

Description of Merriam Report Signals and Indicators

Dual-Cash Flow Signals: The Merriam Report generates two separate dual-cash flow signals. The "Recent" signal displays changes in operating cash-flow (OCF) for the latest quarter. The "Confirmed" signal displays the overall trend in OCF over five consecutive periods.

Recent Bearish - Dual cash-flow in latest qtr. < previous qtr.

Recent Bullish – Dual cash-flow in latest qtr. > previous qtr.

Confirmed Bearish – Dual cash-flow in latest qtr. <= several previous qtrs.

Confirmed Bullish - Dual cash-flow in latest qtr. >= several previous qtrs.

Accrual Ratio: This indicator reveals changes in non-cash activity included in the earnings statement. The accrual ratio helps to identify the effect of changes in depreciation on long-lived assets, changes in working capital, capital expenditures, etc, for the cash used in or by operating and investment activities. Generally, a reading of **+ 5 or greater is quite bearish** and a sell signal. In contrast, a reading of **- 5 or less is very bullish** and a buy signal.

Capital Productivity Ratios: **Bullish** or **Bearish** indicators reveal changes in capital productivity for income producing assets in the latest period against the average of all periods reviewed.

Revenue Metrics: This compares key expense items and accounts payable as a percentage of sales in the recent period to the average of all periods. Also with **Bullish** or **Bearish** indicators.

Goodwill (Intangible Assets): Graphic interpretations of changes in Goodwill as a % of Total Assets and as a % of Total Stockholder Equity. Each graph includes exponential trend lines.

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