



## NEWS RELEASE

June 28, 2013

### FOR IMMEDIATE RELEASE

## BLACKBERRY REPORTS FIRST QUARTER FISCAL 2014 RESULTS

Waterloo, ON – Research In Motion Limited (doing business as BlackBerry®) (Nasdaq: BBRY; TSX:BB), a world leader in the mobile communications market, today reported first quarter results for the three months ended June 1, 2013 (all figures in U.S. dollars and U.S. GAAP, except where otherwise indicated).

### Q1 Highlights:

- Revenue \$3.1 billion, up 15% sequentially from the previous quarter
- North America revenue grows sequentially 30%, APAC revenue grows 35%, EMEA revenue grows 9%
- LATAM revenue declines 6% as Venezuela foreign currency restrictions negatively impact \$72 million of service revenue recognition in the first quarter; company gross margins negatively impacted by 2%
- Shipments of 6.8 million smartphones, up 13% sequentially from the previous quarter
- GAAP loss from continuing operations of \$84 million, or \$0.16 per share
- Adjusted loss from continuing operations of \$67 million, or \$0.13 per share
- Venezuela foreign currency restrictions impact reported GAAP earnings and adjusted earnings by approximately \$0.10 per share; excluding such impact, adjusted earnings in-line with previously provided outlook of approaching breakeven financial results
- Cash flow from operations of \$630 million
- Cash and investments balance of \$3.1 billion

### Q1 Results

Revenue for the first quarter of fiscal 2014 was \$3.1 billion, up 15% from \$2.7 billion in the previous quarter and up 9% from \$2.8 billion in the same quarter of fiscal 2013. The revenue breakdown for the quarter was approximately 71% for hardware, 26% for service and 3% for software and other revenue. During the quarter, the Company shipped 6.8 million BlackBerry smartphones and approximately 100,000 BlackBerry PlayBook tablets.

GAAP loss from continuing operations for the quarter was \$84 million, or \$0.16 per share diluted, compared with a GAAP income from continuing operations of \$94 million, or diluted earnings per share of \$0.18, in the prior quarter and GAAP loss from continuing operations of \$510 million, or \$0.97 per

share diluted, in the same quarter last year.

Adjusted loss from continuing operations for the first quarter was \$67 million, or \$0.13 per share diluted. Adjusted loss from continuing operations and adjusted diluted loss per share exclude the impact of pre-tax charges of \$26 million (\$17 million on an after tax basis) related to the Cost Optimization and Resource Efficiency (“CORE”) program. This impact on GAAP loss from continuing operations and diluted loss per share from continuing operations are summarized in the table below.

The total of cash, cash equivalents, short-term and long-term investments was \$3.1 billion as of June 1, 2013, compared to \$2.9 billion at the end of the previous quarter, an increase of approximately \$200 million from the prior quarter. Cash flow from operations in the first quarter was approximately \$630 million. Uses of cash included intangible asset additions of approximately \$335 million and capital expenditures of approximately \$83 million.

“During the first quarter, we continued to focus our efforts on the global roll out of the BlackBerry 10 platform,” said Thorsten Heins, President and CEO of BlackBerry. “We are still in the early stages of this launch, but already, the BlackBerry 10 platform and BlackBerry Enterprise Service 10 are proving themselves to customers to be very secure, flexible and dynamic mobile computing solutions. Over the next three quarters, we will be increasing our investments to support the roll out of new products and services, and to demonstrate that BlackBerry has established itself as a leading and vibrant player in next generation mobile computing solutions for both consumer and enterprise customers.”

## **Outlook**

The smartphone market remains highly competitive, making it difficult to estimate units, revenue and levels of profitability. Throughout the remainder of fiscal 2014, the Company will invest in BlackBerry 10 smartphone launches, and the roll out of BlackBerry Enterprise Service 10, to continue to establish the new BlackBerry 10 platform in the marketplace. The Company will also invest resources to evolve BlackBerry Messenger into a leading cross platform mobile social messaging application, and launch other revenue initiatives associated with new services and emerging mobile computing opportunities. Based on the competitive market dynamics and these investments, the company anticipates it will generate an operating loss in the second quarter. The company will also continue to implement the cost savings and process-improving initiatives it started last year, in order to drive greater efficiency throughout the company, and redirect capital from these savings to areas of investment that will drive future revenue growth.

**Reconciliation of GAAP loss from continuing operations before income taxes, loss from continuing operations and diluted loss per share from continuing operations to adjusted loss from continuing operations before income taxes, adjusted loss from continuing operations and adjusted diluted loss per share from continuing operations:**

(United States dollars, in millions except per share data)

	<b>For the three months ended</b>		
	<b>CORE</b>		
<b>As Reported:</b>	<b>GAAP</b>	<b>Charges<sup>(1)</sup></b>	<b>Adjusted</b>
<b>Loss from continuing operations before income taxes</b>	\$ (164)	\$ 26	\$ (138)
<b>Loss from continuing operations</b>	(84)	17	(67)
<b>Diluted loss per share from continuing operations</b>	<b>\$ (0.16)</b>	<b>\$ 0.03</b>	<b>\$ (0.13)</b>

- Adjusted loss from continuing operations and diluted loss per share from continuing operations include the \$72 million (approximately \$50 million after tax or \$0.10 per share) impact on service revenue recognition of the Venezuela foreign currency restrictions noted above.

Note: Adjusted loss from continuing operations before tax, adjusted loss from continuing operations and adjusted diluted loss per share from continuing operations do not have a standardized meaning prescribed by GAAP and thus are not comparable to similarly titled measures presented by other issuers. The Company believes that the presentation of adjusted loss from continuing operations before taxes, adjusted loss from continuing operations and adjusted diluted loss per share from continuing operations enables the Company and its shareholders to better assess the Company's operating results relative to its operating results in prior periods and improves the comparability of the information presented. Investors should consider these non-GAAP measures in the context of the Company's GAAP results.

- (1) As part of the Company's ongoing effort to streamline its operations and increase efficiency, the Company commenced the CORE program in March 2012. During the first quarter of fiscal 2014, the Company incurred approximately \$26 million in total pre-tax charges related to the CORE program. Substantially all of the pre-tax charges are related to one-time employee termination benefits and facilities costs. During the first quarter of fiscal 2014, charges of approximately \$10 million were included in research and development and charges of approximately \$16 million were included in selling, marketing, and administration expenses.

**Supplementary Geographic Revenue Breakdown**

**Research In Motion Limited (doing business as BlackBerry)**  
(United States dollars, in millions)  
**Revenue by Region**

	For the quarter ended									
	June 1, 2013		March 2, 2013		December 1, 2012		September 1, 2012		June 2, 2012	
North America	\$ 761	24.8%	\$ 587	21.9%	\$ 647	23.7%	\$ 868	30.3%	\$ 794	28.3%
Europe, Middle East and Africa	1,343	43.7%	1,227	45.8%	1,160	42.5%	1,087	38.0%	1,029	36.6%
Latin America	449	14.6%	479	17.9%	535	19.6%	520	18.2%	580	20.7%
Asia Pacific	518	16.9%	385	14.4%	385	14.1%	386	13.5%	405	14.4%
Total	<b>\$ 3,071</b>	<b>100.0%</b>	<b>\$ 2,678</b>	<b>100.0%</b>	<b>\$ 2,727</b>	<b>100.0%</b>	<b>\$ 2,861</b>	<b>100.0%</b>	<b>\$ 2,808</b>	<b>100.0%</b>

## **Conference Call and Webcast**

A conference call and live webcast will be held beginning at 8 am ET, which can be accessed by dialing 1-800-814-4859 or through your BlackBerry® 10 smartphone, personal computer or BlackBerry® PlayBook™ tablet at <http://ca.blackberry.com/company/investors/events.html>. A replay of the conference call will also be available at approximately 10 am by dialing (+1)416-640-1917 and entering pass code 4612565# or by clicking the link above on your BlackBerry® 10 smartphone, personal computer or BlackBerry® PlayBook™ tablet. This replay will be available until midnight ET July 12, 2013.

## **About BlackBerry**

A global leader in wireless innovation, BlackBerry® revolutionized the mobile industry when it was introduced in 1999. Today, BlackBerry aims to inspire the success of our millions of customers around the world by continuously pushing the boundaries of mobile experiences. Founded in 1984 and based in Waterloo, Ontario, BlackBerry operates offices in North America, Europe, Asia Pacific and Latin America. Research In Motion announced that effective January 30, 2013, the Company would operate around the world under the iconic name BlackBerry. The legal name of the Company has not changed, but the Company will do business as BlackBerry pending approval of the official change by shareholders, which will be sought at the Company's Annual General Meeting later in 2013. Effective Monday, February 4, 2013, the Company commenced trading under its new ticker symbols "BB" on the Toronto Stock Exchange and "BBRY" on the NASDAQ. For more information, visit [www.blackberry.com](http://www.blackberry.com).

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This news release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities laws, including statements regarding: BlackBerry's expectations regarding new product initiatives and timing, including the BlackBerry 10 platform; BlackBerry's plans and expectations regarding new service offerings, and assumptions regarding its service revenue model; BlackBerry's plans, strategies and objectives, and the anticipated opportunities and challenges in fiscal 2014; anticipated demand for, and BlackBerry's plans and expectations relating to, programs to drive sell-through of the Company's BlackBerry 7 and 10 smartphones and BlackBerry PlayBook tablets; BlackBerry's expectations regarding financial results for the second quarter of fiscal 2014; BlackBerry's expectations with respect to the sufficiency of its financial resources; BlackBerry's ongoing efforts to streamline its operations and its expectations relating to the benefits of its Cost Optimization and Resource Efficiency ("CORE") program and similar strategies; BlackBerry's plans and expectations regarding marketing and promotional programs; and BlackBerry's estimates of purchase obligations and other contractual commitments. The terms and phrases "expects", "believe", "focused", "getting", "opportunities", "we are seeing", "continuing", "drive", "improve", "should", "will", "increasing", "anticipated", and similar terms and phrases are intended to identify these forward-looking statements. Forward-looking statements are based on estimates and assumptions made by BlackBerry in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that BlackBerry believes are appropriate in the circumstances, including but not limited to the launch timing and success of products based on the BlackBerry 10 platform, general economic conditions, product pricing levels and competitive intensity, supply constraints, BlackBerry's expectations regarding its business, strategy, opportunities and prospects, including its ability to implement meaningful changes to address its business challenges, and BlackBerry's expectations regarding the cash flow generation of its business. Many factors could cause BlackBerry's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: BlackBerry's ability to enhance

its current products and services, or develop new products and services in a timely manner or at competitive prices, including risks related to new product introductions; risks related to BlackBerry's ability to mitigate the impact of the anticipated decline in BlackBerry's infrastructure access fees on its consolidated revenue by developing an integrated services and software offering; intense competition, rapid change and significant strategic alliances within BlackBerry's industry; BlackBerry's reliance on carrier partners and distributors; risks associated with BlackBerry's foreign operations, including risks related to recent political and economic developments in Venezuela and the impact of foreign currency restrictions; risks relating to network disruptions and other business interruptions, including costs, potential liabilities, lost revenues and reputational damage associated with service interruptions; risks related to BlackBerry's ability to implement and to realize the anticipated benefits of its CORE program; BlackBerry's ability to maintain or increase its cash balance; security risks; BlackBerry's ability to attract and retain key personnel; risks related to intellectual property rights; BlackBerry's ability to expand and manage BlackBerry® World™; risks related to the collection, storage, transmission, use and disclosure of confidential and personal information; BlackBerry's ability to manage inventory and asset risk; BlackBerry's reliance on suppliers of functional components for its products and risks relating to its supply chain; BlackBerry's ability to obtain rights to use software or components supplied by third parties; BlackBerry's ability to successfully maintain and enhance its brand; risks related to government regulations, including regulations relating to encryption technology; BlackBerry's ability to continue to adapt to recent board and management changes and headcount reductions; reliance on strategic alliances with third-party network infrastructure developers, software platform vendors and service platform vendors; BlackBerry's reliance on third-party manufacturers; potential defects and vulnerabilities in BlackBerry's products; risks related to litigation, including litigation claims arising from BlackBerry's practice of providing forward-looking guidance; potential charges relating to the impairment of intangible assets recorded on BlackBerry's balance sheet; risks as a result of actions of activist shareholders; government regulation of wireless spectrum and radio frequencies; risks related to economic and geopolitical conditions; risks associated with acquisitions; foreign exchange risks; and difficulties in forecasting BlackBerry's financial results given the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the wireless communications industry. These risk factors and others relating to BlackBerry are discussed in greater detail in the "Risk Factors" section of BlackBerry's Annual Information Form, which is included in its Annual Report on Form 40-F and the "Cautionary Note Regarding Forward-Looking Statements" section of BlackBerry's MD&A (copies of which filings may be obtained at [www.sedar.com](http://www.sedar.com) or [www.sec.gov](http://www.sec.gov)). These factors should be considered carefully, and readers should not place undue reliance on BlackBerry's forward-looking statements. BlackBerry has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Research In Motion Limited (doing business as BlackBerry)  
 Incorporated under the Laws of Ontario  
 (United States dollars, in millions except share and per share amounts) (unaudited)

**Consolidated Statements of Operations**

	<b>For the three months ended</b>		
	<b>June 1, 2013</b>	<b>March 2, 2013</b>	<b>June 2, 2012</b>
<b>Revenue</b>	\$ 3,071	\$ 2,678	\$ 2,808
<b>Cost of sales</b>	<b>2,029</b>	1,603	2,022
<b>Gross margin</b>	<b>1,042</b>	1,075	786
<b>Gross margin %</b>	<b>33.9%</b>	40.1%	28.0%
<b>Operating expenses</b>			
Research and development	<b>358</b>	383	367
Selling, marketing and administration	<b>673</b>	523	547
Amortization	<b>180</b>	181	172
Impairment of goodwill	-	-	335
	<b>1,211</b>	1,087	1,421
<b>Operating loss</b>	<b>(169)</b>	(12)	(635)
Investment income (loss), net	<b>5</b>	(6)	3
<b>Loss from continuing operations before income taxes</b>	<b>(164)</b>	(18)	(632)
<b>Recovery of income taxes</b>	<b>(80)</b>	(112)	(122)
Income (loss) from continuing operations	<b>(84)</b>	94	(510)
Income (loss) from discontinued operations, net of tax	-	4	(8)
<b>Net income (loss)</b>	<b>\$ (84)</b>	\$ 98	\$ (518)
<b>Earnings (loss) per share</b>			
Basic and diluted earnings (loss) per share from continuing operations	<b>\$ (0.16)</b>	\$ 0.18	\$ (0.97)
Basic and diluted earnings (loss) per share from discontinued operations	<b>\$ -</b>	\$ 0.01	\$ (0.02)
<b>Total basic and diluted earnings (loss) per share</b>	<b>\$ (0.16)</b>	\$ 0.19	\$ (0.99)
Weighted-average number of common shares outstanding (000's)			
Basic	<b>524,160</b>	524,160	524,160
Diluted	<b>524,160</b>	527,222	524,160
Total common shares outstanding (000's)	<b>524,160</b>	524,160	524,160

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**Consolidated Balance Sheets**

	As at	
	June 1, 2013	March 2, 2013
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,591	\$ 1,549
Short-term investments	1,233	1,105
Accounts receivable, net	2,536	2,353
Other receivables	265	272
Inventories	887	603
Income taxes receivable	33	597
Other current assets	340	469
Deferred income tax asset	127	139
Assets held for sale	105	106
	7,117	7,193
<b>Long-term investments</b>	247	221
<b>Property, plant and equipment, net</b>	2,200	2,303
<b>Intangible assets, net</b>	3,513	3,448
	\$ 13,077	\$ 13,165
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	\$ 1,169	\$ 1,064
Accrued liabilities	1,921	1,842
Deferred revenue	346	542
	3,436	3,448
<b>Deferred income tax liability</b>	230	245
<b>Income taxes payable</b>	12	12
	3,678	3,705
<b>Shareholders' Equity</b>		
<b>Capital stock and additional paid-in capital</b>	2,442	2,431
<b>Treasury stock</b>	(226)	(234)
<b>Retained earnings</b>	7,183	7,267
<b>Accumulated other comprehensive loss</b>	-	(4)
	9,399	9,460
	\$ 13,077	\$ 13,165

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**Consolidated Statements of Cash Flows**

	<b>For the three months ended</b>	
	<b>June 1, 2013</b>	<b>June 2, 2012</b>
<b>Cash flows from operating activities</b>		
Loss from continuing operations	\$ (84)	\$ (510)
Loss from discontinued operations	-	(8)
Net loss	<u>(84)</u>	<u>(518)</u>
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization	399	480
Deferred income taxes	(6)	(16)
Income taxes payable	-	(1)
Stock-based compensation	20	25
Impairment of goodwill	-	335
Other	25	11
Net changes in working capital items	<u>276</u>	<u>395</u>
<b>Net cash provided by operating activities</b>	<u><b>630</b></u>	<u><b>711</b></u>
<b>Cash flows from investing activities</b>		
Acquisition of long-term investments	(159)	(118)
Proceeds on sale or maturity of long-term investments	96	32
Acquisition of property, plant and equipment	(83)	(153)
Acquisition of intangible assets	(335)	(284)
Business acquisitions, net of cash acquired	(7)	(105)
Acquisition of short-term investments	(740)	(234)
Proceeds on sale or maturity of short-term investments	<u>649</u>	<u>103</u>
<b>Net cash used in investing activities</b>	<u><b>(579)</b></u>	<u><b>(759)</b></u>
<b>Cash flows from financing activities</b>		
Tax deficiencies related to stock-based compensation	(1)	(4)
<b>Net cash used in financing activities</b>	<u><b>(1)</b></u>	<u><b>(4)</b></u>
<b>Effect of foreign exchange loss on cash and cash equivalents</b>	<u><b>(8)</b></u>	<u><b>(8)</b></u>
<b>Net increase (decrease) in cash and cash equivalents for the period</b>	<u><b>42</b></u>	<u><b>(60)</b></u>
<b>Cash and cash equivalents, beginning of period</b>	<u><b>1,549</b></u>	<u><b>1,527</b></u>
<b>Cash and cash equivalents, end of period</b>	<u><u><b>\$ 1,591</b></u></u>	<u><u><b>\$ 1,467</b></u></u>
<b>As at</b>	<b>June 1, 2013</b>	<b>March 2, 2013</b>
Cash and cash equivalents	\$ 1,591	\$ 1,549
Short-term investments	1,233	1,105
Long-term investments	<u>247</u>	<u>221</u>
	<u><u><b>\$ 3,071</b></u></u>	<u><u><b>\$ 2,875</b></u></u>