, the name change and renewed corporate vision are already uniting the enterprise; we have no reason to disagree, although our take here does not necessarily factor into our financial outlook. We spent a short amount of time discussing the concurrent rate cases for the KC-area and StL-area utilities, although there was really not much to evaluate that was new from the company's fiscal Q1 conference call earlier this month. Ultimately, we expect the two rate making areas could be consolidated into a single rate jurisdiction.

HILLIARD LYONS NATURAL GAS UTILITY COVERAGE COMPARABLES

Actual // *Estimate*

Company	Ticker	Price 25-May-17	Target Price	Rating	Rev TTM ($MM's)	Mkt Cap ($MM)	Price/ Book	LTD / Cap. (%)	EPS FY'16	EPS FY'17E	EPS FY'18E	FY'16	FY'17E	FY'18E	5-Yr Avg P/E	3-Yr Avg EPS Growth	Curr EV / EBITDA	Div. Yld.	Div. Payout (%)	30-day Avg. Vol.
Atmos Energy	ATO	$ 83.10	--	Neutral	3,080	8,740.0	2.4x	38.0	$3.44	*$3.66*	*$3.87*	24.1x	22.7x	21.5x	18.8x	8%	12.0x	2.2%	48	339,585
Chesapeake Utilities	CPK	$ 74.75	$ 81	LT Buy	538	1,221.0	2.8x	23.0	$2.86	*$2.92*	*$3.57*	26.1x	25.6x	20.9x	18.2x	11%	13.6x	1.7%	46	46,793
Spire Inc.	SR	$ 70.90	$ 77	LT Buy	-	-	-	-	$3.42	*$3.53*	*$3.75*	20.7x	20.1x	18.9x	-		-	3.0%	61	-
New Jersey Resources	NJR	$ 41.85	--	Neutral	2,137	3,612.2	2.8x	46.0	$1.57	*$1.73*	*$1.83*	26.6x	24.2x	22.9x	16.6x	-14%	17.2x	2.4%	56	439,097
Northwest Natural	NWN	$ 61.15	$ 50	Underprf	718	1,750.7	2.1x	44.0	$2.19	*$2.20*	*$2.23*	28.0x	27.8x	27.4x	21.1x	5%	11.1x	3.1%	86	108,900
ONE Gas	OGS	$ 70.52	--	Neutral	1,469	3,684.0	1.9x	39.0	$2.64	*$3.00*	*$3.16*	26.7x	23.5x	22.3x	23.1x		11.9x	2.4%	56	185,132
South Jersey Industries	SJI	$ 36.09	$ 40	LT Buy	1,129	2,868.3	2.3x	39.0	$1.33	*$1.25*	*$1.33*	27.2x	28.9x	27.1x	19.6x	-7%	14.3x	3.0%	83	324,626
WGL Holdings	WGL	$ 82.93	--	Underprf	2,352	4,247.6	2.9x	49.0	$3.29	*$3.37*	*$3.71*	25.2x	24.6x	22.4x	18.7x	15%	13.6x	2.5%	58	193,502
					Averages:		2.5x	39.7				25.6x	24.7x	22.9x	19.4x	3.0%	13.4x	2.5%	62	

Source: Company reports, Baseline, and Hilliard Lyons estimates

ATO, LG, NJR and WGL (September fiscal year-end); PNY (October fiscal year-end)

NATURAL GAS UTILITY INDUSTRY COMPARABLES

Actual // *Estimate*

Company	Tkr	Price 25-May-17	Mkt Cap ($MM)	Price/ Book	LTD / Cap. (%)	Consensus EPS FY'16	Consensus EPS FY'17E	Consensus EPS FY'18E	FY'16	FY'17E	FY'18E	5-Yr Avg P/E	3-Yr Avg EPS Growth	Current EV / EBITDA	Div. Yld.	Div. Payout (%)	30-day Avg. Vol.
Atmos Energy	ATO	$ 83.10	8,740.0	2.4x	38.0	$3.41	*$3.59*	*$3.80*	24.4x	23.1x	21.9x	18.8x	8%	12.0x	2.2%	48	339,585
Chesapeake Utilities	CPK	$ 74.75	1,221.0	2.8x	23.0	$3.14	*$2.99*	*$3.49*	23.8x	25.0x	21.4x	18.2x	11%	13.6x	1.7%	46	46,793
Delta Natural Gas	DGAS	$ 30.12	214.7	2.7x	39.0	$0.70	*$0.88*	*$0.92*	43.0x	34.2x	32.7x	24.0x	-21%	15.0x	2.8%	119	9,999
Gas Natural	EGAS	$ 12.65	133.1	1.4x	36.0	$0.30	*$0.51*	$0.51	42.2x	24.8x	24.8x	22.1x	-53%	-	2.4%	100	19,388
Spire Inc.	SR	$ 70.90	-	-	-	$3.42	*$3.53*	*$3.66*	20.7x	20.1x	19.4x	-		-	3.0%	61	-
National Fuel Gas	NFG	$ 57.97	4,946.6	3.0x	57.0	$3.09	*$3.26*	*$3.15*	18.8x	17.8x	18.4x	19.3x	-7%	5.0x	2.8%	47	500,771
New Jersey Resources	NJR	$ 41.85	3,612.2	2.8x	46.0	$1.64	*$1.73*	*$1.85*	25.5x	24.2x	22.6x	16.6x	-14%	17.2x	2.4%	56	439,097
Northwest Natural Gas	NWN	$ 61.15	1,750.7	2.1x	44.0	$2.29	*$2.17*	*$2.29*	26.7x	28.2x	26.7x	21.1x	5%	11.1x	3.1%	86	108,900
ONE Gas	OGS	$ 70.52	3,684.0	1.9x	39.0	$2.64	*$2.97*	*$3.10*	26.7x	23.7x	22.7x	23.1x		11.9x	2.4%	56	185,132
South Jersey Industries	SJI	$ 36.09	2,868.3	2.3x	39.0	$1.39	*$1.20*	*$1.48*	26.0x	30.1x	24.4x	19.6x	-7%	14.3x	3.0%	83	324,626
Southwest Gas	SWX	$ 79.52	3,780.9	2.2x	49.0	$3.25	*$3.38*	*$3.60*	24.5x	23.5x	22.1x	18.6x	1%	9.5x	2.5%	62	278,523
UGI Corp.	UGI	$ 50.95	8,810.8	2.8x	57.0	$2.06	*$2.34*	*$2.48*	24.7x	21.8x	20.5x	18.2x	3%	10.1x	2.0%	40	794,580
WGL	WGL	$ 82.93	4,247.6	2.9x	49.0	$3.28	*$3.26*	*$3.65*	25.3x	25.4x	22.7x	18.7x	15%	13.6x	2.5%	58	193,502
Averages:				2.4x	43.0				27.1x	24.8x	23.1x	19.9x	-5.4%	12.1x	2.5%	66.3	

Source: Company reports and Baseline

RECENTLY PUBLISHED RESEARCH (listed reverse chronologically)

South Jersey Industries (SJI - $36.09, Long-term Buy, $40 TP) 5/9/17: Fine Q1'17 from SJI, but Soft FY Guide. Reiterating Long-term Buy with '2020 Plan' Still Intact.

Northwest Natural Gas Company (NWN - $61.15, Underperform, $50 TP) 5/8/17: Q1'17 Results from NWN; Reiterating Underperform Rating and $50 Price Target.

New Jersey Resources Corp. (NJR - $41.85, Neutral) 5/5/17: Strong Q2'17 Results for NJR.

WGL Holdings, Inc. (WGL - $82.93, Underperform) 5/5/17: Q2'17 Results from WGL; Reiterating Underperform.

Atmos Energy Corp. (ATO - $83.10, Neutral) 5/4/17: Strong Fiscal Q2'17 Results from ATO; Reiterating Neutral Rating. Awaiting an Entry Point.

Chesapeake Utilities Corp. (CPK - $74.75, Long-term Buy, $81 TP) 5/4/17: Miss to Q1'17 at CPK, but Margin Gains Robust.

Spire Inc. (SR - $70.90, Long-term Buy, $77 TP) 5/3/17: Return to Marginal Growth as Transitional Year Continues; Reiterating LTB Rating and $77 Target.

ONE Gas, Inc. (OGS - $70.52, Neutral) 5/2/17: Strong Q1'17 Results from OGS, Boosted a bit By Taxes; Reiterating Neutral Rating.

Additional information is available upon request.

Prices and all price sensitive data as of Thursday, May 25, 2017, close.

Analyst Certification

I, Spencer E. Joyce, CFA, 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.

Hilliard Lyons customers owned at least 5% of the outstanding common stock of Delta Natural Gas as of May 25, 2017.

Hilliard Lyons has received investment banking compensation from Chesapeake Utilities Corp. within the past 12 months.

Hilliard Lyons has acted as a manager or co-manager of an offering of securities of Chesapeake Utilities Corp. within the past 12 months.

Definitions of 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 decline in the next 12 months.

Definitions of Suitabilities: **1 -** A large cap, core holding with a solid history. **2 -** A historically secure company that could be cyclical, have 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	32	26%	13%	88%
Hold/Neutral	79	64%	8%	92%
Sell	12	10%	0%	100%

As of 8 May 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.