

The Merriam Report RIMM QEJun-09 Research in Motion

All amounts in millions except for earnings per share

Quarterly period ending:	QEJun-08	QESep-08	QEDec-08	QEMar-09	QEJun-09	Averages
Earnings Per Share (Incl. Ext. Items)	\$ 0.840	\$ 0.860	\$ 0.690	\$ 0.900	\$ 1.120	\$ 0.882
% Change in E.P.S. (from prev. qtr.)		2.4%	-19.8%	30.4%	24.4%	9.4%
Total Revenues	2242.57	2577.33	2782.10	3463.19	3423.51	2897.74
% Change in Revenues (from prev. qtr.)		14.9%	7.9%	24.5%	-1.1%	11.6%
Cost of Revenues	1105.2	1270.5	1512.6	2079.6	1932.0	1580.0
Accounts Receivable:	1525.6	1885.3	1934.9	2269.8	2554.9	2034.1
% Change in Receivables (from prev. qtr.)		23.6%	2.6%	17.3%	12.6%	14.0%
DSO's (# of days it took customers to pay)	61.9	66.6	63.3	59.6	67.9	63.9
Inventories:	461.6	512.9	599.1	682.4	634.1	578.0
% Change in Inventory (from prev. qtr.)		11.1%	16.8%	13.9%	-7.1%	8.7%
Inventory as a % of Sales	20.6%	19.9%	21.5%	19.7%	18.5%	20.05%
Prepaid Expenses:	0.00	0.00	0.00	0.00	0.00	0.0
Other Current Assets:	268.1	262.9	328.6	371.1	405.2	327.2
Property, Plant & Equip. (net):	861.3	1005.7	1147.4	1334.6	1509.4	1171.7
% Change in P,P & E (from prev. qtr.)		16.8%	14.1%	16.3%	13.1%	15.1%
Accounts Payable:	1139.7	1618.0	1868.9	1686.9	2109.5	1684.6
% Change in Payables (from prev. qtr.)		42.0%	15.5%	-9.7%	25.0%	18.2%
Quarterly period ending:	QEJun-08	QESep-08	QEDec-08	QEMar-09	QEJun-09	
Total Liabilities:	1427.0	1944.7	2318.9	2227.2	2347.1	2053.0
Shareholder equity:	4436.4	4948.6	5346.2	5874.1	6488.3	5418.7
Retained Earnings (Accum. Deficit)	2135.6	2631.2	3027.5	3545.7	4188.7	
Operating Cash Flow (OCF)	5134.6	5946.6	6512.7	7265.2	8392.5	6650.3
OCF as % of Revenues	229.0%	230.7%	234.1%	209.8%	245.1%	229.9%
Balance Sheet Cash Flow (BSCF)	-1506.4	-1821.5	-1813.4	-2100.7	-2722.5	-1992.9
BSCF as % of Revenues	-67.2%	-70.7%	-65.2%	-60.7%	-79.5%	-69.0%
Spread between OCF & BSCF	6641.1	7768.1	8326.1	9365.9	11115.0	8643.2
Ratios						
Spread to Revenues	296.14%	301.40%	299.27%	270.44%	324.67%	2.984 8.81%
Spread to OCF						
MR Dual Cash-Flow Figure	2.961	3.014	2.993	2.704	3.247	2.984

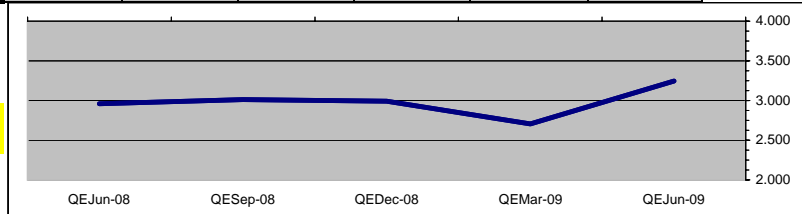
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The Merriam Report

Research in Motion	RIMM	QEJun-09			
Quarterly period ending:	QEJun-08	QESep-08	QEDec-08	QEMar-09	QEJun-09
MR Dual Cash-Flow Figure	2.961	3.014	2.993	2.704	3.247

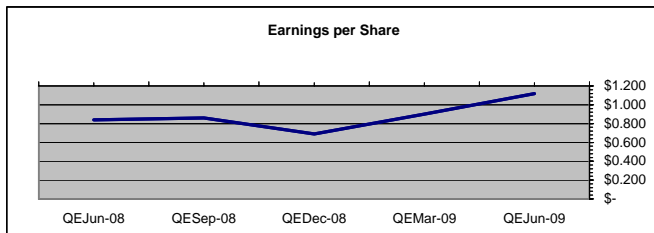
Merriam Report Signals:

- Recent Bearish
- Confirmed Bearish
- Recent Bullish
- Confirmed Bullish



MR Dual Cash-Flow Figure (avg.)

2.984



Accrual Ratios
Average Accruals

	QEJun-08	QESep-08	QEDec-08	QEMar-09	QEJun-09
Accrual Ratios	12.11%	15.28%	19.60%	27.95%	3.70%
Average Accruals	15.73%				

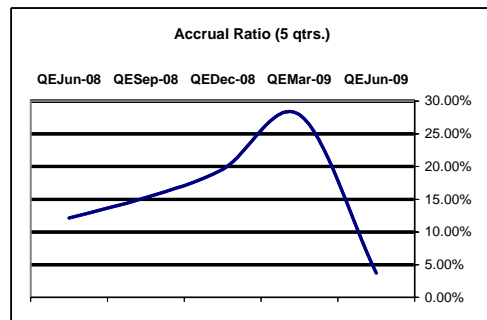
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Revenue Metrics (as % of Sales)

	Recent Qtr.	Combined Avg.
Research & Development	6.42%	6.24%
Cost of Sales	56.43%	54.52%
S/G/A	15.02%	13.87%
Payables	61.62%	58.13%

Capital Productivity

	Recent Qtr.	Combined Avg.
Inventory / Revenues	\$ 0.185	\$ 0.199
Receivables / Revenues	\$ 0.746	\$ 0.702
Inventory & Receivables / Revenues	\$ 0.932	\$ 0.901
P,P&E / Revenues	\$ 0.44	\$ 0.40



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.

Summary of Merriam Report Signals

Dual Cash-Flow Figures

Confirmed Bullish / Recent Bullish

Operating Cash-Flow Trend

Bullish

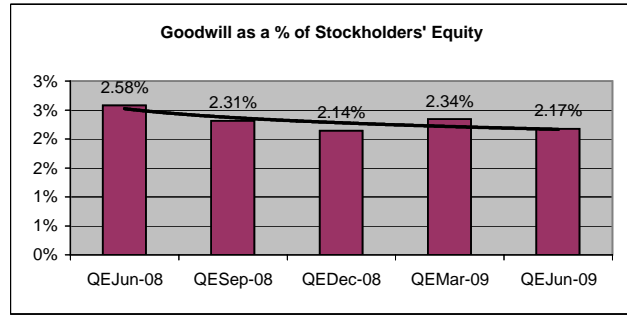
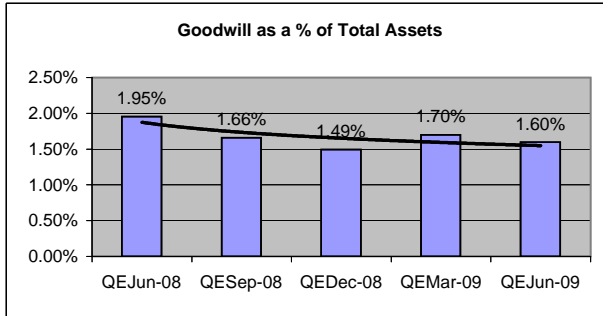
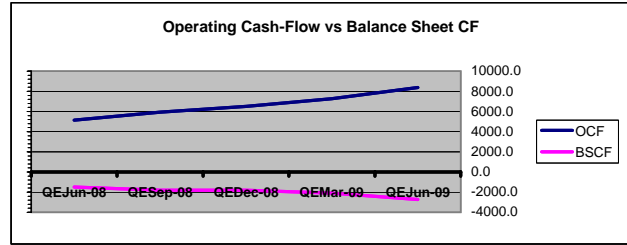
	QJun-08	QSep-08	QDec-08	QMar-09	QJun-09
OCF	5134.6	5946.6	6512.7	7265.2	8392.5
BSCF	-1506.4	-1821.5	-1813.4	-2100.7	-2722.5

Balance Sheet Cash-Flow Trend

Bullish

Comparison of Recent Quarter Changes to Average

EPS	Bullish	
Revenues	Bearish	
Accounts Receivable	Bullish	
Days Sales Outstanding	Bearish	
Inventory	Bullish	
Accounts Payable	Bearish	
Accrual Ratios	Bearish (w bullish bias)	



Balance Sheet and Income Statement	2
Accrual Ratios	-1
Revenue Metrics and Capital Productivity	-4
Goodwill Trends	0.5
Merriam Report Score	-2.5

\$ 9.25 \$ 57.75
16.02%

Investment Opinion: HOLD (see comments)

Current Price: \$67

Fair Value: \$57.75

Current Price to Fair Value: +16.02%

As the smart-phone wars continue, RIMM seems to be getting kicked around. However, we believe RIMM has superior earnings quality compared to marketing juggernaut Apple (AAPL).

Our HOLD rating on RIMM is largely due to valuation at current prices. Getting or preserving market share doesn't come cheap these days to anybody, so we can appreciate the fact many companies are stretching payables and/or working with customers on receivables (think days-sales-outstanding).

However, RIMM management doesn't try to fluff earnings by presenting two sets of books like AAPL does. Instead, they provide investors with excellent corporate governance in our view.

This should not imply that Apple is cooking their books, but we will argue that RIMM has a higher quality of earnings. The Merriam Report data suggests that RIMM would be a compelling buy on any pull-back to the low fifties.

The opinions expressed herein are solely those of the author and there is no guarantee to the accuracy or completeness of information contained herein. This report is not a solicitation to buy or sell any security mentioned and it is always recommended to conduct a thorough due-diligence of any security or issue before making an investment.

Date of Report: 10-8-09

Disclosure of holdings: None

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