# Empire Dist Elec

S&P Quality Ranking: **B+** Standard & Poor's Fair Value Rank : **2**

**Sector:** Utilities
**Sub-Industry:** Electric Utilities
**Peer Group:** Electric Cos. (Domestic) - Smaller

**Summary:** This company generates, purchases, transmits, distributes, and sells electricity to residential, commercial and industrial customers in Missouri, Kansas, Oklahoma and Arkansas.

## Quantitative Evaluations

**S&P Quality Ranking : B+**

| D | C | B- | B | **B+** | A- | A | A+ |
|---|---|---|---|---|---|---|---|

**S&P Fair Value Rank: 2**

| 1 | **2** | 3 | 4 | 5 |
|---|---|---|---|---|

Lowest Highest

**Fair Value Calc: $22.10** (Slightly Overvalued)

**S&P Investability Quotient Percentile**

72%

1 Lowest Highest 100

EDE scored higher than 72% of all companies for which an S&P Report is available.

**Volatility: Average**

| Low | **Average** | High |
|---|---|---|

**Technical Evaluation: BULLISH**
Since October, 2015, the technical indicators for EDE have been BULLISH.

**Relative Strength Rank: Strong**

77

1 Lowest Highest 99

**Price as of Oct 23,2015: $23.35** | **52-Week Range: $31.49 - $20.69**


## Investment Strategy

Key financial variables to consider in assessing the investment merits of a utility company are the following:

**Revenue Growth:** For regulated utility operations, it is important to understand variances that are determined by weather, customer growth, and the relative strength of the service area's economy. For non-regulated businesses, it is important to know if the operations are high margin (i.e., independent power projects) or low margin (i.e., energy trading).

**% Return on Equity:** A low return on the regulated utility operations must be analyzed to determine if it is the result of milder weather, or operational inefficiencies. Too high a return, however, could result in regulators ordering a rate reduction. The general ROE range for most electric utilities is between 10% and 14%.

**Dividend Payout Ratio:** Most utilities would like to lower their dividend payout to less than 70% of their earnings. The lower the payout ratio the greater the financial flexibility for developing non-regulated businesses.

**% LT Debt to Capitalization:** What is the trend? While utilities have been highly leveraged historically, the average debt to capital ratio has been trending lower as companies have made a concentrated effort to reduce their debt and strengthen their balance sheet. Although many utilities have been sharply increasing their capital spending programs for the expansion and upgrading of their infrastructure, we do not expect to see the average debt to capital ratio rise too much above the 60% level, as the financing costs are being balanced out between new debt and new equity issuances.

## Revenues/Earnings Data Fiscal year ending Dec. 31

**Revenues (Million $)**

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|
| 1Q | 164.5 | 179.7 | 151.1 | 137.1 | 150.7 | 139.9 |
| 2Q | 134.6 | 149.8 | 136.7 | 124.1 | 129.1 | 114.5 |
| 3Q | -- | 171.5 | 157.5 | 159.2 | 164.3 | 154.1 |
| 4Q | -- | 151.4 | 149.1 | 129.1 | 132.8 | 132.8 |
| Year | -- | 652.3 | 594.3 | 557.1 | 576.9 | 541.3 |

**Earnings per Share ($)**

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|
| 1Q | 0.34 | 0.48 | 0.30 | 0.23 | 0.29 | 0.22 |
| 2Q | 0.15 | 0.26 | 0.27 | 0.25 | 0.22 | 0.18 |
| 3Q | -- | 0.55 | 0.56 | 0.60 | 0.60 | 0.55 |
| 4Q | -- | 0.26 | 0.35 | 0.23 | 0.21 | 0.20 |
| Year | -- | 1.55 | 1.48 | 1.32 | 1.31 | 1.17 |

**Next earnings report expected: NA**

Historical GAAP earnings are as reported.

## Key Growth Rates and Averages

| Past Growth Rate (%) | 1 Year | 3 Year | 5 Year | 9 Year |
|---|---|---|---|---|
| Revenue | 9.76 | 4.43 | 4.69 | 5.16 |
| Net Income | 5.84 | 7.55 | 9.93 | 10.38 |
| **Ratio Analysis (Average)** | | | | |
| % Return on Equity | 8.75 | NA | 8.27 | 7.95 |
| Net Margin | 10.29 | 10.32 | 9.85 | 9.07 |
| %LT Debt to Capitalization | 50.51 | 49.72 | 50.07 | 50.59 |

## Key Stock Statistics

| | | | |
|---|---|---|---|
| Average Daily Volume | **0.195 mil.** | Beta | **0.36** |
| Market Capitalization | **$1.021 Bil.** | Trailing 12 Month EPS | **$1.30** |
| Institutional Holdings (%) | **47** | 12 Month P/E | **18.0** |
| Shareholders of Record | **32,803** | Current Yield (%) | **4.45** |

Value of $10,000 Invested five yrs Ago : **$13,979**

S&P CAPITAL IQ
McGRAW HILL FINANCIAL

# Empire Dist Elec

Quantitative Stock Report
Oct 24,2015
NYSE SYMBOL:**EDE**

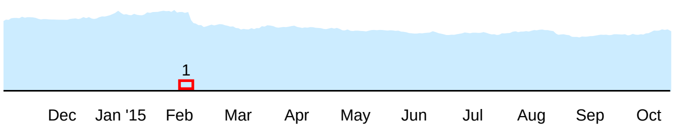
S&P Quality Ranking: **B+**    Standard & Poor's Fair Value Rank : **2**

## Wall Street Opinions/Average (Mean) Opinion: Hold

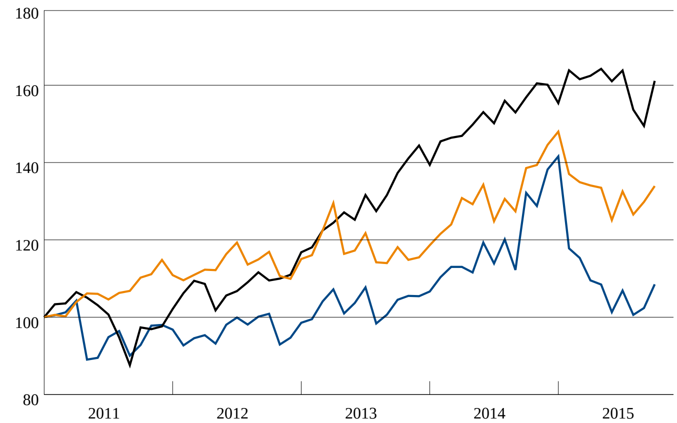
| | No. of Ratings | % of Total | 1 Mo. Prior | 3 Mo. Prior |
|---|---|---|---|---|
| Buy | 1 | 25 | 0 | 0 |
| Buy/Hold | 0 | 0 | 0 | 0 |
| Hold | 2 | 50 | 3 | 3 |
| Weak Hold | 0 | 0 | 0 | 0 |
| Sell | 1 | 25 | 1 | 1 |
| No Opinion | 0 | 0 | 0 | 0 |
| Total | 4 | 100 | 4 | 4 |

## Insider Moves

Insider Buys    Insider Sells    Price History




## Stock Performance




EDE    S&P 1500    Electric Utilities

| | Company(%) | Industry(%) | S&P 1500(%) |
|---|---|---|---|
| YTD Return | -18.9 | -7.4 | 0.6 |
| One Year Return | -8.8 | -0.8 | 6.3 |
| Three Year Return (% Annualized) | 7.1 | 4.8 | 13.7 |
| Five Year Return (% Annualized) | 6.9 | 6.0 | 11.9 |
| Value of $10,000 Invested 5 Years Ago | $13,979 | $13,371 | $17,577 |

## Dividend Data Dividend have been paid since 1944

| Amount($) | Date Decl. | Ex. Div. Date | Stock of Record | Payment Date |
|---|---|---|---|---|
| 0.260 | Oct.30 | Nov.26 | Dec.1 | Dec.15 '14 |
| 0.260 | Feb.5 | Feb.26 | Mar.2 | Mar.16 '15 |
| 0.260 | Apr.30 | May.28 | Jun.1 | Jun.15 '15 |
| 0.260 | Jul.30 | Aug.28 | Sep.1 | Sep.15 '15 |

## Company Financials Fiscal year ending Dec. 31

| Per Share Data & Valuation Ratios ($) | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| Tangible Book Value | 17.11 | 16.51 | 15.97 | 15.59 | 14.87 | 14.71 | 14.40 | 14.87 | 13.99 | 14.86 |
| Earnings | 1.55 | 1.48 | 1.32 | 1.31 | 1.17 | 1.18 | 1.17 | 1.09 | 1.41 | 0.92 |
| Dividends | 1.03 | 1.01 | 1.00 | 0.64 | 1.28 | 1.28 | 1.28 | 1.28 | 1.28 | 1.28 |
| Payout Ratio | 66% | 68% | 76% | 49% | 109% | 108% | 109% | 117% | 91% | 139% |
| Prices:High | 31.20 | 24.32 | 22.04 | 23.26 | 22.50 | 19.36 | 23.48 | 26.13 | 25.10 | 25.01 |
| Prices:Low | 22.04 | 20.57 | 19.51 | 18.01 | 17.57 | 11.92 | 14.90 | 21.09 | 20.25 | 19.25 |
| P/E Ratio:High | 20 | 16 | 17 | 18 | 19 | 16 | 20 | 24 | 18 | 27 |
| P/E Ratio:Low | 14 | 14 | 15 | 14 | 15 | 10 | 13 | 19 | 14 | 21 |
| **Income Statement Analysis** (Million $) | | | | | | | | | | |
| Revenue | 652 | 594 | 557 | 577 | 541 | 497 | 518 | 490 | 413 | 386 |
| Depreciation | 82.8 | 71.7 | 71.2 | 73.2 | 63.6 | 57.8 | 50.9 | 52.6 | 38.7 | 35.7 |
| Maintenance | NA | NA | NA | NA | 36.8 | 33.0 | 28.5 | 32.1 | 23.2 | 20.9 |
| Fixed Charges Coverage | NA | NA | NA | 3.16 | 3.12 | 2.57 | 2.60 | 2.34 | 2.30 | 2.22 |
| Construction Credits | NA | NA | NA | 0.51 | 10.2 | 14.1 | 12.5 | 7.67 | 4.26 | 0.56 |
| Effective Tax Rate | 37% | 37% | 38% | 38% | 39% | 33% | 33% | 30% | 35% | 33% |
| Net Income | 67.1 | 63.4 | 55.7 | 55.0 | 47.4 | 41.3 | 39.7 | 33.2 | 39.9 | 23.8 |
| **Balance Sheet & Other Financial Data** (Million $) | | | | | | | | | | |
| Gross Property | NA | NA | NA | 2,201 | 2,117 | 2,021 | 1,870 | 1,668 | 1,489 | 1,327 |
| Capital Expenditures | 213 | 155 | 137 | 103 | 109 | 155 | 213 | 183 | 223 | 73.9 |
| Net Property | NA | NA | NA | 1,564 | 1,519 | 1,459 | 1,343 | 1,179 | 1,031 | 896 |
| Capitalization:Long Term Debt | NA | NA | NA | 692 | 693 | 640 | 612 | 542 | 462 | 410 |
| Capitalization:% Long Term Debt | 51% | 50% | 49% | 50% | 51% | 52% | 54% | 50% | 50% | 51% |
| Capitalization:Preferred | NA | NA | NA | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Capitalization:% Preferred | NA | NA | NA | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Capitalization:Common | 783 | 750 | 718 | 694 | 658 | 600 | 529 | 539 | 469 | 393 |
| Capitalization:% Common | NA | NA | NA | 50% | 49% | 48% | 46% | 50% | 50% | 49% |
| Total Capital | 1,583 | 1,489 | 1,409 | 1,387 | 1,352 | 1,291 | 1,317 | 1,250 | 1,076 | 957 |
| % Operating Ratio | NA | NA | NA | 83.2 | 85.1 | 85.1 | 86.3 | 86.9 | 82.9 | 86.2 |
| % Earned on Net Property | NA | NA | NA | 8.5 | 7.5 | 6.7 | 7.1 | 7.1 | 18.2 | 6.1 |
| % Return on Revenue | 10.3 | 10.7 | 10.0 | 9.5 | 8.8 | 8.3 | 7.7 | 6.8 | 9.6 | 6.2 |
| % Return on Invested Capital | NA | NA | NA | 7.0 | 6.4 | 6.5 | 6.0 | 5.7 | 6.7 | 5.8 |
| % Return on Common Equity | 8.8 | 8.6 | NA | 8.1 | 7.5 | 7.3 | 7.4 | 6.6 | 9.2 | 6.2 |

Data as orig. reptd; bef. results of disc opers/spec. items. Per share data adj. for stk. divs. as of ex-div date. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

Office: **602 South Joplin Avenue, Joplin, MO, 64801**
Tel: **417-625-5100**
Website: **http://www.empiredistrict.com**
Chrmn: **D. R. Laney**
Pres & CEO: **B. P. Beecher**

Dirs: **K. R. Allen, B. P. Beecher, B. J. Cruickshank-Lind, R. C. Hartley, D. R. Laney, B. T. Mueller, T. M. Ohlmacher, P. R. Portney, H. J. Schmidt, C. J. Sullivan**
CFO: **L. A. Delano**
COO: **J. Westfall**

Chief Acctg Officer & Cntlr: **R. W. Sager**
Investor Contact: **Dale Harrington(417-625-4222)**
Founded: **1909**
Domicile: **Kansas**
Employees: **751**

# Empire Dist Elec

S&P Quality Ranking: **B+**  Standard & Poor's Fair Value Rank : **2**

## Sub-Industry Outlook

Our fundamental outlook for electric utilities is neutral. Fundamentally, we believe the electric distribution utilities will benefit from still low fuel and purchased power costs and new rate increases, partly offset by higher O&M costs. We expect more normal summer weather to aid utility growth in 2015 following cool summer weather in 2014. We also look for a continued slow recovery in industrial sales to benefit electric utilities. However, we expect wholesale power operators to continue to remain challenged by lower-margin power contracts.

In the aftermath of the nuclear crisis in Japan, companies have faced intense scrutiny regarding the safety of their nuclear plants and in obtaining license extensions of existing plants, and/or the possible development of new facilities. For a variety of safety and economic reasons, several nuclear plants have been retired, and we expect that more will be. Additionally, we see a significant amount of coal generation being retired as well due to recent EPA regulations that would require costly retrofits to the plants. These retirements are being replaced predominantly with natural gas fired generation, but is being supplemented with new wind and solar plants.

While the repeal of the Public Utility Holding Company Act (PUHCA) in 2005 was expected to lead to further industry consolidation, the termination of several planned mergers in 2006 and later made companies cautious about investing the time and money required in the regulatory approval process. Over the past few years, however, there have been several large mergers that were completed. While a recent electric transmission merger was scuttled by regulatory opposition, we believe that deal activity is beginning to increase with two major mergers announced in 2014.

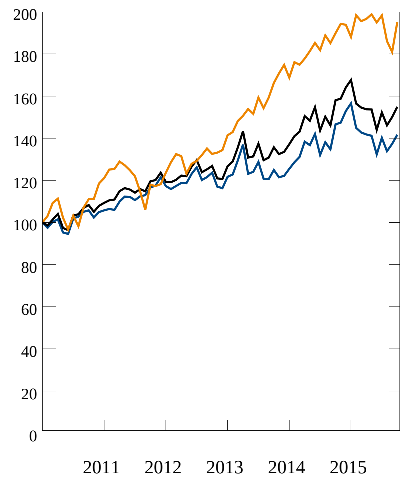
Year-to-date through September 30, 2015, the S&P Electric Utilities Index was down 10.2%, compared to a 8.6% decrease for the S&P 500 Utilities Sector Index and a 6.6% drop in the S&P Composite 1500 Index. This follows a 25.2% increase in 2014, versus a 22.9% increase for the S&P 500 Utilities Sector Index and a 10.9% gain for the S&P Composite 1500.

--Christopher Muir

## Stock Performance

**GICS Sector:** Utilities
**Sub-Industry:** Electric Utilities

Based on S&P 1500 Indexes
Month-end Price Performance as of 9/30/2015




**NOTE:** All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

## Sub-Industry : Electric Utilities Peer Group*: Electric Cos. (Domestic) - Smaller

| Peer Group | Stock Symbol | Stk.Mkt. Cap. (Mil. $) | Recent Stock Price($) | 52 Week High/Low($) | Beta | Yield (%) | P/E Ratio | Fair Value Calc.($) | Quality Ranking | S&P IQ %ile | Return on Revenue (%) | LTD to Cap (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Empire Dist Elec** | **EDE** | **1,021** | **23.35** | **31.49/20.69** | **0.36** | **4.5** | **18** | **22.10** | **B+** | **72** | **10.3** | **50.5** |
| Cleco Corp | CNL | 3,236 | 53.51 | 55.36/52.45 | 0.50 | 3.0 | 22 | 37.90 | B | 74 | 12.2 | 45.0 |
| El Paso Electric | EE | 1,555 | 38.46 | 42.17/33.77 | 0.35 | 3.1 | 19 | NA | B | 73 | 15.2 | 53.2 |
| Idacorp Inc | IDA | 3,462 | 68.93 | 70.48/55.40 | 0.54 | 3.0 | 16 | 65.40 | A | 91 | 15.1 | 45.2 |
| MGE Energy | MGEE | 1,462 | 42.17 | 48.00/36.46 | 0.46 | 2.8 | 21 | NA | A- | 88 | 13.0 | 37.3 |

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P CAPITAL IQ
McGRAW HILL FINANCIAL

# Empire Dist Elec

Quantitative Stock Report
Oct 24,2015
NYSE SYMBOL:**EDE**

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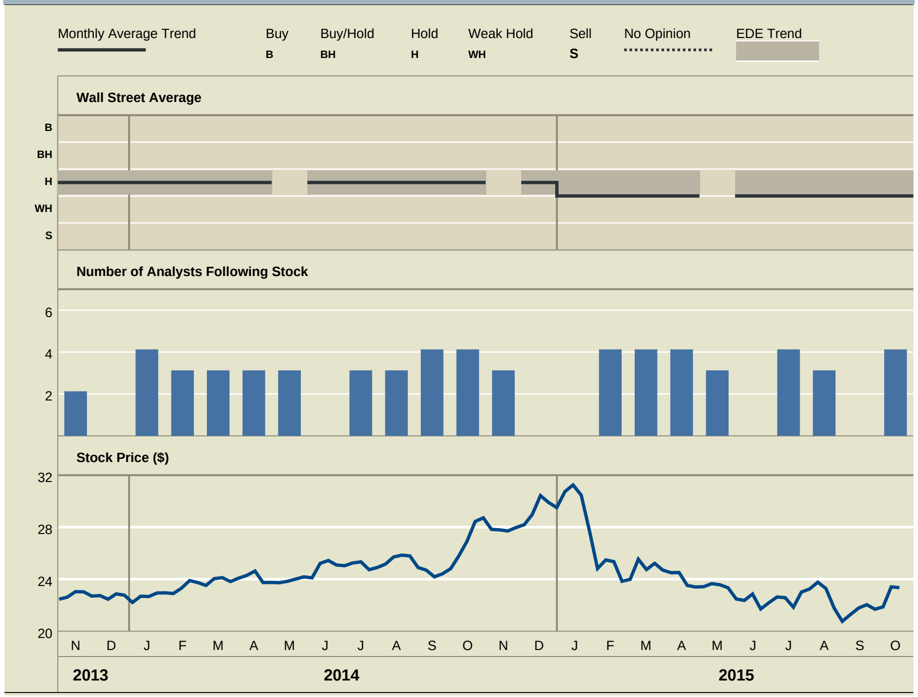
## Analysts' Recommendations




Of the total 4 companies following EDE, 4 analysts currently publish recommendations.

| | No. of Ratings | % of Total | 1 Mo. Prior | 3 Mos. Prior |
|---|---|---|---|---|
| Buy | 1 | 25 | 0 | 0 |
| Buy/Hold | 0 | 0 | 0 | 0 |
| Hold | 2 | 50 | 3 | 3 |
| Weak Hold | 0 | 0 | 0 | 0 |
| Sell | 1 | 25 | 1 | 1 |
| No Opinion | 0 | 0 | 0 | 0 |
| **Total** | **4** | **100** | **4** | **4** |

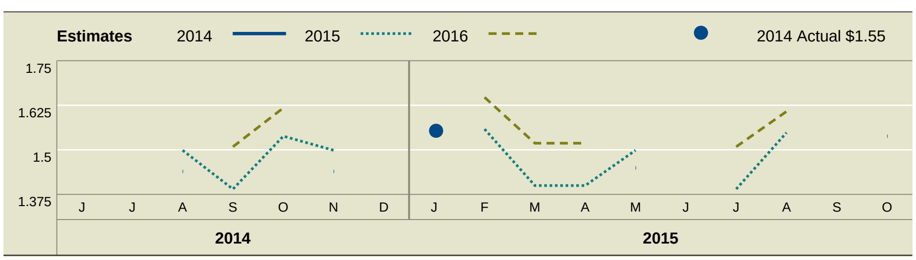
## Wall Steet Consensus Opinion

**HOLD**

## Companies Offering Coverage

Gabelli & Company, Inc.
Ladenburg Thalmann & Company
UBS Investment Bank
Wells Fargo Securities, LLC

## Wall Street Consensus Estimates




| Fiscal Years | Avg Est. | High Est. | Low Est. | # of Est. | Est. P/E |
|---|---|---|---|---|---|
| 2016 | 1.51 | 1.55 | 1.47 | 4 | 15.5 |
| 2015 | 1.39 | 1.40 | 1.38 | 4 | 16.8 |
| **2016 vs. 2015** | **▲ 9%** | **▲ 11%** | **▲ 7%** | **0%** | **▼ -8%** |
| | | | | | |
| Q3'16 | NA | NA | NA | 0 | NM |
| Q3'15 | 0.58 | 0.60 | 0.57 | 2 | 40.3 |
| **Q3'16 vs. Q3'15** | **NA** | **NA** | **NA** | **▼ -100%** | **▼ -100%** |

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

## Wall Street Consensus vs. Performance

For fiscal year 2015, analysts estimate that EDE will earn $1.39. For the 2nd quarter of fiscal year 2015, EDE announced earnings per share of $0.15, representing 11% of the total annual estimate. For fiscal year 2016, analysts estimate that EDE's earnings per share will grow by 9% to $1.51.

Source: S&P, Capital IQ Estimates, Inc.

## Glossary

### Quantitative Evaluations

The quantitative evaluations covered in this report and described below are derived from proprietary arithmetic models. The quantitative model focuses on a shorter-term horizon and is designed to capture current information such as performance, market conditions and certain risk factors. The objectives and inputs to the model are static and should be viewed as reflective of current trends and market conditions at the time of each update and may take a shorter- term view of a company than the qualitative report on the same company.

### S&P Capital IQ Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's Quality Rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

| | | | |
|---|---|---|---|
| A+ | Highest | B | Below Average |
| A | High | B- | Lower |
| A- | Above Average | C | Lowest |
| B+ | Average | D | In Reorganization |
| NR | Not Ranked | | |

### S&P Capital IQ Fair Value Rank

Using S&P Capital IQ's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stock with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

### Funds From Operations (FFO)

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

### S&P Capital IQ Fair Value Calculation

The Fair Value formula uses forward EPS estimates to calculate a company's projected return on equity. A stock's "Fair Value" is then derived by comparing its current valuation relative to the company's projected ROE relative to historical valuations versus ROE for the company, industry, and a benchmark index.

### Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long-term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P Capital IQ proprietary measures.

### S&P Capital IQ's Rationale:

**Empire Dist Elec**

| | Raw Score | Max Value |
|---|---|---|
| Proprietary S&P Measures | 28 | 115 |
| Technical Indicators | 23 | 40 |
| Liquidity/Volatility Measures | 13 | 20 |
| Quantitative Measures | 13 | 75 |
| **IQ Total** | **77** | **250** |

### Volatility

Rates the volatility of the stock's price over the past year.

### Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P Capital IQ's models apply special technical methods and formulas to identify and project price trends for the stock.

### Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P Capital IQ's universe on a rolling 13-week basis.

### Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard and Poor's in collaboration with Morgan Stanley Capital International (MSCI). Under the GICS structure, companies are classified in one of 154 sub-industries, which are grouped into 68 industries, 24 industry groups, and 10 economic sectors (consumer discretionary, consumer staples, energy, financials, health care, industrials, information technology, materials, telecom services, and utilities). This four-tier structure accommodates companies across the world and facilitates sector analysis and investing.

**Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin.**

# Empire Dist Elec

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## Disclosures

S&P Capital IQ ranks stocks in accordance with the following ranking methodologies:

**STARS Stock Reports:**
S&P Capital IQ's qualitative STARS recommendations are determined and assigned by S&P Capital IQ equity analysts. For reports containing STARS recommendations refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

**Quantitative Stock Reports:**
S&P Capital IQ's quantitative evaluations are derived from S&P Capital IQ's proprietary Fair Value quantitative ranking model. The Fair Value Ranking methodology is a relative ranking methodology. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity. Some Quantitative Stock Reports contain Buy, Hold and Sell recommendations. Reports that do not contain a recommendation may or may not contain ranking information. For reports containing a recommendation or ranking information refer to the Glossary Section of the report for more information, including a detailed description of the methodology and definition of S&P Quality Ranking and S&P Fair Value Rank. Quantitative Stock Reports are updated weekly and rely on the availability of data and therefore SPIAS do not provide a report when sufficient data is not available.

**STARS Stock Reports and Quantitative Stock Reports:**
The methodologies used in STARS Stock Reports and Quantitative Stock Reports (collectively, the "S&P Capital IQ's Research Reports" or "Research Reports") reflect different criteria, assumptions and analytical methods and may have differing recommendations.S&P Capital IQ believes that the methodologies and data used to generate the different types of Research Reports are reasonable and appropriate. Generally, S&P Capital IQ does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views or recommendations on the issuer, which may at times result in contradicting assessments of an issuer. S&P Capital IQ reserves the right to alter, replace or vary models, methodologies or assumptions from time to time and without notice to clients.

**STARS Stock Reports:**

**S&P Capital IQ Global STARS Distribution as of September 30, 2015**

| Ranking | North America | Europe | Asia | Global |
|---|---|---|---|---|
| Buy | 42.1% | 37.2% | 46.0% | 41.9% |
| Hold | 44.2% | 44.2% | 40.5% | 43.7% |
| Sell | 13.7% | 18.6% | 13.5% | 14.4% |
| Total | 100% | 100% | 100% | 100% |

**Quantitative Stock Reports:**

**The rankings for Quantitative reports have a fixed distribution based on relative weightings as described in the Glossary section of the report.**

**Analyst Certification**

**STARS Stock Reports are prepared by the equity research analysts of Standard & Poor's Investment Advisory Services LLC ("SPIAS"), McGraw-Hill Financial Research Europe Limited ("MHFRE"), and Standard & Poor's Malaysia Sdn Bhd ("S&P Malaysia"), each a division of S&P Capital IQ. All of the views expressed in STARS Stock Reports accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. Analysts generally update stock reports at least four times each year. No part of analyst compensation and SPIAS', MHFRE's or S&P Malaysia's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in a STARS Stock Report.**

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