HILLIARD LYONS

Real Estate Investment Trusts
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May 3, 2017

COMPANY UPDATE/ESTIMATE CHANGE/RATING CHANGE

Gladstone Commercial Corp.

GOOD -- NASDAQ – Neutral-3

Conference Call Follow-Up, Rating Change

Key Metrics

GOOD - NASDAQ - 5/2/17		$22.08
2-3 Year Price Target		N/A
52-Week Range	$15.92 -	$23.35
Shares Outstanding (mm)		25.8
Market Cap. ($mm)		$569.7
1-Mo. Average Daily Volume		36,512
Institutional Ownership		32.0%
Debt/Total Capital	Mar-17	45.0%
Est 3-year FFO Growth Rate		1.0%
Est 3-year Dividend Growth Rate		0.0%
Book Value		$10.67
Annual Dividend Rate		$ 1.50
Dividend Yield		6.79%
Est. Fixed Charge Coverage		2.5X

FFO

	2016	Prior 2017E	2017E		Prior 2018E	Current 2018E
1Q	$0.39	--	$0.38	A	$0.40	$0.40
2Q	$0.39	$0.39	$0.39		$0.41	$0.41
3Q	$0.39	$0.40	$0.40		$0.42	$0.42
4Q	$0.38	$0.41	$0.40		$0.43	$0.43
Year	$1.55	$1.58	$1.57		$1.65	$1.65
P/E	14.2x		14.1x			13.4x

Note that quarters may not add due to rounding

Revenue ($mm)

	2016	Prior 2017E	Current 2017E		Prior 2018E	Current 2018E
1Q	$21.5	--	$22.3	A	$25.9	$25.5
2Q	$21.2	$23.5	$23.0		$26.5	$26.1
3Q	$21.6	$24.4	$23.9		$27.4	$26.9
4Q	$22.1	$25.2	$24.8		$28.0	$27.6
Year	$86.4	$95.8	$94.0		$107.9	$106.1

Company Description: *Gladstone Commercial Corp., headquartered in McLean, VA, is a real estate investment trust (REIT) that is focused on investments in industrial and commercial properties and mortgage loans, primarily to small to medium sized businesses.*

Investment Highlights

- The recent sharp move up in GOOD's share price has pushed it within shouting distance of our former 2-3 year price target and as a result we are moving our rating to Neutral. While the shares still provide a solid dividend yield, we believe potential total return when compared to potential risk is no longer adequate to justify a positive rating on the shares with potential total return dropping to under 10% annually. Clients could hold the shares for income, but we would wait for a price pullback before adding to positions.
- GOOD management spent most of the conference call discussing acquisition activity, development activity and the debt situation. The increase in share price could allow for further levering activity, although we believe management is closing in on its target debt/equity ratio. The lower cost of capital should also allow for increased investment activity, although discipline has limited acquisitions so far in 2017. We now expect that GOOD will make $80 million in total investment for 2017.
- Management also discussed its development activity which should provide much more accretive investment opportunity and serve to lock in tenants for longer periods of time.
- Management noted continued opportunities to lower debt costs over the coming year, although they are seeing higher rates, which could lower the potential cost saving versus recent years.
- We are reducing our rating on GOOD to Neutral. While the dividend yield at 6.8% is generally attractive in the current environment, given a likely long-term upward trend in rates, and the fact that this is the lowest yield at which GOOD shares ever traded, we do not see the current price as one at which we would add shares. However, investors may still wish to hold the shares for its dividend yield and to defer capital gains that have built up due to the return of capital from the company's dividend payments.

Note Important Disclosures on Pages 6-7.
Note Analyst Certification on Page 6

Conference Call Discussion

As noted previously, the conference call concentrated quite a bit on the company's recent investment in expanding some of its properties at the request of tenants. These types of opportunities offer solid potential returns and are typically done in conjunction with lengthening lease terms, locking in tenants for even longer periods. As an example, the expansion of its property in Alabama, which cost $7 million, provided the company a return of over 10%, while GOOD was able to extract new lease terms for the entire property, extending the least term to 10 years. The company is currently working on another property expansion for an expected investment of $12.6 million at a nearly 9% cap rate that is also expected to result in a reset on the underlying lease to 15-years. This expansion is expected to be completed in mid-2018. With these types of projects being more accretive than typical, we expect management to focus more on these types of investments. This is especially true in light of the lack of investment during Q1. Management noted that it had turned down several potential acquisitions because the risk was too high on them, or there were other issues involved with the deal that made them unattractive. While management noted that they had a large pipeline and actually had 18 properties under consideration, one that is likely to close in June and another three under letters of intent, we expect continued selectivity to keep acquisition levels below historic levels. We believe that management is also worried about rate increases that could cause issues in light of current cap rates.

On the leasing front, the company noted that it had already signed leases on three of the five properties where leases are coming due in 2017, leases that account for 75% of the GAAP rent of these leases. Management is already working on 2018 lease expirations, and noted that only about 4% of its lease rent expiring through 2020. Also, the portfolio continues to be almost fully leased with only one vacant property (with a potential sale of this asset) and the full property is approximately 99%-leased.

On the market capitalization front, management noted that it was approaching its target capital structure. David Gladstone discussed how he very much likes to use leverage on his acquisitions. The company's CEO and CFO were less amenable to the degree of leverage Mr. Gladstone discussed, and we anticipate that they (along with institutional investors) will win out and the leverage ratio will drop another 5-points or so, mainly through the sale of common and preferred shares through the company's 'at the market" (ATM) equity issuance plans at appropriate prices with the recent increase in the common price making more likely its use for accretive acquisitions. The company sold $4.6 million in common and preferred equity under the plan during Q1, and more so far in Q2.

Management continues to make headway in reducing interest expense through refinancing higher cost debt into lower cost debt, although less than recently as mortgage rates have seen some upside recently. Two mortgages are expected to mature in the current year at an average of 6% and we will see a small decline when refinanced. On other subjects, management noted that it was spending significant time courting institutional and other investors, as well as investment bankers and analysts. This has resulted in institutional holdings in GOOD moving up 15 percentage points to 53%. We believe that this is a big part of the reason for the recent increase in the share price. David Gladstone, as usual, also noted the return of capital portion of the dividend, which amounted to 71% in the most recent year, sheltering that part of the dividend from taxes in the current year.

Q2 and 2017 Outlook

We are assuming approximately $80 million in total investments will be closed in 2017 based on the lack of early year acquisition activity, our assumptions, and management's discussion of capital availability on the conference call. We anticipate that acquisitions will be closed later in the year, and that a solid portion of this will be development activity, which should push up investment returns incrementally. Our Q2 estimate remains at $0.39 a share. Our full year 2017 FFO estimate is off a penny to $1.57 a share due to the low level of investment activity so far in the year. On the fundamental front, we are projecting a modest level of growth in revenue, as rollover leases should see a little upside and the recent and future acquisitions should push rental income up as the year progresses. We are keeping our 2018 FFO estimate at $1.65 a share.

Valuation

At current price levels, GOOD shares sit slightly above what we would consider fair value, in our opinion. The shares are trading at 14.1x our 2017 FFO estimate. This compares to the peer group, which is trading at 18.4 times. The discount at which GOOD shares currently trades, in our opinion, is about appropriate due to GOOD's higher leverage and payout ratio which creates more risk. We believe the shares should trade lower than its peers due to its lower growth rate and higher leverage than the peer group, thus our feeling that GOOD shares are fairly valued, despite a peer group that looks a little pricey. Also, GOOD has a much higher payout ratio at nearly 100%, which is much higher than the group's ratio which is under 60% as GOOD has chosen to pay out much more of its free cash in dividends to satiate its retail holder base while its peers are retaining cash flow for debt reduction and/or additional acquisitions. This increases the risk of the dividend and lowers its future growth rate.

Ranked by Market Cap.		**Price**	**Current**		**2017E**			**18E/ 17E**	**Price / FFO**	
Mixed - Industrial / Office	**Symbol**	**5/2/2017**	**Dividend**	**Yield**	**Payout Ratio**	**2017E**	**2018E**	**Growth Rate**	**2017E**	**2018E**
Duke Realty Corp.	DRE	$27.78	$0.76	2.7%	58.0%	$1.23	$1.31	6.5%	22.6x	21.2x
Liberty Property Trust	LPT	$40.82	$1.90	4.7%	72.8%	$2.46	$2.61	6.1%	16.6x	15.6x
Industrial REITs										
Prologis	PLD	$54.60	$1.76	3.2%	61.1%	$2.75	$2.88	4.7%	19.9x	19.0x
First Industrial Realty	FR	$27.92	$0.84	3.0%	51.2%	$1.54	$1.64	6.5%	18.1x	17.0x
EastGroup Properties	EGP	$78.08	$2.48	3.2%	55.6%	$4.22	$4.46	5.7%	18.5x	17.5x
First Potomac Realty Trust	FPO	$10.63	$0.40	3.8%	50.0%	$0.83	$0.80	-3.6%	12.8x	13.3x
Average		**$39.97**	**$1.36**	**3.4%**	**59.4%**	**$2.17**	**$2.28**	**5.1%**	**18.4x**	**17.5x**
Gladstone Commercial	**GOOD**	**$22.08**	**$1.50**	**6.8%**	**90.9%**	**$1.57**	**$1.65**	**5.1%**	**14.1x**	**13.4x**

Note: First Potomac is rated Neutral by Hilliard Lyons; the rest are Not Rated. Source: NAREIT, Baseline and Hilliard Lyons' estimates.

Rating

Our rating on GOOD is now Neutral. With the share price up nearly 10% since the start of the year, we believe the share price is now about where it should be and not discounted enough to justify a positive rating. We do not believe that there has been enough of a change to raise our previous $23.50 a share 2-3 year price target and given that the share price is within 6% of that target, there is just not enough upside to justify a positive rating given the risk profile of the company.

Suitability

GOOD has a suitability rating of 3 on our 1-4 scale. We find the company to have a diversified portfolio of properties with a long list of tenants and relatively long lease terms. Further, the company's occupancy rate is relatively high and the company's lease rollovers are limited over the next several years. On the other hand, the company's balance sheet is more levered than many of its peers, with a higher level of debt on its properties, leading to the lower suitability rating than many of the other REITs we follow.

Risk Factors for Gladstone Commercial

There are a variety of risk factors investors should consider when considering investment in Gladstone Commercial. We believe these risk factors include:

Interest Rate Risk – Like all REITs, GOOD is interest rate sensitive. If short term interest rates were to rise, the spread between the company's return yield and its cost of capital could shrink.

Asset Size – Gladstone Commercial, with market capitalization of approximately $570 million, is one of the smallest REITs tracked by NAREIT. As such, it could be difficult to compete against other larger REITs for property acquisitions and in its attempts to raise capital.

Execution Risk – Gladstone Commercial's unique acquisition strategy makes the company more dependent on the skills of David Gladstone and his management team, more so than other more "traditional" REITs in our opinion.

Capital Constraint Risk – With share prices below the peer group on both the company's common and preferred stock, the company may be constrained in their ability to complete future deals due to a higher cost of capital. Further, if management does decide to undertake an offering to grow, dilution is likely to be fairly significant, which could easily result in GOOD missing our estimates.

Annual yield is calculated by dividing the distribution amount by the current market price of the security. For US income tax purposes, the Company may classify all or a portion of its distributions as dividends or other non-dividend distributions. Note that for some investors, for US income tax purposes all or a portion of the Company's 2016 dividend or distribution was treated as return of capital and not as "dividend income" as reflected on the IRS Form 1099-Div for the 2016 tax year. The Company generally makes a final determination regarding the proper tax treatment of distributions after calendar year end. We urge each shareholder to consult with his or her own tax advisor to determine the tax consequences of the distributions received, including any state, local or foreign tax considerations.

Gladstone Commercial

Table 1. Income Statement

In thousands, except per share #'s	2014 Year	2015 Year	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Year	2017E Q1A	2017E Q2	2017E Q3	2017E Q4	2017E Year	2018E Q1	2018E Q2	2018E Q3	2018E Q4	2018E Year
Revenues																	
Base rental revenue	$ 71,211	$ 80,892	$ 20,657	$ 20,890	$ 21,205	$ 21,746	$ 84,498	$ 21,954	$ 22,168	$ 22,384	$ 22,602	$ 89,107	$ 22,656	$ 22,710	$ 22,765	$ 22,820	$ 90,951
Interest income	$ 465	$ 1,121	$ 385	$ -	$ -	$ -	$ 385	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest income, temp invest.		$ 14															
Tenant Recovery income	$ 2,080	$ 1,753	$ 485	$ 357	$ 384	$ 263	$ 1,489	$ 360	$ 295	$ 330	$ 369	$ 1,354	$ 350	$ 350	$ 350	$ 350	$ 1,400
Acquisitions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 552	$ 1,219	$ 1,780	$ 3,551	$ 2,459	$ 3,030	$ 3,829	$ 4,402	$ 13,720
Total operating revenue	$ 73,756	$ 83,780	$ 21,527	$ 21,247	$ 21,589	$ 22,009	$ 86,372	$ 22,314	$ 23,015	$ 23,933	$ 24,751	$ 94,013	$ 25,465	$ 26,090	$ 26,944	$ 27,572	$ 106,071
Equity income & other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Property Revenue	$ 73,756	$ 83,780	$ 21,527	$ 21,247	$ 21,589	$ 22,009	$ 86,372	$ 22,314	$ 23,015	$ 23,933	$ 24,751	$ 94,013	$ 25,465	$ 26,090	$ 26,944	$ 27,572	$ 106,071
Expenses																	
Property Operating Expenses	$ 4,712	$ 5,296	$ 1,610	$ 1,434	$ 1,410	$ 1,435	$ 5,889	$ 1,380	$ 1,392	$ 1,532	$ 1,596	$ 5,901	$ 1,808	$ 1,761	$ 1,751	$ 1,778	$ 7,099
Due diligence expense	$ 1,437	$ 622	$ 9	$ 117	$ 149	$ (14)	$ 261	$ -	$ 200	$ 200	$ 200	$ 600	$ 150	$ 200	$ 200	$ 200	$ 750
Net Interest Expense	$ 26,123	$ 28,014	$ 6,731	$ 6,931	$ 6,338	$ 5,902	$ 25,902	$ 6,158	$ 6,039	$ 6,166	$ 6,334	$ 24,697	$ 6,654	$ 6,951	$ 7,253	$ 7,435	$ 28,294
REIT operating/adviser expenses	$ 8,630	$ 9,543	$ 1,883	$ 1,881	$ 1,947	$ 2,074	$ 7,785	$ 2,110	$ 2,152	$ 2,142	$ 2,277	$ 8,681	$ 2,177	$ 2,218	$ 2,290	$ 2,344	$ 9,029
General & admin.	$ 2,687	$ 2,094	$ 579	$ 609	$ 421	$ 518	$ 2,127	$ 551	$ 516	$ 483	$ 562	$ 2,112	$ 637	$ 582	$ 539	$ 620	$ 2,378
Impairment Charges	$ 14,238	$ 622	$ 43	$ -	$ 1,786	$ 187	$ 2,016	$ 3,746	$ -	$ -	$ -	$ 3,746	$ -	$ -	$ -	$ -	$ -
Depreciation	$ 28,865	$ 35,288	$ 9,133	$ 9,205	$ 9,459	$ 9,720	$ 37,517	$ 9,921	$ 9,675	$ 9,818	$ 9,962	$ 39,376	$ 10,162	$ 10,359	$ 10,520	$ 10,679	$ 41,720
Total Expenses	$ 86,692	$ 81,479	$ 19,988	$ 20,177	$ 21,510	$ 19,822	$ 81,497	$ 23,866	$ 19,975	$ 20,341	$ 20,931	$ 85,112	$ 21,588	$ 22,072	$ 22,554	$ 23,057	$ 89,269
Income before credits, currency and disc	$ (12,936)	$ 2,301	$ 1,539	$ 1,070	$ 79	$ 2,187	$ 4,875	$ (1,552)	$ 3,040	$ 3,592	$ 3,820	$ 8,901	$ 3,878	$ 4,019	$ 4,390	$ 4,515	$ 16,802
Foreign Currency impacts																	
Other								$ 2									
Taxes on real estate, net																	
Management fee credit	$ 3,163	$ 2,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Income from disc	$ 1,277	$ 1,538	$ -	$ (187)	$ (21)	$ 793	$ 585	$ 5,906	$ -	$ -	$ -	$ 5,906	$ -	$ -	$ -	$ -	$ -
Income before minority	$ (8,496)	$ 6,339	$ 1,539	$ 883	$ 58	$ 2,980	$ 5,460	$ 4,356	$ 3,040	$ 3,592	$ 3,820	$ 14,807	$ 3,878	$ 4,019	$ 4,390	$ 4,515	$ 16,802
Preferred/senior common dividends	$ 7,380	$ 7,844	$ 1,965	$ 1,514	$ 2,387	$ 3,292	$ 9,158	$ 2,621	$ 2,750	$ 3,000	$ 3,100	$ 11,471	$ 3,200	$ 3,300	$ 3,400	$ 3,500	$ 13,400
Net income to common	$ (15,876)	$ (1,505)	$ (426)	$ (631)	$ (2,329)	$ (312)	$ (3,698)	$ 1,735	$ 290	$ 592	$ 720	$ 3,336	$ 678	$ 719	$ 990	$ 1,015	$ 3,402
Net income	$ (0.92)	$ (0.07)	$ (0.02)	$ (0.03)	$ (0.10)	$ (0.01)	$ (0.16)	$ 0.07	$ 0.01	$ 0.02	$ 0.03	$ 0.13	$ 0.03	$ 0.03	$ 0.04	$ 0.04	$ 0.13
FFO per share	$1.55	$1.54	$0.39	$0.39	$0.39	$0.38	$1.54	$0.38	$0.39	$0.40	$0.40	$1.57	$0.40	$0.41	$0.42	$0.43	$1.65
Shares outstanding	17,243,396	21,153,556	22,545,285	22,645,285	23,509,054	24,024,280	23,180,976	24,963,926	25,533,926	26,113,926	26,573,926	25,796,426	26,673,926	26,773,926	26,873,926	26,973,926	26,823,926
Fully diluted shares	17,591,984	21,951,856	23,345,402	23,484,507	24,309,170	24,824,397	23,990,869	25,762,314	26,332,314	26,912,314	27,372,314	26,594,814	27,472,314	27,572,314	27,672,314	27,772,314	27,622,314
Dividends	$1.50	$1.50	$0.38	$0.38	$0.38	$0.38	$1.50	$0.38	$0.38	$0.38	$0.38	$1.50	$0.38	$0.38	$0.38	$0.38	$1.50

Source: Company reports and Hilliard Lyons estimates

Table 5. Funds From Operations Calculation

	2014 Year	2015 Year	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Year	2017E Q1A	2017E Q2	2017E Q3	2017E Q4	2017E Year	2018E Q1	2018E Q2	2018E Q3	2018E Q4	2018E Year
Net income for common shareholders	-15,876	-1,505	-426	-631	-2,329	-312	-3,698	1,735	290	592	720	3,336	678	719	990	1,015	3,402
Adjustments																	
Depreciation and amort.	28,865	35,288	9,133	9,205	9,459	9,720	37,517	9,921	9,675	9,818	9,962	39,376	10,162	10,359	10,520	10,679	41,720
Other	9,051	-187	369	508	2,247	-26	3,098	-1,912	352	352	352	-856	150	200	200	200	750
Total funds from operations for common	22,040	33,596	9,076	9,082	9,377	9,382	36,917	9,744	10,318	10,762	11,034	41,856	10,989	11,278	11,710	11,894	45,872
FFO to partnership units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FFO	22,040	33,596	9,076	9,082	9,377	9,382	36,917	9,744	10,318	10,762	11,034	41,856	10,989	11,278	11,710	11,894	45,872
FFO per common share	$1.59	$1.59	$0.40	$0.40	$0.40	$0.39	$1.59	$0.39	$0.40	$0.41	$0.42	$1.62	$0.41	$0.42	$0.44	$0.44	$1.71
Shares, common	17,243,396	21,153,556	22,545,285	22,645,285	23,509,054	24,024,280	23,180,976	24,963,926	25,533,926	26,113,926	26,573,926	25,796,426	26,673,926	26,773,926	26,873,926	26,973,926	26,823,926
Diluted FFO per common share	$1.55	$1.54	$0.39	$0.39	$0.39	$0.38	$1.54	$0.38	$0.39	$0.40	$0.40	$1.57	$0.40	$0.41	$0.42	$0.43	$1.65
Shares, common diluted			23,345,402	23,484,507	24,309,170	24,924,397		25,862,314	26,432,314	27,012,314	27,472,314		27,572,314	27,672,314	27,772,314	27,872,314	
Depreciation %	92.00%	92.00%	1.17%	1.17%	1.20%	1.21%	92.00%	1.21%	1.17%	1.17%	1.17%	92.00%	1.17%	1.17%	1.17%	1.17%	92.00%
FFO Available for common	$22,040	$33,596	$9,076	$9,082	$9,377	$9,382	$36,917	$9,744	$10,318	$10,762	$11,034	$41,856	$10,989	$11,278	$11,710	$11,894	$45,872
Less:																	
Recurring real estate CAPX	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Required debt repayments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-real estate depreciation	$ (20.00)	$ (20.00)	$ (25.00)	$ (25.00)	$ (25.00)	$ (25.00)	$ (100.00)	$ (30.00)	$ (30.00)	$ (30.00)	$ (30.00)	$ (120.00)	$ (40.00)	$ (40.00)	$ (40.00)	$ (40.00)	$ (160.00)
Funds available for distribution	$22,020	$33,576	$9,051	$9,057	$9,352	$9,357	$36,817	$9,714	$10,288	$10,732	$11,004	$41,736	$10,949	$11,238	$11,670	$11,854	$45,712
Per share	$1.28	$1.59	$0.40	$0.40	$0.40	$0.39	$1.59	$0.39	$0.40	$0.41	$0.41	$1.62	$0.41	$0.42	$0.43	$0.44	$1.70

Source: Company reports and Hilliard Lyons estimates

Additional information is available upon request.

Analyst Certification

I, John M. Roberts, 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

Gladstone Investment Corporation (GAIN - $9.75; Neutral), Gladstone Land Corp. (LAND - $11.15; Long-term Buy), Gladstone Commercial Corporation and Gladstone Capital Corporation (GLAD - $9.86; Underperform) share the same management and board.

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

As of May 2, 2017 Hilliard Lyons customers own at least 5% of the outstanding common stock of Gladstone Commercial Corp.

As of May 2, 2017 Hilliard Lyons or its affiliates beneficially own (as defined for purposes of Section 13d of the 1934 Act) 1% or more of Gladstone Commercial Corp. pfd D (GOODM-$25.85).

Hilliard Lyons participated in a selling group for an offering of securities of Gladstone Commercial in the past 12 months.

Hilliard Lyons received investment banking compensation from Gladstone Commercial in the past 12 months.

The author of this report or members of his household have a long position in Gladstone Investment, Gladstone Commercial and Gladstone Land common stock, but may not engage in buying or selling contrary to the recommendation.

Investment Ratings

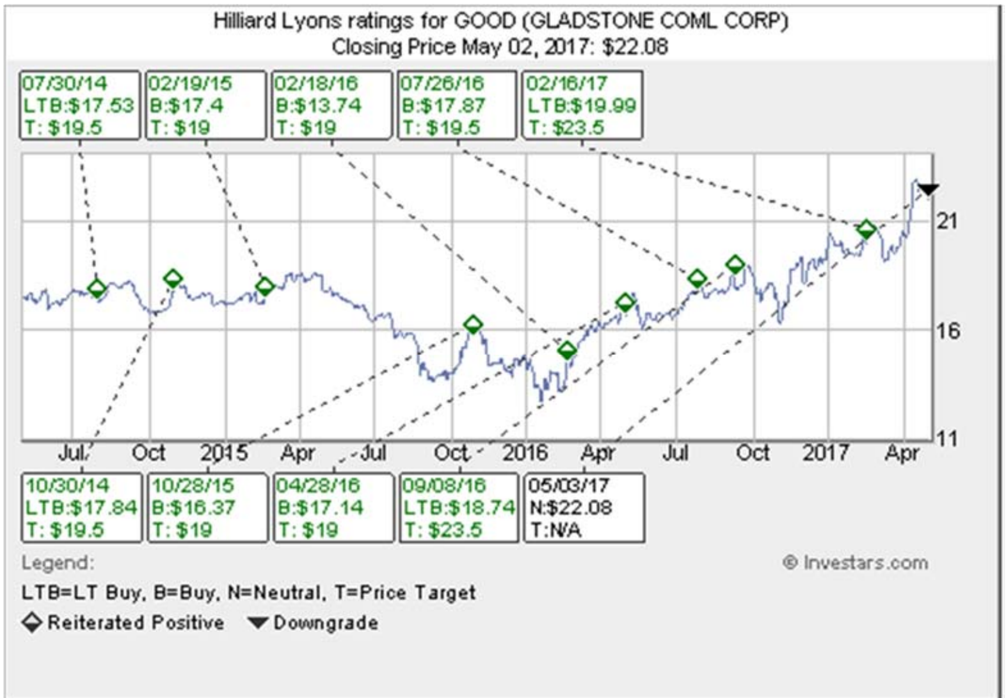
Buy - We believe the stock has significant total return potential in the coming 12 months.
Long-term Buy - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, generally 2-3 years.
Neutral - We believe 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.

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

As of 5 April 2017



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