



COMPANY UPDATE/ESTIMATE/SUITABILITY PRICE TARGET CHANGE

Key Metrics

OHI - NYSE - as of 2/8/17	\$32.57
1 Year Price Target	\$ 38.00
52-Week Range	\$26.96 - \$38.09
Shares Outstanding (mm)	198.8
Market Cap. (\$mm)	\$6,474.9
1-Mo. Average Daily Volume	1,062,000
Institutional Ownership	85.0%
Debt/Total Capital Dec-16	41.6%
Est 3-year FFO Growth Rate	6.0%
Est 3-year Dividend Growth Rate	6.0%
Book Value	\$ 21.40
Dividend	\$ 2.48
Dividend Yield	7.61%
Est. Fixed Charge Coverage	3.7 X

FFO Per share

	2015	2016	Prior 2017E	Current 2017E
1Q	\$0.71	--	\$0.83	\$0.88
2Q	\$0.77	--	\$0.87	\$0.91
3Q	\$0.79	--	\$0.83	\$0.90
4Q	\$0.81	--	\$0.88	\$0.91
Year	\$3.08	\$3.41	* \$3.62	\$3.52
P/E	10.6x	9.6x		9.3x

*-May not add up due to rounding, not restated.

Revenue (\$mm)

	2015	2016	Prior 2017E	Current 2017E
1Q	\$133.4	--	\$212.9	\$245.2
2Q	\$197.7	--	\$228.8	\$253.6
3Q	\$202.0	--	\$224.6	\$253.7
4Q	\$210.5	--	\$234.5	\$262.6
Year	\$743.6	\$902.8	\$1,015.0	\$970.7

Company Description: Omega Healthcare Investors, headquartered in Hunt Valley, MD, is a real estate investment trust (REIT) that has investments in healthcare facilities, specifically long term care facilities, located throughout the country, mainly skilled nursing facilities, although the company also owns a small number of assisted living facilities and specialty hospitals.

Omega Healthcare Investors, Inc.

OHI -- NYSE – Buy-3

Q4 Conference Call Discussion

Investment Highlights

- Management outlined its guidance for 2017 and offered some color around year ahead operational estimates and various issues with its operators that are likely to result in continued deterioration of the coverage ratios on OHI's leases through 2017. This commentary spooked the market, as we saw the shares decline throughout the call. We see this as risk which could result in increased risk and volatility in the shares in the near term. As such we are reducing our suitability rating one notch although retaining our Buy rating at this point. Remember that OHI is the landlord, so the risk relates to the potential for tenants struggling and needing rent reductions.
- We are adjusting our Q1 estimate to \$0.86 a share to reflect higher interest expense and dilution from divestitures. Our 2017 FFO estimate is now \$3.52 a share. We are also initiating a 2018 estimate of \$3.65, assuming a small amount of additional accretion around all of the recent investment, and a modest amount of investment, well below recent levels, in that year.
- Today's share price decline began during the conference call as management laid out the challenges being faced by its tenants, the skilled nursing operators. The risk here is the potential for problems with tenants that might result in the need for rent relief, etc. We believe that management is staying proactive here and that while it could cause some near term pain, longer term the company will be fine. As such, we are dropping our suitability rating to 3 and also our target multiple to reflect this added risk. However, we are retaining our Buy rating, although there could be some near term pressure on the stock. Our one year price target is now \$38 a share, or 10.5 times our new 2018 FFO estimate, which investors will be contemplating in twelve months. The 10.5 times multiple is below historic norms, and well below OHI's peer group and which we believe is appropriate given the near term risk.

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

Conference Call Discussion, Continued

It was interesting to see OHI's stock price decline as the conference call proceeded, as worries about OHI's tenant base caused shareholders to flee the shares. We believe that these issues are likely overdone, especially in the longer term, but in the near term they could very well continue to weigh on OHI shares and cause additional volatility. Remember, however, that OHI is only the landlord and does not have direct operational impact from these issues. The only impact for OHI will be the potential for the need of rent relief or from any potential bankruptcies/future rental rate declines. Note, however, that OHI's leases tend to be long in nature with built in escalators, so they are also shielded from this to some degree. Having said that, this is a risk and investors generally flee risk, thus the share price drop. This deterioration of fundamentals for the operators is being driven by two factors, labor costs and a reduction in census. In particular, the labor cost issue is being driven by a dearth of nurses. The skilled nursing area is not exactly the most glamorous area for a nurse to work, so there is a general shortage in the industry, and facilities are having to pay up to attract them, and use overtime to cover a general lack of nurses. As a result, overall labor costs are up for the industry. A decline in residents has also been an issue, although management does believe this is more temporary in nature and that we should see a recovery here in 2018 or 2019 as the population continues to age.

As a result of these issues the coverage ratio for the company's operators on a trailing twelve month basis has declined to 1.68 times from 1.72 times gross. Management noted that a couple of its larger tenants had been contacted by regulators for information, although there are no official investigations at this point. We believe that this may be less of an issue under the new administration, though. At this point, the labor issue, as well as lower census is likely an industry-wide trend, although we note that OHI has done a good job in addressing tenant needs in the past and we anticipate that they will continue to do such. However, profit pressure on operators is likely to remain over the coming year-plus as it will take several years for the higher earnings power to attract more nurses. If we see a bump-up in census beyond 2017 as management anticipates, this could offset the risk here with labor expense. Either way, we note that operators are in a much better financial position to weather earnings weakness at this point than they were in the last downturn. As such, while this increases the risk for OHI, we see it as manageable, especially as OHI is likely to work around any issues with tenants as they have done in the past. This could lead to some write-offs and lower rent, but we believe that this risk is more than manageable.

Management offered an initial funds from operations guidance of \$3.40 to \$3.44 a share in 2017 based on an expectation of about a penny a quarter in dilution from asset sales last year, a higher level of interest expense (reducing FFO by about three cents for the year), and dilution from the future sale of 20 properties offset largely by ongoing development and redevelopment activity. No additional investment/acquisitions are included in this number. We are fine-tuning our estimate to \$3.52 a share, with expectations for an additional \$625 million in investments, which we believe is conservative in light of the \$1.3 billion in acquisitions completed during 2016, offset by a slight amount of rent relief for tenants. Management noted that their targeted return on SNF investments is now around 9.5% and that every \$100 million in such investment adds about a penny and a half to annual FFO given the company's current cost of capital. Management also noted that its construction continues on its New York City senior living development with a total investment expected at \$250 million and an opening for the project in 2019. Management had 90 capital reinvestment projects at year end with \$193 million construction in progress excluding the New York property.

Q1 and 2017 Outlook

Following our analysis of the company's Q4 results and management's discussion of business conditions we are fine-tuning our 2017 FFO estimate to \$3.52 a share, even with forward guidance below our estimate as we are assuming additional investment. Our Q1 estimate is now \$0.86 a share due to the dilution and higher interest expense. We are assuming no additional underwritten equity raise, other than incremental amounts from the DRP. As noted above, we are initiating a 2018 FFO estimate at \$3.65 a share, which we believe is reasonable in spite of it being well above the consensus number of \$3.49.

Valuation

Using our \$3.52 a share estimate for 2017, OHI shares are trading at 9.3 times current year FFO (8.8 times intra-day). This is a significant discount to the peer group, as shown in the table below, and well below its historic trading levels. Further, its yield is more than two percentage points above that of the peer group with a lower payout ratio, yet the company has a growth rate above its peers with very consistent dividend increases on a quarterly basis in excess of its peers. Add to that the demographic attributes of the group and it is a very attractive class of healthcare real estate at the right price, in our view. Typical historical multiples on current year FFO for the group has been in a range of 8 to 14 with the exclusion of the market dislocation in 2008-09 and peaks in 2006-07. The company's current multiple sits at the lower end of that range. We note, however, that the current group multiple, as shown below, sits closer to the high end, at 13.8 times. We are lowering our target multiple to a conservative 10.5 times, still well below the peer group, although a solid level of multiple expansion from the current depressed levels and are now using our estimate for 2018, which investors will be looking at 12 months out. With that estimate at \$3.65 our price target is \$38, down \$2 from our previous multiple.

Health Care REITs	Symbol	Closing Price	Current	2017E		FFO		2-Year Average	Price / FFO	
		2/8/2017	Dividend	Yield	Payout Ratio	2016E	2017E	Growth Rate	2016E	2017E
Welltower, Inc.	HCN	\$66.03	\$3.48	5.3%	80.9%	\$4.57	\$4.30	-0.9%	14.4x	15.4x
Care Capital Properties	CCP	\$25.46	\$2.28	9.0%	73.5%	\$3.05	\$3.10	-2.6%	8.3x	8.2x
National Health Investors	NHI	\$75.42	\$3.60	4.8%	69.0%	\$4.87	\$5.22	5.7%	15.5x	14.4x
Ventas, Inc.	VTR	\$62.25	\$2.92	4.7%	66.7%	\$4.16	\$4.38	-1.0%	15.0x	14.2x
HCP, Inc.	HCP	\$30.91	\$1.48	4.8%	74.4%	\$2.74	\$1.99	-20.6%	11.3x	15.5x
LTC Properties, Inc.	LTC	\$46.62	\$2.28	4.9%	71.3%	\$3.06	\$3.20	6.9%	15.2x	14.6x
Health Care Sector Average		\$51.12	\$2.67	5.2%	72.3%	\$3.74	\$3.70	-1.2%	13.7x	13.8x
Omega Healthcare Investors	OHI	\$32.57	\$2.48	7.6%	70.5%	\$3.42	\$3.52	6.9%	9.5x	9.3x

Note: CCP is rated Long-term Buy, HCP, VTR and NHI are rated Neutral, HCN, and LTC are rated Underperform by Hilliard Lyons

Source: NAREIT, Baseline and Hilliard Lyons' estimates.

The 2016 numbers for OHI are actuals.

Rating

While we thought about reducing our rating to Long-term Buy due to the likelihood of pressure on the stock in the near term, in the end we decided to retain our rating on OHI at Buy, because the price remains compelling and we would not attempt to call the bottom related to the tenant issues. We are however, lowering our risk rating one notch to 3 and also lowering our target multiple resulting in our new 1 year price target of \$38 a share on our initial 2018 estimate. As investors digest the issues around OHI's tenants and their operating issues, the stock could continue to see some pressure. However, we still believe that over the coming year this pressure will abate and the company's consistent dividend growth, overall solid tenant base, strong cash flow and valuable real estate base will overcome the negative issue and drive the share price toward our target, which remains well below recent highs in the shares, in spite of the increasing earnings growth and continuing increases in the dividend. Including the company's premium dividend yield, which currently sits at close to 8% the potential total return stands at over 30% (intra-day) should the company's shares reach our price target. We believe the very attractive demographics of the business should also make OHI investment attractive for long term investors looking for solid income and dividend growth.

Risks

There are a number of risks in owning OHI shares and REITs as an investment group. REITs in general need access to debt capital to grow, if such debt capital is unavailable, the company may have difficulty in growing. The company's dividend is very attractive to shareholders, and OHI, as well as REITs in general, have seen their prices rise with the decline in overall interest rates. Should rates rise, that could hurt OHI's

share price. Because of their thirst for debt, changes in interest rates can also impact a REIT's cash flow and ability to make accretive acquisitions. OHI's dependence upon the long-term care sector of the health care real estate group could create issues due to the government paying much of its rent. Reimbursements being cut, labor, census or other issues would have an impact on its tenant base, which in turn could have a negative impact on OHI. It is always possible that the company could make a poor acquisition in the future. OHI's geographic exposure to Florida might be an issue if the state has further economic problems and is forced to cut reimbursements to providers claiming Medicaid payments. There is also integration risk with all of the deals that OHI is doing and of individual deals being completed. Changes in the Affordable Care Act could also be an issue.

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.

Omega Healthcare Investors
In Thousands

	2013 Year	2014 Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	
Revenues:																		
Rental income	\$375,135	\$388,443	\$100,984	\$163,112	\$166,623	\$175,292	\$665,991	\$176,703	\$186,454	\$185,837	\$194,891	\$743,885	\$196,908	\$200,441	\$202,269	\$211,637	\$811,155	
Mortgage interest income	\$29,351	\$53,007	\$16,579	\$17,562	\$17,185	\$17,574	\$68,910	\$16,606	\$21,371	\$15,986	\$15,838	\$69,811	\$16,049	\$16,336	\$16,767	\$17,197	\$66,350	
Other income	\$8,674	\$6,366	\$1,531	\$2,017	\$2,940	\$2,932	\$5,780	\$4,128	\$5,478	\$7,194	\$7,210	\$24,010	\$7,052	\$7,153	\$7,408	\$7,359	\$28,972	
Nursing Home Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Income from Direct Financing Leases	\$5,203	\$66,719	\$14,346	\$15,020	\$15,216	\$15,354	\$59,936	\$15,442	\$15,521	\$15,611	\$15,724	\$62,298	\$15,850	\$15,987	\$16,105	\$16,291	\$64,233	
Miscellaneous	\$151	\$252	\$133,420	\$197,711	\$201,974	\$210,512	\$743,617	\$212,879	\$228,824	\$224,638	\$234,486	\$900,827	\$236,860	\$239,917	\$242,549	\$252,384	\$970,709	
Expenses																		
General & Administrative	\$15,646	\$17,296	\$4,404	\$7,435	\$7,961	\$7,635	\$27,435	\$7,677	\$8,167	\$8,755	\$7,478	\$32,077	\$8,491	\$8,637	\$8,974	\$8,202	\$34,305	
Interest & Amort of deferred financing	103,119	126,825	42,896	39,051	40,021	40,479	162,447	39,666	41,857	47,237	46,872	175,632	47,380	47,919	49,324	50,719	195,343	
Acquisition Costs			4,868	47,084	3,555	2,018	57,525	3,771	3,504	2,909	(2)	9,882	2,500	2,500	2,500	2,500	10,000	
Impairments	2,736	3,644	5,982	6,916	1,743	3,040	17,681	34,558	(1,154)	17,275	50,679	50,679	-	-	-	-	-	
Bad Debt Expense, net	(180)	2,739	-	(7)	301	7,873	11,133	5,124	5,878	5,878	11,002	11,002	-	-	-	-	-	
Stock-based comp.	5,942	8,592	1,610	2,873	2,199	4,451	11,133	2,778	3,665	3,673	3,674	13,790	3,300	3,800	3,500	4,000	14,600	
Other	245	3,948	(2)	(2)	-	-	6,893	6,893	(3)	-	-	6,890	-	-	-	-	290,847	
Depreciation & Amortization	128,646	123,257	30,610	59,156	60,143	60,794	210,703	62,433	65,505	68,316	70,808	267,062	69,730	71,194	73,840	76,084	280,847	
Total Expenses	\$256,154	\$286,301	\$30,368	\$162,508	\$115,923	\$125,936	\$484,795	\$156,007	\$128,437	\$147,652	\$134,708	\$566,714	\$131,401	\$134,050	\$138,138	\$141,505	\$545,095	
Income from Operations	\$162,560	\$218,496	\$43,052	\$35,203	\$86,051	\$84,516	\$248,822	\$56,872	\$100,387	\$77,076	\$99,778	\$334,113	\$104,458	\$105,867	\$104,410	\$110,979	\$425,615	
Minority interests	\$0	\$0	\$0	\$(2,038)	\$(3,852)	\$(2,901)	\$(8,791)	\$(2,641)	\$(5,102)	\$(3,585)	\$(5,185)	\$(16,513)	\$(4,358)	\$(5,459)	\$(5,681)	\$(5,987)	\$(21,485)	
Equity income from unconsolidated JVs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Oper. income from discontinued ops.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,571	\$13,221	\$5,139	\$0	\$19,531	\$0	\$0	\$0	\$0	\$0	
Other, net	\$11,112	\$0	\$0	\$0	\$0	\$(20,476)	\$(20,476)	\$(247)	\$(464)	\$(81)	\$(611)	\$(1,353)	\$(450)	\$(450)	\$(450)	\$(450)	\$(1,800)	
Income taxes	\$0	\$0	\$0	\$(539)	\$(406)	\$(938)	\$(1,384)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
(Loss)/Gain on sale of assets	\$(1,151)	\$2,863	\$0	\$8,802	\$(2,381)	\$0	\$6,411	\$0	\$0	\$0	\$0	\$30,277	\$0	\$0	\$0	\$0	\$0	
Income Bef. Preferred div	\$172,521	\$221,349	\$43,052	\$41,428	\$79,402	\$60,642	\$255,233	\$55,555	\$108,052	\$78,549	\$124,259	\$364,390	\$104,458	\$105,867	\$104,410	\$110,979	\$425,615	
Preferred dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net income for common	\$172,521	\$221,349	\$43,052	\$41,428	\$79,402	\$60,642	\$255,233	\$55,555	\$108,052	\$78,549	\$124,259	\$364,390	\$104,458	\$105,867	\$104,410	\$110,979	\$425,615	
Per share bef. Extra	\$1.46	\$1.74	\$0.32	\$0.21	\$0.43	\$0.31	\$1.41	\$0.28	\$0.54	\$0.40	\$0.61	\$1.81	\$0.51	\$0.51	\$0.50	\$0.53	\$2.05	
Extraordinary, Item	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Net (loss) income per share	\$1.46	\$1.74	\$0.32	\$0.21	\$0.43	\$0.31	\$1.41	\$0.28	\$0.54	\$0.40	\$0.61	\$1.81	\$0.51	\$0.51	\$0.50	\$0.53	\$2.05	
Quarterly dividend rate	\$1.86	\$2.02	\$0.53	\$0.54	\$0.55	\$0.56	\$2.18	\$0.57	\$0.58	\$0.60	\$0.61	\$2.36	\$0.62	\$0.63	\$0.64	\$0.65	\$2.54	
Share Outstanding (diluted)	117,863,500	127,294,500	134,806,000	194,482,000	195,183,000	197,560,000	180,507,750	198,350,000	199,157,000	204,078,000	204,955,000	201,635,000	205,912,576	206,826,861	207,721,306	208,973,937	207,358,670	

Table 5. Funds From Operations Calculation
In Thousands

	Year	2015 Q1	2015 Q2	2015 Q3	2015 Q4	Year	2016 Q1	2016 Q2	2016 Q3	2016 Q4	Year	2017 Q1	2017 Q2	2017 Q3	2017 Q4	Year	
Net income for common shareholders	\$172,521	\$43,052	\$43,466	\$79,402	\$63,534	\$255,233	\$58,196	\$113,154	\$92,134	\$129,883	\$383,367	\$104,458	\$105,867	\$104,410	\$110,979	\$425,615	
Add Back:																	
Depreciation	128,646	123,257	30,610	59,156	60,143	60,794	62,433	65,505	68,316	71,915	268,169	69,730	71,194	73,840	76,084	290,847	
JV Adjustment	(3,774)	21,315	\$21,835	55,850	12,513	35,025	44,723	(5,703)	19,482	8,900	67,402	3,500	3,500	3,500	3,500	14,000	
Non-recurring																	
Deduct:																	
Gain/loss on sales of real estate	\$1,151	\$(2,863)	\$0	\$(8,802)	\$2,381	\$(6,411)	\$0	\$0	\$0	\$(30,277)	\$(30,277)	\$0	\$0	\$0	\$0	\$0	
FFO Available for common	\$298,544	\$363,058	\$95,497	\$149,670	\$154,449	\$159,353	\$98,477	\$172,956	\$169,932	\$180,421	\$688,061	\$177,688	\$180,561	\$181,750	\$190,463	\$730,462	
Diluted FFO available for common	\$298,544	\$363,058	\$95,497	\$149,670	\$154,449	\$159,353	\$98,477	\$172,956	\$169,932	\$180,421	\$688,061	\$177,688	\$180,561	\$181,750	\$190,463	\$730,462	
Basic FFO per share	\$2.54	\$2.86	\$0.71	\$0.77	\$0.79	\$0.81	\$0.84	\$0.87	\$0.83	\$0.88	\$3.42	\$0.86	\$0.87	\$0.88	\$0.91	\$3.53	
Diluted FFO per share	\$2.53	\$2.85	\$0.71	\$0.77	\$0.79	\$0.81	\$0.83	\$0.87	\$0.83	\$0.88	\$3.42	\$0.86	\$0.87	\$0.87	\$0.91	\$3.52	
Shares, basic	117,513,500	126,944,500	134,456,000	194,132,000	194,833,000	197,210,000	180,157,750	198,000,000	198,807,000	203,728,000	204,605,000	201,285,000	205,562,576	206,476,861	207,371,306	208,623,937	207,008,670
Shares, diluted	117,863,500	127,294,500	134,806,000	194,482,000	195,183,000	197,560,000	180,507,750	198,350,000	199,157,000	204,078,000	204,955,000	205,912,576	206,826,861	207,721,306	208,973,937	207,358,670	

Table 6. Funds Available for Distribution Calculation

	Year	2015 Q1	2015 Q2	2015 Q3	2015 Q4	Year	2016 Q1	2016 Q2	2016 Q3	2016 Q4	Year	2017 Q1	2017 Q2	2017 Q3	2017 Q4	Year
FFO Available for common	\$298,544	\$363,058	\$95,497	\$149,670	\$154,449	\$159,353	\$98,477	\$172,956	\$169,932	\$180,421	\$688,061	\$177,688	\$180,561	\$181,750	\$190,463	\$730,462
Less:																
Recurring real estate CAPX	\$(14,403)	\$(4,865)	\$(1,403)	\$(1,301)	\$(1,312)	\$(1,324)	\$(1,326)	\$(1,336)	\$(1,348)	\$(1,373)	\$(5,417)	\$(8,960)	\$(9,147)	\$(9,452)	\$(9,610)	\$(37,168)
Other adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Funds available for distribution	\$279,776	\$343,211	\$90,415	\$147,671	\$145,236	\$150,105	\$552,251	\$165,686	\$163,044	\$159,649	\$170,158	\$167,344	\$170,016	\$170,859	\$179,430	\$687,679
Per share	\$2.38	\$2.70	\$0.67	\$0.72	\$0.75	\$0.76	\$3.07	\$0.79	\$0.82	\$0.78	\$0.83	\$0.81	\$0.82	\$0.82	\$0.86	\$3.32

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

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

The author of this report or members of his household have a long position in the common stock of OHI, 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, 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.

Suitability Ratings

1 - A large cap, core holding with a solid history

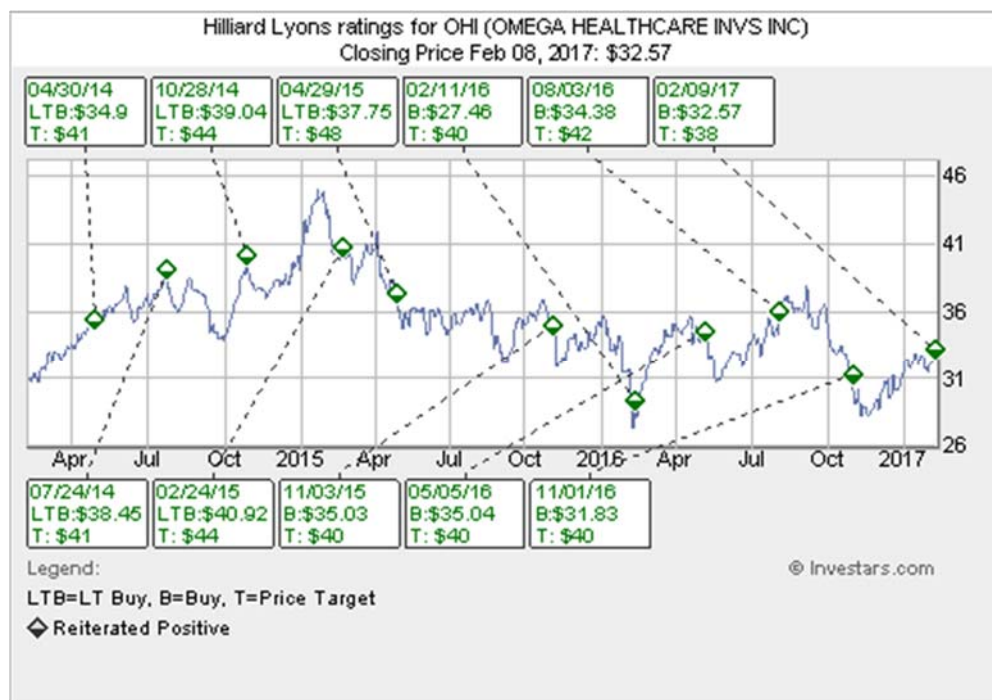
2 - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks

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.

Rating	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	36	30%	17%	83%
Hold/Neutral	76	62%	7%	93%
Sell	10	8%	0%	100%

As of 6 February 2017



Other Disclosures

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