HILLIARD LYONS

COMPANY UPDATE / ESTIMATE CHANGE / PRICE TARGET CHANGE

Pharmaceuticals
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Bristol-Myers Squibb Company

BMY – NYSE – Long-term Buy – 3

Key Metrics

BMY - NYSE (as of 04/27/17)	$55.67
2 Yr. Price Target	$65.00
52-Week Range	$46.01 - $77.12
Shares Outstanding (mm)	1,680
Market Cap. ($mm)	$93,120
1-Mo. Average Daily Volume (000s)	9,003
Institutional Ownership	73.0%
Debt / Total Capital	26.0%
ROE (TTM)	31.7%
Book Value / Share	$8.70
Price / Book Value	6.4x
Indicated Dividend / Yield	$1.56 2.8%
TTM Operating Margin	31.1%

Non-GAAP EPS FYE 12/31

	2016A	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	$0.74		$0.84A	$0.81	$0.78
2Q	$0.69	$0.71	$0.78	$0.77	$0.74
3Q	$0.77	$0.67	$0.70	$0.76	$0.87
4Q	$0.63	$0.58	$0.61	$0.74	$0.82
Year	$2.83	$2.74	$2.97	$3.07	$3.21
P/E	19.7x		18.8x		17.3x

Figures may not add up due to rounding

Revenue ($billions)

	2016A	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	$4.39		$4.93A	$4.54	$4.77
2Q	$4.87	$4.90	$5.11	$4.85	$4.95
3Q	$4.92	$4.86	$5.04	$5.00	$5.10
4Q	$5.24	$4.87	$5.15	$5.33	$5.42
Year	$19.43	$19.29	$20.23	$19.72	$20.25

Company Description *– Bristol-Myers Squibb Company is a multinational biopharmaceutical company focused on developing and marketing innovative medicines in the areas of oncology, immunology, cardiovascular, and fibrotic diseases. The company also sells products for the treatment of virologic infections.*

Company Reports Strong Results Led by Key Brands

- **1Q17 Results:** BMY reported revenues of $4.93 billion, growth of 12.3% from the same period a year ago. This handily beat our estimate of $4.67 billion and the Street consensus estimate of $4.73 billion. Non-GAAP EPS of $0.84 also beat our estimate of $0.78 and the Street consensus of $0.73.
- **Positive Highlights:** Opdivo sales remained strong despite some headwinds, exceeding our estimate and the Street consensus. Eliquis and Yervoy revenues also surprised to the upside. The latter is a positive sign for uptake of the combo regimen in melanoma, in our opinion. The gross margin also exceeded our expectations, coming in at 74.5% versus our estimate of 74.3%. Finally, management increased revenue and EPS guidance for 2017.
- **Negative Highlights:** Orencia missed our estimates marginally but missed the Street consensus by a noticeable amount. The virology portfolio struggled more than expected. Core operating expenses (in GAAP terms) of $2.36 billion were higher than our estimate of $2.28 billion, due solely to higher than expected R&D expenses as MS&A expenses were slightly lower than our estimate.
- **Estimates:** We are revising upward our FY17 revenue estimate to $20.23 billion versus our prior estimate of $19.29 billion and increasing our non-GAAP EPS estimate to $2.97 from $2.74. For FY18, we increased our revenue estimate to $20.25 billion from $19.72 billion and increased our non-GAAP EPS estimate to $3.21 from $3.07.
- **Outlook and Valuation:** We are encouraged by the strong results this quarter, especially considering the revenue beat was driven by key drugs for the company's future. Further, management commentary about Opdivo performance gives us more confidence the company can weather what is still expected to be a volatile 2017. We are maintaining our Long-term Buy rating and raising our two year price target to $65. See page 5 for price target derivation.

Note Important Disclosures on pages 8 and 9
Note Analyst Certification on page 8

ADDITIONAL COMMENTARY

Revenue Review			
Drug / Franchise	Our Estimate	1Q17 Results	1Q17 Y/Y Growth
Baraclude	235	282	-3.1%
HCV	190	162	-62.1%
Reyataz	183	193	-12.7%
Sustiva	243	184	-32.6%
Empliciti	55	53	89.3%
Opdivo	975	1,127	60.1%
Sprycel	446	463	13.8%
Yervoy	293	330	25.5%
Orencia	540	535	12.6%
Eliquis	995	1,101	50.0%
Mature and Other	512	499	-12.1%
Total Revenue	**4,668**	**4,929**	**12.3%**

Revenues in millions

Source: Company Reports, Hilliard Lyons Estimates

Performance Review

- Revenue grew 12.3%, with a slightly less than 1% drag from currency swings.
- The virology portfolio, largely made up of older drugs off patent or nearing patent expiries, fell short of our estimates as the hepatitis C virus (HCV) franchise encountered stiff competition. Management announced they have stopped promotional activity in the U.S. for their HCV drugs. Reyataz and Sustiva continue to lose ground to other HIV rivals, while Baraclude surprised to the upside due to international declines being less than expected yet again.
- Empliciti grew 13% sequentially but fell just shy of our estimate. International uptake offset a flat domestic number compared to 4Q16. It appears Johnson & Johnson's Darzalex may be putting a ceiling on growth for the drug.
- Opdivo performance was strong and exceeded both our estimate and the Street consensus. Management admitted the first-line (1L) non-small cell lung cancer (NSCLC) market landscape is shifting unfavorably but stated the market has stabilized in 2L. This is encouraging considering usage of Merck's Keytruda in 1L is likely shrinking the eligible patient population for 2L, and management noted last quarter that Roche's Tecentriq is eating into some market share in 2L. In addition to an improved outlook for 2L NSCLC, management noted solid growth in renal cell carcinoma (RCC), melanoma, bladder cancer, and head and neck cancer. Internationally, the company has made strides in access and reimbursement, with examples of Canada and Italy given, with growth across indications.
- Yervoy revenue surprised to the upside, as access and reimbursement in international markets led to greater adoption of the combination regimen.
- Sprycel revenue growth was strong both domestically and internationally, but this is set to reverse on the international front given the recent patent loss in Europe. We remind investors 4Q16 European revenues for Sprycel were approximately $100 million.

- Orencia growth remained strong but did fall short of estimates. We expect this solid growth to continue in the near term, but we worry as both new branded drugs and biosimilars start to hit the market over the next few years.
- Eliquis growth was impressive, easily surpassing our estimate and the Street consensus. Eliquis has now passed rival Xarelto and generic warfarin as the leading anticoagulant in total prescriptions in the U.S.
- The gross margin declined 158 basis points from 1Q16 to 74.5% but beat our estimate of 74.3%. Management pointed to higher Eliquis sales and lower Daklinza sales as the primary sources of the decline. As a reminder, Eliquis is part of an alliance with Pfizer and carries a gross margin around 50%.
- Core operating expenses came in higher than anticipated due to both MS&A and R&D. MS&A expenses were $1.07 billion versus our estimate of $1.09, and R&D expenses were $1.29 billion versus our estimate of $1.19.

News Review

Listed below are key news items since the last quarterly financial report:

- As we noted above, the European Patent Office upheld the decision that BMY's Sprycel composition of matter patent was invalid.
- BMY, in agreement with activist investor JANA Partners, announced the appointment of three additional Board members: Robert Bertolini, Matthew Emmens, and Theodore Samuels will temporarily expand the Board to 14 until the 2017 Annual Meeting in May, at which point only 11 directors will stand for election. Mr. Bertolini and Mr. Emmens both have C-suite and Board experience in the pharmaceutical industry, and Mr. Samuels has an extensive financial industry background. In conjunction with the Board changes, BMY also announced a $2 billion accelerated share repurchase program, which was largely funded by a $1.5 billion debt issuance.
- BMY announced the retirement of Dr. Francis Cuss from the role of Chief Scientific Officer. Dr. Thomas Lynch has replaced him. Dr. Lynch spent most of his 30 year career at Massachusetts General Hospital, including most recently as the Chairman and CEO. We were impressed with Dr. Lynch on his first call with analysts.
- BMY entered into separate agreements to license pipeline assets to Biogen and Roche. BMY will license an Anti-eTau molecule (BMS-986168) under investigation for the treatment of Progressive Supranuclear Palsy to Biogen for $300 million. BMY will license an Anti-myostatin adnectin (BMS-986089) in development for Duchenne Muscular Dystrophy to Roche for $170 million. Both agreements have potential milestone payments as well as tiered double-digit royalties should the drugs reach market. Although no statement was made, this move could mark an exit from R&D for genetically-defined diseases, leaving oncology, immunology, cardiovascular, and fibrotic diseases as the sole focus areas of the company's R&D going forward.
- BMY entered into multiple **biomarker research collaborations**. The most recent announcement was a collaboration with Nordic Bioscience for fibrosis biomarkers, including nonalcoholic steatohepatitis (NASH). The other agreement was focused on biomarkers for immuno-oncology, using Foundation Medicine's platform. BMY also announced an equity investment in GRAIL Inc., a spinoff from Illumina focused on detecting cancer early through blood testing. As a part of the equity investment, BMY will gain early access to GRAIL's databases. We view these moves as wise long-term, especially given the evolving landscape in understanding key drivers of success for I-O patients.
- Speaking of NASH, BMY revealed that BMS-986036, a pegylated analogue of human fibroblast growth factor 21 (FGF21), met its primary endpoint of significant reduction in liver fat versus a placebo. Statistically significant improvements were also witnessed in biomarkers of fibrosis, metabolic parameters, and markers of liver injury. On the other side of **clinical data news** is the revelation that Opdivo did not meet its primary endpoint of overall survival versus bevacizumab in Checkmate-143, a trial for glioblastoma mutiforme, which is a difficult-to-treat brain cancer. Multiple long-term readouts for Opdivo clinical trials were announced as well.

- **Opdivo collaborations** continued apace. Opdivo will be evaluated in combination with Apexigen's APX005M, a CD40 agonist, in 2L NSCLC and 2L melanoma. BMY announced its research collaboration with Incyte, testing Opdivo and Incyte's epacadostat in 1L NSCLC and 1L head and neck cancer, will advance into Phase 3 trials. BMY and Exelixis announced a clinical trial collaboration, investigating Exelixis' Cabometyx with Opdivo and with Opdivo plus Yervoy. Multiple trials are scheduled, including a Phase 3 trial in 1L renal cell carcinoma. Earlier this week, BMY announced a collaboration to test Transgene's TG4010 in combination with Opdivo and chemotherapy in 1L NSCLC for patients expressing low levels of PD-L1.
- BMY announced multiple **I-O collaborations** not involving Opdivo. The company extended its 2014 alliance with CytomX Therapeutics to discover and develop Probody therapies that enhance the tumor-targeting features of other drugs, including BMY's Yervoy. BMY also teamed up with the Parker Institute for Cancer Immunotherapy and the Cancer Research Institute in a novel collaboration partnering industry, academic, and philanthropic institutions.
- **Opdivo regulatory actions** also continued apace. The FDA approved Opdivo for the 2L treatment of urothelial carcinoma, the most common form of bladder cancer. The FDA also granted Priority Review status for the drug's application in 2L colorectal cancer (for patients with mismatch repair deficient (dMMR) or microsatellite instability high (MSI-H) characteristics). In Europe, the Committee for Medicinal Products for Human Use recommended approval of Opdivo in treating 2L squamous cell cancer of the head and neck (SCCHN).

2017 GUIDANCE AND ESTIMATES UPDATE

- Revenues are now expected to increase in the mid-single digits versus low single digit expectations previously. Management now believes Opdivo can achieve growth in the U.S. and remains optimistic on the international front.
- The gross margin is still expected to be between 72% and 73%.
- Marketing, Selling & Administrative expenses are still expected to decrease in the mid- to high-single digit range. However guidance for Research & Development expenses have changed. R&D expenses are now expected to increase in the high-teens range on a GAAP basis and low-double digit range on a non-GAAP basis. This compares to guidance of high single digit growth guidance for GAAP previously.
- With an effective tax rate of 22%, BMY expects GAAP EPS to be $2.72-$2.87 versus $2.47-$2.67 previously. With an effective tax rate of 21%, BMY expects non-GAAP EPS to be $2.85-$3.00 versus $2.70-$2.90 previously.

We are revising upward our FY17 revenue estimate to $20.23 billion versus our prior estimate of $19.29 billion. Further, we are increasing our non-GAAP EPS to $2.97 from $2.74. For FY18, we increased our revenue estimate to $20.25 billion from $19.72 billion and increased our non-GAAP EPS estimate to $3.21 from $3.07. Key changes include:

- From a revenue perspective, we increased Opdivo, Eliquis, and Yervoy estimates mostly to match this quarter's surprise but also ticked up our growth assumptions. Longer-term, we also increased our Eliquis growth rates. These positive revisions were slightly offset by negative revisions to the virology portfolio.
- We increased our gross margin estimate, mostly due strictly to this quarter's surprise. We also decreased assumptions about this metric longer-term.
- We increased R&D estimates and lowered MS&A estimates, with the former more than offsetting the latter. We also tweaked our longer-term assumptions about operating expenses upward.

VALUATION & RATING

BMY is trading at 19.4X our next twelve month non-GAAP EPS estimate. Given the company's growth profile, which we view as strong, combined with a risk profile that we admit we see as rising, we believe this P/E is only slightly below the appropriate level, but we see longer-term growth leading to outsized gains for the stock and therefore maintain our Long-term Buy rating. Our two year price target is derived through two methodologies: 50% discounted free cash flow and 50% forward P/E. Our forward P/E portion, which results in a $64 price target, is derived through a proprietary method that assesses the biopharmaceutical industry on the basis of risk and growth. Risk is measured by product concentration while growth is determined through either our estimates or market assumptions about long-term growth. For BMY, this results in a 20X multiple applied to FY18 operating EPS estimates for the $64 P/E price target. Our discounted free cash flow assumptions include a WACC of 7.5% and terminal growth rate of 2%, as well as adding back net cash. The DCF model results in a $65 price target. Thus, we believe shares are undervalued and maintain our Long-term Buy rating and raise our price target to $65.

SUITABILITY

Bristol-Myers Squibb is a large and well-established biopharmaceutical company with a diversified portfolio. However, we believe their portfolio will become more concentrated in coming years. Further, their event risk has risen in the near term given upcoming critical clinical trial data. Thus, we assign BMY shares a suitability rating of 3.

RISKS & CONSIDERATIONS

- **Competition and innovation** – The biopharmaceutical business requires complex operations with many unique and uncertain aspects. A competitor or new company could produce new therapies that could displace BMY drugs.
- **Regulatory** – The biopharmaceutical industry is subject to an intense regulatory environment throughout a product life cycle. Regulatory actions against the company or an individual product may harm financial results.
- **Legal** – Product lawsuits are extremely common in the biopharmaceutical sector. An unfavorable court decision could hamper the ability to market a product or subject the company to earlier generic competition.

Revenue Build											
In millions	**2015 A**	**2016 A**	**1Q17 A**	**2Q17 E**	**3Q17 E**	**4Q17 E**	**2017 E**	**2018 E**	**2019 E**	**2020 E**	**2021 E**
Baraclude	1,312	1,192	282	273	264	258	1,077	789	631	505	404
HCV	1,603	1,578	162	132	113	94	500	313	201	132	87
Reyataz	1,139	912	193	192	184	177	745	435	249	149	90
Sustiva	1,252	1,065	184	199	203	176	762	258	138	111	89
Empliciti	3	150	53	57	60	64	234	299	389	408	428
Opdivo	942	3,774	1,127	1,133	1,076	1,098	4,433	5,162	6,768	7,953	9,145
Sprycel	1,620	1,824	463	478	487	496	1,925	1,882	1,955	1,570	678
Yervoy	1,126	1,053	330	342	346	351	1,369	1,558	1,675	1,758	1,647
Orencia	1,885	2,265	535	670	641	696	2,542	2,612	2,454	2,266	2,100
Eliquis	1,860	3,343	1,101	1,118	1,168	1,220	4,607	5,183	5,830	6,268	6,581
Other*	3,818	2,271	499	513	499	525	2,036	1,756	1,675	1,776	1,591
Total	**16,560**	**19,427**	**4,929**	**5,105**	**5,041**	**5,155**	**20,230**	**20,245**	**21,966**	**22,895**	**22,840**
% of Total											
Baraclude	7.9%	6.1%	5.7%	5.3%	5.2%	5.0%	5.3%	3.9%	2.9%	2.2%	1.8%
HCV	9.7%	8.1%	3.3%	2.6%	2.2%	1.8%	2.5%	1.5%	0.9%	0.6%	0.4%
Reyataz	6.9%	4.7%	3.9%	3.8%	3.7%	3.4%	3.7%	2.1%	1.1%	0.7%	0.4%
Sustiva	7.6%	5.5%	3.7%	3.9%	4.0%	3.4%	3.8%	1.3%	0.6%	0.5%	0.4%
Empliciti	0.0%	0.8%	1.1%	1.1%	1.2%	1.2%	1.2%	1.5%	1.8%	1.8%	1.9%
Opdivo	5.7%	19.4%	22.9%	22.2%	21.3%	21.3%	21.9%	25.5%	30.8%	34.7%	40.0%
Sprycel	9.8%	9.4%	9.4%	9.4%	9.7%	9.6%	9.5%	9.3%	8.9%	6.9%	3.0%
Yervoy	6.8%	5.4%	6.7%	6.7%	6.9%	6.8%	6.8%	7.7%	7.6%	7.7%	7.2%
Orencia	11.4%	11.7%	10.9%	13.1%	12.7%	13.5%	12.6%	12.9%	11.2%	9.9%	9.2%
Eliquis	11.2%	17.2%	22.3%	21.9%	23.2%	23.7%	22.8%	25.6%	26.5%	27.4%	28.8%
Other*	23.1%	11.7%	10.1%	10.1%	9.9%	10.2%	10.1%	8.7%	7.6%	7.8%	7.0%

** Includes older products such as Abilify and Erbitux (2015 only) and our estimate of risk-adjusted revenues from the pipeline*
Source:Company Reports and Hilliard Lyons estimates

BRISTOL-MYERS SQUIBB											BMY: Long-term Buy
In billions (except share data)	2015 A	2016 A	1Q17 A	2Q17 E	3Q17 E	4Q17 E	2017 E	2018 E	2019 E	2020 E	2021 E
Fiscal Period End	12/31/2015	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Income Statement											
Net Revenue	**16.56**	**19.43**	**4.93**	**5.11**	**5.04**	**5.15**	**20.23**	**20.25**	**21.97**	**22.90**	**22.84**
Gross Margin %	*76.4%*	*74.5%*	*74.5%*	*73.2%*	*71.7%*	*71.6%*	*72.7%*	*72.8%*	*73.0%*	*73.2%*	*73.5%*
Core Operating Expenses	10.8	9.9	2.4	2.7	2.5	2.8	10.3	9.7	9.7	10.0	10.1
Other (Income)/Expense	(0.2)	(1.3)	(0.6)	(0.7)	(0.1)	(0.1)	(1.6)	(0.9)	(1.1)	(1.2)	(1.1)
Total Operating Expenses	10.6	8.6	1.7	2.0	2.4	2.7	8.7	8.9	8.6	8.8	8.9
GAAP Operating Income	**2.1**	**5.9**	**2.0**	**1.8**	**1.3**	**1.0**	**6.0**	**5.9**	**7.5**	**7.9**	**7.9**
GAAP Operating Margin %	*12.5%*	*30.4%*	*39.7%*	*34.8%*	*24.8%*	*20.0%*	*29.7%*	*29.0%*	*34.0%*	*34.7%*	*34.4%*
Operating Income ex. Spec. Items	**4.3**	**6.2**	**1.8**	**1.7**	**1.5**	**1.3**	**6.3**	**6.8**	**8.3**	**8.3**	**8.2**
Non-GAAP Operating Margin %	*25.8%*	*31.7%*	*35.9%*	*32.7%*	*30.0%*	*25.6%*	*31.0%*	*33.5%*	*37.8%*	*36.1%*	*35.8%*
Non-GAAP Effective Tax Rate	*20.9%*	*22.0%*	*20.2%*	*22.1%*	*21.8%*	*21.8%*	*21.4%*	*20.9%*	*20.9%*	*21.0%*	*21.0%*
Non-GAAP Net Income	**3.4**	**4.8**	**1.4**	**1.3**	**1.2**	**1.0**	**4.9**	**5.4**	**6.6**	**6.5**	**6.5**
Diluted Shares Outstanding	1.68	1.68	1.67	1.66	1.66	1.66	1.66	1.65	1.65	1.64	1.64
Non-GAAP Diluted EPS	**$1.98**	**$2.83**	**$0.84**	**$0.78**	**$0.70**	**$0.61**	**$2.97**	**$3.21**	**$3.95**	**$3.94**	**$3.91**
GAAP Diluted EPS	$0.93	$2.65	$0.94	$0.82	$0.58	$0.48	$2.82	$2.77	$3.55	$3.79	$3.76
Balance Sheet											
Cash and Equivalents	2.4	4.2	3.9	5.7	5.1	5.8	5.8	7.1	9.4	12.8	16.3
Other Current Assets	8.0	9.5	9.7	9.6	9.4	9.5	9.5	9.7	10.0	10.3	10.1
Total Current Assets	**10.4**	**13.7**	**13.6**	**15.3**	**14.5**	**15.2**	**15.2**	**16.8**	**19.5**	**23.0**	**26.4**
Net PP&E	4.4	5.0	5.0	5.4	5.7	6.1	6.1	6.9	7.7	8.5	9.3
Intangible Assets	8.3	8.3	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.3	8.3
Other Assets	8.6	6.8	6.2	6.3	6.4	6.5	6.5	6.5	6.6	6.8	6.8
Total Assets	**31.7**	**33.7**	**32.9**	**35.0**	**34.7**	**35.9**	**35.9**	**38.4**	**41.9**	**46.6**	**50.8**
Current Liabilities	8.0	8.8	8.5	9.3	9.0	9.6	9.6	9.0	9.8	9.4	9.5
Non-Current Liabilities	9.3	8.5	9.9	10.2	9.5	9.5	9.5	9.8	8.8	9.1	9.3
Total Liabilities	**17.3**	**17.4**	**18.4**	**19.5**	**18.5**	**19.2**	**19.2**	**18.7**	**18.6**	**18.5**	**18.7**
Total Shareholders' Equity	**14.4**	**16.3**	**14.5**	**15.6**	**16.2**	**16.8**	**16.8**	**19.7**	**23.4**	**28.1**	**32.0**
Cash Flow Statement											
Cash Flow from Operations	1.8	2.9	0.9	3.0	1.1	1.6	6.7	5.0	7.2	6.8	7.2
Cash Flow from Investing	(1.6)	1.5	(0.2)	(0.2)	(0.2)	(0.3)	(0.9)	(0.8)	(0.7)	(0.7)	(0.7)
Cash Flow from Financing	(3.4)	(2.4)	(1.0)	(1.0)	(1.5)	(0.7)	(4.2)	(2.9)	(4.1)	(2.8)	(3.0)
Free Cash Flow to Equity	**-0.1**	**1.7**	**2.3**	**2.8**	**0.1**	**1.4**	**5.1**	**4.2**	**5.2**	**6.2**	**6.5**

Source: Company Reports and Hilliard Lyons estimates

Additional information is available upon request.

Prices of other stocks mentioned:

Merck & Company (MRK - $62.58)
Pfizer (PFE - $33.86)
Roche Holdings (RHHBY - $32.74)
Foundation Medicine (FMI - $34.00)
Biogen (BIIB - $276.57)
Exelixis (EXEL - $22.24)
Johnson & Johnson (JNJ - $123.74)

Analyst Certification

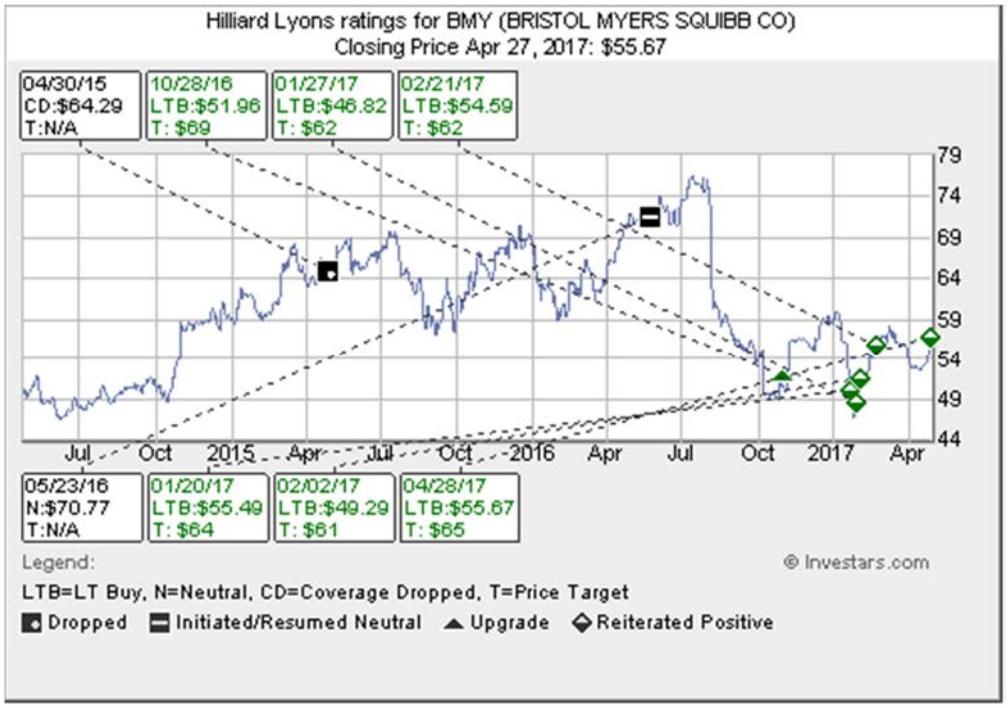
I, Kurt A. Kemper, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

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

Investment Ratings:
Buy - We believe the stock has significant total return potential in the coming 12 months.
Long-term Buy - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.
Neutral - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.
Underperform - We believe the stock is vulnerable to a price set back in the next 12 months.

Definitions of Suitabilities:
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	36	30%	14%	86%
Hold/Neutral	71	58%	6%	94%
Sell	15	12%	7%	93%

As of 5 April 2017

Other Disclosures

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