



Sat Jun 07 00:26:19 EDT 2008

RESEARCH IN MOTION LTD (RIMM)
Communications Equipment



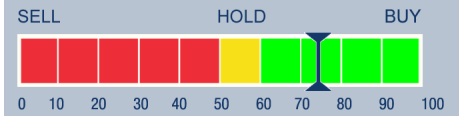
Overall Grade: RIMM 74.4

Market Grader

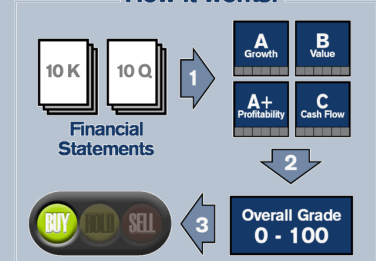
RIMM Overview

Company Scores Very Good Fundamental Grades - MarketGrader currently has a BUY rating on RESEARCH IN MOTION LTD (RIMM), based on a final overall grade of 74.4 scored by the company's fundamental analysis. RESEARCH IN MOTION LTD scores at the 96th percentile among all 5304 U.S. listed equities currently followed by MarketGrader. Our present rating dates to October 8, 2006, when it was upgraded from a HOLD. Relative to the Communications Equipment sub-industry, which is comprised of 135 companies, RESEARCH IN MOTION LTD's grade of 74.4 ranks sixth. The industry grade leader is CORNING INC (GLW) with an overall grade of 87.4. The stock, up 33.68% in the last six months, has outperformed both the Communications Equipment group, down 14.22% and the S&P 500 Index, which has returned -7.1% in the same period. Please go to pages two and three of this report for a complete breakdown of RIMM's fundamental analysis.

Stock Price	06/05/2008	\$135.59
Earnings Estimates		
Last Earnings Release	04/02/2008	
Last Qtr. Actual vs. Est.	\$0.72 / \$0.70	
Next Release	06/25/2008	\$0.85
Year Ending	02/28/2009	\$3.86
Year Ending	02/28/2010	\$5.25

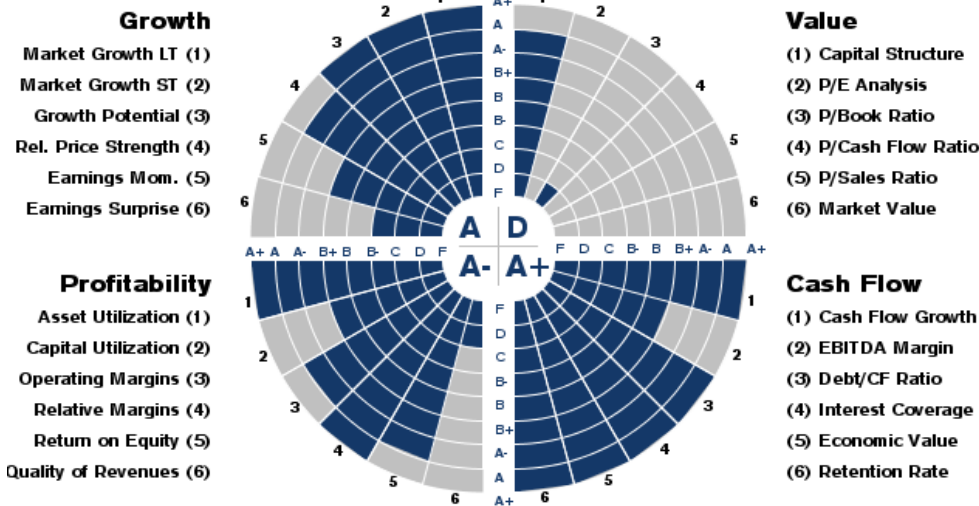


How it works:

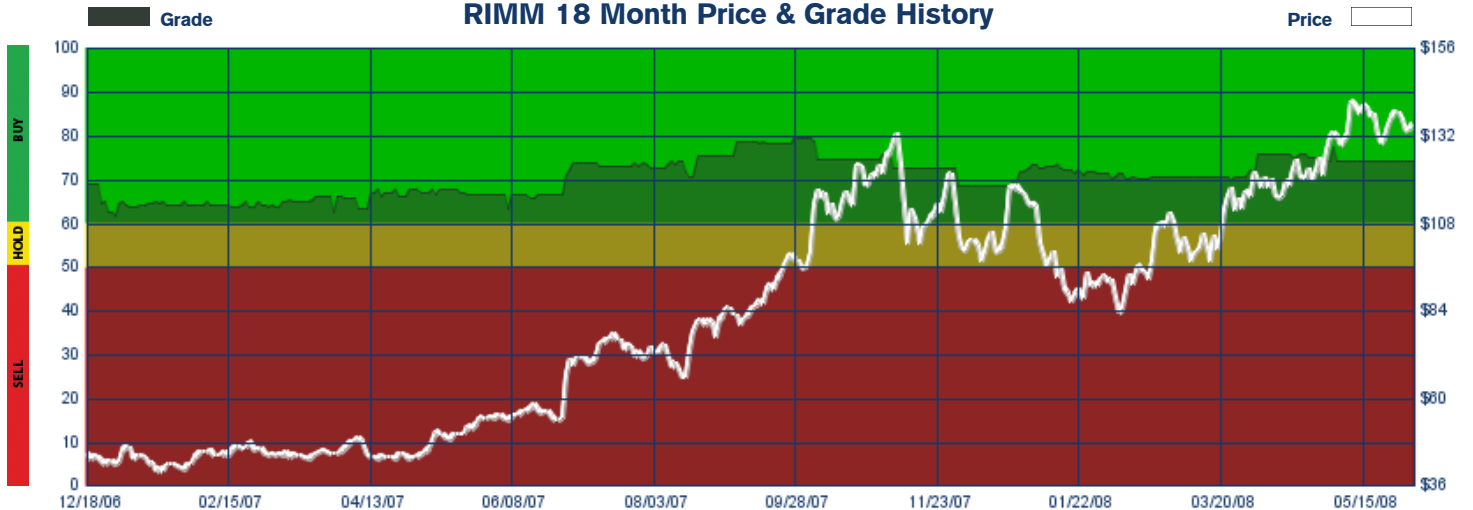


The picture above illustrates, in a simple way, how the MarketGrader stock rating system works. Every day the system gathers up to five years of historical financial data from each company it covers. All data compiled is from annual and quarterly company reports and it does not include any analyst estimates, price targets or any other form of forward looking information. All numbers are then broken down into four unique grading categories: Growth, Value, Profitability and Cash Flow. Each category contains six fundamental indicators, determined by the company's industry. Some of the figures used in the creation of these indicators (for example earnings from operations or cash flow), are not incorporated in the analysis as reported by the companies, but built by the MarketGrader system from its own methodology to ensure identical accounting standards across all companies. Each of the 24 fundamental indicators is individually graded based on a nine letter scale of A+ to F. The grade composition chart on the left breaks down the analysis of the company presented in this report, allowing you to see the indicators used. It provides a bird's eye view of the company's strengths and weaknesses. Pages two and three of the report explain the factors contributing to each indicator's grade. Finally, the MarketGrader system compiles all 24 fundamental indicators into an overall company grade, on a 0 to 100 scale. This final grade determines the MarketGrader Buy, Hold or Sell rating, illustrated by the traffic light on the upper right corner of every page on this report.

RIMM Grade Composition



RIMM 18 Month Price & Grade History





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Overall Grade: **RIMM 74.4**

Market Grader

Fundamental Analysis

Growth: Remarkable Growth Trend

RESEARCH IN MOTION LTD continues to demonstrate outstanding top and bottom line growth performance. Compared to full year results published three years before, the company's annual revenue grew 345% during its fiscal year ended February 29, 2008 while year to year quarterly sales increased 102.4% in its most recently reported quarter. Its most recent full year net income of \$1,293.9 million represents a 506.3% increase compared to the same figure three years before, while the company's quarterly net income increased 120.1% to \$412.5 million in the most recently reported quarter relative to the same quarter a year ago. RIMM's ability to exceed earnings estimates with its latest earnings release on April 2, 2008 generated some momentum for the stock, reflected by a 4.3% price increase in the days surrounding the announcement. The company is averaging a 2.7% earnings surprise (difference between expected and actual earnings) over its last six reported quarterly figures, which means it's consistently managing to beat quarterly Wall Street estimates, an important driver of stock price momentum.

Grades

Growth A

Market Growth LT **A+**

Market Growth ST **A+**

Growth Potential **A+**

Rel. Price Str. **A**

Earnings Momentum **B+**

Earnings Surprise **B-**

Value: Extreme Valuation Appears Risky

RIMM trades at about 58.70 times earnings per basic share (excluding extraordinary items); this compares very unfavorably to the MarketGrader-calculated optimum PE ratio of 22.8, based on a historical 11.27% EPS growth rate, suggesting the stock is significantly overvalued. Our optimum PE Analysis assigns each stock the highest possible valuation afforded by its long term EPS growth rate; this historical growth rate measures the average year-to-year change in earnings per share for the company's last eight quarters (when available). Given the company's strong revenue and earnings per share growth rates, RIMM may be gaining market share without sacrificing profitability. The stock trades at 22.78 times tangible book value per share (tangible book value is based on the company's common equity minus intangibles such as goodwill); this is an excessive valuation of the company's assets on the balance sheet, which means further price gains will have to be justified from increased earnings from operations. It trades also at 54.41 times cash flow per share, a sign that investors are assigning a significant amount of value to the company's non-cash assets and its earnings potential. RIMM trades unfavorably at 12.70 times trailing 12-month sales, a 22.87% premium to the industry average price to sales ratio of 10.33. The company's market capitalization of \$76,289.98 million is 171.90 times its latest quarterly net income (including depreciation), representing an exceptionally rich valuation.

Value D

Capital Structure **A**

P/E Analysis **F**

Price/Book Ratio **D**

Price/Cash Flow **F**

Price/Sales Ratio **F**

Market Value **F**



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Fundamental Analysis

Profitability: Adequate Operating Results

RESEARCH IN MOTION LTD exhibits very solid operating performance as evidenced by a remarkable 32.9% return on equity. The company's leverage, with long term debt accounting for 0.18% of total capital, seems acceptable at these levels and poses no long term risk. The balance sheet looks exceptionally sound considering the company had \$1,605.11 million in cash on hand in the most recent quarter and \$7.61 million in total debt. The company's latest annual net income of \$1,293.9 million (for fiscal year ended February 29, 2008) compared to its \$ 5,511.2 million in assets is a sign of excellent operating efficiency, reflected in a high Asset Utilization indicator grade. Especially important are RIMM's operating margins of 31.6%, 153.3% higher than the 12.47% Communications Equipment Industry average.

Grades

Profitability **A-**

Asset Utilization	A+
Capital Utilization	B+
Operating Margins	A
Relative Margins	A+
Return on Equity	A
Quality of Revenues	C

Cash Flow: Strong Cash Position Suggests Healthy Outlook

RIMM displays very robust year-to-year cash flow growth of 111.9% and a healthy EBITDA (earnings before interest, taxes, depreciation and amortization) margin of 31.6%. The company maintains a somewhat conservative capital structure considering it only has \$7.61 million in debt and it generated \$443.8 million in cash flow in its last quarter ended February 29, 2008; this compares to \$209.4 million for the same quarter a year before. RIMM's economic value added is extraordinary based on a low cost of debt and high cost of equity, when compared to a 32.83% return on investment. The company is financing its tremendous growth at least in part organically supported by an average 32.89% reinvestment rate over the last four quarters.

Cash Flow **A+**

Cash Flow Growth	A+
EBITDA Margin	B+
Debt/Cash Flow	A+
Interest Coverage	A+
Economic Value	A+
Retention Rate	A+



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Profile

Research In Motion Limited engages in the design, manufacture, and marketing of wireless solutions for the mobile communications market worldwide. It provides platforms and solutions for access to time-sensitive information, including email, phone, short messaging service, Internet, and intranet-based applications. The company's technology enables an array of third party developers and manufacturers to enhance their products and services with wireless connectivity to data. Its portfolio of products includes the BlackBerry wireless platform, the RIM Wireless Handhelds product line, software development tools, and other hardware and software solutions. The company's BlackBerry wireless solution comprises wireless devices, software, and services. It also enables the use of personal information management functions, such as calendar, address book, task list, and other functions associated with personal organizers. In addition, Research In Motion offers BlackBerry Mobile Data System that allows users to access data from enterprise applications and the Internet; BlackBerry Internet Service, which allows the integration of up to 10 supported email accounts on the same BlackBerry smartphone; and BlackBerry Enterprise Solution and BlackBerry Internet Service that allow Internet browsing and full phone functionality on the user's smartphone, as well as offers a range of multimedia capabilities. Further, it licenses BES software, as well as offers client access licenses, technical support, and upgrades. The company distributes its products through wireless communications carriers or carrier partners. Research In Motion was founded in 1984 and is headquartered in Waterloo, Canada.

Financials Last Qtr. Last Fiscal Yr.
(02/29/2008) (02/29/2008)

Income Statement

Revenue	\$1,882.70	\$6,009.40
Net Income	\$412.50	\$1,293.87
EPS	\$0.73	\$2.31
Cash Flow	\$443.82	\$1,401.98

Balance Sheet

Total Assets	\$5,511.19	\$5,511.19
Total Debt	\$7.61	\$7.61

All numbers in millions except for EPS

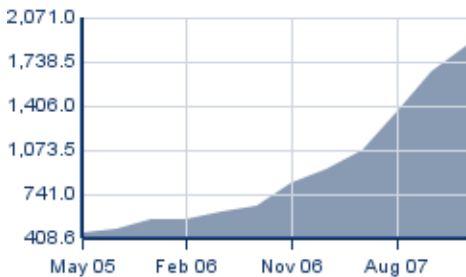
Ratios Grades

Price/Earnings	58.7	F
Price/Book	22.8	D
Price/Cash Flow	54.4	F
Price/Sales	12.7	F
Debt/Cash Flow	0.0	A+
Return On Equity	32.9%	A
Operating Margin	31.6%	A

Share Data

Price (06/05/2008)	\$135.59
52 Week High	\$141.97
52 Week Low	\$54.43
Average 3 Month Volume	20,478,154
Market Cap.	\$76,289.98 M
Shares Outstanding	564,001,000
Float	424,596,000

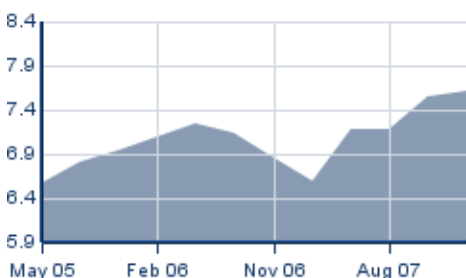
Revenue - 3Y



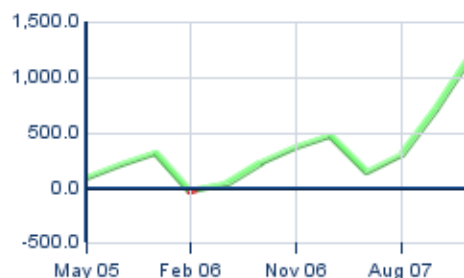
Net Income - 3Y



Total Debt - 3Y



Free Cash Flow* - 3Y



* Calculated as Net Cash Flow Minus Cash Dividends



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Stock Performance - 1 Year (%)



50 & 200 Day Moving Average - 1 Year



9 YR Stock Price



Market Share

Share%	Company (total 135)	1Y%	3Y%	Grade
1 26.7	▲ NOKIA (AB) OY	23.2	22.7	82.9
2 13.1	▼ MOTOROLA INC	18.2	17.9	25.5
3 12.5	▼ CISCO SYSTEMS INC	12.1	12.6	63.7
4 10.5	▼ ERICSSON (LM) TELEFON	11.4	11.5	53.1
5 9.3	▼ ALCATEL-LUCENT	6.9	9.5	29.0
6 3.9	▼ NORTEL NETWORKS CORP	4.8	5.6	13.6
7 3.2	▲ QUALCOMM INC	3.2	2.8	72.6
8 2.2	▲ RESEARCH IN MOTION LTD-[8/135]	1.3	0.8	74.4
9 2.1	▼ CORNING INC	2.2	2.2	87.4
10 1.5	▲ HARRIS CORP	1.5	1.4	65.6

Peer Comparison

Company (total 135)	Grade Rating	Revenue* in millions	EPS*	Earnings Surprise**	PE Ratio	ROE	Market Cap in millions
CORNING INC	87.4 ●	\$1,617.0	\$0.66	6.0%	14.9	26.6%	\$42,539.8
NOKIA (AB) OY	82.9 ●	\$20,080.3	\$0.51	13.3%	9.3	41.4%	\$101,408.9
COMTECH TELECOMMUN	79.0 ●	\$152.0	\$1.06	27.7%	15.6	19.2%	\$1,207.7
AIRVANA INC	76.5 ●	\$7.6	(\$0.18)	4.3%	1.4	117.8%	\$351.3
SILICOM LTD	74.5 ●	\$7.7	\$0.26	7.2%	8.1	16.1%	\$56.7
RESEARCH IN MOTION LTD-[6/135]	74.4 ●	\$1,882.7	\$0.73	2.7%	58.7	32.9%	\$76,290.0
QUALCOMM INC	72.6 ●	\$2,607.0	\$0.47	2.7%	23.5	22.4%	\$79,863.6
ITURAN LOCATION & CONTROL	70.8 ●	\$32.8	\$0.04	2.2%	6.4	32.5%	\$307.7
EXFO ELECTRO OPTICAL ENGR	70.0 ●	\$43.3	\$0.06	9.8%	9.4	14.5%	\$377.6
HARMONIC INC	68.8 ●	\$87.3	\$0.14	16.7%	23.8	10.1%	\$940.1

*As reported for most recent quarter **Average of last six quarters

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