

Individual Investor
Group Research
**Dividend
Achievers**

October 2016



D|A|**DAVIDSON**

The Strength of Advice®

Please refer to page 19
of this report for detailed disclosure
and certification information

Dividend Achievers Philosophy

High Quality Growth & Income Strategy

The D.A. Davidson & Co. Dividend Achievers Model Portfolio is made up of stocks that have a minimum 10-year history of consecutive dividend increases and have a positive outlook for future growth. We expect the overall dividend yield for the portfolio to be above the average market yield. The goal of the portfolio is to emphasize consistent income with a growth component while minimizing risk.

Although we may not have holdings in all sectors at all times, we maintain diversity across most economic sectors. While this can at times reduce the amount of the dividend yield, it will also reduce the overall risk profile to investors. We endeavor to minimize portfolio turnover in order to minimize potential capital gains liability.

We believe that companies with a long history of increasing their dividends have proven themselves able to successfully manage through changes in the economy and within their individual industries. Companies that have gained Dividend Achiever status tend to be large-cap, multi-national firms, and are generally leaders in their industries with strong, consistent management teams.

Increased market volatility has had a significant impact on investors' portfolios over the past few years. We have found that the focus on high income and low portfolio turnover taken by the D.A. Davidson Dividend Achievers Model Portfolio has enabled the portfolio to significantly outperform the market during down years, yet still provide reasonable returns during periods of higher market performance.

The stocks included in the portfolio are selected and supervised by members of D.A. Davidson's Individual Investor Group Research and it is actively managed.

Quarterly Portfolio Letter

Dividend Achievers Third Quarter 2016 Recap

Dividend Achievers declined by 1.0% (total return) in Q3, relative to a positive 3.9% total return for the S&P 500.

Though we always strive for positive returns and outperformance versus the market, we remain confident that the strategy will continue to deliver strong performance for long-term investors and year-to-date results are consistent with the strategy's track record since inception in 2005. The Portfolio total return is up 10.8% versus the S&P 500 up 7.8% year-to-date, and Dividend Achievers provided meaningful downside protection during the two periods of market volatility we experienced – January and February following the Fed's first increase of interest rates since the Financial Crisis, and in June as Great Britain voted to exit the EU. Generally, we expect Dividend Achievers will underperform when markets rally. The portfolio more than makes up for this underperformance by providing downside protection in times of market stress. Beating the market by 3% in a year where the S&P 500 is up nearly 8% is therefore a pleasant surprise, and the source of outperformance demonstrates that Dividend Achievers continues to perform as designed.

The top performing stock in the portfolio for the quarter was **Microsoft (MSFT)**, up 13.3% including dividends. Fiscal Q4 earnings showed the Company's transition from a licensing model to subscription model (including cloud services) was gaining traction with customers. Cash flow from legacy businesses fully funded investment in cloud infrastructure during Q4, indicating that margins could expand in the future as these investment needs decrease. Microsoft was the lone portfolio company to announce a dividend increase during the quarter. The Company increased its quarterly payout by 8%. **Procter & Gamble (PG)** returned 6.8% during the quarter. In late September, the Company completed the sale of its specialty beauty business to Coty (COTY), which allows management to focus on the 65 core brands it has retained following the portfolio repositioning announced in 2014. **Emerson Electric (EMR)** returned 5.4% as the decline in trailing three-month orders appears to be stabilizing.

Eleven of the fifteen stocks held in the portfolio had a negative return in a quarter where the S&P 500 was solidly positive. To us, this indicates that much of the portfolio's decline was related to a knee-jerk shift away from dividend-paying stocks as the probability of rising interest rates increased. If this trend persists, we believe Dividend Achievers 'dual mandate' for above-market yield and dividend growth, rather than focusing entirely on yield, will help to mitigate these headwinds. **Kimberly-Clark (KMB)** was the worst performer during the quarter, declining by 7.6%. In our view this decline was not company-specific but rather a reversion to the mean in valuations for the Consumer Staples and other defensive sectors following the late-June panic of the British decision to leave the EU. Though the declines were not as pronounced, **AT&T (T)** and **NextEra Energy (NEE)** exhibited similar performance, down 4.9% and 5.5% respectively.

CVS Health (CVS) was down 6.6% due to concerns over three high-profile customer losses and political pushback on drug pricing. We believe the customer loss concerns to be overblown, with mitigating circumstances in the two major losses and a 97.5% retention rate during this year's selling season. We also view CVS as well-positioned for growth as the health care marketplace moves to a consumer choice-driven model. We expect that the Company will increase its dividend by 15-20% annually over the next three to five years and see a unique opportunity in the large cap space to own a company with double-digit earnings growth potential at a below-market valuation.

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Dividend Achievers Portfolio

High Quality Growth & Income Strategy

Dividend Achievers Portfolio	9/30 Price	Total Return			EPS Estimates		P/Earnings Ratios		Yield %
		YTD	3 Mo.	1 Mo.	FY1	FY2	FY1	FY2	
Dividend Achievers	—	10.8%	-1.0%	-0.3%	—	—	—	—	2.9%
S&P 500	2,168.27	7.8%	3.9%	0.0%	\$117.16	\$132.75	18.5x	16.3x	2.1%

Dividend Achievers Stocks	Ticker	'15 Year-End or '16 Add Price		9/30 Price	Total Return			Dividend Statistics				Yield %
		Date	Price		YTD	3 Mo.	1 Mo.	Payout Ratio	10-Year CAGR	# of Years Increases	Paid Since	
Energy												
Exxon Mobil Corporation	XOM	12/31	\$77.95	\$87.28	14.9%	-6.1%	0.2%	—	9.7%	34	1882	3.4%
Industrials												
Emerson Electric Co.	EMR	12/31	\$47.83	\$54.51	17.2%	5.4%	3.5%	—	8.4%	61	1947	3.5%
United Technologies Corporation	UTX	12/31	\$96.07	\$101.60	7.9%	-0.3%	-4.5%	—	11.3%	23	1936	2.6%
Consumer Discretionary												
Genuine Parts Company	GPC	12/31	\$85.89	\$100.45	19.4%	-0.1%	-1.7%	—	6.9%	60	1948	2.6%
Consumer Staples												
Kimberly-Clark Corporation	KMB	12/31	\$127.30	\$126.14	1.2%	-7.6%	-0.8%	—	7.1%	44	1935	2.9%
Procter & Gamble Company	PG	12/31	\$79.41	\$89.75	15.8%	6.8%	2.8%	—	9.2%	60	1890	3.0%
Health Care												
CVS Health Corporation	CVS	2/19	\$97.59	\$88.99	-8.0%	-6.6%	-4.7%	—	25.5%	13	1995	1.9%
Johnson & Johnson	JNJ	12/31	\$102.72	\$118.13	17.4%	-2.0%	-1.0%	—	8.8%	54	1944	2.7%
Novartis AG	NVS	12/31	\$86.04	\$78.96	-5.2%	-4.3%	0.2%	—	9.5%	19	1996	2.9%
Financials												
Chubb Limited	CB	12/31	\$116.85	\$125.65	9.3%	-3.3%	-0.5%	—	11.6%	23	1993	2.2%
Information Technology												
Automatic Data Processing, Inc.	ADP	12/31	\$84.72	\$88.20	6.0%	-3.4%	-1.2%	—	12.2%	41	1974	2.4%
International Business Machines Corporation	IBM	12/31	\$137.62	\$158.85	18.7%	5.6%	-0.0%	—	20.4%	21	1913	3.5%
Microsoft Corporation	MSFT ^(A)	12/31	\$55.48	\$57.60	6.0%	13.3%	0.2%	—	15.0%	14	2003	2.7%
Telecommunication Services												
AT&T Inc.	T ^(A)	12/31	\$34.41	\$40.61	22.5%	-5.0%	-0.7%	—	3.8%	31	1881	4.7%
Utilities												
NextEra Energy, Inc.	NEE	12/31	\$103.89	\$122.32	20.3%	-5.5%	1.1%	—	8.1%	21	1945	2.8%

Dividend Achievers Performance Statistics	2009	2010	2011	2012	2013	2014	2015	2016	Since Inception	
									Cumulative	Annualized
Dividend Achievers Model Portfolio Performance	13.8%	17.3%	12.9%	13.7%	24.6%	10.3%	2.6%	10.8%	176.2%	9.7%
S&P 500 Return	26.5%	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%	7.8%	129.7%	7.9%
Relative Performance	-12.7%	2.2%	10.8%	-2.3%	-7.8%	-3.4%	1.2%	3.0%	46.5%	1.8%

Dividend Achievers Portfolio Composition Statistics	2010	2011	2012	2013	2014	2015	2016
Average Number of Companies	15	15	15	15	15	15	15
Added	1	0	1	1	1	2	1
Removed	1	0	1	1	1	2	1

Notes:

- Forecast earnings are FactSet consensus operating EPS estimates for the S&P 500.
- YTD Total Return for period 12/31/2015 - 9/30/2016. For stocks added to the Dividend Achievers Model Portfolio in 2016, YTD Total Return is calculated from the date it was added through 9/30/2016. All prices and return information reflect closing prices.
- CVS Corp. (CVS) added on 2/19/16
- McDonald's Corp. (MCD) removed on 2/19/16

^(A) D. A. Davidson & Co. makes a market in this security.

Model Portfolio inception date for the Dividend Achievers Model Portfolio is 10/6/2005.

Dividend Achievers is currently prepared by James Ragan, CFA, and Matthew Griffith, CFA.

Sources: D.A. Davidson & Co., FactSet, Morningstar Equity Research

Dividend Achievers Exxon Mobil Corporation (XOM)

Price (10/13/16) \$86.56

DIVIDEND STATISTICS

Dividend & Yield	\$3.00 / 3.47%
Dividend paid since	1882
# of Consecutive Increases	34 years
10-yr. Annualized Dividend Growth	9.7%
Dividend Payout	-

KEY STATISTICS

52-wk. Price Range	\$72 - \$96
Average Daily Volume (3mo.)	10,900,700
Market Value	\$358.9 billion
Shares Outstanding (m)	4,147
Cash per share	\$1.05
Book Value per share	\$41.14

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	34.3x	37.2x	8.9x	14.8x	1.9x
P/Book	2.1x	2.7x	1.8x	2.3x	0.8x
P/Cash Flow	15.8x	17.1x	6.4x	9.1x	1.4x
P/Sales	1.8x	1.9x	0.8x	1.1x	0.9x
EV/EBITDA	16.2x	17.6x	5.3x	8.4x	1.4x
EV/Sales	2.0x	2.1x	0.8x	1.2x	0.9x
Div. Yield	3.5%	3.8%	2.2%	2.8%	1.7x
LTD/Capital	14%	14%	4%	7%	0.3x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-35.1%	-17.4%	-7.1%	-3.2%
EBIT	-62.2%	-36.3%	-20.2%	-12.5%
EBITDA	-39.8%	-22.2%	-10.8%	-6.3%
Net Income	-50.3%	-28.8%	-11.9%	-7.7%
EPS (Diluted)	-49.3%	-26.5%	-9.1%	-3.9%
Dividends	6.7%	9.7%	10.6%	9.7%

PRIMARY RISKS

- Investors must bear in mind that inherent in investments are the risks of fluctuating prices and the uncertainties of dividends, rates of return, and yield.
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Exxon Mobil (XOM) is an integrated oil and gas company that searches for, produces, and refines oil around the world. The Company is the world's largest refiner and one of the world's largest manufacturers of commodity and specialty chemicals. In 2015, XOM produced 2.3 million barrels of oil and 10.5 billion cubic feet of natural gas a day. The Company was founded by John D. Rockefeller in 1882 and is headquartered in Irving, TX.

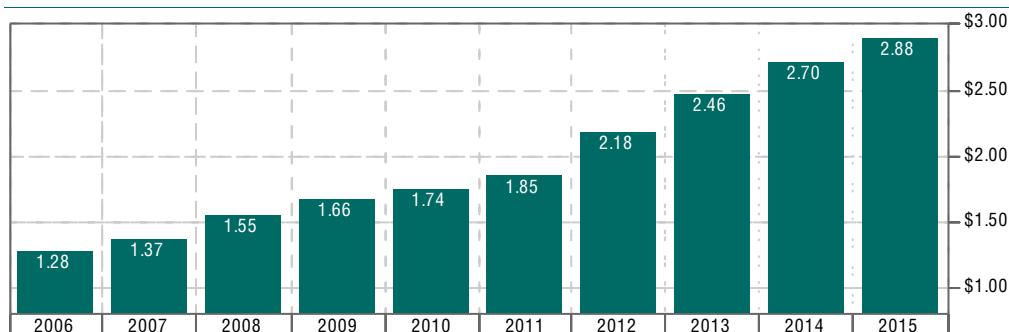
Why it is an Achiever

XOM has paid a dividend since 1882, with consecutive increases in each of the last 34 years. The Company has accomplished this by generating industry-leading returns and free cash flow from its portfolio of upstream production and downstream refining assets. XOM plans to maintain its recent success in coming years by investing in upstream projects, with near-term emphasis on liquids and away from lower margin gas output, although over the long-term XOM believes more demand growth will come from gas relative to oil. XOM has identified 31 new major projects that start between 2012 and 2017 and are expected to add over one million barrels of oil equivalent per day to the Company's current production. Net of lost production, XOM's daily production is expected to be between 4.0 million and 4.2 million barrels of oil equivalent per day by 2020. The Company expects to achieve these production targets even after cutting capital expenditures in 2016 by 25%.

XOM will also continue to invest selectively in its downstream and chemical businesses. XOM has the most profitable downstream and chemical businesses among major integrators. In fact, XOM's refining costs per unit are 10% below the industry average. The Company's returns on its downstream and chemical business have consistently outperformed the industry over a variety of cycles during the past ten years.

The Company currently has a AA+ rating on its debt, recently downgraded by S&P and on negative watch with Moody's (Aaa rating). Despite the negative rating outlook, we believe that XOM is in good financial shape, though we will monitor cash flow trends into next year as the industry continues to deal with low oil prices. Capital spending plans show a declining profile in coming years. Although free cash flow does not currently fund the dividend, we believe the Company's commitment to the dividend and its balance sheet strength make XOM one of the most attractively positioned integrators to weather the current downturn and remains an attractive way to maintain exposure to the sector in a diversified portfolio.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Emerson Electric Co. (EMR)

Price (10/13/16) \$50.20

DIVIDEND STATISTICS

Dividend & Yield \$1.90 / 3.78%
Dividend paid since 1947
of Consecutive Increases 61 years
10-yr. Annualized Dividend Growth 8.4%
Dividend Payout -

KEY STATISTICS

52-wk. Price Range \$41 - \$57
Average Daily Volume (3mo.) 3,611,750
Market Value \$32.3 billion
Shares Outstanding (m) 644
Cash per share \$5.46
Book Value per share \$12.28

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	17.8x	30.0x	11.0x	18.6x	1.0x
P/Book	4.1x	4.6x	3.2x	4.0x	1.5x
P/Cash Flow	10.7x	13.3x	10.6x	12.1x	1.0x
P/Sales	1.6x	2.0x	1.3x	1.7x	0.8x
EV/EBITDA	8.7x	10.7x	6.9x	8.9x	0.7x
EV/Sales	1.8x	2.1x	1.5x	1.8x	0.8x
Div. Yield	3.8%	4.3%	2.4%	3.1%	1.9x
LTD/Capital	27%	29%	20%	25%	0.6x

GROWTH SUMMARY as of FY Ended 9/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-9.1%	-3.0%	1.2%	2.6%
EBIT	-12.7%	-3.7%	2.3%	3.7%
EBITDA	-10.9%	-3.1%	1.9%	3.7%
Net Income	26.2%	11.2%	6.5%	6.7%
EPS (Diluted)	31.4%	14.5%	7.1%	9.0%
Dividends	7.1%	5.4%	6.9%	8.4%

PRIMARY RISKS

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Emerson Electric (EMR) is a diversified global manufacturing and technology company that offers a wide range of products and services in the industrial, commercial, and consumer markets. The Company operates through five business segments: Process Management, Industrial Automation, Climate Technologies, and Commercial and Residential Solutions. Emerson announced plans to divest its Network Power division in a transaction that is expected to close by the end of the year. Emerson Electric was founded in 1890 and is headquartered in St. Louis, MO.

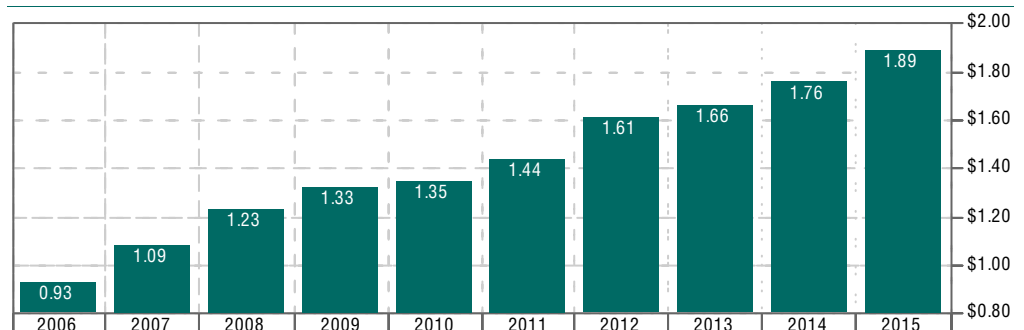
Why it is an Achiever

EMR has paid a dividend since 1947, with consecutive annual increases dating back 61 years. EMR's history of success lies within the Company's broad portfolio of electrical products that are designed for multiple end markets around the world. EMR's products are used in a wide variety of commercial, industrial, and residential applications. EMR views its overall market as being driven by growth in global gross fixed investment (GFI)—a measure of building and fixed infrastructure investment. Due to stagnating global growth and recent pressures in the energy market, EMR growth has been challenged in recent quarters.

We believe that the Company is working hard to improve its situation by reducing fixed and variable costs, which should help to stabilize margins in the near-term. Revenue has declined on a y/y basis for the past three years at Network Power and margins are significantly below the Company average, which will act to improve the overall optics of the Company once the business is divested. We do not anticipate a change to the dividend strategy at this point, given that Network Power only contributes 13% to overall operating income. In our view, the above-mentioned moves will put the Company in a much better position when global growth resumes.

In FY15 (ended 9/30/15), EMR generated over \$1.8 billion in free cash flow—almost 1.5x the Company's annual dividend commitment. The balance sheet is conservatively leveraged, as net debt was 24.7% of total capital as of 9/30/15.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers United Technologies Corporation (UTX)

Price (10/13/16) \$99.85

DIVIDEND STATISTICS

Dividend & Yield	\$2.64 / 2.64%
Dividend paid since	1936
# of Consecutive Increases	23 years
10-yr. Annualized Dividend Growth	11.3%
Dividend Payout	-

KEY STATISTICS

52-wk. Price Range	\$83 - \$110
Average Daily Volume (3mo.)	3,190,811
Market Value	\$83.6 billion
Shares Outstanding (m)	837
Cash per share	\$8.11
Book Value per share	\$34.76

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	78.4x	84.5x	12.6x	26.1x	4.3x
P/Book	2.9x	3.6x	2.6x	3.1x	1.1x
P/Cash Flow	12.9x	15.1x	9.6x	12.8x	1.2x
P/Sales	1.5x	1.7x	1.1x	1.5x	0.8x
EV/EBITDA	10.5x	12.5x	7.8x	10.4x	0.9x
EV/Sales	1.8x	2.0x	1.2x	1.7x	0.8x
Div. Yield	2.6%	2.9%	1.9%	2.3%	1.3x
LTD/Capital	39%	47%	28%	37%	0.9x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-13.6%	-0.8%	0.8%	2.8%
EBIT	-9.5%	3.7%	1.5%	4.1%
EBITDA	-8.9%	4.0%	2.2%	4.4%
Net Income	-35.8%	-6.2%	-1.8%	2.4%
EPS (Diluted)	-74.0%	-31.2%	-17.9%	-5.5%
Dividends	8.5%	8.0%	8.5%	11.3%

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United Technologies (UTX) is a diversified conglomerate with business operations that serve primarily the building systems and aerospace markets. The Company's commercial businesses include Otis elevators and escalators, and UTC Climate, Controls & Security. UTX's aerospace segment is comprised of Pratt & Whitney and UTC Propulsion & Aerospace Systems. United Technologies was founded in 1934 and is headquartered in Hartford, CT.

Why it is an Achiever

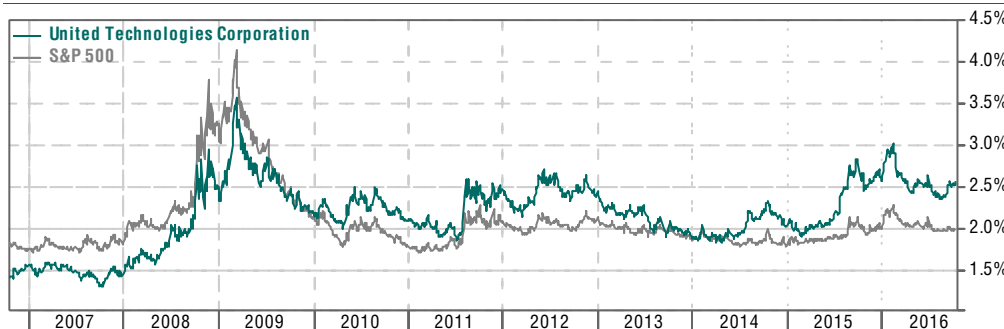
UTX has paid a dividend since 1936, with consecutive annual increases dating back 23 years. UTX has established this record while building itself into one of the world leaders in building infrastructure and aerospace. UTX's core operating strategy going forward is to build on its leadership positions in commercial buildings and aerospace, as well as to capitalize on two mega-trends: urbanization and increased commercial air travel. Today, according to the U.N., the world is halfway through a 30-year cycle that will see an additional two billion people move to urbanized settings. With that, a similar trend is forecast in the growth of commercial airline revenue passenger miles. UTX has broadly aligned itself into two key addressable markets: Propulsion & Aerospace Systems and Building & Industrial Systems. Including the military end market, Propulsion & Aerospace accounts for slightly more than half of the Company's total revenues. The Company's Propulsion & Aerospace unit is the largest aircraft component supplier in the world. Operating businesses within this unit include Pratt & Whitney, Hamilton Sundstrand, and Goodrich. Over the next 20 years, the number of commercial aircraft in service is expected to double, creating growth in both aircraft construction, as well as a larger pool for parts, maintenance, and service. Likewise, Building & Industrial Systems is the worldwide leader in commercial building infrastructure, led by leading market brands such as Otis, Carrier, and Kidde. We believe that developing markets will be a key growth driver for the Company, where elevator/escalator and HVAC penetration is much lower than in the developed world.

In November 2015, the Company closed on its sale of the Sikorsky helicopter unit to Lockheed Martin (LMT - \$232.99) for \$9 billion (~\$6 billion net). To offset the Sikorsky's earnings impact, the Company announced a new \$12 billion share repurchase agreement through 2017. This includes the \$6 billion accelerated repurchase using the net proceeds from the Sikorsky sale. UTX's dividend commitment for 2015 was less than 50% of the Company's free cash flow. At 12/31/15, net debt was less than 27.9% of total assets. This leaves UTX room, in our view, to continue its track record of dividend growth while funding share repurchase, debt repayment, and potential acquisitions.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Genuine Parts Company (GPC)

Price (10/13/16) \$97.70

DIVIDEND STATISTICS

Dividend & Yield	\$2.63 / 2.69%
Dividend paid since	1948
# of Consecutive Increases	60 years
10-yr. Annualized Dividend Growth	6.9%
Dividend Payout	-

KEY STATISTICS

52-wk. Price Range	\$76 - \$106
Average Daily Volume (3mo.)	614,120
Market Value	\$14.5 billion
Shares Outstanding (m)	149
Cash per share	\$1.57
Book Value per share	\$21.74

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	21.1x	23.1x	15.3x	18.8x	1.2x
P/Book	4.5x	4.9x	3.1x	3.9x	1.7x
P/Cash Flow	11.9x	20.8x	10.7x	13.8x	1.1x
P/Sales	1.0x	1.1x	0.7x	0.9x	0.5x
EV/EBITDA	12.1x	13.7x	8.3x	10.8x	1.0x
EV/Sales	1.0x	1.1x	0.7x	0.9x	0.4x
Div. Yield	2.7%	3.2%	2.2%	2.7%	1.3x
LTD/Capital	6%	16%	6%	10%	0.1x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-0.4%	5.5%	6.4%	4.6%
EBIT	0.0%	3.2%	7.4%	4.2%
EBITDA	-0.5%	4.1%	7.7%	4.6%
Net Income	-0.8%	2.9%	8.2%	4.9%
EPS (Diluted)	0.4%	3.8%	9.1%	6.4%
Dividends	7.1%	7.7%	8.2%	6.9%

PRIMARY RISKS

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Genuine Parts Company (GPC) is a global distributor of automotive replacement parts. It operates in four divisions: Automotive (57% of 2015 sales); Industrial (27%); Office Products (11%); and Electrical/Electronic Materials (6%). The Company was founded in 1928 and is headquartered in Atlanta, GA.

Why it is an Achiever

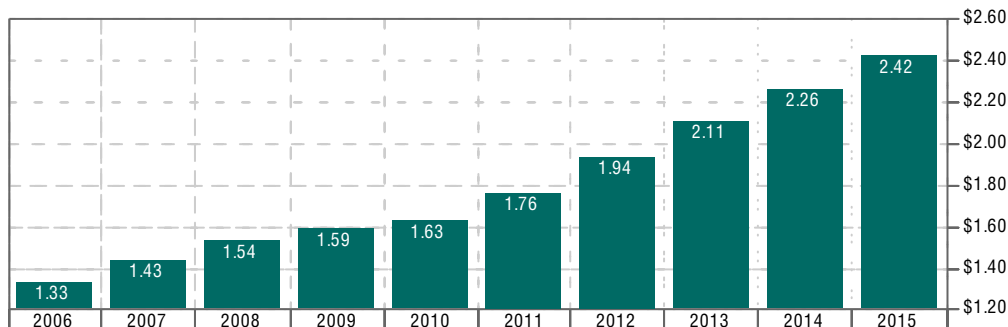
GPC has paid a dividend since 1948 and has increased it in each of the last 60 years. GPC has achieved this record based largely on its long-term success in distributing after-market automotive parts and industrial maintenance and repair parts. While parts distribution can generally be a low-margin business, it is not capital intensive, and produces steady cash flow with modest cyclical exposure. The Company's Automotive and Industrial segments account for over 80% of its total sales.

GPC is the sole remaining member of the National Automotive Parts Association (NAPA), a trade association formed in 1925. As the sole member, GPC effectively controls the NAPA brand and owns and operates 1,100 NAPA Auto Parts stores in 46 U.S. states. Additionally, there are over 6,100 independently owned and operated NAPA Auto Parts stores throughout the United States. GPC fulfills parts orders to these stores through 64 domestic distribution centers, carrying over 422,000 items. The Company also has an auto parts presence in Canada, Mexico, Australia, and New Zealand. Together, auto parts sales account for over half of GPC's total revenues and historically are fairly resilient to economic swings. Current sales trends are benefitting from the fact that the average age of a U.S. automotive vehicle is near a historical high.

GPC's Industrial business operates under the name Motion Industries (MI). MI serves over 150,000 customers in a variety of industries, through over 500 branch offices and 15 distribution centers, by offering access to millions of parts through its broad supplier base. This business is generally maintenance and repair-related, which dampens some of the cyclical nature.

GPC has historically been close to debt-free, but the Company did add debt in 2013 to complete an auto parts-related acquisition in Australia. However, net debt to total assets is currently 13.5%. In 2015, GPC's annual dividend commitment was 35% of free cash flow.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Kimberly-Clark Corporation (KMB)

Price (10/13/16) \$121.63

DIVIDEND STATISTICS

Dividend & Yield \$3.68 / 3.03%
 Dividend paid since 1935
 # of Consecutive Increases 44 years
 10-yr. Annualized Dividend Growth 7.1%
 Dividend Payout -

KEY STATISTICS

52-wk. Price Range \$114 - \$139
 Average Daily Volume (3mo.) 1,569,219
 Market Value \$43.7 billion
 Shares Outstanding (m) 360
 Cash per share \$1.82
 Book Value per share \$0.54

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	22.6x	73.9x	16.0x	27.4x	1.3x
P/Book	223.2x	805.4x	5.1x	104.9x	82.0x
P/Cash Flow	15.1x	20.6x	9.7x	13.8x	1.4x
P/Sales	2.4x	2.7x	1.3x	1.9x	1.3x
EV/EBITDA	12.9x	14.5x	8.3x	11.1x	1.1x
EV/Sales	2.8x	3.1x	1.5x	2.2x	1.2x
Div. Yield	3.0%	4.1%	2.6%	3.2%	1.5x
LTD/Capital	87%	87%	44%	59%	2.1x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-5.7%	-4.1%	-1.2%	1.6%
EBIT	7.7%	6.1%	2.9%	2.7%
EBITDA	3.1%	3.8%	1.9%	1.9%
Net Income	-31.4%	-16.6%	-11.3%	-4.4%
EPS (Diluted)	-31.4%	-14.4%	-9.0%	-1.8%
Dividends	4.5%	6.0%	6.2%	7.1%

PRIMARY RISKS

- Investors must bear in mind that inherent in investments are the risks of fluctuating prices and the uncertainties of dividends, rates of return, and yield.
- All risks that could materially affect the Company are disclosed in the annual 10-K filing.

Kimberly-Clark (KMB) is a leading player in the global health and hygiene category, selling bathroom tissues, diapers, feminine products, and paper towels. The Company's brands include *Kleenex*, *Scott*, *Huggies*, *Pull-Ups*, and *Kotex*. Kimberly sells its products directly to supermarkets, mass merchandisers, and drugstores, in addition to distributing products through other distributors. The Company was founded in 1872 and is headquartered in Irving, TX.

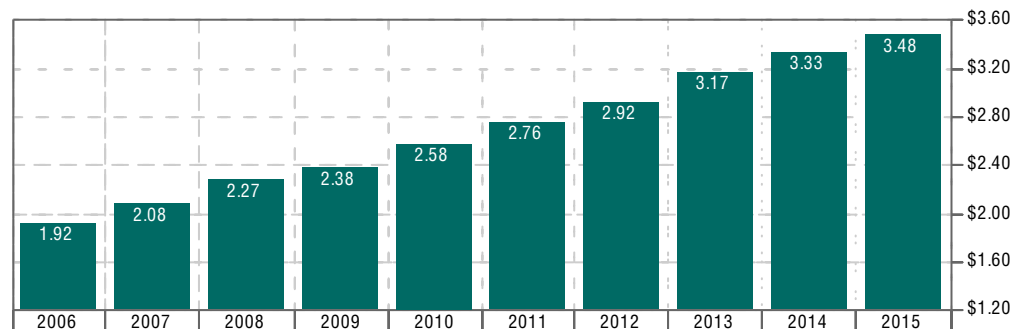
Why it is an Achiever

KMB has paid a dividend since 1935 and its streak of consecutive annual increases now stands at 44. The Company has achieved this by building a worldwide portfolio of leading consumer personal care brands. KMB's three principal segments are Personal Care, Consumer Tissue, and K-C Professional.

Personal Care products contribute to nearly half of the Company's overall sales, and among KMB's well-known brands are *Poise* and *Depend* in the growing adult care category. These brands account for 55% of category sales and are well-positioned as demographics drive mid-to-high single-digit growth for incontinence products. In the baby and childcare category, the latest available data shows that KMB's *Huggies* brand has maintained market share in 2015 and is still a strong number two player in this category. In Consumer Tissue, KMB's leading brands are *Kleenex*, *Cottonelle*, and *Scott*. These products make up nearly one-third of the Company's revenues. K-C Professional, contributing roughly 17% of total sales, supplies hygiene products to the workplace. Going forward, a key growth initiative will be the continued emphasis on developing economies, which made up 3% of the FY15 revenue. China, Russia, and Latin America have been particularly important, and now represent over half of the Company's sales within developing markets. In particular, KMB is seeing strong growth in diapers and adult care products, as consumer education and acceptance continues to grow.

We believe that management has been successful in boosting profitability as of late, as cost restructuring programs have increased company operating margin from 10% in 2010 to 18% in 2015. The Company targets FY16 cost savings of at least \$350 million. 2015 free cash flow was approximately equal to the KMB's dividend commitment.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Procter & Gamble Company (PG)

Price (10/13/16) \$88.24

DIVIDEND STATISTICS

Dividend & Yield \$2.68 / 3.03%
 Dividend paid since 1890
 # of Consecutive Increases 60 years
 10-yr. Annualized Dividend Growth 9.2%
 Dividend Payout -

KEY STATISTICS

52-wk. Price Range \$74 - \$90
 Average Daily Volume (3mo.) 20,801,454
 Market Value \$235.5 billion
 Shares Outstanding (m) 2,669
 Cash per share \$5.00
 Book Value per share \$21.10

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	24.9x	32.3x	16.2x	22.8x	1.4x
P/Book	4.2x	4.3x	2.7x	3.3x	1.5x
P/Cash Flow	16.1x	17.4x	13.5x	15.4x	1.5x
P/Sales	3.8x	3.9x	2.2x	2.8x	2.0x
EV/EBITDA	14.5x	14.8x	9.8x	12.5x	1.2x
EV/Sales	3.9x	4.0x	2.3x	3.0x	1.7x
Div. Yield	3.0%	3.7%	2.8%	3.1%	1.5x
LTD/Capital	22%	24%	18%	20%	0.5x

GROWTH SUMMARY as of FY Ended 6/16

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-14.4%	-8.1%	-4.6%	-0.4%
EBIT	-7.1%	-2.1%	0.1%	1.0%
EBITDA	-6.8%	-1.8%	0.2%	1.1%
Net Income	12.5%	-4.2%	-3.4%	1.4%
EPS (Diluted)	46.4%	-2.8%	-2.0%	3.0%
Dividends	4.0%	6.0%	6.9%	9.2%

PRIMARY RISKS

- Investors must bear in mind that inherent in investments are the risks of fluctuating prices and the uncertainties of dividends, rates of return, and yield.
- All risks that could materially affect the Company are disclosed in the annual 10-K filing.

Procter & Gamble (PG) is one of the world's largest consumer product manufacturers. The Company's products are sold in over 180 countries worldwide through mass merchandisers, grocery stores, membership club stores, drug stores, and neighborhood stores. Some of PG's well-known brands include *Tide* laundry detergent, *Charmin* toilet paper, and *Pantene* hair products. PG maintains a strong international presence, with 63% of FY15 sales coming from outside of the United States. The Company was founded in 1837 and is headquartered in Cincinnati, OH.

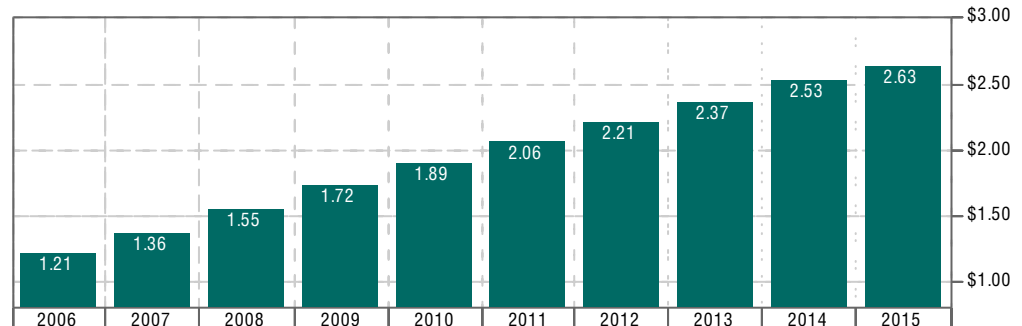
Why it is an Achiever

PG has paid a dividend since 1890 and has increased its dividend for the past 60 consecutive years. PG's ability to sustain its dividend rests on the Company's portfolio of market-leading everyday household and personal care products. PG's portfolio is anchored by 21 brand franchises that each generates over \$1 billion in annual sales. These well-known brands include *Head & Shoulders*, *Olay*, *Gillette*, *Crest*, *Vicks*, *Pampers*, and *Tide*. The Company's vast portfolio of products spans the globe, with nearly 40% of company sales coming from developing markets. We believe that sales growth should continue to benefit, as per capita incomes and living standards continue to rise within these markets.

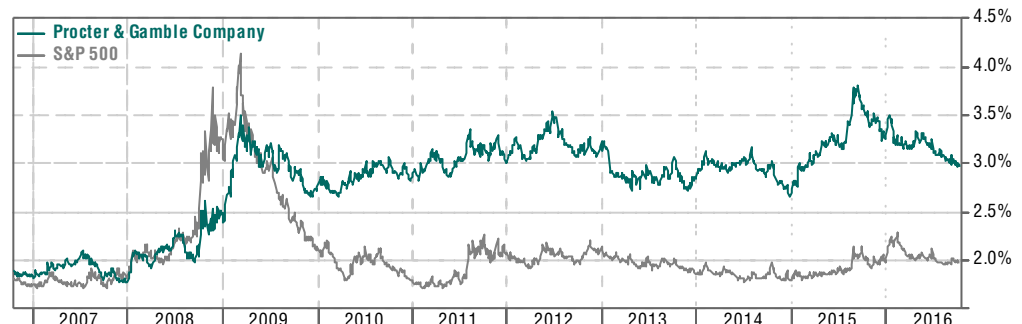
PG has established an initiative to bring \$10 billion out of its cost structure over the next few years. We believe that a big opportunity lies within the Company's developing markets, where management seeks to improve supply chains by moving sourcing closer to its customers. This would reduce costs and improve inventory turns. With the recent divestiture of the company's specialty beauty brands to Coty (COTY-23.37), PG completed the portfolio rationalization that was announced in 2014, paring down its roughly 160 brands to a more focused number of ~65 leading brands. Other notable divestitures included its Pet Care business and *Duracell*. PG retained approximately 85% of sales and 95% of the before tax profit, which should be highly accretive to operating margins. We believe that the brand rationalization should lead to better growth, as the Company will be more focused on brands and categories that are more attractive and play into the PG's core strengths. Going forward, a greater emphasis on growth in areas of strength should improve profitability and cash flow, resulting in continued dividend growth, in our view.

Financially, we believe that PG is well-positioned to maintain its record of dividend growth. From FY16-FY19 the Company is targeting to pay dividends and retire shares worth up to \$70 billion (32% of current market cap) through ongoing discretionary share repurchases and shares eliminated through its portfolio sales. At the end of FY16 (ended 6/30/16), the Company's total debt to assets ratio was 24%, in-line with its five-year average, and the Company generated over \$1 billion in free cash flow during the 2016 fiscal year. Although its dividend payout rate of ~9% appears elevated, given the stability of its business we believe PG is in a strong financial position.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers CVS Health (CVS)

Price (10/13/16) \$88.00

DIVIDEND STATISTICS

Dividend & Yield \$1.70 / 1.93%
Dividend paid since 1995
of Consecutive Increases 13 years
10-yr. Annualized Dividend Growth 25.5%
Dividend Payout -

KEY STATISTICS

52-wk. Price Range \$85 - \$107
Average Daily Volume (3mo.) 5,090,031
Market Value \$93.8 billion
Shares Outstanding (m) 1,066
Cash per share \$1.13
Book Value per share \$32.64

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	20.3x	27.1x	14.4x	19.6x	1.1x
P/Book	2.7x	3.4x	1.3x	2.3x	1.0x
P/Cash Flow	10.0x	17.0x	7.1x	12.4x	0.9x
P/Sales	0.6x	0.9x	0.5x	0.6x	0.3x
EV/EBITDA	9.9x	12.7x	7.0x	9.6x	0.8x
EV/Sales	0.7x	0.9x	0.5x	0.7x	0.3x
Div. Yield	1.9%	1.8%	1.1%	1.4%	0.9x
LTD/Capital	40%	42%	18%	25%	1.0x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	10.0%	7.6%	9.7%	15.3%
EBIT	10.3%	10.3%	9.5%	17.0%
EBITDA	10.0%	9.5%	9.1%	16.3%
Net Income	12.2%	10.2%	8.6%	15.5%
EPS (Diluted)	16.7%	15.0%	13.2%	12.3%
Dividends	25.0%	29.8%	34.3%	25.5%

PRIMARY RISKS

- Investors must bear in mind that inherent in investments are the risks of fluctuating prices and the uncertainties of dividends, rates of return, and yield.
- All risks that could materially affect the Company are disclosed in the annual 10-K filing.

CVS is an integrated pharmacy health care provider that helps people live healthier lives while addressing the rising costs of healthcare. It operates its business through its Retail Pharmacy (44% of sales) and Pharmacy Services business (56% of sales). Through its Retail Pharmacy it operates over 9,600 retail drug stores located in 44 states, Puerto Rico, and Brazil. CVS is the leader in retail medical clinics, operating more than 1,100 clinics under the MinuteClinic name. These clinics diagnose and treat minor health conditions, perform health screenings, monitor chronic conditions, and deliver vaccinations at a fraction of the cost of a typical physician visit. Within its retail segment, CVS has the largest retail pharmacy and is growing its store base by ~2% per year. This segment derives the majority of its revenue through selling prescription drugs, but it also sells over-the-counter drugs and a wide assortment of general merchandise. Through its recent acquisition of Omnicare, it also provides pharmaceutical distribution services to long term care facilities. Its Pharmacy Services Segment generates revenue through a full range of pharmacy benefit management (PBM) services (#2 player) including plan design and administration, formulary management, mail order, specialty pharma and infusion services to name a few. CVS was founded in 1963 and is headquartered in Woonsocket, RI.

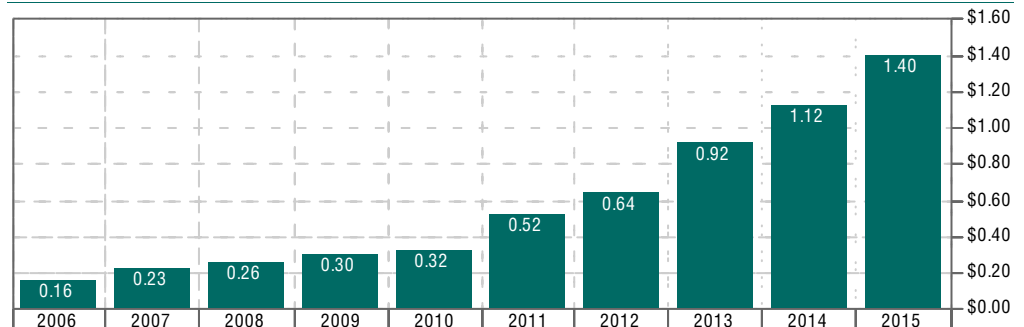
Why it is an Achiever

CVS has paid a dividend since 1995 and has increased it for 13 consecutive years at a compounded annual growth rate of 23%. We expect the strong dividend growth trend to continue given the Company's low double digit EPS growth prospects, its strong free cash flow profile (5.5% FCF yield), and its intention to raise its payout ratio to a modest 35% level by 2018, up from 30% today. In addition to a current 1.9% yield, the Company is committed to buying back \$4 billion in shares in 2016, which should reduce its share count by ~4%.

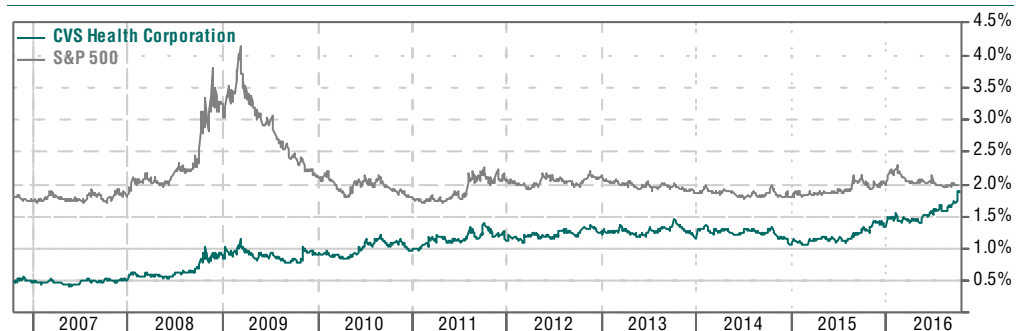
CVS has many touch points, which we believe provides CVS with a competitive advantage against the pure plays and solidly positions the Company to solve the cost, quality, and access to care conundrum that exists in the healthcare market today. Therefore, we believe CVS is uniquely positioned to take advantage of an aging U.S. population, the expansion of covered lives, and the trend toward reducing the cost of healthcare.

The availability and utilization of costly new therapies is increasing. Specialty drug sales made up 38% of drug spend in 2014, and are expected to grow to 50% or to \$235 billion by 2018. At \$40 billion in FY15 revenue, CVS has the largest specialty pharmacy, and through its robust service offerings, the Company believes it can offer better care at reduced costs. On the opposite side of the spectrum sits the opportunity with generic drug substitutions. Generics remain one of the best ways to save patients and payers money, in our opinion. CVS recently formed the #1 generic sourcing entity through its Red Oak venture. We believe this provides buying scale which should allow further cost reductions through the system.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Johnson & Johnson (JNJ)

Price (10/13/16) \$118.26

DIVIDEND STATISTICS

Dividend & Yield \$3.20 / 2.71%
 Dividend paid since 1944
 # of Consecutive Increases 54 years
 10-yr. Annualized Dividend Growth 8.8%
 Dividend Payout -

KEY STATISTICS

52-wk. Price Range \$94 - \$126
 Average Daily Volume (3mo.) 6,041,618
 Market Value \$323.5 billion
 Shares Outstanding (m) 2,736
 Cash per share \$15.57
 Book Value per share \$26.47

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	22.2x	23.5x	15.7x	19.5x	1.2x
P/Book	4.5x	4.7x	2.8x	3.7x	1.6x
P/Cash Flow	18.4x	19.5x	11.7x	15.1x	1.7x
P/Sales	4.7x	4.9x	2.7x	3.7x	2.5x
EV/EBITDA	13.2x	14.1x	8.0x	10.8x	1.1x
EV/Sales	4.3x	4.6x	2.4x	3.5x	1.9x
Div. Yield	2.7%	3.7%	2.4%	2.9%	1.3x
LTD/Capital	25%	25%	11%	16%	0.6x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-5.6%	1.4%	2.6%	3.3%
EBIT	-12.2%	2.3%	1.8%	3.2%
EBITDA	-10.9%	2.0%	2.3%	3.6%
Net Income	-5.6%	12.4%	2.9%	4.0%
EPS (Diluted)	-3.9%	12.4%	2.8%	4.7%
Dividends	6.9%	7.1%	6.9%	8.8%

PRIMARY RISKS

- Investors must bear in mind that inherent in investments are the risks of fluctuating prices and the uncertainties of dividends, rates of return, and yield.
- All risks that could materially affect the Company are disclosed in the annual 10-K filing.

Johnson & Johnson (JNJ) is engaged in the research and development, manufacturing, and sale of a broad range of products within the Health Care sector. With over 275 operating companies around the world, JNJ operates in three segments: Pharmaceutical, Medical Devices & Diagnostics (MD&D), and Consumer. Pharmaceuticals and MD&D account for 45% and 36% of sales, respectively, with Consumer representing the remainder. The Company was founded in 1886 and is headquartered in New Brunswick, NJ.

Why it is an Achiever

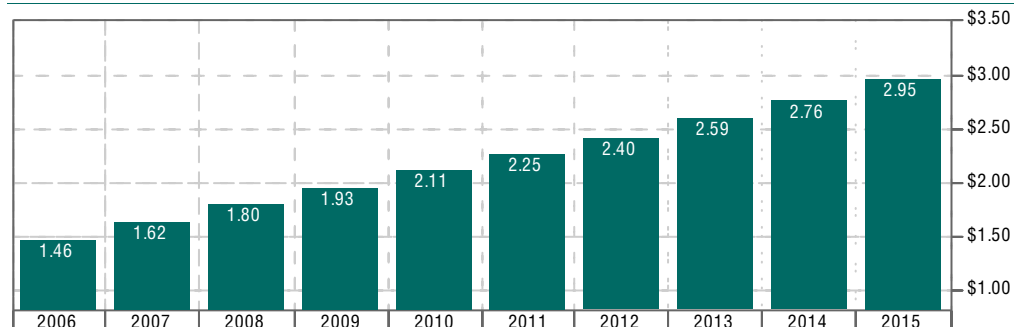
JNJ's string of consecutive annual dividend increases stands at 54 years. JNJ has achieved this performance by building one of the world's leading health care organizations. JNJ's long-term track record is built around market leading products and innovation. As of 12/31/2015, approximately 70% of total sales come from products with either a number one or two global market share and 25% of sales come from products launched within the past five years. Over half of the Company sales come from outside of the United States.

JNJ's Pharmaceutical business is anchored by its Remicade franchise for the treatment of immune disorders. Remicade accounts for 9.4% of total company revenues and though it has U.S. patent protection through 2018, the FDA recently approved a biosimilar version of Remicade, a development we will watch closely. JNJ's deep and diverse portfolio should help limit the impact on financial results. JNJ's other key immunology franchises, Stelara and Simponi, are showing solid growth and JNJ has filed a number of submissions to extend indications for these products. In addition, JNJ plans to file more than ten new products by 2019, each with the potential to exceed \$1 billion in revenue, adding an additional layer of growth to the Pharmaceutical segment.

In 2012, JNJ bolstered its MD&D business with the acquisition of Synthes, Inc. This represented the largest acquisition in the Company's history. Synthes was combined with JNJ's DePuy operating company, creating the world's largest and most comprehensive orthopaedics and neurologics business. The Consumer business holds a leading portfolio of brands including Aveeno, Clean & Clear, Neutrogena, RoC, Lubriderm, Listerine, Carefree, and Stayfree.

We note that financial strength at JNJ is exemplary, and the Company's AAA credit rating is one of only two in the S&P 500 (with the other, Microsoft, on negative watch following a recent major M&A announcement). JNJ's free cash flow exceeds its annual dividend commitment by over 40%.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Novartis AG (NVS)

Price (10/13/16) \$76.76

DIVIDEND STATISTICS

Dividend & Yield \$2.34 / 3.05%
Dividend paid since 1996
of Consecutive Increases 19 years
10-yr. Annualized Dividend Growth 8.9%
Dividend Payout -

KEY STATISTICS

52-wk. Price Range \$70 - \$95
Average Daily Volume (3mo.) 1,515,407
Market Value \$201.7 billion
Shares Outstanding (m) 2,627
Cash per share \$2.18
Book Value per share \$30.43

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	27.4x	29.8x	9.6x	18.4x	1.5x
P/Book	2.5x	3.6x	2.0x	2.6x	0.9x
P/Cash Flow	15.5x	18.7x	8.6x	14.2x	1.4x
P/Sales	3.8x	5.1x	2.1x	3.5x	2.0x
EV/EBITDA	18.1x	19.8x	8.8x	14.7x	1.5x
EV/Sales	4.2x	5.4x	2.4x	3.8x	1.8x
Div. Yield	3.0%	4.0%	2.2%	2.9%	1.5x
LTD/Capital	16%	18%	12%	15%	0.4x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-4.7%	-4.5%	-0.5%	4.4%
EBIT	-27.8%	-12.2%	-10.1%	-0.4%
EBITDA	-12.3%	-6.3%	-3.1%	3.7%
Net Income	-33.5%	-9.7%	-6.5%	1.4%
EPS (Diluted)	78.3%	20.3%	11.3%	10.7%
Dividends*	3.8%	5.5%	4.2%	8.9%

PRIMARY RISKS

- Investors must bear in mind that inherent in investments are the risks of fluctuating prices and the uncertainties of dividends, rates of return, and yield.
- All risks that could materially affect the Company are disclosed in the annual 10-K filing.

Novartis AG (NVS) manufactures and markets health care and nutritional products. The Company provides health care solutions and offers innovative medicines, eye care, cost-saving generic pharmaceuticals, preventive vaccines, diagnostic tools, and over-the-counter products. The Company operates through three primary segments: Pharmaceuticals, Alcon (eye care), and Sandoz (generics). The Company is headquartered in Basel, Switzerland.

Why it is an Achiever

NVS has paid a dividend since the Company was formed in late 1996 and has increased the dividend once annually (on a Swiss franc basis) every year since. The Pharmaceuticals segment is the Company's largest operating segment, accounting for over 60% of the Company sales. We note that the lifeblood of any good pharmaceutical company is a strong pipeline, and over the past five years, we believe that NVS has proven itself capable of producing significant new therapies. The importance is the visibility that new products give through longer patent lives. NVS' new product sales as a percent of sales were more than double the industry averages.

Alcon accounts for 20% of the Company's sales. Alcon has a broad and deep portfolio of eye care products that are market leaders in cataract surgery, glaucoma treatment and contact lenses, and has also developed promising new treatments for dry eye. We believe that aging demographics and international growth should provide a positive backdrop for Alcon's growth in coming years. The generics business, Sandoz, is one of the largest in the world and the segment contributed 19% of 2015 revenue. NVS' net debt at year-end 2015 was just under 17% of capital. NVS' 2015 free cash flow coverage of the dividend was 1.3x.

DIVIDENDS PER SHARE



Reflects total dividends per share paid on ordinary shares, in Swiss francs (CHF).

DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Chubb Limited (CB)

Price (10/13/16) \$125.22

DIVIDEND STATISTICS

Dividend & Yield \$2.76 / 2.20%
 Dividend paid since 1993
 # of Consecutive Increases 23 years
 10-yr. Annualized Dividend Growth 11.6%
 Dividend Payout -

KEY STATISTICS

52-wk. Price Range \$105 - \$131
 Average Daily Volume (3mo.) 1,273,719
 Market Value \$58.2 billion
 Shares Outstanding (m) 465
 Cash per share -
 Book Value per share \$101.56

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	20.2x	21.1x	8.6x	12.5x	1.1x
P/Book	1.2x	1.3x	1.0x	1.1x	0.5x
P/Cash Flow	14.3x	15.0x	6.2x	8.7x	1.3x
P/Sales	2.3x	2.6x	1.3x	1.8x	1.2x
EV/EBITDA	-	-	-	-	-
EV/Sales	2.9x	3.3x	1.5x	2.1x	1.3x
Div. Yield	2.2%	2.6%	1.9%	2.3%	1.1x
LTD/Capital	21%	24%	10%	13%	0.5x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	0.5%	2.2%	3.6%	3.9%
EBIT	-	-	-	-
EBITDA	-	-	-	-
Net Income	-0.7%	1.6%	-1.8%	10.7%
EPS (Diluted)	2.4%	3.0%	-1.1%	10.0%
Dividends	3.1%	11.2%	15.6%	11.6%

PRIMARY RISKS

- Investors must bear in mind that inherent in investments are the risks of fluctuating prices and the uncertainties of dividends, rates of return, and yield.
- All risks that could materially affect the Company are disclosed in the annual 10-K filing.

Chubb Limited (CB) is one of the world's largest multiline property and casualty insurance (P&C) insurers, providing commercial and personal P&C insurance, personal accident and supplemental health insurance, reinsurance, and life insurance. In early 2016, ACE Limited acquired Chubb Corp. to form the largest global P&C insurer by market capitalization. Shortly following the merger, the combined company branded itself as Chubb Limited.

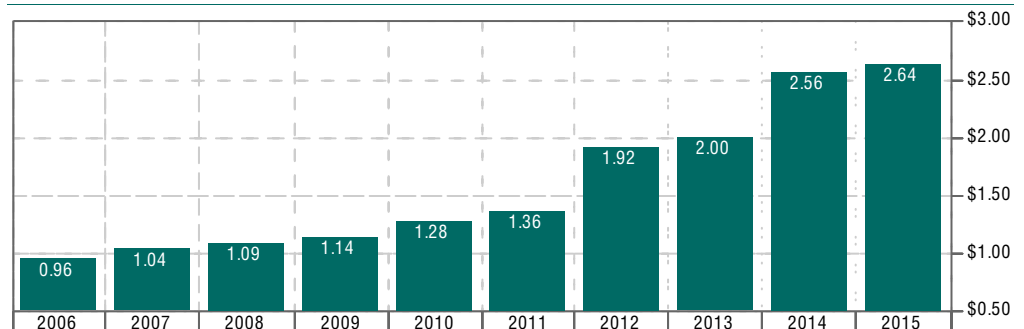
CB has a strong North American (68% of revenue) and European (14% of revenue) presence, but is also geographically diverse, with operations in 54 countries that include exposure to the fast-growing emerging economies of Asia (10% of revenue) and Latin America (8% of revenue). CB is headquartered in Zurich, Switzerland.

Why it is an Achiever

In our view, CB has an impressive dividend track record since becoming public in 1993, with 23 consecutive annual increases and a compounded annual growth rate (CAGR) of 16%. We expect dividend growth to continue, given CB's healthy growth prospects, revenue, and cost synergies from the acquisition, as well as a payout ratio of 28%.

The combination of the two companies will enhance the overall earnings power through revenue (cross-selling) and cost synergies. CB's advantage lies within its large global footprint and its ability to service the needs of large and complex multinational customers with its diverse product line. In addition, CB has a growing consumer business given its attractive exposure to the high net worth individual. CB's international presence, particularly in Asia and Latin America, adds an enhanced layer of growth in markets that are currently underserved, providing a longer-term growth tailwind, in our opinion. The two legacy businesses (ACE and Chubb) both displayed historical average combined ratios near 90%, considerably below global peers of 97%. This allows CB to operate at a high level of profitability even during periods of low interest rates, and is another reason we feel strongly about the combined entity given a shared culture of underwriting discipline.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Automatic Data Processing, Inc. (ADP)

Price (10/13/16) \$86.89

DIVIDEND STATISTICS

Dividend & Yield \$2.12 / 2.44%
Dividend paid since 1974
of Consecutive Increases 41 years
10-yr. Annualized Dividend Growth 12.2%
Dividend Payout -

KEY STATISTICS

52-wk. Price Range \$77 - \$96
Average Daily Volume (3mo.) 1,572,956
Market Value \$39.5 billion
Shares Outstanding (m) 454
Cash per share \$7.07
Book Value per share \$9.83

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	26.7x	30.0x	16.5x	23.4x	1.5x
P/Book	8.8x	9.3x	3.5x	6.0x	3.2x
P/Cash Flow	14.9x	25.0x	11.9x	17.3x	1.4x
P/Sales	3.4x	3.7x	2.1x	2.9x	1.8x
EV/EBITDA	15.1x	17.3x	8.8x	13.2x	1.3x
EV/Sales	3.3x	3.5x	2.0x	2.8x	1.4x
Div. Yield	2.4%	3.3%	2.2%	2.7%	1.2x
LTD/Capital	31%	32%	0%	6%	0.7x

GROWTH SUMMARY as of FY Ended 6/16

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	6.7%	1.0%	3.4%	2.8%
EBIT	11.6%	3.3%	4.3%	3.0%
EBITDA	10.7%	2.5%	3.4%	2.6%
Net Income	8.5%	3.1%	3.6%	3.4%
EPS (Diluted)	12.5%	4.9%	5.2%	6.7%
Dividends	2.1%	7.4%	7.6%	12.2%

PRIMARY RISKS

- Investors must bear in mind that inherent in investments are the risks of fluctuating prices and the uncertainties of dividends, rates of return, and yield.
- All risks that could materially affect the Company are disclosed in the annual 10-K filing.

Automatic Data Processing (ADP) competes in the human resources administration services industry. The Company serves over 650,000 clients and employs 57,000 people worldwide. ADP provides services that satisfy companies' human resources needs, including payroll processing and benefits administration. ADP was founded in 1949 and is headquartered in Roseland, NJ.

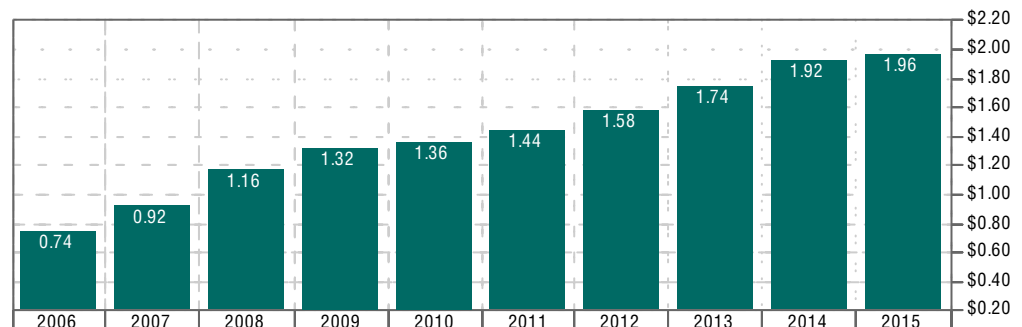
Why it is an Achiever

ADP has continuously paid a dividend since 1974, increasing it each of the past 41 years. The Company has achieved strong performance, while growing into one of the world's largest providers of business outsourcing and solutions, and is by far the largest payroll service provider. ADP's customers can now be found in more than 110 countries around the world. The Company's payrolls cover 24 million (one in six) U.S. workers and 12 million more employees abroad. Last fiscal year (FY16 ended 6/30/16), ADP processed 60 million year-end tax statements.

ADP's ability to continue its history of dividend growth rests on its capacity to leverage market position in order to take advantage of the increasingly complex modern workplace. The Company plans to grow its suite of cloud-based benefits and payroll solutions and enhance its support and compliance capabilities. ADP will offer an end-to-end suite of cloud-based HR services. The Affordable Care Act (ACA) also presents new workplace challenges and ADP has developed solutions for workforce planning, eligibility, affordability, enrollment, and compliance management.

Financially, ADP's strength is highlighted by its AA credit rating (S&P). ADP's basic financial model relies on a large recurring revenue base and low capital requirements. The Company currently has minimal long-term debt.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Int'l Business Machines Corp. (IBM)

Price (10/13/16) \$153.72

DIVIDEND STATISTICS

Dividend & Yield	\$5.60 / 3.64%
Dividend paid since	1913
# of Consecutive Increases	21 years
10-yr. Annualized Dividend Growth	20.4%
Dividend Payout	-

KEY STATISTICS

52-wk. Price Range	\$117 - \$165
Average Daily Volume (3mo.)	3,221,226
Market Value	\$146.9 billion
Shares Outstanding (m)	956
Cash per share	\$11.11
Book Value per share	\$16.46

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	12.4x	15.5x	9.2x	12.3x	0.7x
P/Book	9.3x	13.9x	8.2x	10.9x	3.4x
P/Cash Flow	7.9x	12.4x	7.1x	10.3x	0.7x
P/Sales	1.8x	2.3x	1.5x	2.0x	1.0x
EV/EBITDA	10.4x	10.8x	7.6x	9.2x	0.9x
EV/Sales	2.3x	2.5x	1.9x	2.2x	1.0x
Div. Yield	3.6%	4.0%	1.4%	2.4%	1.8x
LTD/Capital	66%	67%	41%	54%	1.6x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-11.9%	-7.9%	-3.9%	-1.1%
EBIT	-20.6%	-10.2%	-4.0%	3.1%
EBITDA	-19.4%	-9.5%	-4.1%	1.5%
Net Income	-15.2%	-7.0%	-2.1%	5.3%
EPS (Diluted)	-18.4%	-2.0%	3.3%	10.7%
Dividends	17.6%	14.8%	14.9%	20.4%

PRIMARY RISKS

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- All risks that could materially affect the Company are disclosed in the annual 10-K filing.

International Business Machines (IBM) is a multinational information technology company that offers integrated solutions through five primary business segments: Global Technology Services, Software, Global Business Services, Systems & Technology, and Global Financing. The Company was founded in 1911 and is headquartered in Armonk, NY.

Why it is an Achiever

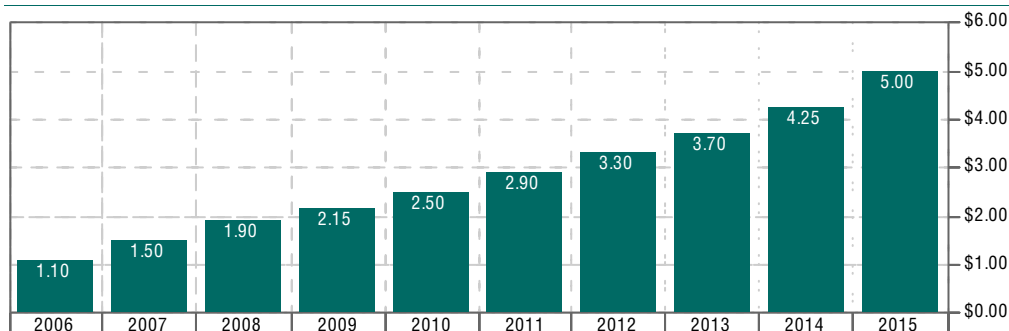
IBM has increased its dividend for 21 consecutive years and has consistently paid a dividend for over 100 years. Over the past decade, IBM transformed itself from a hardware and commodity service-based enterprise into one that has leveraged innovation into better growth and higher profitability, focused on software and higher-value services. Margins tell the story, as this shift has resulted in impressive growth of IBM's profit margin. In 2000, IBM's pre-tax operating margin was 10%, which compares to 19.5% in 2015.

Despite recent earnings setbacks, margins continue to expand with the change in revenue mix. The recent divestiture of the money-losing semiconductor manufacturing business and growth within IBM's Strategic Imperatives (cloud, analytics, mobile, social, and security) further supports the view for improving margins. These Strategic Imperatives represented 35% of combined revenue of \$81.7B and grew by 26% in 2015. Cloud offerings, in particular, generated \$10 billion in revenue in 2015.

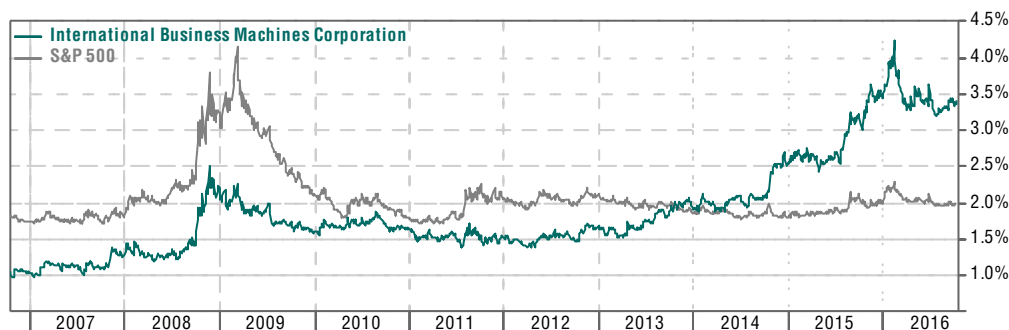
We acknowledge that IBM's near-term results leave little room for excitement as overall growth remains sluggish, but we continue to see pockets of opportunity driven by double-digit revenue growth in IBM's Strategic Imperatives. Importantly, we believe that IBM is investing in the right areas for long-term growth, and though progress is slower than desired, we initiated our Dividend Achievers position in IBM well aware of the near-term fundamental challenges facing the Company, as it attempts to turn a big ship to better align with future technology growth trends. We believe that the near-term focus of many investors and generally bearish near-term sentiment sets a low bar, and offers an attractive long-term opportunity for patient investors who are seeking income growth and capital appreciation.

As for the dividend, which has grown at a compounded annual rate of 20% over the past ten years, the 2015 payout ratio was still modest, at 37% of free cash flow. Given considerable headroom in these ratios, we believe that IBM's dividend is well-positioned for continued healthy growth and at a rate faster than earnings.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Microsoft Corporation (MSFT)^(A)

Price (10/13/16) \$56.92

DIVIDEND STATISTICS

Dividend & Yield \$1.56 / 2.74%
 Dividend paid since 2003
 # of Consecutive Increases 14 years
 10-yr. Annualized Dividend Growth 15.0%
 Dividend Payout -

KEY STATISTICS

52-wk. Price Range \$47 - \$59
 Average Daily Volume (3mo.) 25,059,350
 Market Value \$443.1 billion
 Shares Outstanding (m) 7,784
 Cash per share \$14.55
 Book Value per share \$9.22

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	27.1x	43.8x	9.3x	19.9x	1.5x
P/Book	6.2x	6.2x	3.1x	4.2x	2.3x
P/Cash Flow	13.5x	15.0x	7.2x	10.8x	1.2x
P/Sales	5.4x	5.4x	3.0x	4.0x	2.9x
EV/EBITDA	14.1x	14.5x	5.4x	8.6x	1.2x
EV/Sales	4.5x	4.6x	2.3x	3.2x	2.0x
Div. Yield	2.7%	3.1%	2.2%	2.6%	1.3x
LTD/Capital	32%	34%	12%	19%	0.8x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-8.9%	2.9%	3.9%	6.7%
EBIT	-25.0%	-8.0%	-5.3%	1.6%
EBITDA	-18.6%	-3.5%	-1.8%	3.9%
Net Income	37.8%	-8.4%	-6.2%	2.9%
EPS (Diluted)	41.9%	-6.6%	-4.8%	5.8%
Dividends	12.2%	15.8%	18.6%	15.0%

PRIMARY RISKS

- Investors must bear in mind that inherent in investments are the risks of fluctuating prices and the uncertainties of dividends, rates of return, and yield.
- All risks that could materially affect the Company are disclosed in the annual 10-K filing.

Microsoft Corporation (MSFT) develops and markets software, services, and hardware. The Company's segments include Productivity & Business Processes, Intelligent Cloud, and More Personal Computing, which made up 31%, 29%, and 47% of FY15 revenue, respectively (with the offsetting negative revenue attributed to its corporate segment). The Company's products include: operating systems for personal computers, servers, phones, and other intelligent devices; server applications for distributed computing environments; productivity applications; business solution applications; desktop and server management tools; software development tools; video games; and online advertising. MSFT also designs and sells hardware, including its line of Xbox video game consoles and Surface tablets. The Company was founded in 1975 and is headquartered in Redmond, WA.

Why it is an Achiever

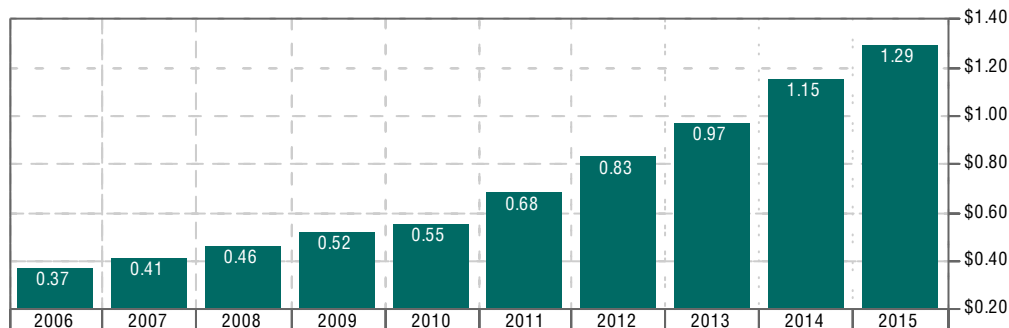
MSFT has paid a dividend since 2003 and has increased it for 14 consecutive years at a compounded annual growth rate of 23.2%. We believe that the strong dividend growth trend will continue, given the Company's pristine balance sheet (\$59.6 billion in cash; net of debt), healthy cash flow profile (6.2% FCF yield), and relatively low payout ratio (49% payout ratio based upon analysts EPS estimates for next fiscal year). In addition to offering an attractive 2.7% yield, MSFT has a sizeable \$40 billion share repurchase agreement it expects to complete by 12/31/16.

In our view, Microsoft's advantage lies within its size and scale, allowing the Company to offer compelling and competitively-priced software products for enterprise and consumer markets. Through its Windows and Office products, MSFT is deeply entrenched in the consumer, small business, and enterprise software markets. These products are high margin, cash cow businesses that provide internal funding to maintain its leadership in the IT space.

FY16 continued a transition period for MSFT, as it shifted its software business from a license to a subscription-based model, was up against tough comparisons from the end of the Windows XP refresh cycle, and faced a drag on near-term gross margins from the growing hardware business (Xbox, Nokia, and Surface tablet). Long-term, we like the move to a subscription-based model, and we see potential for continued growth within the commercial cloud business (including Office 365, Azure, and Dynamics CRM), particularly Office 365, which grew 70% in the most recent reported quarter (Q2 of FY16).

Though MSFT is paying a steep price for the recently announced acquisition of LinkedIn, for a company of its size and with its large cash balance, the financial risk is low. We believe there is potential to integrate LinkedIn's data graph into new products that could provide an avenue for growth with the Company's core enterprise customers.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



^(A) D. A. Davidson & Co. makes a market in this security.

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Dividend Achievers AT&T Inc. (T)^(A)

Price (10/13/16) \$39.37

DIVIDEND STATISTICS

Dividend & Yield	\$1.92 / 4.88%
Dividend paid since	1881
# of Consecutive Increases	31 years
10-yr. Annualized Dividend Growth	3.8%
Dividend Payout	-

KEY STATISTICS

52-wk. Price Range	\$32 - \$44
Average Daily Volume (3mo.)	19,394,162
Market Value	\$242.2 billion
Shares Outstanding (m)	6,152
Cash per share	\$1.19
Book Value per share	\$20.06

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	17.0x	50.6x	9.4x	26.5x	0.9x
P/Book	2.0x	2.3x	1.5x	2.0x	0.7x
P/Cash Flow	6.4x	7.0x	4.6x	5.7x	0.6x
P/Sales	1.5x	1.7x	1.3x	1.5x	0.8x
EV/EBITDA	6.8x	9.9x	4.9x	7.5x	0.6x
EV/Sales	2.2x	2.4x	1.8x	2.1x	1.0x
Div. Yield	4.9%	5.9%	4.4%	5.2%	2.4x
LTD/Capital	47%	52%	33%	42%	1.1x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	10.8%	4.8%	3.4%	12.8%
EBIT	77.7%	23.7%	4.7%	13.4%
EBITDA	45.2%	14.4%	3.7%	12.3%
Net Income	114.4%	22.5%	-6.9%	10.8%
EPS (Diluted)	99.2%	23.7%	-5.9%	5.3%
Dividends	2.2%	2.2%	2.3%	3.8%

PRIMARY RISKS

- Investors must bear in mind that inherent in investments are the risks of fluctuating prices and the uncertainties of dividends, rates of return, and yield.
- All risks that could materially affect the Company are disclosed in the annual 10-K filing.

AT&T (T) is one of the largest U.S. wireless carriers, serving subscribers through handsets and other connected devices. The recent acquisition of DirectTV (DTV) makes T the largest pay TV provider in the world. The Company is also the dominant local phone company in 22 U.S. states and provides phone and data services, such as web hosting and data transport, to larger businesses nationwide. AT&T was founded in 1876 and is headquartered in Dallas, TX.

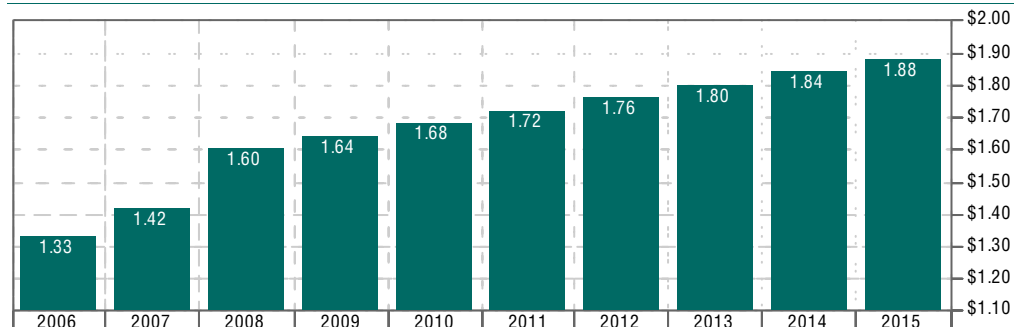
Why it is an Achiever

The Company has paid a dividend since 1881, and its current streak of consecutive annual increases now stands at 31 years. Over that span, the Company has evolved from a local exchange carrier operating in five states to now a dominant telecom provider that along with Verizon (VZ-\$50.29)^(A) controls over 65% of the U.S. wireless market. T recently closed its lusacell acquisition, which gives the Company access to 8.6 million subscribers and a network that covers 70% of Mexico's population of 120 million.

The Company has used its market-leading position and excess free cash flow to fund the investments needed to keep its service offerings among the fastest and most reliable in the industry. Smartphones continue to drive wireless growth and now account for the vast majority of new mobile phones placed into service. To meet the needs of these devices, T has nearly completed the national development of its 4G LTE (Long Term Evolution) network.

Following T's acquisition of DTV, the Company held an Analyst Day on in August 2015 highlighting synergies from the deal, as well as provided a long-term growth outlook (2016-2018), in which it expects EPS to grow mid-single digits or better, and sees an improving FCF dividend payout ratio in the 70% range. AT&T continues to generate sufficient operating cash flow to fund both its investments in its networks, as well as to maintain and modestly grow its dividend.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



^(A) D. A. Davidson & Co. makes a market in this security.

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Dividend Achievers NextEra Energy, Inc. (NEE)^(A)

Price (10/13/16) \$124.63

DIVIDEND STATISTICS

Dividend & Yield \$3.48 / 2.79%
 Dividend paid since 1945
 # of Consecutive Increases 21 years
 10-yr. Annualized Dividend Growth 8.1%
 Dividend Payout -

KEY STATISTICS

52-wk. Price Range \$96 - \$132
 Average Daily Volume (3mo.) 2,043,590
 Market Value \$57.6 billion
 Shares Outstanding (m) 462
 Cash per share \$3.01
 Book Value per share \$50.16

VALUATION SUMMARY

	5 Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	22.4x	24.0x	12.1x	18.2x	1.2x
P/Book	2.5x	2.6x	1.6x	2.1x	0.9x
P/Cash Flow	9.0x	9.4x	5.6x	7.8x	0.8x
P/Sales	3.8x	3.9x	1.6x	2.6x	2.0x
EV/EBITDA	13.3x	16.2x	9.4x	12.3x	1.1x
EV/Sales	5.8x	6.0x	3.1x	4.5x	2.5x
Div. Yield	2.8%	4.0%	2.5%	3.1%	1.4x
LTD/Capital	49%	55%	49%	52%	1.2x

GROWTH SUMMARY as of FY Ended 12/15

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-3.4%	4.9%	2.3%	2.9%
EBIT	-20.3%	3.4%	8.0%	7.3%
EBITDA	-6.8%	11.4%	8.5%	7.5%
Net Income	11.6%	12.9%	7.1%	12.0%
EPS (Diluted)	8.2%	9.9%	5.0%	10.2%
Dividends	6.2%	8.7%	9.0%	8.1%

PRIMARY RISKS

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NextEra Energy (NEE) is a leading electricity provider whose regulated segment, Florida Power & Light, distributes power to approximately 4.8 million customers in Florida. The Company's other principal operating subsidiary, NextEra Energy Resources, is the largest generator in the U.S. of renewable energy from the wind and sun. NextEra is headquartered in Juno Beach, FL.

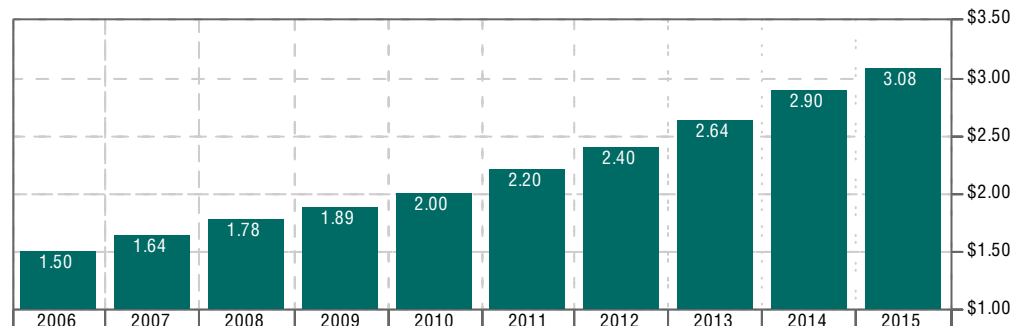
Why it is an Achiever

NEE has paid a dividend since 1945 and has increased it in each of the past 21 years. NEE's largest business segment is Florida Power & Light (FPL), accounting for over 70% of the Company's revenues. FPL has over \$11 billion in annual operating revenue and primarily serves customers along Florida's Atlantic coast. FPL is one of the nation's cleanest utilities, with 95% of its power generation coming from natural gas, nuclear, and solar sources. FPL is also one of the nation's most efficient generators, with the lowest average cost for residential usage in the state of Florida. FPL recently submitted a proposal for a new base rate plan with the Florida Public Service Commission, in which they suggest revenue increases of 2.8% annualized over a four-year period.

NEE also operates NextEra Energy Resources (NEER). NEER is one of the largest wholesale generators of electricity in the U.S with facilities in 25 U.S. states and 4 Canadian provinces. Nearly 40% of NEER's power generation is wind-based, with the balance split evenly between natural gas and nuclear. Over 60% of NEER's generating capacity is now contracted out under long-term selling agreements, with a weighted average contract life of 15 years. NEE expects that by 2016, 84% of the Company's EBITDA will come from its regulated and long-term contracted operations. Based on this visibility, NEE expects ~5-7% annual adjusted EPS growth through at least 2018 from a 2014 base.

In late July, NEE announced an \$18B acquisition of Energy Future Holdings' transmission business. Management expects significant earnings accretion from the deal (though specific estimates have not yet been communicated) while maintaining the Company's credit rating (A- by S&P and Fitch. NEE is in the top quartile of credit quality for all utilities.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Required Disclosures

D.A. Davidson & Co. expects to receive, or intends to seek, compensation for investment banking services from the companies mentioned in this report in the next three months.

James Ragan, the analyst who prepared this report, or his immediate family owns an investment position in: IBM, MSFT, T

Matt Griffith, the analyst who prepared this report, or his immediate family owns an investment position in: CVS

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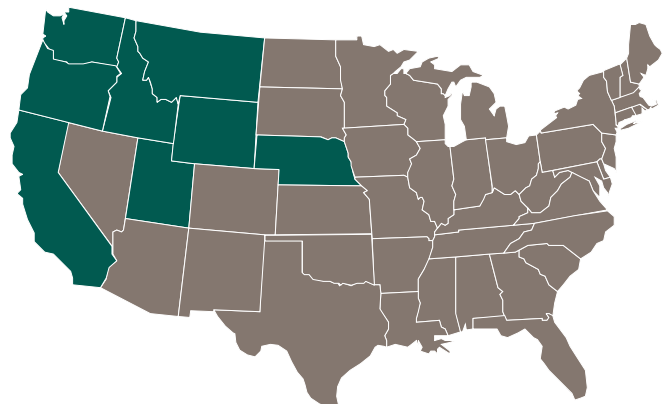
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