



## COMPANY UPDATE / RATING CHANGE

### Key Metrics

WGL - NYSE - as of	8/28/17	\$83.94
Price Target		--
52-Week Range	\$58.66 -	\$86.89
Shares Outstanding (mm)		51.2
Market Cap. (\$mm)		\$4,299.3
1-Mo. Average Daily Volume		302,935
Institutional Ownership		71.2%
LT Debt/Total Capital	Q3'17	44.8%
ROE--adjusted	TTM	19.0%
Book Value / Share	Q3'17	\$29.54
Price / Book Value		2.8x
Dividend Yield		2.4%
EBITDA Margin	TTM	17.6%

### EPS FY 9/30 (non-GAAP operating)

	Prior		Current		Prior		Current	
	2016A	2017E	2017E	2018E	2018E	2018E	2018E	2018E
Q1	\$1.18	--	\$1.24	A	--	--	--	--
Q2	\$1.78	--	\$1.87	A	--	--	--	--
Q3	\$0.33	--	\$0.26	A	--	--	--	--
Q4	(\$0.01)	(\$0.22)	(\$0.22)	--	--	--	--	--
Year	\$3.29	\$3.15	\$3.15	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
P/E	25.5x		26.6x				23.9x	

### Utility Net Rev (ex-COGS) + Non-Utility Rev (\$mm)

	Prior		Current		Prior		Current	
	2016A	2017E	2017E	2018E	2018E	2018E	2018E	2018E
Q1	\$563	--	\$534	A	--	--	--	--
Q2	\$715	--	\$707	A	--	--	--	--
Q3	\$375	--	\$424	A	--	--	--	--
Q4	\$452	\$467	\$467	--	--	--	--	--
Year	\$2,104	\$2,133	\$2,133	\$2,168	\$2,168	\$2,168	\$2,168	\$2,168

**Company Description:** WGL is a holding company serving the Washington, D.C. metro area. Washington Gas, its leading subsidiary, has provided natural gas service to customers in the D.C. area for over 160 years, and today serves more than one million customers in D.C., MD and VA. Its unregulated subsidiaries provide energy-related services to residential, commercial and governmental customers. WGL agreed to be acquired on 1/25/2017.

### Natural Gas Utilities

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  
August 29, 2017

## WGL Holdings, Inc.

WGL — NYSE — Neutral-4

### Upgrading Rating to Neutral.

#### Investment Highlights

- We are upgrading our rating on WGL to Neutral from Underperform. Our suitability rating of '4—most aggressive' remains in place given our unaltered view that the stock represents a merger arbitrage play (**see Suitability on page 2**).
- Since our March 15 downgrade, our negative rating has primarily been a relative performance call, predicated on our comparatively more bullish expectations for the broader industry versus an outlook for a more/less stable share price for WGL.
- With gas utility stocks having done well thus far in 2017 (HL coverage up 16% YTD ex-WGL), we fear the potential for some rotation/profit taking near-term, making our prior thesis less compelling.
- Furthermore tactically, as we approach year-end we are incrementally inclined to take tax considerations into account and delay realizing gains until 2018.
- To recap, WGL has agreed to be acquired for \$88.25/share; the deal is suggested to close by the end of calendar-Q2'18. By our calculation, (assumes stable dividends) this indicates total return potential of ~7%, or slightly higher on an annualized basis should the deal close as scheduled. In our view, this is sufficient to warrant a Neutral rating at this time.
- On July 6, FERC authorized the merger; on July 17, the Hart-Scott-Rodino waiting period expired, effectively allowing the merger by the FTC and DoJ. State-level filings requesting approval remain outstanding in MD, VA and the District of Columbia.
- Our 2017/2018 estimates are unchanged. Given the pending acquisition of WGL, we do not expect to initiate fiscal 2019 targets.
- Our upgrade should not be interpreted as commentary on the likelihood of WGL's acquisition closing (**see Additional Discussion—Acquisition**).

**Note Important Disclosures on Pages 5-6**  
**Note Analyst Certifications on Page 5**

**ADDITIONAL DISCUSSION—ACQUISITION**

From our vantage point, there has been very little insightful news pertaining to this deal over the past few months. WGL shareholders approved the acquisition, and the noted approvals from FTC/FERC/DOJ were expedient; however, we expect these were viewed as the ‘easiest’ items by most investors. WGL’s most recent 10-Q expects decisions from Virginia and Maryland commissions in Q4’ 17, but D.C. (statutorily) is not required to render a decision within a specific timeframe.

We mention this to alert investors that **our upgrade should not be read as implying a now-greater likelihood of this deal closing**. Our position remains that the deal will most likely close; however, this view has neither strengthened nor weakened over the past several months.

**SUITABILITY**

We assign WGL a suitability rating of ‘4.’ A complete description of our suitability scale is on page 5. Since WGL has agreed to be acquired at a certain price, upside in shares is capped and long-term downside is limited, save for the potential of the deal to fall through, be rejected by WGL shareholders, or otherwise rejected by any number of regulatory bodies. We do not expect fundamental news flow and/or results to impact the share price of WGL. As such, we view WGL stock as a merger arbitrage play, which we view as inherently speculative, and meriting our ‘4-speculative/most aggressive’ rating.

**CONSIDERATIONS AND RISKS**

WGL has agreed to be acquired. Should the deal not close, we believe WGL would likely experience a share price decline to eliminate the expected takeover premium. This could happen slowly over time, or exceptionally quickly due to a news item or release.

Utility operations are weather sensitive. Warmer weather can lead to lower total margin from lower volumes of natural gas sold or transported, while extremely cold weather may lead to conservation by customers in order to reduce consumption.

Gas utilities face competition from alternative fuels. In the industrial market, many customers have the capability of using both natural gas as well as another source of energy. Increases in the price of natural gas can negatively impact a competitive position by decreasing the price benefits of natural gas to the end user. The cost of natural gas from non-domestic sources may play a greater role in establishing the market price of natural gas in the future.

Gas utilities are subject to regulation at the federal and state levels. Regulatory commissions and policies vary from state to state, and have a significant bearing on the profitability of gas utilities. Additionally, we anticipate a high level of capital expenditure over the coming years; inability to access the capital markets may negatively impact the company’s growth prospects.

WGL holds equity interest in several major planned mid-stream projects, which carry considerable timing risk. Any of which, could independently drive delta to our financial projections, if they are cancelled, delayed, or suffer cost over-runs.

Our Suitability rating is 4 on a 1-to-4 scale (1 = most conservative, 4 = most aggressive)  
*Additional information is available upon request.*

WGL Holdings, Inc.				dec	mar	june	sept			dec	mar	june	sept		
Income Statements (000's), FYE Sept.		FY'14	FY'15	Q1'16	Q2'16	Q3'16	Q4'16	FY'16	Q1'17	Q2'17	Q3'17	Q4'17E	FY'17E	FY'18E	
Utility Rev	\$ 1,416,951	\$ 1,303,044	\$ 288,153	\$ 442,837	\$ 181,622	\$ 131,505	\$ 1,044,117	\$ 327,063	\$ 466,270	\$ 198,968					
Utility Cost of Gas	700,305	510,900	50,025	121,055	65,739	8,370	245,189	75,500	134,458	49,881					
Utility Net Revenue, plus Rev Tax	\$ 716,646	\$ 792,144	\$ 238,128	\$ 321,782	\$ 115,883	\$ 123,135	\$ 798,928	\$ 251,563	\$ 331,812	\$ 149,087	\$ 114,241	\$ 846,703	\$ 753,588		
Non-Utility Rev	1,363,996	1,356,786	325,231	392,852	258,965	328,394	1,305,442	282,424	375,480	275,396	353,000	1,286,300	1,414,760		
Total Op Rev	2,080,642	2,148,930	563,359	714,634	374,848	451,529	2,104,370	533,987	707,292	424,483	467,241	2,133,003	2,168,348		
Non-Util Cost of Sales	1,255,279	1,218,331	282,487	351,720	197,880	290,990	1,123,077	252,886	301,780	233,025	304,180	1,091,870	1,105,160		
O&M	365,873	395,770	95,419	103,933	97,461	104,963	401,776	100,717	118,261	97,477	106,010	422,470	426,680		
D&A	110,772	121,892	31,412	33,170	33,786	34,198	132,566	35,283	39,110	39,094	37,200	150,690	168,810		
General Tax & Othr	151,196	152,164	36,532	51,400	32,038	26,685	146,655	40,388	50,544	32,032	19,350	142,310	112,670		
Operating Income	197,522	260,773	117,509	174,411	13,683	(5,307)	300,296	104,713	197,597	22,855	501	325,663	355,028		
Other Income / (Expense)	1,536	653	979	795	1,915	957	4,646	478	(1,953)	884	1,000	409	4,000		
Equity in Earnings	3,194	5,468	1,263	4,768	4,527	3,248	13,806	265	7,344	7,508	5,250	20,367	40,370		
EBIT	202,252	266,894	119,751	179,974	20,125	(1,102)	318,748	105,456	202,988	31,247	6,751	346,439	399,398		
WGL-Adjusted EBIT	264,296	312,349	106,439	154,159	45,006	14,413	320,017	117,093	169,959	38,899	6,751	332,702	399,396		
Interest Expense															
LTD Interest															
AFUDC & Other															
Total Interest Expense	37,738	50,511	12,760	12,999	12,998	13,553	52,310	16,235	14,255	25,062	24,870	80,420	106,850		
Income (loss) Before Tax	164,514	216,383	106,991	166,975	7,127	(14,655)	266,438	89,221	188,733	6,185	(18,119)	266,019	292,548		
Income Tax Expense / (Benefit)	57,254	83,804	38,490	60,357	4,772	(5,545)	98,074	33,454	70,778	2,149	(6,885)	99,496	111,168		
Non Controlling Interest						(550)	(550)	(2,535)	(5,439)	(4,559)					
Washington Gas Pfd Stk Div	1,320	1,320	330	330	330	330	1,320	330	330	330	330	1,320	1,320		
Net Income	\$ 105,940	\$ 131,259	\$ 68,171	\$ 106,288	\$ 2,025	\$ (8,890)	\$ 167,594	\$ 57,972	\$ 123,064	\$ 8,265	\$ (11,564)	\$ 165,204	\$ 180,060		
Diluted Avg Shares	51,770	50,060	50,030	50,282	50,905	51,070	50,564	51,172	51,476	51,493	51,490	51,408	51,490		
GAAP EPS (FD)	\$ 2.05	\$ 2.62	\$ 1.36	\$ 2.11	\$ 0.04	\$ (0.17)	\$ 3.31	\$ 1.13	\$ 2.39	\$ 0.16					
Non-GAAP Operating Earnings (Loss)	\$ 138,952	\$ 158,247	\$ 59,205	\$ 89,490	\$ 17,009	\$ (590)	\$ 165,114	\$ 63,606	\$ 96,087	\$ 13,635	\$ (11,564)	\$ 161,764	\$ 180,059		
Non-GAAP operating EPS	\$ 2.68	\$ 3.17	\$ 1.18	\$ 1.78	\$ 0.33	\$ (0.01)	\$ 3.29	\$ 1.24	\$ 1.87	\$ 0.26	\$ (0.22)	\$ 3.15	\$ 3.50		
Dividend	\$ 1,7400	\$ 1,8275	\$ 0.4625	\$ 0.4875	\$ 0.4875	\$ 0.4875	\$ 1,9250	\$ 0.4875	\$ 0.5100	\$ 0.5100	\$ 0.5100	\$ 2,0175	\$ 2,1300		
<b>Rate of Change Analysis:</b>															
Operating Income	19.1%	32.0%	-3.6%	22.1%	-177.9%	-139.0%	15.2%	-10.9%	13.3%	67.0%	-109.4%	8.4%	9.0%		
EPS	15.7%	18.2%	2.2%	-12.0%	54.8%	nm	3.8%	5.0%	4.9%	-20.8%	nm	-4.1%	11.0%		
O&M Expense	-0.3%	8.2%	3.3%	-0.3%	-1.2%	4.5%	1.5%	5.6%	13.8%	0.0%	1.0%	5.2%	1.0%		
Adjusted EBIT		18.2%	-1.2%	-13.0%	49.5%	nm	2.5%	10.0%	10.2%	-13.6%	-53.2%	4.0%	20.0%		
<b>Margin Analysis:</b>							23								
O&M / GM	44.3%	42.5%	34.0%	28.6%	55.1%	65.4%	40.9%	35.8%	29.2%	50.9%	65.0%	40.6%	40.1%		
Operating Income / GM	23.9%	28.0%	41.8%	48.1%	7.7%	-3.3%	30.6%	37.3%	48.7%	11.9%	0.3%	31.3%	33.4%		
Net Income / GM	16.8%	17.0%	21.1%	24.7%	9.6%	-0.4%	16.8%	22.6%	23.7%	7.1%	-7.1%	15.5%	16.9%		
Tax Rate	34.8%	38.7%	36.0%	36.1%	67.0%	37.8%	36.8%	37.5%	37.5%	34.7%	38.0%	37.4%	38.0%		
									*raised guide by \$0.10 on both ends due to lower share count	*lowered guide by \$0.30 on both ends due to Antero losses	*guiding toward lower end		*EPS Guidance \$3.10-\$3.30		

Source: Company reports and Hilliard Lyons estimates

WGL Holdings, Inc.		dec		mar		june		sept		dec		mar		june		sept	
Balance Sheet (\$000s), FYE Sept.		FY'14	FY'15	Q1'16	Q2'16	Q3'16	Q4'16	FY'16	Q1'17	Q2'17	Q3'17	Q4'17E	FY'17E	FY'18E			
Cash	\$ 8,811	\$ 6,733	\$ 15,778	\$ 9,874	\$ 16,534	\$ 5,573	\$ 5,573	\$ 12,884	\$ 7,462	\$ 9,570	\$ 34,140	\$ 34,140	\$ 34,140	\$ 21,150			
A/R	298,975	276,358	449,035	577,622	457,388	491,020	491,020	441,654	709,854	574,013	500,840	500,840	500,840	510,860			
Storage Gas (FIFO)	333,602	211,443	212,969	133,947	172,718	207,132	207,132	208,841	139,134	210,531	209,200	209,200	209,200	211,290			
Other	194,127	286,849	240,214	202,765	173,914	139,749	139,749	431,831	147,909	168,181	142,540	142,540	142,540	145,390			
Total CAs	835,515	781,383	917,996	924,208	820,554	843,474	843,474	1,095,210	1,004,359	962,295	886,720	886,720	886,720	888,690			
Net PP&E	3,314,445	3,672,728	3,746,621	3,832,519	3,950,198	4,127,237	4,127,237	4,223,783	4,272,782	4,346,786	4,439,590	4,439,590	4,439,590	5,270,780			
Pension & Othr Retirement	192,981	212,041	206,153	200,243	194,282	223,242	223,242	215,854	213,143	210,000	209,000	209,000	209,000	205,000			
Other	513,558	628,049	629,485	702,595	777,779	864,752	864,752	940,543	919,451	854,412	864,750	864,750	864,750	864,750			
<b>Total Assets</b>	<b>4,856,499</b>	<b>5,294,201</b>	<b>\$ 5,500,255</b>	<b>\$ 5,659,565</b>	<b>\$ 5,742,813</b>	<b>\$ 6,058,705</b>	<b>6,058,705</b>	<b>\$ 6,475,390</b>	<b>\$ 6,409,735</b>	<b>\$ 6,373,493</b>	<b>\$ 6,400,060</b>	<b>6,400,060</b>	<b>6,400,060</b>	<b>7,229,220</b>			
CP of LTD	20,000	25,000	25,000	-	-	-	-	-	-	-	-	-	-	50,000			
Notes Payable // Project Financing	453,500	332,000	527,875	329,307	358,342	331,385	331,385	634,392	782,320	788,854	713,854	713,854	713,850	1,113,850			
A/P & Othr Accrued	313,221	325,146	309,339	349,746	333,160	405,351	405,351	447,467	389,881	377,133	425,620	425,620	425,620	446,900			
Other	233,564	300,768	318,735	306,849	303,421	290,190	290,190	340,181	259,918	267,906	319,210	319,210	319,210	351,130			
Total CLs	1,020,285	982,914	1,180,949	985,902	994,923	1,026,926	1,026,930	1,422,040	1,432,119	1,433,893	1,458,684	1,458,684	1,458,680	1,961,880			
LTD	679,228	944,201	1,194,251	1,194,275	1,194,275	1,444,300	1,444,300	1,435,247	1,235,432	1,235,623	1,444,300	1,444,300	1,444,300	1,594,300			
Deferred Income Tax	660,908	672,963	713,585	724,400	743,677	726,763	726,763	784,001	844,915	845,109	845,110	845,110	845,110	855,110			
Accrued Pension & Benefit	120,446	176,128	179,920	183,445	186,696	228,377	228,377	231,198	234,018	235,050	235,050	235,050	235,050	236,050			
Accrued Asset Removal	327,388	325,496	320,250	317,961	311,469	310,788	310,788	302,296	294,625	290,476	290,480	290,480	290,480	290,480			
Other	773,495	888,237	842,694	830,319	872,519	917,408	917,408	832,970	799,320	778,652	963,280	963,280	963,280	1,011,440			
Preferred Stock + NCI	28,173	28,173	28,173	28,173	28,173	28,582	28,582	28,173	31,424	33,407	28,173	28,173	28,173	28,173			
Common Sh Equity	1,246,576	1,243,247	1,289,102	1,395,114	1,411,081	1,375,561	1,375,561	1,439,465	1,537,882	1,521,283	1,134,983	1,134,983	1,134,983	1,251,787			
<b>Total Cap &amp; Liab</b>	<b>4,856,499</b>	<b>5,261,359</b>	<b>\$ 5,500,255</b>	<b>\$ 5,659,565</b>	<b>\$ 5,742,813</b>	<b>\$ 6,058,705</b>	<b>6,058,705</b>	<b>\$ 6,475,390</b>	<b>\$ 6,409,735</b>	<b>\$ 6,373,493</b>	<b>\$ 6,400,060</b>	<b>6,400,060</b>	<b>6,400,060</b>	<b>7,229,220</b>			
<b>Cash Flow (\$000s), FYE Sept.</b>		<b>FY'14</b>	<b>FY'15</b>	<b>Q1'16</b>	<b>Q2'16</b>	<b>Q3'16</b>	<b>Q4'16</b>	<b>FY'16</b>	<b>Q1'17</b>	<b>Q2'17</b>	<b>Q3'17</b>	<b>Q4'17E</b>	<b>FY'17E</b>	<b>FY'18E</b>			
Net Income	\$ 138,952	\$ 158,247	\$ 59,205	\$ 89,490	\$ 17,009	\$ (590)	\$ 165,114	\$ 63,606	\$ 96,087	\$ 13,635	\$ (11,560)	\$ (11,560)	\$ 161,760	\$ 180,060			
D&A	110,772	121,892	31,412	33,170	33,786	34,198	132,566	35,283	39,110	39,094	37,200	37,200	150,690	168,810			
(Inc) / Dec in Wrk Cap	26,637	131,183	(125,408)	16,405	90,300	25,079	6,376	(152,318)	(52,420)	39,412	203,186	203,186	37,900	39,800,00			
Other Operating	105,806	92,737	(23,294)	55,998	(42,637)	(66,357)	(76,290)	(40,666)	102,587	41,372	27,000	27,000	130,293	108,000			
Operating CF	\$ 382,167	\$ 504,059	\$ (58,085)	\$ 195,063	\$ 98,458	\$ (7,670)	\$ 227,766	\$ (94,095)	\$ 185,364	\$ 133,513	\$ 255,826	\$ 255,826	\$ 480,643	\$ 496,670			
Cap Ex	(394,762)	(464,291)	(101,013)	(105,915)	(141,666)	(181,791)	(530,385)	(155,758)	(110,787)	(85,690)	(100,000)	(100,000)	(452,235)	(400,000)			
Net (Investment) in Non-Util Int	(27,299)	(56,667)	(6,309)	(108,534)	(17,523)	(30,000)	(149,798)	(60,442)	(26,026)	(20,358)	(30,000)	(30,000)	(136,826)	(600,000)			
Other Investing	-	(4,151)	-	1,392	15,714	(2,388)	14,718	(863)	10,466	(605)	-	-	8,998.00	-			
Investing CF	(422,061)	(525,109)	(107,322)	(213,057)	(143,475)	(214,179)	(665,465)	(217,063)	(126,347)	(106,653)	(130,000)	(130,000)	(580,063)	(1,000,000)			
Common Stock Issued	(55,422)	(41,485)	83	31,817	46,150	237	78,287	251	47	(3)	0	0	295	-			
LTD Issued	175,253	298,227	-	250,000	-	248,125	498,125	-	50,000	-	-	-	50,000	200,000			
LTD (Retired)	(67,000)	(20,000)	-	(25,000)	-	-	(25,000)	-	-	-	-	-	-	-			
Notes Issued / (Retired), net	80,400	(121,500)	195,875	(242,875)	21,000	(37,000)	(63,000)	324,001	(93,195)	(13,806)	(75,000)	(75,000)	142,000	400,000			
Dividends	(85,901)	(91,316)	(23,377)	(22,085)	(23,508)	(23,871)	(92,841)	(23,921)	(25,299)	(26,452)	(26,260)	(26,260)	(101,932)	(109,660)			
Other Financing	(2,103)	(4,954)	1,871	20,233	8,035	10,829	40,968	18,138	4,008	15,509	-	-	37,655.00	-			
Financing CF	45,227	18,972	174,452	12,090	51,677	198,320	436,539	318,469	(64,439)	(24,752)	(101,260)	(101,260)	128,018	490,340			
Net Cash Flow	5,333	(2,078)	9,045	(5,904)	6,660	(23,529)	(1,160)	7,311	(5,422)	2,108	24,566	24,566	28,598	(12,990)			
EBITDA	313,024	388,786	151,163	213,144	53,911	33,096	451,314	140,739	242,098	70,341	43,951	43,951	497,129	568,208			
EV / TTM EBITDA	9.1x	9.9x	10.5x	11.2x	10.2x	10.3x	10.3x	12.1x	12.0x	11.6x	11.7x	11.7x	11.5x	10.5x			
<b>Selected Financial Statistics</b>		<b>FY'14</b>	<b>FY'15</b>	<b>Q1'16</b>	<b>Q2'16</b>	<b>Q3'16</b>	<b>Q4'16</b>	<b>FY'16</b>	<b>Q1'17</b>	<b>Q2'17</b>	<b>Q3'17</b>	<b>Q4'17E</b>	<b>FY'17E</b>	<b>FY'18E</b>			
Book Value	\$ 24.19	\$ 24.83	\$ 25.77	\$ 27.75	\$ 27.72	\$ 26.93	\$ 26.93	\$ 28.13	\$ 29.88	\$ 29.54	\$ 22.04	\$ 22.04	\$ 22.04	\$ 24.31			
Price / Book	1.7x	2.3x	2.4x	2.6x	2.6x	2.3x	2.3x	2.7x	2.9x	2.9x	3.9x	3.9x	3.9x	3.5x			
Sh Equity Capitalization	52.1%	49.0%	46.5%	48.0%	47.9%	43.7%	43.7%	41.2%	43.3%	43.0%	34.8%	34.8%	34.8%	31.4%			
LT Debt / Total Capital	35.3%	43.2%	42.3%	46.1%	45.8%	51.2%	51.2%	49.9%	44.5%	44.8%	56.0%	56.0%	56.0%	56.0%			
ROE (TTM)-Adjusted Profit	10.9%	12.6%	12.6%	11.4%	11.7%	12.3%	12.3%	12.3%	12.3%	11.9%	11.5%	11.5%	11.5%	12.8%			

Source: Company reports and Hilliard Lyons estimates

### **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.

### **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 revenues, volatility, low trading volume or a narrow customer or product base

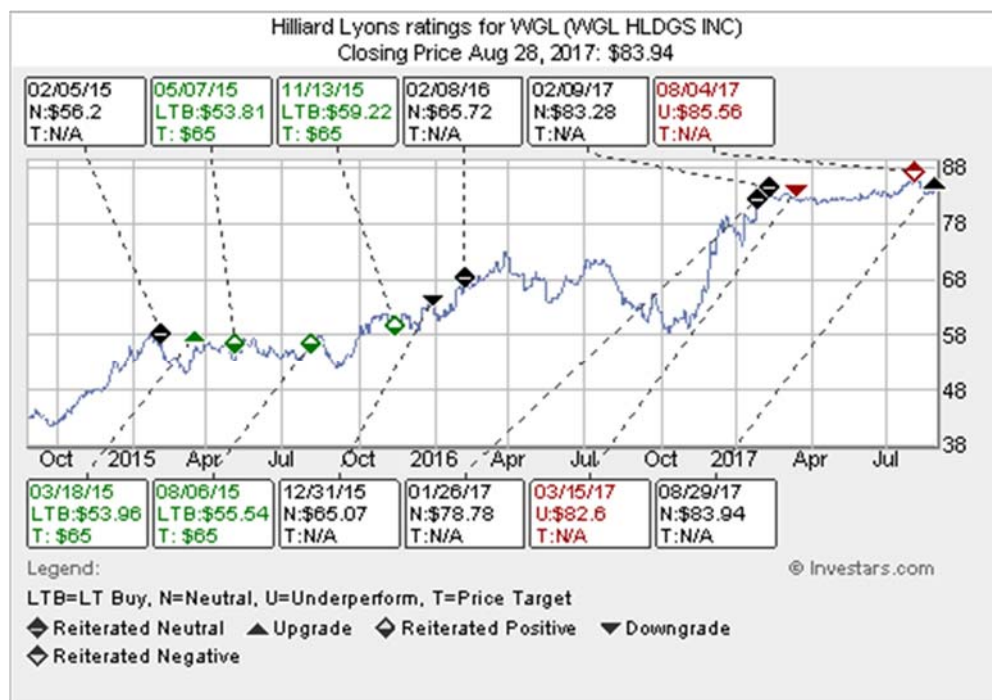
### **Investment Ratings**

**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 setback in the next 12 months.



Rating	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	38	30%	11%	89%
Hold/Neutral	77	61%	8%	92%
Sell	11	9%	0%	100%

As of 9 August 2017

### Other Disclosures

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