

**The Merriam Report** **DPS** 3/31/11 **Dr. Pepper Snapple**

All amounts in millions except for earnings per share

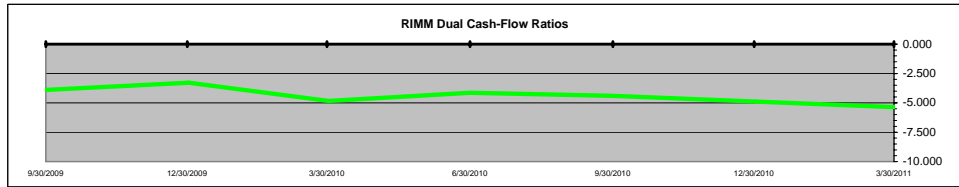
Quarterly period ending:	0	0	1	2	3	4	1	Averages	
	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011		
Earnings Per Share (Incl. Ext. Items)	\$ 0.590	\$ 0.440	\$ 0.340	\$ 0.750	\$ 0.61000	\$ 0.490	\$ 0.500	\$ 0.531	
% Change in E.P.S. (from prev. qtr.)		-25.4%	-22.7%	120.6%	-18.7%	-19.7%	2.0%	6.0%	
Total Revenues	1434.0	1356.0	1248.0	1519.0	1457.0	1412.0	1331.0	1393.9	
% Change in Revenues (from prev. qtr.)		-5.4%	-8.0%	21.7%	-4.1%	-3.1%	-5.7%	-0.8%	
Cost of Revenues	596.0	528.0	469.0	570.0	600.0	554.0	525.0	548.9	
Accounts Receivable:	577.0	572.0	561.0	606.0	558.0	571.0	599.0	577.7	
% Change in Receivables (from prev. qtr.)		-0.9%	-1.9%	8.0%	-7.9%	2.3%	4.9%	0.8%	-0.59%
DSO's (# of days it took customers to pay)	36.6	38.4	40.9	36.3	34.9	36.8	41.0	37.8	-1.18%
Inventories:	275.0	262.0	270.0	269.0	283.0	244.0	264.0	266.7	
% Change in Inventory (from prev. qtr.)		-4.7%	3.1%	-0.4%	5.2%	-13.8%	8.2%	-0.4%	-1.23%
Inventory as a % of Sales	19.2%	19.3%	21.6%	17.7%	19.4%	17.3%	19.8%	19.20%	
Prepaid Expenses:	71.00	112.00	170.00	149.00	176.00	0.00	0.00	96.9	
Other Current Assets:	78.0	0.0	45.0	56.0	43.0	158.0	229.0	87.0	
Property, Plant & Equip. (net):	1041.0	1109.0	1106.0	1110.0	1123.0	1168.0	1153.0	1115.7	
% Change in P,P&E (from prev. qtr.)		6.5%	-0.3%	0.4%	1.2%	4.0%	-1.3%	1.8%	
Accounts Payable:	851.0	850.0	578.0	626.0	947.0	596.0	662.0	730.0	
% Change in Payables (from prev. qtr.)		-0.1%	-32.0%	8.3%	51.3%	-37.1%	11.1%	0.2%	-0.0155
Quarterly period ending:	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011		
Total Liabilities:	5662.0	5589.0	5913.0	6020.0	6205.0	6256.0	6737.0	6054.6	
Shareholder equity:	3078.0	3187.0	3062.0	2823.0	2585.0	2459.0	2430.0	2803.4	
Retained Earnings (Accum. Deficit)	110.0	870.0	138.0	260.0	346.0	400.0	458.0	368.9	
Operating Cash Flow (OCF)	-1110.0	-297.0	-1160.0	-1279.0	-1459.0	-1537.0	-1514.0	-1193.7	
OCF as % of Revenues	-77.4%	-21.9%	-92.9%	-84.2%	-100.1%	-108.9%	-113.7%	-85.60%	0.047
Balance Sheet Cash Flow (BSCF)	4085.0	4055.0	4559.0	4583.0	4481.0	4931.0	5247.0	4563.0	
BSCF as % of Revenues	284.9%	299.0%	365.3%	301.7%	307.5%	349.2%	394.2%	328.84%	-0.1988
Spread between OCF & BSCF	-5195.0	-4352.0	-5719.0	-5862.0	-5940.0	-6468.0	-6761.0	-5756.7	-12 -0.0284
Ratios									
Spread to Revenues	-362.27%	-320.94%	-458.25%	-385.91%	-407.69%	-458.07%	-507.96%	-4.144	
Spread to OCF	-0.272	-0.073	-0.254	-0.279	-0.326	-0.312	-0.289	-0.258	
MR Dual Cash-Flow Figure	-3.894	-3.283	-4.837	-4.138	-4.402	-4.892	-5.368	-4.402	
									-3.579 -2.935 -21.94% -3.13%

**The Merriam Report**

Quarterly period ending:	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11
MR Dual Cash-Flow Figure	-3.894	-3.283	-4.837	-4.138	-4.402	-4.892	-5.368

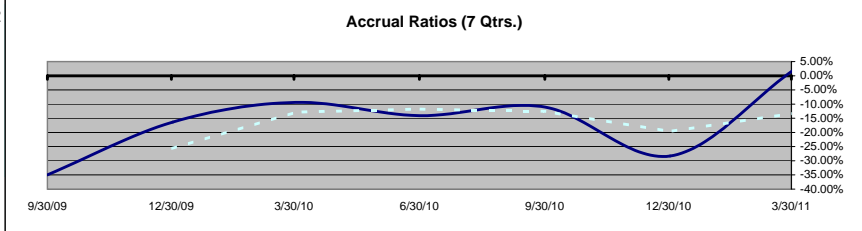
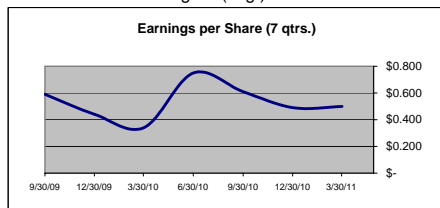
**Merriam Report Signals:**

Recent Bearish  
Confirmed Bearish



MR Dual Cash-Flow Figure (avg.)

-4.402



**Accrual Ratios**  
Average Accruals

9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11
-34.99%	-16.32%	-9.39%	-14.10%	-11.06%	-28.28%	1.84%
-16.04%						-0.13

**Revenue Metrics (as % of Sales)**

	Recent Qtr.	Combined Avg.
Research & Development	0.00%	0.00%
Cost of Sales	39.44%	39.38%
S/G/A	41.32%	39.42%
Payables	24.87%	39.76%

**Capital Productivity**

	Recent Qtr.	Combined Avg.
Inventory / Revenues	\$ 0.198	\$ 0.191
Receivables / Revenues	\$ 0.450	\$ 0.414
Inventory & Receivables / Revenues	\$ 0.648	\$ 0.606
P,P&E / Revenues	\$ 0.866	\$ 0.800

**Comments:**

- ① Inventory levels rose 8.2% in latest quarter
- ② Accounts Payable rose 11.1% in Q1 vs. -5.7% decline in sales
- ③ Operating Cash-flow trend remains negative
- ④ Rev. Metrics and Cap. Productivity declined in latest period.
- ⑤ Rising Goodwill trend above 100% raises potential future impairment risks.

Accrual Ratios: According to the MR model, a ratio of -5 or less is very bullish and a ratio of +5 or more is very bearish.

-0.07%    -1.90%

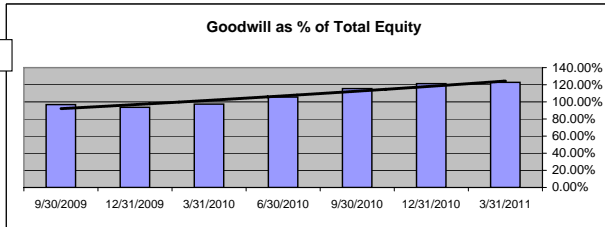
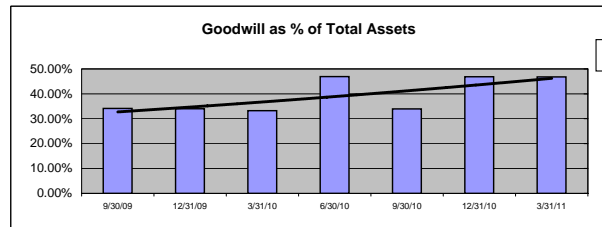
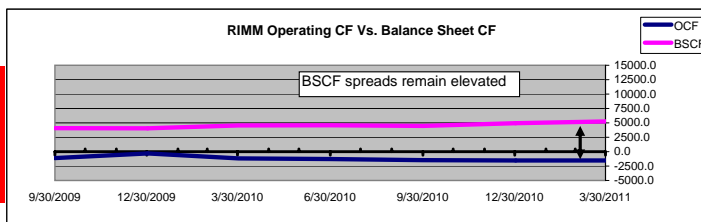
## Summary of Merriam Report Signals

Dual Cash-Flow Figures

	Recent Bearish	Confirmed Bearish	Recent Bullish	Confirmed Bullish
Operating Cash-Flow Trend	Bullish	OCF		
Balance Sheet Cash-Flow Trend	Bearish	BSCF		
		9/30/09	12/31/09	3/31/10
		6/30/10	9/30/10	12/31/10
		3/31/11		
		-1110.0	-297.0	-1160.0
		-1279.0	-1459.0	-1537.0
		-1514.0		
		4085.0	4055.0	4559.0
		4583.0	4481.0	4931.0
		5247.0		

Comparison of Recent Quarter Changes to Average

EPS	Bearish	
Revenues	Bearish	
Accounts Receivable	Bearish	
Days Sales Outstanding	Bearish	
Inventory	Bearish	
Accounts Payable	Bearish	
Accrual Ratios	Mildly Bearish	



	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	AVG.
Goodwill as % of Total Assets	34.12%	33.99%	33.25%	46.94%	33.95%	46.84%	46.82%	39.41%
Goodwill as % of Total Equity	96.88%	93.60%	97.45%	105.67%	115.44%	121.35%	122.84%	107.60%
	2.84	2.75	2.93	2.25	3.40	2.59	2.62	2.73

Dual Cash Flow Trend	-2
Financial Ratios (conventional)	0
Balance Sheet and Income Statement	-12
Accrual Ratios	-0.125
Revenue Metrics and Capital Productivity	-5
Goodwill Trends	-1
<b>Merriam Report Score</b>	<b>-20.125</b>

Dr. Pepper Snapple	3/31/2011	7/6/2011
Ending Period Share Price	\$ 37.16	\$ 42.81
Estimated Fair Value	\$ 36.01	
End Price to Est. FV	1.46%	18.88%

Valuation

OVERVALUED

Earnings Quality

- A+
- A-
- B+
- B-
- C+
- C-

Adjustments (Payables)	\$ (0.57)
Adjustments (Receivables)	\$ (0.22)
Adjustments (DSO)	\$ (0.06)
Adjustments (OCF)	\$ 1.72
Adjustments (BSCF)	\$ (1.04)
Adjustments (Inventory)	\$ (0.45)
<b>Total Adjustments</b>	<b>\$ (0.61)</b>

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