

Color-coded bars provide recent period comparisons to the average of all periods. A green bar indicates improvement (last qtr. to avg.). A red bar indicates a decline (last qtr. to avg.)

Page one of the Merriam Report contains specific reported financial information from the income statement, balance-sheet and cash-flow statement over a five period time-frame (quarterly or annually).

The data section of page 1 (in brackets) analyzes and compares these changes from period to period **and** to the average of all periods reviewed.

In this example of Harris Corp. (HRS), the reader would be able to see at a glance that although revenues in the period ending March 31, 2009 declined -10.6%, days-sales-outstanding increased almost five days from the prior quarter **and** that DSO's are slightly higher than the average.

Similarly, the reader will notice that March inventory levels declined -5.8% in the latest period, but inventory as a % of sales rose from 46% to 48.5%, also higher than the average.

Next, the Merriam Report dual cash-flow matrix filters the data to determine and identify **Operating Cash-Flow** and **Balance-Sheet Cash-Flow**.

The changes in OCF and BSCF helps determine the spread between each of these cash-flows **and** their relationship to revenues.

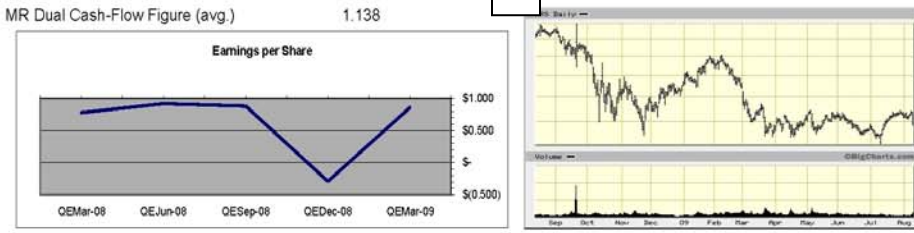
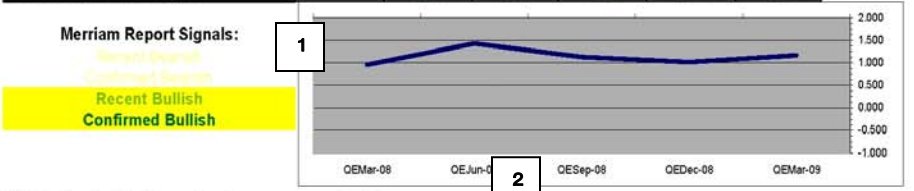
This process creates our dual cash-flow figures for each period, which are presented graphically in addition to **Recent** and **Confirmed** signals regarding the trend. 1

Below the DCF figures is an earnings and price history of the company being reviewed. 2

Near the bottom of page one, we provide revenue metrics / capital productivity data 3 and accrual ratios. 4

The Merriam Report HRS QEMar-09 Harris Corp.						
All amounts in millions except for earnings per share						
Quarterly period ending:	QEMar-08	QEMar-08	QEMar-08	QEMar-08	QEMar-09	Averages
Earnings Per Share (Incl. Ext. Items)	\$ 0.780	\$ 0.920	\$ 0.880	\$ (0.290)	\$ 0.860	\$ 0.630
% Change in E.P.S. (from prev. qtr.)		17.9%	-4.3%	-133.0%	206.6%	69.3%
Total Revenues	1329.60	1433.20	1367.70	1523.00	1361.70	1433.12
% Change in Revenues (from prev. qtr.)		7.8%	-4.6%	11.4%	-10.6%	1%
Cost of Revenues	933.9	990.0	928.4	1061.2	952.3	973.2
Accounts Receivable:	848.9	679.9	981.5	914.3	886.3	862.2
% Change in Receivables (from prev. qtr.)		-19.9%	44.4%	-6.8%	-3.1%	3.6%
DSO's (# of days it took customers to pay)	58.1	43.2	85.3	54.6	59.2	56.1
Inventories:	649.3	479.0	677.2	281.1	660.7	650.9
% Change in Inventory (from prev. qtr.)		-26.7%	42.3%	3.5%	-5.8%	3.3%
Inventory as a % of Sales	48.8%	33.2%	49.5%	46.0%	48.5%	45.22%
Prepaid Expenses:	0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets:	184.5	602.8	194.1	184.4	184.9	270.1
Property, Plant & Equip. (net):	481.3	407.2	482.9	482.0	467.1	464.1
% Change in P.P.& E (from prev. qtr.)		-15.4%	18.6%	-0.2%	-3.1%	0.0%
Accounts Payable:	842.4	672.2	846.0	816.5	794.4	788.3
% Change in Payables (from prev. qtr.)		-17.3%	25.9%	-3.5%	-2.7%	0.6%
Quarterly period ending:	QEMar-08	QEMar-08	QEMar-08	QEMar-08	QEMar-09	
Total Liabilities:	2005.1	2023.2	2079.3	1937.8	1976.9	2004.5
Shareholder equity:	2520.2	2604.3	2604.2	2332.1	2355.1	2483.2
Retained Earnings (Accum. Deficit)	1578.6	1660.8	1694.7	1629.3	1679.2	
Operating Cash Flow (OCF)	1428.9	2119.4	1600.6	1563.4	1696.5	1681.8
OCF as % of Revenues	107.5%	147.9%	117.0%	102.6%	124.6%	123.0%
Balance Sheet Cash Flow (BSCF)	159.3	68.3	57.7	22.6	111.7	83.9
BSCF as % of Revenues	12.0%	4.8%	4.2%	1.5%	8.2%	4.7%
Spread between OCF & BSCF	1269.6	2051.1	1542.9	1540.8	1584.8	1597.8
Ratios						
Spread to Revenues	95.49%	143.11%	112.81%	101.14%	116.38%	1.138 2.28%
Spread to OCF						
MR Dual Cash-Flow Figure	0.955	1.431	1.128	1.011	1.164	

The Merriam Report					
Harris Corp. HRS QEMar-09					
Quarterly period ending:	QEMar-08	QEMar-08	QEMar-08	QEMar-08	QEMar-09
MR Dual Cash-Flow Figure	0.955	1.431	1.128	1.011	1.164



Accrual Ratios	QEMar-08	QEMar-08	QEMar-08	QEMar-08	QEMar-09
Average Accruals	1.37%	0.50%	2.40%	-1.03%	-2.46%
Recent Qtr. #VALUE!					
Recent Qtr. #VALUE!					

Revenue Metrics (as % of Sales)

Research & Development	69.93%
Cost of Sales	17.63%
S/G/A	58.34%
Payables	

Capital Productivity

Inventory / Revenues	\$ 0.485
Receivables / Revenues	\$ 0.651
Inventory & Receivables / Revenues	\$ 1.136
P,P&E / Revenues	\$ 0.943

Accrual Ratio (5 qtrs.)

Combined Avg. #DIV/0!

69.36%
17.44%
56.18%
\$ 0.451
\$ 0.614
\$ 1.066
\$ 0.331

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.