UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☒ **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 2, 2013 **Commission File Number 0-29898**

Research In Motion Limited
(Exact name of Registrant as specified in its charter)

Ontario	**3661**	**Not Applicable**
(Province or other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No)

295 Phillip Street
Waterloo, Ontario
Canada, N2L 3W8
(519) 888-7465
(Address and telephone number of Registrant's principal executive offices)

Research In Motion Corporation
5000 Riverside Drive, Suite 100E,
Irving, Texas, USA 75039
(972) 650-6126
(Name, address and telephone number of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:
Common Shares, without par value

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual information form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by this annual report.

The Registrant had **524,159,844** Common Shares outstanding as at March 2, 2013

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes ☒ No ☐

A. Disclosure Controls and Procedures

Disclosure controls and procedures are defined by the Securities and Exchange Commission (the "Commission") as those controls and other procedures that are designed to ensure that information required to be disclosed by the Registrant in reports filed or submitted by it under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

The Registrant's Chief Executive Officer and Chief Financial Officer have evaluated the Registrant's disclosure controls and procedures as of the end of the period covered by this Annual Report and have determined that such disclosure controls and procedures were effective. A discussion of the Registrant's disclosure controls and procedures can be found in its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 2, 2013, included in Exhibit No. 1.3 to this Annual Report, under the heading "Disclosure Controls and Procedures and Internal Controls – Disclosure Controls and Procedures".

B. Management's Annual Report on Internal Control Over Financial Reporting

See Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 2, 2013, included in Exhibit No. 1.3 to this Annual Report, under the heading "Disclosure Controls and Procedures and Internal Controls – Management's Report on Internal Control Over Financial Reporting".

C. Attestation Report of the Registered Public Accounting Firm

The attestation report of Ernst & Young LLP ("EY") is included in EY's report, dated March 28, 2013, to the shareholders of the Registrant, which accompanies the Registrant's audited consolidated financial statements for the fiscal year ended March 2, 2013, filed as Exhibit 1.2 to this Annual Report.

D. Changes in Internal Control Over Financial Reporting

See Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 2, 2013, included in Exhibit No. 1.3 to this Annual Report, under the heading "Disclosure Controls and Procedures and Internal Controls – Changes in Internal Control Over Financial Reporting".

E. Notice of Pension Fund Blackout Period

The Registrant was not required by Rule 104 of Regulation BTR to send any notice to any of its directors or executive officers during the fiscal year ended March 2, 2013.

F. Audit Committee Financial Expert

The Registrant's Board of Directors has determined that each of Barbara Stymiest, Claudia Kotchka, David Kerr and John Richardson, individuals serving on the Audit and Risk Management Committee of the Registrant's Board of Directors, is an audit committee financial expert, within the meaning of General Instruction B(8)(a) of Form 40-F.

The Commission has indicated that the designation of a person as an audit committee financial expert does not make such person an "expert" for any purpose, impose any duties, obligations or liability on such person that are greater than those imposed on members of the Audit and Risk Management Committee and the Board of Directors who do not carry this designation or affect the duties, obligations or liability of any other member of the Audit and Risk Management Committee or Board of Directors.

G. Code of Ethics

The Registrant's Board of Directors has adopted a code of ethics (the "Code") that applies to all directors, officers and employees. A copy of the Code may be obtained at www.blackberry.com. The Registrant will provide a copy of the Code without charge to any person that requests a copy by contacting the Corporate Secretary at the address that appears on the cover of this Annual Report on Form 40-F.

H. Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed by EY, the Company's independent auditor, for the fiscal years ended March 2, 2013 and March 3, 2012, respectively, for professional services rendered by EY for the audit of the Company's annual financial statements or services that are normally provided by EY in connection with statutory and regulatory filings or engagements for such fiscal years were $4,195,000 and $3,331,000 , respectively.

Audit-Related Fees

The aggregate fees billed by EY for the fiscal years ended March 2, 2013 and March 3, 2012, respectively, for assurance and related services rendered by EY that are reasonably related to the performance of the audit review of the Company's financial statements and are not reported above as audit fees were $107,000 and $195,000. Professional services provided included procedures related to the audit of new systems implemented.

Tax Fees

The aggregate fees billed by EY for the fiscal years ended March 2, 2013 and March 3, 2012, respectively, for professional services rendered by EY for tax compliance, tax advice, tax planning and other services were $13,000 and $Nil respectively. Tax services provided included international tax compliance engagements.

All Other Fees

There were no fees billed by EY for the fiscal years ended March 2, 2013 and March 3, 2012, except as described above.

Audit Committee Pre-Approval Policies and Procedures

Since the enactment of the Sarbanes-Oxley Act of 2002 on July 30, 2002, all audit and non-audit services performed by the Registrant's outside auditors are pre-approved by the Audit and Risk Management Committee of the Registrant.

I. Off-Balance Sheet Arrangements

The Registrant is not a party to any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

J. Tabular Disclosure of Contractual Obligations

Tabular disclosure of the Registrant's contractual obligations can be found in its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 2, 2013, included in Exhibit No. 1.3 to this Annual Report, under the heading "Financial Condition — Aggregate Contractual Obligations".

K. Identification of Audit Committee

The Registrant has an Audit and Risk Management Committee comprised of four individuals: David Kerr (Chair), Barbara Stymiest, John E. Richardson and Claudia Kotchka. Each of the members of the Audit and Risk Management Committee is independent as that term is defined by the rules and regulations of the Nasdaq Stock Market, Inc. ("Nasdaq").

L. Critical Accounting Policies

A discussion of the Registrant's critical accounting policies can be found in its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 2, 2013, included in Exhibit No. 1.3 to this Annual Report, under the heading "Critical Accounting Policies and Estimates".

M. Nasdaq Exemptions

On November 5, 2002, the Registrant requested an exemption from Nasdaq's quorum requirements (which provide that a quorum for a shareholder meeting of a Nasdaq-listed company must be at least 33-1/3% of the outstanding common shares of the company) on the basis that such requirements were contrary to generally accepted business practices in Canada. The Registrant's by-laws provide that the quorum requirements for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled, holding or representing not less than 20% of the issued shares of the Registrant, of the class or classes respectively (if there is more than one class of shares outstanding at the time), enjoying voting rights at such meeting. The Registrant's quorum requirements comply with the requirements of the *Business Corporations Act* (Ontario) and are consistent with the quorum requirements of other Canadian public companies. On November 25, 2002, based on the Registrant's representations, Nasdaq granted the requested exemption.

N. Interactive Data File

The Registrant has submitted to the Commission, included in Exhibit 101 to this Annual Report, an Interactive Data File.

O. Mine Safety

The Registrant is not currently required to disclose the information required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities in relation to which the obligation to file an annual report on Form 40-F arises or transactions in said securities.

B. Consent to Service of Process

The Registrant has previously filed with the Commission a Form F-X in connection with its Common Shares.

SIGNATURE

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

RESEARCH IN MOTION LIMITED

Date: March 28, 2013

By: /s/ Brian Bidulka
Name: Brian Bidulka
Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Document
1.1	Annual Information Form for the fiscal year ended March 2, 2013, dated March 28, 2013.
1.2	Audited Consolidated Financial Statements for the fiscal year ended March 2, 2013, prepared in accordance with U.S. generally accepted accounting principles.
1.3	Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 2, 2013.
23.1	Consent of Ernst & Young LLP.
31.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data File.

Exhibit 1.1

RESEARCH IN MOTION LIMITED
295 Phillip Street
Waterloo, Ontario
Canada
N2L 3W8

Annual Information Form
For the fiscal year ended
March 2, 2013

DATE: March 28, 2013

TABLE OF CONTENTS

ANNUAL INFORMATION FORM

CERTAIN INTERPRETATION MATTERS

Unless the context otherwise requires, all references to the "Company" include Research In Motion Limited (doing business as BlackBerry since January 30, 2013) and its subsidiaries. Certain industry terms have the meanings specified in the Glossary. All dollar references, unless otherwise noted, are in United States dollars.

BlackBerry®, RIM®, Research In Motion®, BBM™, PlayBook™ and related trademarks, names and logos are the property of Research In Motion Limited and are registered and/or used in the United States and countries around the world. All other trademarks are the property of their respective owners.

Cautionary Note Regarding Forward-Looking Statements

This Annual Information Form ("AIF") contains forward-looking statements within the meaning of certain securities laws, including under the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws, including statements relating to:

- the Company's expectations regarding new product initiatives and timing, including the BlackBerry 10 platform and BlackBerry 10 smartphones;
- the Company's plans, strategies and objectives, and the anticipated opportunities and challenges in fiscal 2014;
- the Company's expectations regarding the number of applications that will be available for BlackBerry 10 smartphones prior to their launch;
- anticipated demand for, and the Company's plans and expectations relating to, programs to drive sell-through of the Company's BlackBerry 7 smartphones and BlackBerry PlayBook tablets;
- the Company's revenue, loss, unit shipment, gross margin, operating expense, net subscriber and inventory expectations for the first quarter of fiscal 2014 and in subsequent fiscal quarters;
- the Company's expectations with respect to the sufficiency of its financial resources;
- the Company's ongoing efforts to streamline its operations and its expectations relating to the benefits of its Cost Optimization and Resource Efficiency ("CORE") program;
- the Company's plans and expectations regarding marketing and promotional programs;
- the Company's estimates of purchase obligations and other contractual commitments;
- assumptions and expectations described in the Company's critical accounting policies and estimates; and
- the Company's guidance practices in the future.

The words "expect", "anticipate", "estimate", "may", "will", "should", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances, including but not limited to, the launch timing and success of BlackBerry 10, general economic conditions, product pricing levels and competitive intensity, supply constraints, the Company's expectations regarding its business, strategy, opportunities and prospects, including its ability to implement meaningful changes to address its business challenges, and the Company's expectations regarding the cash flow generation of its business. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, most of which are discussed in greater detail in the "Risk Factors" section of this AIF:

- the Company's ability to enhance its current products and services, or develop new products and services in a timely manner or at competitive prices;
- risks related to the Company's ability to offset or mitigate the impact of the anticipated decline in the Company'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 the Company's industry, including potential future strategic transactions by its competitors or carrier partners, could weaken the Company's competitive position or may require the Company to reduce its prices to compete effectively;
- the Company's ability to establish new, and to build on existing relationships with its network carrier partners and distributors, and its reliance on its network carrier partners to help promote the BlackBerry 10 platform and BlackBerry 10 smartphones;
- the efficient and uninterrupted operation of the Company's network operations center and the networks of its carrier partners, and the risk of other business interruptions, including costs, potential liabilities, lost revenues and reputational damage associated with service interruptions;
- risks related to the Company's ability to implement and to realize the anticipated benefits of its CORE program;
- risks related to the Company's ability to maintain its cash balance;
- the occurrence or perception of a breach of the Company's security measures, or an inappropriate disclosure of confidential or personal information;
- dependence on key personnel and the Company's ability to attract and retain key personnel;
- third-party claims for infringement of intellectual property rights by the Company and the outcome of any litigation with respect thereto;
- the Company's ability to successfully obtain patent or other proprietary or statutory protection for its technologies and products;
- the Company's ability to expand and enhance BlackBerry® World™;
- potential liabilities or costs related to the collection, storage, transmission, use and disclosure of user and personal information;
- the Company's ability to manage inventory and asset risk;
- the Company's reliance on its suppliers for functional components, including the suppliers the Company has selected for its BlackBerry 10 smartphones, and the risk that suppliers will not supply components on a timely basis or in sufficient quantities;
- the Company's ability to obtain rights to use software or components supplied by third parties;
- the Company's ability to successfully maintain and enhance its brand;
- risks associated with the Company's expanding foreign operations;

- restrictions on import and use of the Company's products and services in certain countries due to encryption of the products and services;
- the Company's ability to continue to adapt to recent management changes and headcount reductions;
- reliance on strategic alliances and relationships with third-party network infrastructure developers, software platform vendors and service platform vendors, including the Company's ability to promote and advance the development of an ecosystem of applications and services for the BlackBerry 10 smartphones and the BlackBerry PlayBook tablets;
- the Company's reliance on third-party manufacturers for certain products and its ability to manage its production and repair process;
- the continued quality and reliability of the Company's products and services and the potential effect of defects in products and services;
- general commercial litigation, class action and other litigation claims, including purported class action claims relating to the Company's operations;
- risks associated with litigation claims against the Company arising from the Company's practice of providing forward-looking guidance to its shareholders with respect to certain financial metrics, including the Company's practice of updating previous guidance where circumstances warrant;
- potential charges relating to the impairment of long-lived assets recorded on the Company's balance sheet;
- risks as a result of actions of activist shareholders;
- government regulation of wireless spectrum and radio frequencies;
- reduced spending by customers due to the uncertainty of economic and geopolitical conditions;
- risks associated with acquisitions, divestitures, investments and other business initiatives;
- foreign exchange risks as the Company transacts globally in currencies other than the U.S. dollar;
- regulation, certification and health risks, and risks relating to the misuse of the Company's products;
- tax liabilities, resulting from changes in tax laws or otherwise, associated with the Company's worldwide operations;
- market and credit risk associated with the Company's cash, cash equivalents and short-term or long-term investments;
- risks related to the failure of the Company's suppliers, subcontractors, third-party distributors and representatives to use acceptable ethical business practices or comply with applicable laws;
- the potential impact of copyright levies in numerous countries;
- the volatility of the market price of the Company's common shares;
- tax consequences for the Company's shareholders in the United States if the Company is or was a passive foreign investment company; and
- the Company's charter documents enable its directors to issue preferred shares which may prevent a takeover by a third party.

On March 29, 2012, the Company announced that it will no longer provide specific, forward-looking quantitative guidance. However, the Company remains committed to providing a high level of disclosure and transparency and will continue to provide commentary that highlights the trends and uncertainties that the Company anticipates. Any statements that are forward-looking statements are intended to enable the Company's shareholders to view the anticipated performance and prospects of the Company from management's perspective at the time such statements are made, and they are subject to the risks that are inherent in all forward-looking statements, as described above. These forward-looking statements are made by the Company in light of its experience, its perception of historical and anticipated business trends, existing conditions in the business at the time and anticipated future developments, including competition and new product initiatives and expected timing, as well as the Company's current assessments of the risk factors that affect its business, including those identified above, and the likely success of mitigation strategies relating to such factors. These forward-looking statements are subject to the inherent risk of difficulties in forecasting the Company's financial results for future periods, particularly over longer periods, given the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the wireless communications industry.

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company 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 applicable law.

CORPORATE STRUCTURE

The Company

The Company was incorporated under the *Business Corporations Act* (Ontario) ("OBCA") on March 7, 1984 and commenced operations at that time. The Company has amalgamated with several of its wholly-owned subsidiaries, the last amalgamation occurring on February 24, 2003 through the filing of articles of amalgamation under the OBCA on February 24, 2003. The Company's registered and principal business office is 295 Phillip Street, Waterloo, Ontario, Canada N2L 3W8, telephone: (519) 888-7465, fax: (519) 888-6906.

Inter-corporate Relationships

The Company has four material subsidiaries, of which all are wholly owned, directly or indirectly, by the Company.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Research In Motion Corporation	Delaware, U.S.A.
Research In Motion UK Limited	England and Wales
RIM Finance, LLC	Delaware, U.S.A.
Research In Motion Singapore Pte. Limited	Singapore

GENERAL DEVELOPMENT OF THE BUSINESS

A global leader in wireless innovation, the Company revolutionized the mobile industry with the introduction of the BlackBerry solution in 1999. Today, the Company aims to inspire the success of its millions of customers around the world by continuously pushing the boundaries of mobile experiences.

Product and business developments that have influenced the general development of the Company's business over the last three fiscal years are as follows:

Fiscal 2013:

- Introduced the re-designed, re-engineered, and re-invented BlackBerry platform that creates a new and unique mobile computing experience. Two new LTE-enabled smartphones powered by the BlackBerry 10 operating system, the BlackBerry Z10 (all-touch) and BlackBerry Q10 (touch with physical keyboard), were introduced on January 30, 2013 at events held simultaneously in New York, Toronto, London, Paris, Dubai, and Johannesburg;
- Began to operate around the world under the iconic name BlackBerry, effective January 30, 2013. The Company will seek shareholder approval to change the legal name of the Company to BlackBerry at the Company's Annual and Special Meeting to be held in July 2013;
- Commenced trading under its new ticker symbols "BB" on The Toronto Stock Exchange and "BBRY" on the NASDAQ Global Select Market, on February 4, 2013;
- Introduced new services and features for BlackBerry 10 smartphones, including: BlackBerry Hub, BlackBerry Flow, BlackBerry Messenger (BBM) voice calling and video chat, Time Shift, Story Maker and BlackBerry Remember;
- Improved the BlackBerry World content distribution platform, now offering more than 100,000 BlackBerry 10 applications, and announced commitments to the BlackBerry 10 platform from many leading application providers including Skype, Amazon and Rovio;

- Launched BlackBerry Enterprise Service 10, the Company's new enterprise mobility management solution. BlackBerry Enterprise Service 10 brings together device management, industry leading security and mobile applications management for pre-existing BlackBerry smartphones, BlackBerry PlayBook tablets and new BlackBerry 10 smartphones in a consolidated solution. It also provides a single console for managing BlackBerry devices and devices running Google® Android® and Apple® iOS® operating systems;
- Launched the BlackBerry 10 Ready program to help enterprise customers prepare their environments for BlackBerry 10. More than 3,500 unique companies have registered for the program;
- Launched BlackBerry Messenger (BBM) Voice, a free update that allows customers to make free voice calls to other BBM customers over a Wi-Fi connection;
- Received FIPS (Federal Information Processing Standard) 140-2 certification for the BlackBerry 10 platform in November 2012;
- Built outstanding momentum in the developer community through 44 BlackBerry Jam sessions in 37 countries, attracting more than 9,300 attendees;
- Commenced the CORE program to drive significant improvements and efficiencies across all functions in the Company's organization;
- Surpassed the CORE objective of reducing operating costs by $1 billion compared to the Q4 FY12 run rate, one quarter ahead of initial targets;
- Selected by EnStream, a joint venture of Bell Mobility Inc., Rogers Wireless Partnership and TELUS Communications Company, to provide its Secure Element Manager (SEM) solution to manage credentials on wireless handsets in Canada that support Near Field Communication (NFC) Service. NFC is the technology that can make secure, convenient and contactless mobile payments a reality for Canadian wireless handset users. BlackBerry's SEM solution is designed to securely manage credentials on SIM (subscriber identity module) cards installed in all types of mobile devices, including BlackBerry smartphones, Android devices and Windows phones.
- Launched affordable new BlackBerry 7 smartphones (the BlackBerry Curve 9300 series) for customers in several markets, including: the U.S., Vietnam, Singapore, Kenya, Nigeria, Malaysia. South Africa, the Caribbean region, Latin America, India, the Philippines and Indonesia.
- Launched the BlackBerry 9620 in Mexico, the first BlackBerry 7 smartphone for the Nextel Evolution network.
- Launched the BlackBerry Partners for enterprise portal to support independent software vendors, system integrators, application hosters, professional services organizations as well as corporate developers looking to enable or deploy BlackBerry 10 applications and services for enterprise customers.

- Launched the 4G LTE BlackBerry PlayBook tablet with built-in support for cellular networks in August;
- Appointed Kristian Tear as Chief Operating Officer. Frank Boulben as Chief Marketing Officer and Steve Zipperstein as Chief Legal Officer; and
- Announced that three new members joined the Company's Board of Directors: Timothy Dattels, Richard "Dick" Lynch and Bert Nordberg.

Fiscal 2012:

- Introduced the BlackBerry 7 portfolio, a new line up of smartphones running the powerful BlackBerry 7 Operating System;
- Introduced Near Field Communications ("NFC") technology to several models of BlackBerry smartphones, enabling BlackBerry smartphones to receive information and link to other NFC-enabled devices or BlackBerry Authentic Accessories;
- Introduced the cost optimization program designed to eliminate redundancies and reallocate resources to focus on areas that offer the highest growth opportunities and alignment with the Company's strategic objectives;
- Successfully bid for the patent portfolio of Nortel Networks Corporation ("Nortel") as a part of a consortium of companies, making a strategic investment of approximately $779 million in order to significantly strengthen the Company's technology platform;
- Grew the BlackBerry subscriber base to approximately 77 million users by the end of fiscal 2012, such that the Company was the leading brand, leading device and/or leading brand on prepay positions in the United Kingdom, Netherlands, Spain, Saudi Arabia, UAE, South Africa, Nigeria, Indonesia and Latin America (Source: GfK December 2011);
- Enhanced the BlackBerry developer platform, and exceeded two billion BlackBerry World™ (now BlackBerry World™) application downloads, with approximately six million downloads occurring each day;
- Grew the global BBM user base to approximately 55 million active users as of March 3, 2012, with more than 325 socially connected BlackBerry applications having been downloaded close to 60 million times. The Company also launched BBM Music, a social music sharing and discovery service;

- Launched the BlackBerry PlayBook tablet and, later in fiscal 2012, launched BlackBerry PlayBook Operating System ("OS") 2.0, a free software upgrade for BlackBerry PlayBook tablet users that includes new features to enhance productivity and communications, including built-in email, calendar and contacts intended to deliver a socially connected BlackBerry experience;
- Announced BlackBerry Enterprise Service 10, the next generation enterprise mobile device management solution for BlackBerry, Android and iOS smartphones and tablets. BlackBerry Enterprise Service 10, which was launched after the Company's fiscal year end, allows organizations to efficiently manage existing BlackBerry smartphones and BlackBerry PlayBook tablets, as well as devices running Android and iOS operating systems;
- Introduced BlackBerry Balance technology with BlackBerry Enterprise Service 10, BlackBerry Enterprise Server and BlackBerry Enterprise Server Express, allowing enterprise users to carry one device and view both work and personal information in an integrated way while keeping the content separate and secure;
- Launched new cloud services for small businesses with the BlackBerry Management Centre and enterprises with the BlackBerry Business Cloud Services for Microsoft Office 365;
- The Company's Board of Directors appointed Thorsten Heins as President and Chief Executive Officer of the Company, and appointed Barbara Stymiest as the independent Chair of the Board as part of governance changes implemented in the fourth quarter of fiscal 2012; and
- Experienced additional changes to the Company's Board of Directors and management following the fiscal year end, including the resignations of Jim Balsillie from the Board and Jim Rowan, Chief Operating Officer for Global Operations, as well as the retirement of David Yach, Chief Technology Officer, Software.

Fiscal 2011

- Introduced BlackBerry 6, a new operating system for BlackBerry smartphones that retained the trusted features that distinguish the BlackBerry brand while delivering a powerful and simplified user experience;
- Announced several new developer tools to make it easier for applications developers to create and monetize feature-rich applications on the BlackBerry platform including the BlackBerry Enterprise Application Development Platform; the next generation BlackBerry Web Application Platform; BlackBerry WebWorks Platform for the BlackBerry PlayBook Tablet and BlackBerry smartphones; and BlackBerry Payment Service, BlackBerry Push Service, BlackBerry Advertising Service and BBM Social Platform Software Developer Kits (SDKs);

- Launched a number of new smartphones including the BlackBerry Bold™ 9650, BlackBerry Bold™ 9780, BlackBerry Curve™ 3G, BlackBerry Pearl™ 3G, BlackBerry Torch™, and the BlackBerry Style™;
- Announced the BlackBerry PlayBook tablet, the Company's first professional-grade tablet, based on the BlackBerry Tablet OS;
- Introduced a number of new services, including BlackBerry Enterprise Server Express, BlackBerry Mobile Voice System 5 with Voice over Wi-Fi calling, BlackBerry Balance, and the BBM Mobile Gifting Platform;
- Made a number of acquisitions, including QNX Software Systems which provides the technology behind the BlackBerry 10 OS and the BlackBerry PlayBook OS 2.0;
- Maintained strong growth in international markets with approximately 54.6% of BlackBerry users based outside of North America; and
- Saw ongoing strong adoption of BlackBerry service in prepaid markets around the world and BlackBerry becoming the number one selling smartphone brand in the United States, Canada, Latin America Source: IDC Worldwide Mobile Phones Quarterly Tracker – Final Data – Q4 2010) and the United Kingdom (Source: GfK RT, Smartphones, Volume Sales , 2010 and Q4 2010) for calendar 2010.

NARRATIVE DESCRIPTION OF THE BUSINESS

Overview

A global leader in wireless innovation, the Company revolutionized the mobile industry with the introduction of the BlackBerry solution in 1999. Today, the Company aims to inspire the success of its millions of customers around the world by continuously pushing the boundaries of mobile experiences. Founded in 1984 and based in Waterloo, Ontario, the Company operates offices in North America, Europe, Asia Pacific and Latin America. Effective January 30, 2013, the Company began to operate around the world under the iconic name BlackBerry. The Company will seek shareholder approval to change the legal name of the Company to BlackBerry at the Company's Annual and Special Meeting to be held in July 2013. On Monday, February 4, 2013, the Company commenced trading under its new ticker symbols "BB" on The Toronto Stock Exchange and "BBRY" on the NASDAQ Global Select Market.

The Company believes the global smartphone and tablet markets are still in their growth phases. Some of the Company's main competitors include Apple Inc., Google Inc., HTC Corporation, Huawei Technologies Co., Ltd., Microsoft Corporation, Nokia Corporation, Samsung Electronics Co., Ltd., LG Electronics Mobile Communications Company, Motorola Mobility Holdings, Inc. and ZTE Corporation.

The Company maintains a strong balance sheet with negligible debt and approximately $2.9 billion in cash, cash equivalents and investments as of March 2, 2013. In fiscal 2013, the Company had annual sales of $11.1 billion. Net loss from continuing operations was $628 million, or $1.20 per share.

Industry Background

The Wireless Communications Industry

The wireless communications industry involves the provisioning of wireless voice and data services using radio frequency technologies (RF) on a variety of competing wireless networks. These networks are typically comprised of a distinct voice layer upon which data transmission layers have been subsequently installed. The most widely deployed wireless voice and data networks include GSM/GPRS/EDGE/HSPA and CDMA/1xRTT/EVDO. The two primary international voice and data networks GSM/GPRS/EDGE/HSPA and CDMA/EVDO continue to be upgraded to offer greater speeds and increased abilities to support subscriber concentration in the same and new RF spectrums. The rollout of these technologies is well underway and commercially available in many markets around the world.

Fiscal 2013 saw the continued uptake and expansion of next generation '4G' networks, including HSPA+, WiMax and LTE. These networks offer a number of improvements over the previous generations, with improved download and upload speeds being the most widely promoted. Wireless carriers in the United States have been aggressively deploying and marketing these "4G" networks. Deployment of these networks remains relatively limited globally, but wireless operators in many international markets are expected to move aggressively to these new networks in the coming years.

In addition to voice and data communications, the convergence of computing and personal entertainment capabilities is also occurring on wireless communications devices across the industry. Most BlackBerry smartphones in the market today incorporate multimedia capabilities that include music, video recording and playback, camera, and access to games, content and other applications.

Wireless Communications Industry Markets and Segments

Historically, the wireless communications market has been highly segmented. Where previously the market was segmented into distinct enterprise and consumer/prosumer segments, the market has increasingly evolved in recent years and there is now significant overlap between the segments. The enterprise market is now characterized by a combination of enterprise deployed devices and devices that are purchased by consumers but also used in the corporate environment, commonly referred to as "Bring Your Own Device" ("BYOD"). These consumer devices are supported in a corporate environment by IT departments for access to corporate messaging and data applications. The Company has encountered challenges adapting to the BYOD movement as some IT departments that previously required employees to use the BlackBerry wireless solution because of its emphasis on security and reliability are permitting employees to choose devices offered by the Company's competitors, who are increasingly promoting the merits oft their own security and reliability. To capitalize on this market, the Company has introduced products to take advantage of this market shift including BlackBerry 10 smartphones with BlackBerry

Balance and BlackBerry Enterprise Service 10, which give IT departments the ability to securely monitor and control multiple OS platforms, and securely protect corporate data on an employee's personal smartphone or tablet.

Products designed for deployment by enterprise IT departments typically include a smartphone or tablet that is deployed in conjunction with a behind-the-firewall messaging server. Consumer market offerings are chosen by the individual user and carrier and may be chosen based on an affinity for a certain feature or capability such as browsing, multimedia functions, instant messaging, games or other third-party applications. Enterprises that choose to support these consumer devices in their enterprise environment typically deploy middleware to manage the messaging and security of enterprise data access.

The Company believes that the following factors influence commercial success in the wireless device and services market:

- integrated hardware, software and services platform;
- intuitive interface and ease of use;
- access to third party applications and content;
- rich and efficient web-browsing experience;
- extensive geographic coverage;
- competitive pricing;
- attractive industrial design;
- trusted brand;
- small size and light weight converged devices;
- reasonable battery life;
- multi-network support;
- connectivity to enterprise email and applications;
- efficient bandwidth use;
- end-to-end security;
- push-based outbound port architecture;
- extensive customer care capabilities; and
- connectivity to personal messaging, social networking, multimedia and other applications.

The Company believes that the barriers to entry to the wireless device and services market include the following:

- proprietary technology platform, including hardware, software and service expertise;
- intellectual property rights;
- existing strategic alliances and relationships;
- existing customer and channel relationships;
- access to components and established supplier relationships;
- scarcity of highly qualified personnel;
- significant capital requirements;
- significant development costs and time-to-market;
- manufacturing expertise;

- regulatory barriers, such as Federal Communications Commission ("FCC") approval and network certification; and
- market and brand recognition of industry leaders.

Success Factors

Through development of an integrated hardware, software and service platform that support multiple wireless network standards, the Company provides end-to-end wireless solutions for seamless access to information, including email, voice, instant messaging, short message service ("SMS"), Internet and intranet-based browsing, multimedia content and features, and consumer and business applications. The Company's integration and focus of research and development in radio frequency, hardware and software design, OS development, antenna design, circuit board design, integrated circuit design, power management, industrial design, and manufacturing engineering result in cost-effective solutions that offer the ability to multi-task applications, a strong web browsing experience, a compelling platform for third party application development, ease of use, small size and attractive design, efficient bandwidth use, lengthy battery life, robust security and a significant return on investment to customers.

The Company believes that the following characteristics give the Company a competitive advantage and differentiate its products and services from those of its competitors:

- ***Balancing IT and Consumer Demands.*** The Company has consistently developed products that balance end users' demand for features with the demands of IT managers for security and manageability. The Company's focus on business-grade solutions has won the Company a market-leading role in the enterprise market, while at the same time, BlackBerry continues to be widely embraced by consumers looking for robust smartphone features including instant messaging, email multimedia, web browsing and enhanced voice features. The Company also intends to grow its leadership position by offering IT departments tools that support the growing trend of BYOD to the corporate environment. To capitalize on this market, the Company has introduced products such as BlackBerry Enterprise Service 10 and BlackBerry Balance, which give IT departments the ability to securely monitor multiple OS platforms using the Company's existing infrastructure, and securely protect corporate data on an employee's personal smartphone or tablet.
- ***Intellectual Property Rights.*** The Company has sought to protect the technology that it has developed through a combination of patent, copyright and trade secret protection as well as through contractual arrangements.
- ***Strength of the BlackBerry Brand and Market Awareness.*** BlackBerry is a globally recognized, trusted smartphone brand and continues to rank among the most recognizable brands worldwide. In certain markets, brand alone is a strong influence on purchase decision.
- ***Support for Multiple Carriers, Geographies and Network Protocols.*** The BlackBerry solution offers choice and manageability for global customers. Through relationships

with 650 wireless carriers and distribution partners in over 175 countries around the world, the Company is able to offer customers their choice of carrier depending on their needs in a particular geography. In addition, BlackBerry smartphones support many network protocols, including GSM/GPRS/EDGE/UMTS/HSPA, HSPA+, CDMA/1xRTT/Ev-DO and iDEN, offering customers the best choice of carriers and network technologies for their particular region without changing the underlying BlackBerry infrastructure. The Company will continue to launch new products for next generation networks, such as 4G and LTE, as the deployment scale and the economies around these networks are established.

- ***Growth of the BlackBerry App Ecosystem and Developer Community.*** An application-rich ecosystem is critical to succeeding in the mobile smartphone and tablet marketplace, and the Company continues to build a large network of thousands of commercial, independent and corporate software developers focussed on building consumer and enterprise level applications for BlackBerry smartphones and BlackBerry PlayBook tablets. The Company also expanded its developer base and application catalogue through the development of BlackBerry tools for Android Apps. Through the Company's Android Player, Android developers can easily port Android applications to BlackBerry World. BlackBerry World provides BlackBerry customers with a comprehensive electronic catalogue that aids in the discovery and download/purchase of applications directly from their BlackBerry smartphone or tablet. Users can purchase applications using their personal PayPal® account, credit card and through carrier billing. With more than 50 carriers around the world, users are able to purchase applications and have the charge applied directly to their wireless carrier bill. The Company is continuing to expand the reach and availability of its carrier billing service to more carriers and customers around the world.

  The Company believes it has generated significant momentum from developers in fiscal 2013 through a series of events and seeding dev alpha testing devices. The BlackBerry Jam World Tour attracted more than 9,300 attendees with 44 sessions in 37 countries.

- ***Access to Key Corporate Data Stores.*** BlackBerry Enterprise Server provides IT departments with the means to provide wireless access to all four main corporate data stores from a single integrated platform. The BlackBerry wireless platform is one of the only platforms in the market that provides access to corporate email and PIM, corporate voice PBX and hybrid IP/PBX stores, real-time computing and corporate IM such as IBM SameTime and Microsoft Live Communications Server, Microsoft Office Communications Server and enterprise applications such as customer relationship management ("CRM"), and enterprise social networking and collaboration applications such as IBM Lotus Connections and IBM Lotus Quickr.

- ***Security.*** The BlackBerry platform was designed as an end-to-end solution with comprehensive security specifically for enterprise access to email, PIM and other corporate information from a single wireless device. Through integration with Microsoft Exchange, IBM Lotus Domino and Novell GroupWise, the BlackBerry wireless solution provides corporate users with secure wireless access to their own corporate email rather than having to establish an additional email account. The Company's security solution for enterprise customers includes end-to-end data encryption for confidentiality, robust remote IT management and full application controls to allow customers to address mobile malware. Inherent in the core platform is support for various Internet security standards such as SSL and IPSec, multiple user authentication schemes, a secure boot ROM, signed API access and an embedded firewall. In addition to the security built into the BlackBerry Enterprise Solution, the Company has developed a BlackBerry Smart Card Reader which further enhances BlackBerry device security for a wide range of government users. BlackBerry Enterprise Server Express has also been launched to provide enterprise grade security to the SME user free of charge. The BlackBerry Enterprise Solution has passed rigorous security assessments by many of the leading security institutions around the world, including Common Criteria EAL 4+ certification for BlackBerry Enterprise Server 5.0 and BlackBerry OS 5.0. BlackBerry was the first mobile platform to achieve Common Criteria EAL 4+ certification. The BlackBerry Enterprise Solution has been certified by Fraunhofer Institute SIT, and has been approved for use under the CAPS program in the United Kingdom. The solution has also had several FIPS-140 validations for its embedded encryption module, including the latest encryption module that is part of the BlackBerry 6, BlackBerry 7.1, and PlayBook operating systems.

- ***ROI***. The return on investment for the BlackBerry solution provides customers with rapid payback for their purchase. The primary benefits include personal productivity and team workflow enhancements. The Company continues to launch new IT administrator and end user features designed to lower the cost of buying, deploying and managing the BlackBerry solution.
- ***BlackBerry Outbound Port Architecture.*** The BlackBerry wireless solution uses a secure infrastructure that does not require IT managers to compromise firewall security through the opening of an inbound firewall port. The BlackBerry infrastructure offers a number of efficiency and security benefits to carriers and end-users. These benefits are outlined in detail under "Competition."

Strategy

The Company's vision is to be a leader in mobile computing. To achieve this vision, the Company's strategy is based on the following principles:

- Expanding BlackBerry to be a leading mobile computing company to encompass the smartphone, tablet, enterprise and embedded markets.
- Establishing BlackBerry amongst the top 3 mobile platform and driving further global growth to create value for stakeholders.
- Building on the successful launch of BlackBerry 10 by continuing to roll out BlackBerry 10 to customers around the world while holding the position of BlackBerry 7 products for entry-level and low-cost markets.
- Furthering the Company's transformation by driving additional efficiencies, reducing complexity, increasing accountability and fostering strategic organizational capabilities.

The success of this strategy will be driven by:

- **Successfully transitioning to BlackBerry 10, the Company's next generation BlackBerry platform.** The Company is focused on building upon its successful BlackBerry 10 introduction and establishing the BlackBerry 10 platform amongst the top 3 mobile platforms. The launch of BlackBerry 10 in January 2013 marked the beginning of the organization's transition to becoming a leading mobile computing organization. The Company expects the BlackBerry 10 OS will transition the organization from mobile communications into true mobile computing and will power BlackBerry smartphones, tablets and embedded solutions such as those found in advanced automotive electronics, including entertainment, communications and navigation applications.
- **Leveraging and capitalizing on the embedded market.** Over the past 30 years, QNX software has become a big part of everyday life, with people encountering QNX-controlled systems while driving, shopping, watching television, using the Internet, or even turning on a light. With its reliable characteristics, QNX software has been a preferred choice for life-critical systems such as air traffic control systems, surgical equipment, and nuclear power plants. The QNX powerful multimedia features can be found in a variety of products from in-dash radios and infotainment systems to casino gaming terminals. With mobile computing continuing to rapidly integrate with embedded operating systems, the Company plans to leverage its powerful BlackBerry 10 OS to provide even higher-performance applications for markets such as telecommunications, automotive, medical instrumentation, automation and security.
- **Seek strategic alliances and relationships.** BlackBerry intends to broaden the scope and continue to strengthen and develop its strategic alliances. The Company may also consider new types of partnerships and relationships which could involve closer collaboration with other technology leaders to affirm and enhance the Company's competitive position as a primary mobile device and solutions provider. Areas of strategic alliances and relationships include, but are not limited to, software application developers and companies, global telecommunications carriers, intranet and Internet applications and portal companies, Internet social networking providers, multimedia content providers, gaming platform vendors, consumer electronics retailers, microchip and other manufacturers, and global systems integrators.
- **Grow the BlackBerry App Ecosystem and developer community.** An application-rich ecosystem is critical to succeeding in the mobile smartphone and tablet marketplace, and BlackBerry intends to continue to invest in its network of thousands of commercial, independent and corporate software developers focused on developing consumer and enterprise level applications for BlackBerry smartphones and BlackBerry PlayBook tablets. The Company also expanded its developer base and application catalogue through the development of BlackBerry tools for Android Apps. Through the Company's Android Player, Android developers can easily port Android applications to BlackBerry World for BlackBerry PlayBook users, and BlackBerry 10 smartphones. The Company plans to continue to invest in this critical ecosystem to ensure developers are able to successfully

monetize their efforts of creating consumer and enterprise applications that give BlackBerry users exciting and productive ways to use their BlackBerry smartphones and BlackBerry PlayBook tablets.

- **Continue leveraging the BlackBerry brand internationally.** With a global subscriber base of more than 76 million users as of the end of fiscal 2013, BlackBerry is the number-one smartphone in many markets. With the popularity of services such as BBM, the Company's leading mobile social platform, BlackBerry smartphones are embraced internationally for both their user experience and cost effectiveness for both carriers and customers. The Company plans to continue to invest to leverage its capabilities and strong brand recognition in global markets with the most potential and value, and will implement strategies that allow it to aggressively pursue subscriber growth and further solidify BlackBerry's positioning as a top 3 mobile platform.
- **Grow BlackBerry services capability.** BlackBerry intends to grow its capabilities to expand its services beyond its current offerings which include real-time data push services such as BBM, market-leading security and backend integration with carrier systems.
- **Establish BlackBerry as a leader in Enterprise Mobility Management and expand vertical customer base.** BlackBerry intends to maintain its position as a market leader in the enterprise market through a variety of strategies including focused sales and marketing efforts, the continued use of strategic alliances and relationships to promote the sale of its products and services, as well as utilizing indirect sales and marketing teams. BlackBerry intends to become a leader in Enterprise Mobile Management and has launched BlackBerry Enterprise Service 10 with plans to support major mobile OS platforms including BlackBerry smartphones and tablets, Android and iOS. These tools allow businesses to manage the growing IT trend of securely supporting multiple devices and operating systems, as well as employees' personal devices, within a single corporate IT infrastructure. BlackBerry also intends to leverage its strengths and expand further into strategic vertical markets.
- **Achieve best in class operational metrics.** BlackBerry intends to further simplify business processes and target areas of the business where greater efficiencies can be achieved. The Company is focused on driving best in class operational metrics through the implementation of broad efficiency programs across all functions in the organization. Through the Company's CORE program, the Company is targeting areas such as product lifecycle management, supply chain management and business support services to achieve best in class operational metrics. In addition, the Company intends to continue transforming the organizational culture to reduce complexities and increase accountabilities while aligning employees behind the BlackBerry vision, mission and values.
- **Continue to invest in highly qualified personnel.** BlackBerry believes that the quality and skills of its employees have been key factors in its success to date. The Company intends to continue its recruiting strategies and operations worldwide to support its product development and growth strategies and ensure the needed strategic capabilities are in place. BlackBerry intends to retain, attract and develop employees to drive organizational performance and foster an environment of innovation, learning and development for the Company's talented workforce while ensuring a cost effective organization.
- **Targeted acquisition and investment strategy.** BlackBerry continues to evaluate and purchase companies and make investments in products that provide opportunities for growth or expansion of the BlackBerry value proposition. These may include but are not limited to companies or products related to software, wireless solutions, security, and applications, among others. The Company also intends to continue to purchase intellectual property ("IP") in various forms and technologies when appropriate opportunities arise.

Products and Services

The Company's primary revenue stream is generated by the BlackBerry wireless solution, comprised of smartphones and tablets, service and software. BlackBerry service is provided through a combination of the Company's NOC and the wireless networks of the Company's carrier partners.

The Company also generated other revenue from accessories, non-warranty repairs, BlackBerry World and gains and losses on revenue hedge contracts.

The Company's revenue mix from continuing operations for fiscal years 2013 and 2012 is as follows:

Revenue (U.S millions)	March 2, 2013		March 3, 2012	
Devices	$ 6,648	60.0%	$13,794	74.9%
Service	3,910	35.3%	4,074	22.1%
Software	261	2.4%	318	1.7%
Other	254	2.3%	237	1.3%
	$11,073	100.0%	$18,423	100.0%

BlackBerry Smartphones and Tablets

During fiscal 2013, the Company introduced new BlackBerry smartphones and tablets. During fiscal 2013, the Company continued to position itself as an industry leader in Near Field Communications ("NFC") and implemented this technology in a variety of its smartphone models. NFC implementation resulted in a number of certifications and recognition from industry agencies and major financial service providers.

BlackBerry smartphones are available from hundreds of carriers and indirect channels, through a range of distribution partners, and are designed to operate on a variety of carrier networks, including HSPA/HSPA+/UMTS, GSM/GPRS/EDGE, CDMA/Ev-DO, and iDEN.

The following BlackBerry smartphones and tablets were introduced in fiscal 2013:

- 4G LTE BlackBerry PlayBook tablet and BlackBerry PlayBook 4G HSPA
- 3G Plus BlackBerry PlayBook tablet
- BlackBerry Curve 9300 smartphone series
- BlackBerry Curve 9220 smartphone
- BlackBerry 9620 smartphone
- BlackBerry Z10 smartphone

The company also introduced the BlackBerry Q10 smartphone that will be available in the first quarter of fiscal 2014.

BlackBerry Enterprise Service 10

BlackBerry Enterprise Service 10 is the Company's powerful, new enterprise mobility management solution. BlackBerry Enterprise Service 10 brings together device management, industry leading security and mobile applications management for BlackBerry smartphones, BlackBerry PlayBook tablets and new BlackBerry 10 smartphones in a consolidated solution. It also provides a single console for managing BlackBerry, Android and iOS devices.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the product has been delivered or the services have been provided to the customer, the sales price is fixed or determinable and collection is reasonably assured. In addition to this general policy, the following paragraphs describe the specific revenue recognition policies for each of the Company's major categories of revenue.

Hardware

Revenue from the sale of BlackBerry wireless hardware products (e.g. BlackBerry® handheld devices and BlackBerry® PlayBook™ tablets) is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable. Product is considered delivered to the customer once it has been shipped and title and risk of loss have been transferred. For most of the Company's product sales, these criteria are met at the time the product is shipped. For hardware products for which the software is deemed essential to the functionality of the hardware, the Company recognizes revenue in accordance with general revenue recognition accounting guidance.

The Company records reductions to revenue for estimated commitments related to price protection, right of return and for customer incentive programs. Price protection is accrued as a reduction to revenue based on estimates of price reductions provided the price reduction can be reliably estimated or based on contractual caps and all other revenue recognition criteria have been met. The Company also records reductions to revenue for a right of return based on contractual terms and conditions and, if the expected product returns can be reasonably and reliably estimated, based on historical experience. Where a general right of return cannot be reasonably and reliably estimated, the Company recognizes revenue when the product sells through the distribution channel. The estimated cost of customer incentive programs is accrued as a reduction to revenue and is recognized at the later of the date at which the Company has sold the product or the date at which the program is offered. If historical experience cannot support a breakage rate, the maximum rebate amount is accrued and adjusted when the incentive programs end.

Service

Revenue from service is recognized rateably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the prebilling is recorded as deferred revenue. Service revenue also includes the recognition of previously deferred revenue related to multi-element arrangements for non-software services and software upgrade rights related to the BlackBerry PlayBook tablets and BlackBerry 10 devices.

Software

Revenue from licensed software is recognized at the inception of the license term and in accordance with industry-specific software revenue recognition accounting guidance. When the fair value of a delivered element has not been established, the Company uses the residual method to recognize revenue if the fair value of undelivered elements is determinable. Revenue from software maintenance, unspecified upgrades and technical support contracts is recognized over the period that such items are delivered or those services are provided.

Other

Other revenue consists of the sale of accessories and repair and maintenance contracts. Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable.

Shipping and Handling Costs

Amounts billed to customers related to shipping and handling are classified as revenue, and the Company’s shipping and handling costs are included in cost of sales. Shipping and handling costs that cannot be reasonably attributed to certain customers are included in selling, marketing and administration.

Multiple-Element Arrangements

The Company enters into revenue arrangements that may consist of multiple deliverables of its product and service offerings. The Company’s typical multiple-element arrangements involve: (i) BlackBerry 7 or earlier handheld devices with services, (ii) BlackBerry 10 handheld devices with unspecified software upgrades on a when-and-if available basis along with undelivered non-software services (iii) tablets with unspecified software upgrades on a when-and-if available basis and (iv) software with technical support services.

For the Company’s arrangements involving multiple deliverables of BlackBerry 7 or earlier handheld devices with services, the consideration from the arrangement is allocated to each respective element based on its relative selling price, using vendor-specific objective evidence of selling price (“VSOE”). In certain limited instances when the Company is unable to establish the selling price using VSOE, the Company attempts to establish the selling price of each element based on acceptable third party evidence of selling price (“TPE”); however, the Company is generally unable to reliably determine the selling prices of similar competitor products and services on a stand-alone basis. In these instances, the Company uses best estimated selling price (“BESP”) in its allocation of arrangement consideration. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service was sold on a stand-alone basis.

Beginning in January, 2013 the Company introduced its BlackBerry 10 devices which will use the Company’s network infrastructure in a different manner than BlackBerry 7 or earlier devices. As a result, for arrangements involving multiple deliverables including the BlackBerry 10 device and the essential operating system software, as well as unspecified upgrade rights and non-software services for which the Company may not charge for separately, the consideration from the arrangement is allocated to each respective element based on the relative selling price, using the Company’s BESP as the device and unspecified upgrade rights and non-software services are no longer sold separately. The consideration for the delivered hardware and the related essential operating system software are recognized at the time of sale provided that the four general revenue recognition criteria have been met. The consideration allocated to the unspecified software upgrade rights and non-software services is deferred and recognized rateably over the 24-month estimated life of the devices.

The BlackBerry PlayBook tablet includes the right to receive free unspecified software upgrade rights on a when-and-if available basis. This upgrade right to the product’s embedded operating system software is considered an undelivered element at the time of sale of the tablet and falls within the general revenue recognition guidance. The consideration from the arrangement is allocated to each respective element based on its relative selling price. As the BlackBerry PlayBook tablet or the upgrade right are not sold on a standalone basis and no TPE exists for these deliverables, the allocation of revenue is based on the Company’s BESPs. The consideration for the delivered hardware and the related essential software operating system are recognized at the time of sale provided that the four revenue recognition criteria have been met. The consideration allocated to the unspecified software upgrade rights is deferred and recognized rateably over the 24-month estimated life of the tablets.

For arrangements involving multiple deliverables of software with technical support services, the revenue is recognized based on the industry-specific software revenue recognition accounting guidance. If the Company is not able to determine VSOE for all of the deliverables of the arrangement, but is able to obtain VSOE for all undelivered elements, revenue is allocated using the residual method. Under the residual method, the amount of revenue allocated to delivered elements equals the total arrangement consideration less the aggregate fair value of any undelivered elements. If VSOE of any undelivered software items does not exist, revenue from the entire arrangement is initially deferred and recognized at the earlier of: (i) delivery of those elements for which VSOE did not exist; or (ii) when VSOE can be established.

The Company determines BESP for a product or service by considering multiple factors including, but not limited to, historical pricing practices for similar offerings, market conditions, competitive landscape, internal costs, gross margin objectives and pricing practices. The determination of BESP is made through consultation with and formal approval by, the Company's management, taking into consideration the Company's marketing strategy. The Company regularly reviews VSOE, TPE and BESP, and maintains internal controls over the establishment and updates of these estimates. Based on the above factors, the Company's BESP for the unspecified software upgrade right is $6 per BlackBerry PlayBook tablet and the Company's BESP for the unspecified software upgrade right and non-software services ranges from $10-$20 per BlackBerry 10 device.

Third Party Software Developers

The Company provides a feature rich open standards-based development platform which allows third party commercial and enterprise software developers to build and deploy custom applications to run on BlackBerry smartphones. To facilitate this, the Company provides a number of products and technologies to third party developers, wireless carriers and enterprise customers to enable them to develop, distribute and manage these applications. For application development, the Company provides a suite of software development tools for both BlackBerry smartphones and the BlackBerry PlayBook tablet enabling applications to be developed using technologies such as Java, HTML5, Javascript®, Native C/C++/Qt with OpenGL® ES support, Adobe® Flash® and Adobe® AIR®. BlackBerry PlayBook OS 2.1 and BlackBerry 10 will run most Android Gingerbread 2.3.3 applications without any code changes. The Company released BlackBerry 10 SDKs in fiscal 2013 built on open standards and open source wherever possible in order to provide developers with a rich development experience. The Company also provides a variety of advanced services to application developers to enable them to develop deeply integrated applications that leverage online network services. These advanced services include the BlackBerry Messenger Social Apps Platform, Push Service, Payments Service, Advertising Service, Location Service, Maps Services, Analytics Service and Scoreloop. Using these services, developers can create applications that take advantage of integrated social networking services, push notifications, in-app payments and advertising, advanced location services, application usage information, and social gaming features.

The Company embraces open standards and includes a variety of open source libraries out of the box including Lua, OpenAL, cocos2d-x, and Box2D and has an open source repository that can be accessed at github.com/blackberry. The Company promotes an open ecosystem that makes it easier for developers to target multiple platforms through partnerships with Appcelerator, Cordova, dojo, jQuery Mobile, Marmalade, NME, Qt, and Sencha Touch.

For distribution and management of enterprise applications, the Company provides a suite of tools and technologies within the BlackBerry Enterprise Service 10 to enable secure and managed provisioning of applications to enterprise employees. BlackBerry World allows organizations to offer employees easy access to a catalogue of trusted applications.

For distribution of personal and consumer applications, the Company provides wireless carriers with the ability to distribute select applications and rich media content to their customer base and also provides BlackBerry World as a direct storefront for BlackBerry customers.

BlackBerry World is a content distribution storefront managed by the Company that enables developers to reach BlackBerry subscribers around the world. Launched on April 1, 2009, BlackBerry World is now available in over 170 markets and supports 23 currencies and 33 languages. Over 6 million applications are downloaded daily with an aggregate of over 4 billion downloads to-date. With the launch of BlackBerry 10 there are over 100,000 applications available for BlackBerry 10 and over 200,000 applications in total. BlackBerry World provides BlackBerry smartphone and BlackBerry PlayBook users with a way to discover and download/purchase applications directly from their BlackBerry smartphone or BlackBerry PlayBook. Users can purchase applications using their personal PayPal® account, credit card and through carrier billing. With 57 carriers in 40 countries around the world, users are able to purchase applications and have the charge applied directly to their wireless carrier bill. The Company is continuing to expand the reach and availability of its carrier billing service to many more carriers and customers around the world.

Industry Associations

The Company is an active participant in numerous industry associations and standards bodies including:

- 4G Americas
- Alliance for Telecommunications Industry Solutions (ATIS)
- American National Standards Institute
- Bluetooth SIG
- CDMA Development Group
- Consumer Electronics Association
- European Telecom Standards Institute
- GlobalPlatform
- GSM Association
- IEEE (Professional Support Services for P1725)
- International Telecommunication Union (ITU)
- JEDEC
- MIDI
- MIPI: Mobile Industry Processor Interface
- Open Mobile Alliance
- Telecommunications Industry Association (TIA)
- TIA 3rd Generation Partnership Project 2
- UPnP Forum (Universal Plug and Play)
- Wi-Fi – Alliance
- World Wide Web Consortium

The Company's involvement with these and other associations includes standards development, government advocacy, joint marketing, participation in conferences and trade shows, training, technology licensing by the Company and business development.

Sales, Marketing and Distribution

The Company markets and sells its BlackBerry wireless solution primarily through global wireless communications carriers (carrier partners) as well as through third party distribution channels which distribute the solution to end users. The Company has a number of carrier-focused business units that support the sales and marketing efforts of the Company's carrier partners through training, technical account management and sales and marketing support. As of March 2, 2013, the Company's marketing, sales and business development, BlackBerry operations, customer support and technical support teams consisted of approximately 2,400 full time employees.

Customers

The Company is dependent on a number of significant global carrier partner customers with respect to the sales of its products, both in terms of the numbers of devices sold and the aggregate value of its sales.

While the Company sells to a variety of customers, no customer comprised more than 10% of accounts receivable as at March 2, 2013 (March 3, 2012 – one customer comprised 13%). There are no customers that comprised more than 10% of the Company's revenue in fiscal 2013 (March 3, 2012 – no customers that comprised more than 10%). The primary direct customers for the BlackBerry wireless solution are wireless carriers.

The Company sells GSM/GPRS/EDGE, CDMA/Ev-DO/Ev-DO Rev A, UMTS/HSPA, HSPA+ and iDEN devices and software to carriers, who in turn bundle devices and software with airtime and sell a complete wireless solution to end customers. The Company also sells devices through indirect channels and these devices are resold by a third party with or without a service plan from the Company's carrier partners. Software is licensed directly to end customers, although it is distributed by carriers, resellers and directly through the Company. The Company's BES supports multiple networks and devices, so that BlackBerry service from multiple carriers can be deployed within an enterprise using the same BES software.

The Company’s revenues by geographic region are as follows:

	For the Fiscal Year Ended			
	March 2, 2013		March 3, 2012	
North America				
Canada	$ 661	6.0%	$ 1,260	6.8%
United States	2,235	20.2%	4,182	22.7%
	2,896	26.2%	5,442	29.5%
Europe, Middle East and Africa				
United Kingdom	1,238	11.2%	1,919	10.4%
Other	3,264	29.5%	5,743	31.2%
	4,502	40.7%	7,662	41.6%
Latin America	2,114	19.1%	2,646	14.4%
Asia Pacific	1,561	14.0%	2,673	14.5%
	$11,073	100.0%	$18,423	100.0%

Competition

The Company is engaged in an industry that is highly competitive and rapidly evolving and, to date, no technology has been exclusively or commercially adopted as the industry standard for wireless data communication. Accordingly, both the nature of competition and the scope of the business opportunities afforded by this market are currently evolving, uncertain and highly competitive.

While the Company has recently enjoyed rapid growth in many international markets such as Thailand, Indonesia, Spain, Latin America, and others, particularly in the consumer segment, the Company has seen its global market share decline over the past several years relative to companies such as Apple with its iOS ecosystem, and companies that build smartphones based on the Android ecosystem, such as Samsung. In the United States, the Company has experienced a substantial decline in its largest market and experienced a net decrease in its subscriber base. This decline is due to a variety of factors including consumer preferences for devices with access to the broadest number of applications, such as those available in the iOS and Android environments. Market share has also been impacted by the significant number of new Android-based competitors that have entered the market, and a growing trend in enterprises to support multiple devices. In addition, the increased desire by carriers to sell devices that operate on LTE networks has also impacted the Company’s market share, as these networks feature faster download speeds and allow carriers to offer higher-value data plans. The Company’s first LTE devices are the BlackBerry 10 smartphones that were introduced on January 30, 2013.

Despite increased competitive pressures in consumer segments, the Company remains a leader in enterprise mobility, with deployments in over 90% of the Fortune 500 companies. BlackBerry smartphones in combination with the BlackBerry Enterprise Server set the standard in mobile enterprise for secure, reliable and manageable mobile access to enterprise resources and applications. However, trends towards BYOD deployments, wherein some companies are allowing employees to connect their own smartphones to corporate networks, have increased competitive pressure on the Company in the enterprise market. New products and services such as BlackBerry 10 smartphones with BlackBerry Balance, which allows for the secure co-existence of enterprise and corporate data on BlackBerry devices, and BlackBerry Enterprise Service 10, the Company's next generation BES that supports Mobile Device Management (MDM) services for BlackBerry 10 smartphones and PlayBook tablets as well as iOS and Android based devices through a unified BlackBerry administration console, demonstrate the Company's continued innovation and leadership and are intended to further solidify the Company's position in the enterprise market.

Strategic relationships in the wireless data communications industry are also evolving. Specific infrastructure manufacturers, network operators, content providers and other businesses within the industry may currently be customers of, suppliers to, strategic partners with, or investors in other businesses. The Company is currently working with a number of businesses, some of which are direct competitors with each other and others of which are current or potential competitors of the Company. It is unclear to what extent network infrastructure developers, enterprise software vendors, PC or tablet vendors, key network operators or content providers and others will seek to provide integrated wireless solutions, including access devices developed internally or through captive suppliers.

Providers of major mobile operating system platforms that compete with the Company's BlackBerry platform include Apple Inc. (iOS), Google Inc. (Android), Microsoft Inc. (Windows Phone), and Nokia Corporation (Symbian). In the wireless data communications access market, the Company is aware of a number of suppliers of access devices for public wireless data networks, including: Apple Inc.; Amazon Inc., Dell, Inc.; Fujitsu Limited; General Dynamics Corporation; Hitachi America, Ltd.; HTC Corporation; Huawei Technologies Co. Ltd.; LG Electronics Mobile Communications Company; Mitsubishi Corporation; Motorola Mobility Holdings, Inc.; NEC Corporation; Nokia Corporation; Samsung Electronics Co., Ltd.; Sharp Corporation; Sony Corporation; and ZTE Corporation. In addition, the Company faces competition from companies focused on providing middleware to facilitate end-to-end wireless messaging solutions. Companies in this category include AirWatch LLC; BoxTone Inc.; Citrix Systems, Inc., Good Technologies; IBM Corporation; Microsoft Corporation; Mobile Iron Inc.; Notify Technology Corporation; Openwave Systems Inc.; Seven Networks, Inc.; and Sybase, Inc. Some of the Company's competitors have greater name recognition, larger customer bases, and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources than the Company does.

A variety of approaches are being pursued as diverse handset and handheld vendors attempt to provide mobile access to corporate data. These approaches include smartphones, superphones, other mobile data devices such as tablets and netbooks, a variety of middleware offerings and other end-to-end integrated wireless solutions.

A key aspect of competitive differentiation among industry participants involves the inclusion of a sophisticated NOC in the system architecture. The Company pioneered the use of a sophisticated multi-node centralized architecture responsible for the routing of messages to and from devices. The key benefits of the NOC are message delivery reliability, network utilization efficiency and security. By isolating firewalls from the devices, NOCs avoid the need for numerous simultaneous inbound connections through the firewall which is a significant security consideration for many IT managers. Other benefits of NOCs include eliminating the opportunity for Denial of Service Attacks against the firewall, protecting against bad packets reaching devices, and enhancing service quality by providing advanced compression and by acting as a buffer between the limited capacity of wireless networks and the massive capacity of the wired environment.

It is important to note that some of the cost of operating the NOC is often charged directly to carriers by the solution vendor as has historically been the case with the Company. Carriers typically include any infrastructure access fee within data plans at the same or lower prices than data plans provided for solutions without NOCs partly because of the superior network efficiency of NOC-based systems. As such, end users get a better performing solution with a superior security model at the same or lower cost to products without NOCs.

PRODUCT DESIGN, ENGINEERING AND RESEARCH & DEVELOPMENT

The Company's research and development ("R&D") strategy seeks to provide broad market applications for products derived from its technology base. As of March 2, 2013, the Company's research and development team consisted of approximately 6,000 full time employees. Research and development expense was approximately $1.5 billion in fiscal 2013, compared to $1.6 billion in fiscal 2012.

Efficiencies in board layout and component integration utilizing the latest in High Density Interconnection ("HDI"), component packaging and attachment technology combined with proprietary software and firmware features allow the Company to customize its core proprietary hardware designs to address new applications, network protocols and transmission frequencies. The Company's radio transceiver technology can be adapted to support multiple protocols in the wireless data communications market, supporting its position as a primary supplier of wireless and related hardware and software products.

The Company has developed its own radio code stack and incorporates this radio code stack into the processors that are deployed in BlackBerry smartphones. Additionally, QNX, a subsidiary of the Company, has developed a mobile computing platform utilizing the unique micro kernel POSIX certified tablet OS. This OS supports the first generation of professional grade BlackBerry PlayBook tablets and is the basis for BlackBerry 10 smartphones.

The development and support of the Company's products require several key areas of expertise within the Company to be closely integrated. The Company has recruited and developed teams with expertise in these required areas and the Company believes that the integration and focus of these teams provides the Company with a significant competitive advantage. The following chart outlines several of these key areas of expertise together with their design and user benefits.

Key Area of Expertise	Design and User Benefits
Application & User Interface Technologies	Fluid, user-friendly applications with hardware acceleration for maximum performance; deep integration into core experience Rich tooling enabling rapid development and superior user experience
Power Management	Low power requirements – efficient battery consumption
Firmware	Integration, customization – low cost, small size, efficient battery consumption
Software Tools	Software development kits – more applications available
Testing Software	Fast and thorough test/debug – low cost, better quality, improved service/support
Operating System Technologies	High performance, scalable and secure platform spanning handsets, mobile computing, automotive and embedded Richer user experiences, common application ecosystem, embracing of open standards Multi-tasking and rich developer environment
Product Design	Award winning products / outstanding customer experience through software and user interfaces
RF Engineering	High performance radio – low cost, small size, efficient battery consumption, better coverage
Display	High resolution bright displays with improved power characteristics
Audio	Improved audio quality in all environments through hardware and signal processing design. Excellent multi-media capability
Intelligent Antennas	Effective radiated power – better coverage and efficient battery consumption
Analog RF & Digital ASIC	Integration – low cost, small size

The Company's R&D efforts are focused primarily on the following areas:

- developing new devices for current and emerging wireless network technologies and market segments;
- revolutionizing smartphones and tablets through the development of BlackBerry 10 OS;
- developing core technology and platforms for next generation air interfaces and networks, including evolution of 3G and 4G wireless networks;
- evolving the functionality, security and performance of its BlackBerry wireless solution and BlackBerry smartphones and tablets;
- building device software including operating systems, radio code, graphics and media frameworks, application runtimes, networking technologies, and BlackBerry applications;
- developing server and desktop software for enterprise and consumer environments;
- developing infrastructure systems to provide the underlying support for wireless network and Internet connectivity;
- providing a platform and tools for third party software developers and enterprises to write and wirelessly enable applications;
- improving manufacturing and testing technologies; and
- developing accessories to be used with BlackBerry smartphones and tablets.

The Company also engages in longer term fundamental research both directly and by selective funding of university research projects.

The Company endeavors to take advantage of specific government and academic financial assistance programs to support its research activities where available.

The Company dedicates a major portion of its R&D investments to software for the BlackBerry wireless solution. This includes device and platform software as well as device applications, server software and infrastructure with an emphasis on satisfying the needs of both corporate IT departments and individual customers.

The Company has previously entered into two project development agreements with Technology Partnerships Canada ("TPC"), which provided partial funding for certain research and development projects.

Funding received by the Company from TPC for the first agreement (TPC-1) totaled $3.9 million and was repayable in the form of royalties of 2.2% on gross product revenues resulting from the project. The Company was obligated to pay royalties on all project revenues up to a maximum of $6.1 million. The Company has fully repaid its obligations with respect to TPC-1.

The second agreement with TPC is for a development project (TPC-2) under which total contributions from TPC have been $23.3 million. The Company had fulfilled all prerequisite funding conditions and recorded all of the contributions as at February 28, 2004. This contribution is repayable to TPC in the form of a royalty of 2.2% on gross business revenues, subject to the Company maintaining a minimum number of Canadian employees and to certain annual maximum amounts through fiscal 2015, not exceeding $45 million. The Company has recorded $4.9 million (CAD) on account of TPC royalty repayment expense with respect to TPC-2 obligation during fiscal 2013.

The Company also qualifies for investment tax credits ("ITC") on eligible expenditures on account of Canadian scientific research and experimental development. In fiscal 2013 the Company recognized the benefits of its ITCs in its consolidated statements of operations as a reduction in income tax expense.

Intellectual Property

The policy of the Company is to apply for patents, acquire and/or seek other appropriate proprietary or statutory protection when it develops valuable new or improved technology. The Company believes that the rapid pace of technological change in the communications industry makes patent and trade secret protection important, and that this protection must be supported by other means including the ability to attract and retain qualified personnel, new product introductions and frequent product enhancements.

The Company protects its technology through a combination of patents, designs, copyrights, trade secrets, confidentiality procedures and contractual arrangements. The Company seeks to patent key concepts, components, protocols, processes and other inventions that it considers to have commercial value or that will likely give the Company a technological advantage. Although the Company applies for patent protection primarily in Canada, Europe and the United States, the Company has filed, and will continue to file, patent applications in other countries where there exists a strategic technological or business reason to do so. To broadly protect the Company's inventions, the Company has a team of in-house patent attorneys and also consults with outside patent attorneys who interact with employees, review invention disclosures and prepare patent applications on a broad array of core technologies and competencies. As a result, the Company owns rights to an array of patented and patent pending technologies relating to wireless communication technology.

It is the Company's general practice to enter into confidentiality and non-disclosure agreements with its employees, consultants, contract manufacturers, customers, potential customers and others to attempt to limit access to and distribution of its proprietary information. In addition, the Company generally enters into agreements with employees that include an assignment to the Company of all intellectual property developed in the course of employment.

The Company also enters into various types of licensing agreements related to technology and intellectual property rights. The Company enters certain of these agreements to obtain rights that may be necessary to produce and sell products into the wireless industry. The Company may also license its technology and intellectual property to third parties through various licensing agreements.

Production

The Company outsources the majority of its manufacturing to specialized global Electronic Manufacturing Services ("EMS") companies who are positioned to meet the volumes, scale, cost and quality requirements of the Company. The Company strives to reduce its risk and dependency on these companies by having various partners located in key geographical locations, thereby increasing leverage on cost, quality and operational performance. Constant and immediate access to each manufacturing facility is available upon the Company's demand, and these facilities are regularly audited by Company personnel trained in this function. The Company also operates a facility in Waterloo, Ontario that is approximately 242,000 square feet and is primarily focused on New Product Introduction ("NPI") and research and development related activities.

In the coming year, the Company expects to continue to evolve its supply chain model. The Company will also look to continue to enhance its new product introduction and supply chain planning activities through further integration with internal research and development activities.

The Company generally controls sourcing decisions for materials and services that are incorporated into Company products. Outsourced manufacturing partners are responsible for transacting business on behalf of the Company with component suppliers, but the Company generally negotiates pricing of these materials and services. Depending on market conditions, the Company may order more or less of a particular material or service and when possible, attempts to source components from at least two suppliers with a view to avoiding different types of supply disruption. Component availability and pricing of components may also be affected by the volumes the Company generates, compared to the volumes a competitor may require. See also “Risk Factors - The Company relies on its suppliers to supply functional components and is exposed to the risks that these suppliers will not supply components on a timely basis or of the desired quality; if the Company’s sales volumes decrease or do not reach projected targets it may result in increased costs that could make its products less competitive.”

Regulatory Matters

In addition to the regulatory requirements applicable to any business, an access device manufacturer must obtain certification from the radio/telecommunications regulatory authorities in most jurisdictions before commencing commercial sale of its products in those jurisdictions. A significant competitive advantage exists for manufacturers with established businesses who have previously met the certification requirements for their products and who are familiar with the regulatory process.

The Company’s products must be approved by the FCC before they can be used in commercial quantities in the United States. In Canada, the relevant regulatory authority is Industry Canada. The European Community (“EC”) defines CE marking requirements within the Radio and Telecommunication Terminal Equipment (“R&TTE”) Directive for use in EC member states. Regulatory requirements are similar in other jurisdictions. All regulators require access devices to meet various standards, including limits with respect to interference with other electronic equipment and safety standards with respect to human exposure to electromagnetic radiation.

The Company’s BlackBerry wireless devices, which are made commercially available by the Company, meet FCC, Industry Canada, and EC requirements. In addition, Company devices have obtained regulatory approvals required by other countries where such products are made commercially available by the Company.

At the present time, the Company has the required regulatory certifications for its testing facilities which allow the Company to perform all the testing required by the FCC, Industry Canada, and the EC. In addition, the Company can also perform some of the testing which is required by other international regulatory authorities in some of the countries where the Company’s products are commercially available.

Corporate Responsibility

The Company is committed to operating in a sustainable way that respects the environment, Company employees, the communities in which the Company operates and the Company’s business partners around the world. Product sustainability efforts include implementing design for environment principles, material selection processes, energy efficiency and packaging assessments as well as product take back programs. Additionally, the Company has formalized a number of policies to reflect the Company’s commitment to responsible business practices and issues a Corporate Responsibility (“CR”) report annually. The CR report as well as other documents and policies relating to the Company’s efforts in this area can be viewed on the Company’s website.

Environmental Regulations and Costs

Some of the Company's operations are subject to regulation under various provincial, federal, state and international laws relating to environmental protection and the proliferation of hazardous substances. In parts of Europe and North America, the Company is currently obligated to comply with substance restrictions, packaging regulations, energy efficiency ratings and certain product take-back and recycling requirements. In addition, the Company may be required to comply with emerging substance restrictions and product take-back requirements in other jurisdictions that would make the Company responsible for recycling and/or disposing of products the Company has sold. These and other environmental laws may become more stringent over time, may be required in more places of the Company's business and may require the Company to incur substantial compliance costs.

Employees

As of March 2, 2013, the Company had approximately 12,700 full-time employees: approximately 5,500 in the product development area; approximately 1,100 in sales and marketing; approximately 800 in customer care and technical support; approximately 1,400 in manufacturing and supply chain; and approximately 3,900 in administration and business professional functions, which includes information technology, BlackBerry network operations and service development, finance, legal, facilities and corporate administration.

Facilities

Waterloo, Ontario, Canada

The Company's corporate headquarters and new product introduction manufacturing facilities are based in Waterloo. The Company's operations are housed primarily in two campus-style developments; the facilities include 27 buildings, 21 of which are owned for a total square footage of 1,806,047 and 6 of which are leased, for a total square footage of 310,519. The central Waterloo campus houses engineering, manufacturing as well as research and development groups. The Company's corporate, administration and finance operations are based out of the Company's campus in north Waterloo, consisting of four newly constructed buildings. Two owned facilities based in nearby Cambridge totaling 734,293 square feet are used for various global logistics and repair services groups.

Canada - Other

The Company owns and occupies a 154,455 square foot facility in Ottawa, Ontario. Engineering and research and development operations are the focus of this center. In addition, the Company leases 264,686 square feet, also used primarily for research and development functions. In addition to two owned buildings which total 318,936 square feet, Mississauga, Ontario is home to two leased facilities totaling 70,891 square feet. The Company owns a 160,000 square foot building in the Greater Halifax, Nova Scotia area, out of which the Company runs a 112,000 square foot customer service operations center. Additionally in Eastern Canada, the Company leases a 10,700 square foot building in Fredericton, New Brunswick. In Western Canada, the Company leases 4,507 square feet in Vancouver, British Columbia. In total, the Company occupies 946,659 square feet in Canada, outside the Waterloo-Cambridge, Ontario area.

USA & Latin America

The U.S. headquarters of the Company are composed of a campus-style complex of four buildings totaling 184,432 square feet outside Dallas, Texas, housing certain sales, marketing, legal, research and development, customer service operations and administrative activities. In Raleigh, North Carolina the Company has a total of 56,812 square feet located within the CentreGreen campus. The Company leases an additional 491,139 square feet throughout the United States, primarily for research and development. Sales and marketing and distribution activities in Latin and South America are supported by approximately 19,800 square feet with locations in Uruguay, Brazil, Argentina and Mexico.

EMEA – Europe, Middle East & Africa

The Company's operations in Europe are headquartered out of two locations in Slough, England comprising of 101,874 square feet in total. Operations in Germany are comprised of six leased facilities totaling 136,096 square feet used for research & development and sales. A number of other small offices are leased throughout Europe, totaling 130,122 square feet, which are used primarily for sales and marketing activities.

Asia-Pacific

The Company has continued to expand operations in the Asia Pacific region. In China alone, the Company leases approximately 108,484 square feet, including space for research and development in Beijing. A number of small sales-based offices are also located throughout China. As a whole, the Company operates out of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, and Thailand with a total space of 190,133 square feet for sales and marketing activities and customer operations support.

Globally, the Company operates a number of leased and owned datacenters totaling approximately 400,000 square feet of space.

Legal Proceedings

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. The Company is subject to a variety of claims (including claims related to patent infringement, purported class actions and other claims in the normal course of business) and may be subject to additional claims either directly or through indemnities against claims that it provides to certain of its partners and customers. In particular, the industry in which the Company competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. The Company has received, and may receive in the future, assertions and claims from third parties that the Company's products infringe on their patents or other intellectual property rights. Litigation has been and will likely continue to be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company's proprietary rights. Regardless of whether claims against the Company have merit, those claims could be time-consuming to evaluate and defend, result in costly litigation, divert management's attention and resources, subject the Company to significant liabilities and could have the other effects that are described in greater detail under "Risk Factors – Risks Related to Intellectual Property" and "Risk Factors - Risks Related to the Company's Business and its Industry - The Company is subject to general commercial litigation, class action and other litigation claims as part of its operations, and it could suffer significant litigation expenses in defending these claims and could be subject to significant damage awards or other remedies” in the Company’s Annual Information Form for the fiscal year ended March 3, 2012, which is included in the Company’s Annual Report on Form 40-F.

Management reviews all of the relevant facts for each claim and applies judgment in evaluating the likelihood and, if applicable, the amount of any potential loss. Where it is considered probable for a material exposure to result and where the amount of the claim is quantifiable, provisions for loss are made based on management’s assessment of the likely outcome. The Company does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

On June 20, 2008, St. Clair Intellectual Property Consultants, Inc. (“St. Clair”) filed a patent infringement lawsuit against the Company and other defendants in the District of Delaware. The patents in suit include U.S. Patent Nos. 5,138,459; 6,094,219; 6,233,010 and 6,323,899. These patents are generally directed to image processing in digital cameras. On October 31, 2011, the court held a hearing to address summary judgment motions filed by both sides. On March 26, 2012, the court granted the defendants’ motion for summary judgment. On April 20, 2012, St. Clair filed a notice of appeal. On May 16, 2012, the Company filed a motion to dismiss the appeal because it was filed prior to dismissal of the district court action. The court issued a mandate on August 3, 2012, dismissing the appeal as premature. On Friday, September 7, 2012, St. Clair re-filed its notice of appeal. Proceedings are ongoing.

On November 16, 2010, St. Clair filed a second complaint against the Company and other defendants in the District of Delaware. The patents in suit include U.S. Patent Nos. 5,630,163; 5,710,929; 5,758,175; 5,892,959; 6,079,025 and 5,822,610. These patents are generally directed to power management. The Complaint seeks an injunction and money damages. The court held a claim construction hearing on December 16, 2011. On October 12, 2012, the court stayed the case pending final judgment in a case St. Clair brought against other parties. No trial date is currently set. Proceedings are ongoing.

On October 31, 2008, Mformation Technologies, Inc. (“Mformation”) filed a patent infringement lawsuit against the Company in the U.S. District Court for the Northern District of California. The patents in suit include U.S. Patent Nos. 6,970,917 and 7,343,408. These patents are generally directed to remote device management functionality. A claim construction hearing was held on November 20, 2009. On February 26, 2010, the court issued a claim construction order. A trial date was set for September 2011, but then later vacated. On August 31, 2011, the court requested additional claim construction briefings. The court held a hearing on September 26, 2011 for oral argument on the additional claim construction as well as motions for summary judgment and then took the issues under advisement. On December 19, 2011, the court issued an order on the parties’ summary judgment motions and the additional claim construction. Jury selection was completed on June 14, 2012, and trial began on June 19, 2012. On July 13, 2012, the jury found that the Company had infringed the asserted patent claims, awarding damages of $147.2 million. On August 8, 2012, Judge Ware overturned the jury verdict and granted judgment of non-infringement as a matter of law. On Sep. 5, 2012, Mformation filed a motion for a new trial. On September 6, 2012, Mformation filed a notice of appeal to the US Court of Appeals for the Federal Circuit. However, the Federal Circuit deactivated the appeal while the motion for new trial was pending. On September 20, 2012, the case was reassigned to Judge Edward M. Chen, in view of Judge Ware’s retirement from the bench. Judge Chen subsequently denied Mformation’s motion for new trial on November 15, 2012. On December 4, 2012, the court denied Mformation’s motion for relief from costs. The Federal Circuit reactivated the appeal on December 20, 2012 after Mformation filed a new notice of appeal. On January 3, 2013, a new entity, Mformation Software Technologies, Inc. (“MST”), filed a motion to substitute parties, alleging that Mformation had dissolved and that MST had assumed the rights, but not the liabilities, to the litigation. On January 14, 2013, the Company filed an opposition to MST’s motion, combined with a motion to dismiss. Proceedings are ongoing.

On November 20, 2008, the Company filed a lawsuit for declaratory judgment of non-infringement, invalidity and unenforceability against four Eastman Kodak (“Kodak”) patents in the U.S. District Court for the Northern District of Texas (Dallas Division). The patents in suit include U.S. Patent Nos. 5,493,335, 6,292,218 (“the ’218 Patent”) and 6,600,510 (“the ‘510 Patent”) which are generally directed to digital camera technologies and U.S. Patent No. 5,226,161 which is directed to data sharing in applications. Kodak counterclaimed for infringement of these same patents seeking an injunction and monetary damages. The claim construction hearing was held on March 23, 2010. On July 23, 2010, Kodak dismissed the ‘510 Patent from the case without prejudice. The court set an initial trial date in December 2010. The court also ordered mediation to seek to settle the case. Mediation was unsuccessful and on November 29, 2010 the court reset the trial date for August 1, 2011. On July 20, 2011, the court again reset the trial date for the three-week docket beginning on March 5, 2012. On January 19, 2012, following federal rules, Judge Kinkeade stayed the proceedings because Kodak declared bankruptcy. The Company filed an unopposed motion with the bankruptcy court to lift the stay. On March 9, 2012, the bankruptcy court granted the Company’s motion to lift the stay of the case pending in the Northern District of Texas. On May 29, 2012, a trial date was set in December 2012. On November 28, 2012, Judge Kinkeade reset the trial to April 2013 based on a joint motion by both parties. The parties further agreed to a bench trial. On January 11, 2013, the bankruptcy court approved Kodak’s sale of its digital imaging patent portfolio to a consortium of companies. Kodak completed the sale on February 1, 2013. As part of the proceedings, the Company obtained a license to all the patents in suit. As a result, the Company and Kodak jointly moved for dismissal on February 5, 2013. On Monday, February 11, 2013, the court dismissed and closed the case with prejudice.

On January 14, 2010, Kodak filed a complaint with the ITC against the Company and Apple Inc. alleging infringement of the ‘218 Patent and requesting the ITC to issue orders prohibiting certain of the Company’s products from being imported into the U.S. and sold in the U.S. On February 23, 2010, the ITC published a Notice of Investigation in the Federal Register. The Administrative Law Judge (“ALJ”) set a trial date of September 1, 2010 and a target date for completion of the investigation by the ITC of May 23, 2011. A claim construction hearing was held on May 24-25, 2010. The Chief Judge issued his claim construction order as an Initial Determination on June 22, 2010. In accordance with the ALJ’s ruling, the trial was held and lasted for six days. On January 24, 2011, the ALJ ruled that the Company’s products do not infringe the ‘218 Patent and that the only asserted claim is invalid as obvious. Kodak and the ITC Staff separately petitioned for ITC review on February 7, 2011. The Company also filed a contingent petition for review on February 7, 2011. On March 25, 2011, the ITC issued a public notice advising that the ITC would review Chief Judge Luckern’s decision. The ITC delayed the target date for completion of the investigation by the ITC. The new target date was June 23, 2011. On July 8, 2011, the ITC issued an Opinion with its review of Chief Judge Luckern’s decision. The ITC remanded issues concerning both infringement and validity. The remand proceedings were assigned to a different ALJ, ALJ Pender, as Chief Judge Luckern retired from the bench. Acting Chief Judge Bullock initially set October 30, 2011 as the target date for the new ALJ to determine how much additional time is necessary for the remand proceedings and to set a new final target date and later extended this date to December 30, 2011. On December 16, 2011, ALJ Pender determined that he will reopen the record to permit limited additional discovery and extended the target date to September 21, 2012 to allow time for the parties to complete this discovery and remand briefing. On January 26, 2012, Judge Pender decided not to reopen the record due to fact that certain issues had become moot. On May 21, 2012, Judge Pender issued his Initial Determination finding no violation of Section 337 of the Tariff Act. On June 4, 2012, Kodak filed a petition for review of Judge Pender’s Initial Determination and the Company filed a contingent petition for review. On July 20, 2012, the Commission issued its Final Determination agreeing with Judge Pender’s finding of no violation of Section 337. On Wednesday, August 7, 2012, Kodak filed a Notice of Appeal with the Federal Circuit. The

Company filed a Motion to Intervene and a Petition for Review/Notice of Cross Appeal on September 6, 2012. On November 21, 2012, the Federal Circuit granted the Motion to Intervene and dismissed the Petition for Cross Appeal on procedural grounds. Kodak completed the sale of its digital imaging patent portfolio on February 1, 2013, and as part of the proceedings, the Company obtained a license to all the patents in suit, thus settling all outstanding litigation. On February 5, 2013, Kodak filed a motion to dismiss. The court granted the motion on February 15, 2013.

On March 31, 2010, MobileMedia Ideas LLC ("MMI") filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Texas (Marshall Division) alleging infringement of U.S. Patent Nos. 5,479,476; 5,845,219; 6,055,439; 6,253,075; 6,427,078; RE.39231; 5,732,390; 5,737,394; 6,070,068; 6,389,301; 6,446,080; and 7,349,012. The patents are generally directed to mobile telephone technologies including mobile telephone user interfaces, call control, speech signal transmission and imaging. The complaint seeks an injunction and monetary damages. The claim construction hearing was scheduled for January 11, 2012, and trial was scheduled to begin July 12, 2012. On August 30, 2011, the case was transferred from the Eastern District of Texas to the Northern District of Texas (Dallas). On November 4, 2011, MMI filed an amended complaint in the Northern District of Texas, alleging infringement of four additional patents: U.S. Patent Nos. 5,490,170; 6,049,796; 6,871,048; and, 6,441,828. The amended complaint seeks an injunction, monetary damages and other relief that the court may deem proper under the circumstances. On March 9, 2012, the Court reset the trial date for February 4, 2013. On March 21, 2012, the court stayed the proceedings with respect to U.S. Patent Nos. 5,479,476; 5,845,219; 6,055,439; 6,253,075; and 6,427,078. On April 16, 2012, the Company filed a motion to stay the proceedings with respect to U.S. Patent No. 6,049,796. On May 4, 2012, the court granted the Company's motion to stay proceedings with respect to U.S. Patent No. 6,049,796. On January 17, 2013 the parties entered proposed scheduling orders including proposed trial dates. On February 27, 2013, the court issued a claim construction order. The court has not yet entered a new schedule. Proceedings are ongoing.

On June 30, 2010, Bandspeed Inc. ("Bandspeed") filed a lawsuit against the Company as well as thirty-six other defendants in the U.S. District Court for the Eastern District of Texas (Marshall Division) alleging infringement of U.S. Patent Nos. 7,027,418 and 7,570,614. The patents are generally directed to a method for selecting communication channels using frequency hopping. The complaint seeks an injunction and monetary damages. On August 15, 2011, the case was transferred from the Eastern District of Texas to the Western District of Texas (Austin Division), where a lawsuit involving the same patents is currently pending against a number of parties, including Cambridge Silicon Radio Limited ("CSR"). On December 15, 2011, the court issued an order requiring Bandspeed to amend its complaint to identify all allegedly infringing products, and allow possible impleader of other chip manufacturers or suppliers. On January 24, 2012, the court issued an order setting the deadline for impleader to February 23, 2012. However, no other chip manufacturers or suppliers were impleaded. A trial had been scheduled to begin February 4, 2013, involving Bandspeed and CSR only. On October 22, 2012, Bandspeed advised the court of a Settlement and License Agreement entered into with CSR. On November 20, 2012, the court dismissed with prejudice all claims based on any defendant's use of CSR Licensed Products. At this time, no date for trial has been set with respect to any other defendant, including the Company. The court held a Status Conference on January 11, 2013 and indicated that trial would be set for early November 2013. Proceedings are ongoing.

On September 2, 2010, Innovative Sonic Limited filed lawsuit against the Company in the U.S. District Court for Eastern District of Texas (Tyler Division) asserting infringement of U.S. Patent Nos. 6,925,183; RE 40,077; and 7,436,795. The patents are generally directed to window based polling and timing as well as security keys in a wireless communication system. The complaint seeks an injunction and monetary damages. The claim construction hearing was scheduled for November 10, 2011, and trial was scheduled to begin June 4, 2012. Subsequently, the case was transferred from the Eastern District of Texas to the Northern District of Texas (Dallas Division). The Dallas court held a Markman hearing on June 11, 2012 and issued a claim construction order on October 17, 2012. Trial was scheduled to begin on March 4, 2013. On March 4, 2013, the court held a hearing, rescheduling trial for June 2013 to permit Innovative Sonic to retain new counsel and to allow for additional discovery. Proceedings are ongoing.

On February 24, 2011, Golden Bridge Technology, Inc. ("Golden Bridge") filed a lawsuit against the Company as well as over twenty other defendants in the U.S. District Court for the District of Delaware, asserting infringement of U.S. Patent Nos. 6,574,267 and 7,359,427. These patents are generally directed to 3G wireless technologies. The complaint seeks an injunction and monetary damages. On April 10, 2012, the court stayed the litigation pending resolution of Golden Bridge's claims against Apple. On April 13, 2012, Golden Bridge Technology filed a lawsuit against the Company in the U.S. District Court for the District of Delaware, asserting infringement of U.S. Patent No. 6,574,267. The patent is generally directed to 4G wireless technology. On July 27, 2012, the court stayed the litigation pending resolution of Golden Bridge's claims against Apple. On May 8, 2012, Golden Bridge filed a lawsuit against the Company as well as over twenty other defendants in the U.S. District Court for the Central District of California, alleging infringement of U.S. Patent No. 6,075,793. On September 11, 2012, the court dismissed the complaint for improper joinder. On September 18, 2012, Golden Bridge re-filed its complaint against all defendants, except Apple, in the U.S. District Court for the District of Delaware. The complaint seeks an injunction and monetary damages. The Company has not been served with this complaint. On January 11, 2013, the District Court for the District of Delaware entered an Order that stayed the litigation until further order of the court or until such time as final judgment is entered in the Apple Action with respect to Golden Bridge's claims against Apple or an order dismissing Apple is entered in the Apple Action.

On March 18, 2011, Imperium (IP) Holdings, Inc. ("Imperium"), filed a lawsuit against the Company as well as six other defendants in the U.S. District Court for the Eastern District of Texas (Tyler Division) asserting infringement of U.S. Patent Nos. 6,271,884; 6,838,651; 6,838,715; 7,064,768; and 7,109,535; however, only two of these patents have been asserted against the Company (U.S. Patent Nos. 6,271,884; 6,838,715). The patents generally relate to imaging technology. The complaint seeks an injunction and monetary damages. The claim construction was scheduled for May 31, 2012, and the trial was scheduled to begin January 7, 2013. The claim construction was held on May 31, 2012, and the trial was re-scheduled for April 2013. On July 2, 2012 Imperium issued its Claim Construction Order. On December 10, 2012, Imperium filed a motion to amend its complaint against the Company, asserting U.S. Patent 6,838,651 as well as Willfulness as to infringement of U.S. Patent 6,271,884. On January 4, 2013, the court denied Imperium's motion. Imperium sought reconsideration on the motion, which was also denied. Proceedings are ongoing.

On July 1, 2011, GPNE Corp. filed a lawsuit against the Company as well as nine other defendants in the U.S. District Court for the District of Hawaii asserting infringement of U.S. Patent Nos. 7,555,267; 7,570,594; and 7,792,492 which are generally directed to GPRS technology. The complaint seeks monetary damages and other relief that the court may deem proper under the circumstances. On March 9, 2012 the Company's motion to transfer the case to Dallas was granted. The Dallas court has not scheduled a claim construction hearing. Trial is scheduled to begin on May 4, 2014. The Company and GPNE settled all outstanding litigation on January 31, 2013 for an amount immaterial to the Consolidated Financial Statements. The court dismissed the case with prejudice on March 13, 2013.

On August 1, 2011, Tahir Mahmood ("Mahmood") filed a lawsuit against the Company in the U.S. District Court for the Southern District of New York seeking correction of inventorship of U.S. Patent No. 6,219,694, which is generally directed to the Company's redirector technology; and, claims for conversion, unfair competition, and unjust enrichment. The complaint seeks correction of inventorship, an injunction, monetary damages, punitive damages and other relief that the court may deem proper under the circumstances. On May 16, 2012, the court granted the Company's motion to dismiss the case with prejudice. The case was dismissed on June 7, 2012. On July 6, 2012, Mahmood filed a Notice of Appeal to the U.S. Court of Appeals for the Federal Circuit. The parties completed briefing the appeal on November 13, 2012.

On February 3, 2012, Mahmood filed a new lawsuit against the Company in the U.S. District Court for the Southern District of New York seeking correction of inventorship of U.S. Patent Nos. 7,386,588; 6,463,464; and, 6,389,457, as well as "such other RIM patents the court may deem proper;" and, claims for fraud, breach of fiduciary duty, conversion, unfair competition and unjust enrichment. The complaint seeks correction of inventorship, injunctive relief, monetary damages, punitive damages and other relief that the court may deem proper under the circumstances. On June 14, 2012, the Company filed a motion to dismiss the complaint. On October 25, 2012, the court granted the Company's motion to dismiss the case with prejudice. On October 26, 2012, Mahmood filed a Notice of Appeal to the U.S. Court of Appeals for the Federal Circuit. On January 3, 2013, the Federal Circuit consolidated both cases. The parties completed briefing the appeal on February 22, 2013. Proceedings are ongoing.

On August 26, 2011, Synchronoss Technologies, Inc. ("Synchronoss") filed a lawsuit against NewBay Software, Ltd and NewBay Software, Inc. (together, "NewBay") in the U.S. District Court for the District of New Jersey. Synchronoss alleges that NewBay infringes U.S. Patent Nos. 6,671,757; 7,505,762; and, 7,587,446. The patents are generally directed to data synchronization and transfer for mobile devices. The complaint seeks an injunction, monetary damages and other relief that the court may deem proper under the circumstances. On April 27, 2012, Synchronoss filed an amended complaint, alleging infringement of two additional patents: U.S. Patent Nos. 6,757,696 and 7,643,824. The amended complaint sought an injunction, monetary damages and other relief that the court may deem proper under the circumstances. In December 2012 Synchronoss and the Company reached an agreement that settled the claims in the lawsuit. On December 28, 2012 the Court dismissed the case with prejudice. The Company and Synchronoss resolved all outstanding litigation on December 21, 2012 for an amount immaterial to the Consolidated Financial Statements.

On August 31, 2011, Openwave Systems Inc. (“Openwave”) filed a request that the ITC commence an investigation of alleged unlawful importation by the Company and that the ITC issue orders prohibiting certain of the Company’s products from being imported into the U.S. and sold in the U.S. Openwave alleges that the Company infringes U.S. Patents Nos. 6,233,608; 6,289,212; 6,405,037; 6,430,409; and 6,625,447. The patents are generally related to wireless data management. The claim construction hearing was held on July 25-26, 2012. Trial has been set for October 15, 2012 and the target date is March 12, 2013. On May 29, 2012, the ALJ re-set the initial determination date to be February 6, 2013 and re-set the target date for June 6, 2013. On October 12, 2012, Openwave filed an unopposed motion to terminate the investigation in its entirety. That same day, the court issued an initial determination terminating the investigation. On November 13, 2012, the investigation was terminated. Openwave also filed a companion complaint in the U.S. District Court for the District of Delaware regarding the same patents. On October 17, 2011 the Delaware court stayed the case pending the ITC investigation. On December 28, 2012, the Delaware court issued an order lifting the stay. The court has yet to issue a schedule. Proceedings are ongoing.

On September 7, 2011, Negotiated Data Solutions Inc. (“NData”) filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Texas (Marshall Division) along with five other defendants asserting infringement of U.S. Patent Nos. 5,361,261; 5,533,018; 5,566,169; and 5,594,734, which are generally directed to isochronous capability or frame based transmission of data. The complaint seeks an injunction and monetary damages. A claim construction hearing occurred on December 5, 2012 and the trial is set for July 1, 2013. The Company and NData settled all outstanding litigation on February 4, 2013 for an amount immaterial to the Consolidated Financial Statements. The court dismissed the case with prejudice on February 19, 2013.

On September 12, 2011, WiAV Networks, LLC filed a lawsuit against the Company and one other defendant in the U.S. District Court for the Northern District of Texas alleging infringement of U.S. Patent Nos. 6,480,497 and 5,400,338. The patents are generally directed to coordinate-based roaming node and a packet radio mesh network. The complaint seeks an injunction and monetary damages. The Company answered the complaint on October 27, 2011. The claim construction hearing occurred on October 10, 2012, and trial is scheduled to begin September 23, 2013. The court issued its claim construction Order on October 30, 2012. The Company and WiAV Networks, LLC settled all outstanding litigation on January 11, 2013 for an amount immaterial to the Consolidated Financial Statements. The court dismissed the case with prejudice on January 22, 2013.

On October 7, 2011, GrafTech International Holdings, Inc. (“GTI”) filed a lawsuit against the Company in the U.S. District Court for the Northern District of Texas (Dallas Division). GTI alleges that the Company infringes U.S. Patent Nos. 6,482,520 and 6,982,874 generally directed to exfoliated graphite sheets for heat dissipation. The Company filed its Answer on February 27, 2012. The complaint seeks an injunction and monetary damages. On September 17, 2012, the court granted the parties joint motion to administratively close the case. Either party may request the court to reopen the case if it feels that settlement negotiations have hit an impasse.

On November 17, 2011, Graphics Properties Holdings, Inc. (“GPH”) filed a complaint with the ITC against the Company along with twelve other defendants. GPH alleges that the Company infringes U.S. Patent Nos., 6,650,327 (the “’327 Patent”) and 6,816,145 (the “’145 Patent”) generally relating to display technology. GPH also alleges that the Company infringes U.S. Patent No. 5,717,881 (the “’881 Patent”) generally relating to data processing. The complaint seeks orders prohibiting certain of the Company’s products from being imported into the U.S. and sold in the U.S. Proceedings are ongoing. GPH withdrew the complaint and filed a new one to correct deficiencies on March 5, 2012. Trial has been set for January 17, 2013, the initial determination is scheduled to be completed by May 10, 2013 and the target date is September 10, 2013. On March 1, 2013, the ITC terminated the investigation.

On November 23, 2011, GPH filed a lawsuit against the Company in the U.S. District Court for the District of Delaware, alleging infringement of the ’327, ’145, and ’881 Patents. The complaint seeks an injunction and monetary damages. On May 11, 2012, the court issued an order staying the action against the Company pending the outcome of the ITC proceedings. On December 21, 2012, the Company obtained a license grant for an amount immaterial to the Consolidated Financial Statements. The court dismissed the case with prejudice on January 30, 2013.

On December 6, 2011, Advanced Video Technologies LLC (“AVT”) filed a lawsuit against the Company in the U.S. District Court for the Southern District of New York. AVT alleges that the Company infringes U.S. Patent No. 5,781,788 generally directed to a single-chip video codec. The complaint seeks an injunction, monetary damages and other relief that the court may deem proper under the circumstances. A claim construction order was issued on February 1, 2013. No trial date is currently set. Proceedings are ongoing.

On January 20, 2012, WI-LAN USA, Inc. and WI-LAN, Inc. (together, “WI-LAN”) filed a lawsuit against the Company in the U.S. District Court for the Southern District of Florida alleging infringement of U.S. Patent Nos. 5,515,369 and 6,232,969. The patents are generally directed to Bluetooth and character selection display interface. The complaint seeks an injunction and monetary damages. On February 21, 2012, WI-LAN filed an amendment to the complaint, alleging infringement of U.S. Patent No. 6,240,088. The patent is generally directed to a message review feature. The Company’s answer was due on March 19, 2012 and was filed on March 19, 2012. For this suit, the court has set a trial date for February 24, 2014. A claim construction hearing will be rescheduled for late July or early August 2013. Proceedings are ongoing. On December 11, 2012, Wi-LAN filed a second complaint against the Company. Wi-LAN asserted that the Company infringes U.S. Patent No. 6,260,168 generally directed to Bluetooth technology. The complaint seeks an injunction and monetary damages. For this suit, the court has set a trial date for November 11, 2013. Proceedings are ongoing.

On March 9, 2012, Iswitch, LLC (“Iswitch”) filed a complaint against the Company in the U.S. District Court for the Eastern District of Texas. Iswitch alleges that the Company infringes U.S. Patent No. 7,225,334 generally directed to voice over IP technology. The complaint seeks monetary damages and all other relief to which the court may deem the Plaintiff be entitled. The court scheduled a claim construction hearing for August 29, 2013 and trial is set to begin on November 10, 2014. Proceedings are ongoing

On March 15, 2012 Varia Holdings LLC (“Varia”) filed a lawsuit against the Company in the U.S. District Court for the District of Delaware. The complaint alleges infringement of U.S. Patent No 7,167,731 generally directed to emoticon input technologies. The complaint seeks monetary damages and any and all other relief to which Varia may be entitled. The Company answered the complaint on June 18, 2012. The court scheduled a claim construction hearing for November 22, 2013. The court has stayed proceedings while the parties negotiate settlement.

On March 30, 2012 Unifi Scientific Batteries, LLC (“USB”) sued the Company in the US District Court for the Eastern District of Texas (Tyler Division), along with four other defendant groups including Samsung and Texas Instruments. USB asserted that the Company infringes U.S. Patent 6,791,298 generally directed to battery charging technology. The complaint seeks money damages, an injunction, and other relief that the court deems just and proper. The Company filed its answer on June 11, 2012. The Court scheduled a claim construction hearing for January 9, 2014 and trial is set to begin on February 9, 2015. Proceedings are ongoing.

On April 2, 2012, NXP B.V. (“NXP”) filed a lawsuit against the Company in the U.S. District Court for the Middle District of Florida (Orlando Division). NXP asserted that the Company infringes U.S. Patent Nos. 7,330,455; 6,434,654; 6,501,420; 5,597,668; 5,639,697; and 5,763,955. NXP alleges that its patents are generally directed to certain wireless technologies including 802.11 and GPS, as well as certain methods of manufacture for semiconductor devices. The complaint seeks monetary damages, an injunction, and other relief that the court deems just and proper. The Company’s answer was due on May 30, 2012 and was filed on May 30, 2012. The court set trial for March 2014. Proceedings are ongoing.

On April 11, 2012, Touchscreen Gestures LLC (“Touchscreen”) filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Texas (Tyler Division). Touchscreen asserted that the Company infringes US Patent Nos. 7,184,031; 7,180,506; 7,190,356; and 7,319,457 generally directed towards touchscreen technology. The complaint seeks monetary damages, an injunction, and other relief that the court deems just and proper. The court scheduled a claim construction hearing for December 5, 2013 and trial is set to begin on April 6, 2015. On February 11, 2013, Touchscreen served amended infringement contentions where it added US Patent No. 8,164,575 and did not include previously asserted US Patent No. 7,319,457. Proceedings are ongoing.

On April 25, 2012, Potter Voice Technologies LLC ("Potter") filed a lawsuit against the Company in the U.S. District Court for the District of Colorado, along with 14 other defendants. Potter alleged that the Company infringes U.S. Patent 5,729,659 allegedly directed to voice command technology. The complaint seeks an injunction and monetary damages. A claim construction hearing has been scheduled for April 5, 2013. No trial date is currently set. Proceedings are ongoing.

On May 3, 2012, Hunts Point Ventures, Inc. ("Hunts Point") filed a lawsuit against the Company in the U.S. District Court for the Western District of Wisconsin alleging infringement of U.S. Patent No. 7,667,123, which generally relates to playlist technology. The complaint seeks an injunction and monetary damages. Trial had been set for November 4, 2013. On November 27, 2012, the case was transferred from the Western District of Wisconsin to the Northern District of Texas (Dallas Division). The court dismissed the case without prejudice on March 12, 2013 as no local counsel had filed an appearance for Hunts Point.

On May 29, 2012, Mobile Telecommunications Technologies LLC ("MTEL") filed a lawsuit against the Company in the U.S. District Court for the Northern District of Texas (Dallas Division) alleging infringement of U.S. Patent Nos. 5,809,428; 5,754,946; 5,559,862; 5,894,506 and 5,581,804, some of which allegedly relate to certain aspects of handling failed delivery of wireless messages and others allegedly relate to certain methods of transmitting large volumes of email messages. The complaint seeks an injunction and monetary damages. The Company answered the complaint on August 22, 2012. A claim construction hearing has been scheduled for October 3, 2013 and trial has been set for June 9, 2014. Proceedings are ongoing.

On October 29, 2012, Softvault Systems, Inc. ("Softvault") filed a lawsuit against the Company in the U.S. District Court for the Northern District of California (San Jose Division). Softvault asserted that the Company infringes U.S. Patent Nos. 6,249,868 and 6,594,765 generally directed to a system for disabling devices to prevent unauthorized use. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper. The Company and Softvault settled all outstanding litigation on February 12, 2013 for an amount immaterial to the Consolidated Financial Statements. The court dismissed the case with prejudice on March 13, 2013.

On November 12, 2012, NovelPoint Tracking LLC ("NPT") filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Texas (Marshall Division). The complaint asserts that the Company infringes U.S. Patent No. 6,442,485, allegedly directed to automatic vehicle location, collision notification and synthetic voice technologies. The complaint seeks an injunction and monetary damages. The Company filed an answer on February 27, 2013. Proceedings are ongoing.

On November 29, 2012, Arendi S.A.R.L. ("Arendi") filed a lawsuit against the Company in the U.S. District Court for the District of Delaware. The complaint alleges patent infringement of U.S. Patent Nos. 7,917,843 ("the '843 patent"), 7,496,854 ("the '854 patent") and 8,306,993 ("the '993 patent"). Both the '843 patent and the '854 patent are entitled "Method, System and Computer Readable Medium for Addressing Handling from a Computer Program," and the '993 patent is entitled "Method, System and Computer Readable Medium for Addressing Handling from an Operating System." The complaint seeks damages, an injunction, costs and fees and any other just relief. A scheduling conference has not been scheduled. Proceedings are ongoing.

On December 21, 2012, Mers Kutt filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Virginia (Alexandria). Mr. Kutt asserted that the Company infringes

U.S. Patent No. 5,506,981 generally directed to an accelerator board for enhancing computer system performance. The pro se complaint sought monetary damages and other relief that the court deemed just and proper. On February 20, 2013 the court dismissed the case without prejudice for lack of standing.

On December 28, 2012, Callwave Communications, LLC. ("Callwave") filed a lawsuit against the Company in the U.S. District Court for the District of Delaware. Callwave asserted that the Company infringes U.S. Patent Nos. 6,771,970 and 7,907,933 generally directed to locating mobile devices and processing a payment over a network, respectively. The complaint seeks monetary damages and other relief that the court deems just and proper. A scheduling conference has not been scheduled. Proceedings are ongoing.

On January 4, 2013, Steelhead Licensing LLC ("Steelhead") filed a lawsuit against the Company in the U.S. District Court for the District of Delaware. Steelhead asserted that the Company infringes U.S. Patent No. 5.491,834 generally directed to determining the manner for performing a handover between base stations in a network. The complaint seeks monetary damages, an injunction, and other relief that the court deems just and proper. On February 11, 2013 Plaintiff filed an amended complaint adding an allegation of inducement. A scheduling conference has not been scheduled. Proceedings are ongoing.

On February 22, 2013, Maz Encryption Technologies LLC ("Maz") filed a lawsuit against the Company in the U.S. District Court for the District of Delaware. Maz asserted that the Company infringes U.S. Patent No. 6,185,681 generally directed to encryption for an electronic document management system. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper. A scheduling conference has not been scheduled. Proceedings are ongoing.

On March 15, 2013, Rembrandt Wireless Technologies, LP ("Rembrandt") filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Texas (Marshall Division). Rembrandt asserted that the Company infringes U.S. Patent No. 8,023,580 generally directed to communication using at least two modulation methods. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper.

Between May and August 2011, several purported class action lawsuits were filed against the Company and certain of its present or former officers in the U.S. District Court for the Southern District of New York, two of which have been voluntarily dismissed. On January 6, 2012, Judge Richard S. Sullivan consolidated the remaining three actions and appointed both lead plaintiff and counsel. On April 5, 2012, plaintiff filed the Consolidated Amended Class Action Complaint, alleging that during the period from December 16, 2010 through June 16, 2011, the Company and certain of its officers made materially false and misleading statements regarding the Company's financial condition and business prospects, and seek unspecified damages. Defendants have brought a motion to dismiss the claim with prejudice, and filed its materials on June 4, 2012. Plaintiff filed its responding brief on August 3, 2012. Defendants filed their reply brief on September 4, 2012. The Company's motion to dismiss was argued on October 25, 2012 with judgment reserved. Proceedings are ongoing.

As of October 2011, several purported class action lawsuits were filed against the Company in various jurisdictions alleging that subscribers to BlackBerry services had suffered losses during fiscal 2012 Service Interruption, one of which has been voluntarily dismissed on May 29, 2012. The Company believes that class action proceedings in these circumstances are without merit and intends to vigorously defend itself. In two of the cases the Company has negotiated a joint defence agreement with the co-defendants. In all cases, proceedings are ongoing.

In July 2012, Meta4Hand Inc. (“M4HI”) filed a lawsuit against the Company in the Court of Queen’s Bench, Alberta. The claim alleges that the Company has used and continues to use M4HI’s trade secrets. The claim is seeking damages and other remedies. The Company believes the claim has no merit and will vigorously defend itself. M4HI has not yet responded to the Company’s request for more particulars. Proceedings are ongoing.

RISK FACTORS

Investors in the Company’s common shares should carefully consider the following risks, as well as the other information contained in this AIF, and Management’s Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 2, 2013. If any of the following risks actually occurs, the Company’s business could be materially harmed. The risks and uncertainties described below are not the only ones the Company faces. Additional risks and uncertainties, including those of which the Company is currently unaware or the Company currently deems immaterial, may also have a material adverse effect on the Company’s business.

The Company may not be able to enhance its current products and services, or develop new products and services, in a timely manner or at competitive prices.

The wireless communications industry is characterized by increasingly rapid technological change, evolving industry standards, frequent new product introductions, frequent market price reductions, constant improvements in performance characteristics and short product life cycles. To keep pace with technological developments, satisfy increasing customer requirements and achieve product acceptance, the Company’s future success depends upon its ability to enhance its current products and services, to address competing technologies and products developed by other companies, and to continue to develop and introduce new products and services offering enhanced performance and functionality on a timely basis at competitive prices. In particular, the Company’s future success continues to be significantly dependent on its ability to successfully complete its transition to its next-generation of BlackBerry 10 smartphones, which began with the launch of the first BlackBerry 10 smartphones in the fourth quarter of fiscal 2013. The Company is also focused on developing an integrated service offering that leverages the Company’s strengths such as BBM, security and manageability and that will continue to generate service revenue and enable the Company to recover the costs associated with its network infrastructure. The process of developing new technology is complex and uncertain, and involves time, substantial costs and risks, which are further magnified when the development process involves a transition to a new technology platform, as is the case with the Company’s QNX-based BlackBerry 10 mobile computing platform. The Company’s inability, for technological or other reasons, some of which may be beyond the Company’s control, to enhance, develop and introduce products and services in a timely manner, or at all, in response to changing market conditions or customer requirements could have a material adverse effect on the Company’s business, results of operations and financial condition or could result in its products and services not achieving market acceptance or becoming obsolete. In addition, if the Company fails to accurately predict emerging technological trends and the changing needs of customers and end users, or the features of its new products and services, including its BlackBerry 10 smartphones, do not meet the expectations or achieve acceptance of its customers, the Company's business and prospects could be materially harmed.

The Company has encountered delays relating to new product introductions over the past two years, and delivering new products on a timely basis has proven more challenging than the Company had anticipated. For example, in fiscal 2013, the introduction of the Company's first BlackBerry 10 smartphones were delayed, in part, because of complexities in the development and integration of a completely new technology platform, which contributed to lower than expected unit shipments as customers worked through inventory and awaited the launch of the new BlackBerry 10 smartphones. If the Company experiences further delays relating to the launch of its BlackBerry 10 smartphones or other products or services, such delays could have a material adverse affect on the Company's business, results of operations, financial condition and future prospects.

There cannot be any assurance that the technologies and related hardware or software products and services that the Company develops will be brought to market by it or network operators as quickly as anticipated or that they will achieve broad customer acceptance among operators or end users. In the case of the Company's BlackBerry 10 smartphones, there can be no assurance that the Company's existing BlackBerry 6 and BlackBerry 7 customers will migrate to the new BlackBerry 10 devices, which are offered for sale at a higher price point than many of the Company's older devices.

The Company's ability to compete successfully will depend in large measure on its ability to maintain a technically skilled research and development staff and to adapt to technological changes and advances in the industry, including providing for the continued compatibility of its products and services with evolving industry standards and protocols and competitive network operating environments.

The Company may not be able to offset or mitigate the impact of the anticipated decline in the Company's infrastructure access fees on its consolidated revenue by developing an integrated services and software offering.

The Company currently generates service revenue from billings to its BlackBerry subscriber account base that utilize BlackBerry 7 and prior BlackBerry operating systems primarily from a monthly infrastructure access fee (sometimes referred to as a "service access fee" or "SAF") charged to carriers or resellers, who in turn bill the BlackBerry subscriber. The SAF for consumer customers historically has been much lower than the SAF for enterprise customers, who receive a higher level of value-added security, encryption and other services by utilizing the Company's BlackBerry Enterprise Service (BES) platform.

Many of the Company's competitors do not charge a SAF or equivalent fee as they recover their infrastructure and services expense in alternate manners. Thus, the Company has faced growing pressure to reduce its existing SAF, especially for the consumer market. In response to these pressures, the Company has been implementing certain price reduction programs in an effort to maintain and grow its subscriber base. While the Company expects that existing consumer and enterprise subscribers using BlackBerry 7 and prior BlackBerry operating systems will continue generating service revenue, the amount of those revenues is expected to decline in the coming quarters due to the ongoing price reduction programs.

As customers transition to BlackBerry 10, the Company expects SAF revenue to decline further for consumer subscribers, but expects to continue generating SAF revenue from enterprise customers who elect to utilize the BlackBerry 10 Enterprise Service and other new services. The Company is focused on developing integrated BlackBerry 10 service offerings that leverage the Company's strengths such as BBM, security and manageability to generate new service revenue streams. Customers that require enhanced services, including advanced security, mobile device management and other services, are expected to continue to generate monthly service revenue. Other customers who do not utilize such services are expected to generate less or no service revenue. The Company believes that offering alternative levels of service and pricing will better meet the needs of its customers. In addition, the Company believes that by offering these services it will expand the size of its addressable market for recurring service revenue. This strategy will help broaden the BlackBerry ecosystem over time, which will potentially give the Company and its application developers access to a broader market into which to sell their respective services.

The Company expects the transition from BlackBerry 7 to BlackBerry 10 to be gradual, given that the Company has a diversified global customer base, many of whom are in markets that are expected to transition more slowly to 4G wireless networks. As a result of the changes and the pressure to reduce its SAF as described above, the Company anticipates further declines in service revenue in the coming quarters, which could be significant. The Company cannot predict this anticipated rate of decline with any degree of certainty, as it depends on a number of factors, including the outcome of negotiations with the Company's carrier customers and distribution partners, the rate at which current BlackBerry 6 and BlackBerry 7 customers migrate to Blackberry 10 and use only standard BlackBerry services, the Company's ability to attract existing and new enterprise customers to use the enhanced services offered by BlackBerry 10, the Company's ability to continue charging SAF for its BlackBerry 6 and BlackBerry 7 products, and the Company's ability to successfully develop over a transition period a compelling integrated services and software offering that generates new service and software revenues from the BlackBerry 10 mobile computing platform.

However, if the Company is unable to develop a compelling integrated services offering that will mitigate the decline of service revenue relating to SAF in the manner described above and enable the Company to recover the costs associated with its network infrastructure, this could have a material adverse effect on the Company's results of operations and financial condition.

Intense competition, rapid change and significant strategic alliances within the Company’s industry, including potential future strategic transactions by its competitors or carrier partners, could weaken the Company’s competitive position or may require the Company to reduce its prices to compete effectively.

The Company is engaged in an industry that is highly competitive and rapidly evolving, and has experienced, and expects to continue to experience, intense competition from a number of companies. No technology has been exclusively or commercially adopted as the industry standard for wireless communication. Accordingly, both the nature of the competition and the scope of the business opportunities afforded by the market in which the Company competes are uncertain. The Company’s competitors, including new market entrants, may implement new technologies before the Company does, and the number of new entrants in the wireless communications industry can make it more difficult for the Company to differentiate its products and services. In addition, the Company’s competitors may deliver new products and services earlier, or provide more attractively-priced, enhanced or better quality products and services than the Company does, which may, among other things, increase pressure on the Company to discount pricing on its existing and future products. In particular, BlackBerry smartphones and BlackBerry PlayBook tablet sales and shipments in fiscal 2013 were impacted by the Company’s aging product portfolio in an environment in which multiple competitors introduced new devices, leading the Company to offer sales incentives as well as significant price reductions in order to drive sell-through for BlackBerry 7 handheld devices.

The Company also expects that additional competition will develop, both from existing companies in the wireless communications industry and from new entrants, as demand for wireless access products and services expands and as the market for these products and services becomes more established. In addition, network infrastructure developers, independent software vendors, smartphone vendors, PC, PDA and tablet vendors, Internet application vendors, key network operators, content providers and others may seek to provide integrated wireless solutions that compete with the Company’s products and services. The impact of competition could result in fewer customer orders, loss of market share and reduced gross and operating margins. In addition, customers that may question the Company’s ability to compete or remain viable as a provider of mobile communications solutions over the longer term could decide to replace the Company’s products and services with those of its competitors. There can be no assurance that the Company will be able to compete successfully and withstand competitive pressures.

Some of the Company’s competitors have greater name recognition, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources than the Company does, and such competitors have increased their market share at the expense of the Company. This is particularly the case in the tablet segment where the Company has faced challenges entering and in which there are many established computer and wireless communications industry participants with significantly greater experience, infrastructure and distribution channels than the Company. The Company’s entry into the tablet market has required and will continue to require significant investment to innovate and grow successfully. The Company’s investments may not, however, result in technologies, products and services or combinations thereof that achieve or retain broad or timely market acceptance or which are preferred by application developers, content providers and customers or consumers.

In addition, to the extent that the Company licenses its technology to enable other device manufacturers or software developers to equip their products with BlackBerry functionality, including the Company's push technology, or use the Company's network infrastructure, such action may have the effect of impacting demand for the Company's products and services, and the benefits of such initiatives to the Company through the generation of alternate sources of revenue may not be realized in the manner anticipated by the Company, or may not offset the competitive impact such actions could have on the Company's business.

The intensely competitive market in which the Company conducts its business and the current economic uncertainty may require it to continue to reduce its prices. The Company's competitors, particularly some of those that utilize Google's Android operating system, have in the past, currently and may in the future offer deep discounts on certain products or services in an effort to capture or maintain market share, to reduce inventory levels or to sell other products and services. As demonstrated by promotional activities the Company undertook in fiscal 2013 to drive sell-through of the BlackBerry 7 smartphones to end customers, the Company has been, and in the future may be, required to lower prices on its products or services or offer other favorable terms to compete successfully. Such changes can result in reduced margins and reduced cash generation, may require the Company to record further inventory provisions, and could adversely affect the Company's results of operation and financial condition. The Company's entry into the consumer market has already had an impact on its pricing and this risk may further intensify due to the broader choice of smartphones, tablets and other devices, products and services offered by multiple vendors in this market segment and the BYOD strategies currently being utilized or considered by some of the Company's enterprise customers.

The Company has encountered challenges due to the impact of BYOD strategies being adopted by some of its enterprise customers, as some information technology departments that previously required employees to use the BlackBerry wireless solution because of its emphasis on security and reliability are permitting employees to choose devices offered by the Company's competitors, and this has been reflected through a decrease in the Company's enterprise subscriber growth rate. Also, some of the Company's competitors have increased their marketing efforts and focus on the enterprise market. To address this evolution of the market, the Company has introduced products to provide manageability and scalability solutions including BlackBerry Enterprise Server Express, BlackBerry Enterprise Service 10 (formerly BlackBerry Mobile Fusion) and BlackBerry Balance, which give IT departments the ability to securely manage BlackBerry devices as well as device on other operating system platforms through a single interface and to securely protect corporate data on an employee's personal smartphone or tablet. The Company will also continue to seek partnerships that will further enable the Company to have a complete BYOD offering. There can be no assurance that these new product offerings, including the launch of BlackBerry 10 smartphones, will strengthen its position in the BYOD enterprise segment.

Changes in the competitive landscape as a result of mergers or strategic partnerships can also adversely affect the Company's ability to compete effectively. The Company's competitors may establish or strengthen co-operative relationships with its carrier partners, sales channel partners, suppliers or other parties with whom the Company has strategic relationships, thereby limiting the Company's ability to promote its products and services. The use of Google's Android operating system by existing and emerging manufacturers, as well as the acquisition of Motorola by Google, and the partnership of Microsoft and Nokia, are examples of such strategic relationships. Disruptions in the Company's business caused by these events could reduce revenue, result in a loss of market share, and adversely affect the Company's business, results of operations and financial condition.

The Company's ability to compete successfully will also depend on its ability to control the costs associated with the development, manufacture and marketing of new products. In order to drive demand for BlackBerry products and services in the United States prior to and following the launch of the BlackBerry 10 smartphones, the Company continues to run a comprehensive marketing and promotional program. There can be no assurance that such promotional activities will be successful.

The Company's ability to sell the BlackBerry wireless solution is dependent on establishing and maintaining relationships with network carriers and distributors.

The Company is dependent on its ability to establish, maintain and develop new relationships, and to build on existing relationships with its network carrier partners, which the Company relies on to promote and deliver current and future products and services, and to grow its subscriber base, particularly in the United States, Canada and Europe where the Company is dependent on a limited number of network carriers. In addition, the Company's ability to establish, maintain and expand its market reach is increasingly dependent on establishing and maintaining distribution relationships with third party and indirect distributors. This is particularly the case in emerging markets such as the Middle East, Asia and Latin America. There can be no assurance that the Company will be successful in establishing new relationships, or maintaining or advancing its existing relationships, with network carriers or distributors. Non-performance by the Company under its contracts with network carriers or distributors may have significant adverse consequences that may involve penalties to be paid by the Company for non-performance. If any significant customer discontinues its relationship with the Company for any reason, or reduces or postpones current or expected purchase commitments for products and services, the Company's business, results of operations and financial condition could be materially adversely affected.

Factors, some of which are largely within the control of network carriers and distributors, that are important to the success of the BlackBerry wireless solution, future product and service revenue and the growth of the Company's subscriber base, include:

- the quality and coverage area of voice and data services offered by the carriers;
- the degree to which carriers and distributors actively promote or subsidize the Company's products and the size of the subscriber base to which these efforts are directed;
- the extent to which carriers and distributors offer and promote competitive products and services;
- the continued generation of service revenues from billings to BlackBerry subscribers from infrastructure access fees that are charged to a carrier or reseller, which the carrier or reseller in turn bills to the BlackBerry subscriber, and the willingness of the carriers to pay such fees;

- the pricing and terms of voice and data plans that carriers will offer for use with the BlackBerry wireless solution, including any subsidy programs;
- sales growth of wireless devices, along with the related service, software and other revenues with respect to the BlackBerry wireless solution;
- significant numbers of new activations of BlackBerry subscriber accounts, as well as retention of existing ones;
- the carriers' interest in testing, and certifying in a timely manner, the Company's products, including tablet devices, on their networks;
- network performance and required investments in upgrades;
- future investments in evolving network technologies and support for new software technologies; and
- continued support and distribution of the Company's products and services if claims involving its products are filed against its carriers and licensees as well as against the Company.

Most network carriers and distributors sell products and services of the Company's competitors. If the Company's competitors offer their products and services to the carriers and distributors on more favorable contractual or business terms, have more products and services available, or those products and services are, or are perceived to be, in higher demand by end users, or are more lucrative for the carriers and distributors, there may be continued pressure on the Company to reduce the price of its products and services, or those carriers and distributors may stop carrying the Company's products or de-emphasize the sale of its products and services in favor of the Company's competitors, which would have a material adverse effect on the Company's business, results of operations and financial condition. There can be no assurance that the network carriers and distributors will act in a manner that will promote the success of the Company's products and services.

The Company has a number of significant customers and large complex contracts with respect to sales of the majority of its products and services. Revenue from network carriers represented approximately 63% of revenue for fiscal 2013, compared to approximately 62% of revenue for fiscal 2012. If any significant customer discontinues its relationship with the Company for any reason, or reduces or postpones current or expected purchase commitments for the Company's products and services, it could have a material adverse effect on the Company's business, results of operations and financial condition. One customer comprised 8% of accounts receivable as at March 2, 2013 (March 3, 2012 – one customer comprised 13%). There are no customers that comprise more than 10% of the Company's fiscal 2013 revenue (similar to fiscal 2012 revenue). The Company's ability to replace or find new large customers is necessarily limited due to the limited number of wireless carriers and distributors in many territories.

The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. The Company establishes an allowance for doubtful accounts intended to correspond to the specific credit risk of its customers, historical trends, and economic circumstances. The Company's allowances for doubtful accounts may prove to be inaccurate or insufficient. If the Company experiences significant net bad debts expense for any reason, there could be a material adverse effect on the Company's business, results of operations and financial condition.

Network disruptions or other business interruptions could have a material adverse effect on the Company's business and harm its reputation.

The BlackBerry service is provided through a combination of the Company's network operations and the wireless networks of its carrier partners. The Company's operations rely to a significant degree on the efficient and uninterrupted operation of complex technology systems and networks, which are in some cases integrated with those of third parties. The Company's networks and technology systems are potentially vulnerable to damage or interruption from a variety of sources, physical or logical, including damage or interruption by fire, earthquake, power loss, telecommunications or computer systems failure, cyber attack, human error, terrorist acts, war, and the threatened or actual suspension of BlackBerry service at the request of a government for alleged noncompliance with local laws or other events. The increased number of third party applications on the Company's network may also enhance the risk of network disruption and cyber attack risk for the Company. There may also be system or network interruptions if new or upgraded systems are defective or not installed properly. The Company continues to work to develop, implement and test its Business Continuity Plan and there can be no assurance that the measures taken by the Company to date, or measures implemented by the Company in connection with its Business Continuity Plan, to manage risks related to network disruptions or other business interruptions will be adequate or that the redundancies built into the Company's systems and network operations will work as planned in the event of a disaster. As the Company's subscriber base has grown, additional strain has been placed on the technology systems and networks, thereby increasing the relative risk of a network disruption or other business interruption. The Company has experienced network events in the past, and, any future outage in a network or system, or other unanticipated problem, that leads to an interruption or disruption of the BlackBerry service, could have a material adverse effect on the Company's business, results of operations and financial condition, and could adversely affect the Company's longstanding reputation for reliability, thereby resulting in end users purchasing products offered by its competitors if reliability is no longer considered a differentiating factor of the BlackBerry wireless solution. As the Company moves to support more applications or services, the expense to establish and maintain a resilient and secure network services capability may significantly increase.

In addition, poor performance in or any additional interruptions of the services that the Company delivers to its customers could delay market acceptance of its products and services and expose it to costs or potential liabilities, including under service level agreements ("**SLAs**") with certain customers. The SLAs specify the events constituting "down time" and the actions that the Company will take to rectify or respond to such down time, including in certain cases, the payment of financial penalties. For example, as a result of the service interruption that occurred in October 2011, the Company lost service revenue and was required to pay penalties in the third quarter of fiscal 2012, and continues to face class action suits and has received inquiries from consumer protection agencies.

Risks related to the Company's ability to sustain the benefits realized from the implementation of its cost optimization and CORE programs and to continue to realize cost reductions in the future.

As part of the Company's continuous effort to streamline its operations and increase efficiency, the Company commenced the CORE program in March 2012, a Company-wide initiative with the objective of improving the Company's operations. The program included, among other things, the streamlining of the BlackBerry smartphone product portfolio to offer a smaller number of devices at any given time, the optimization of the Company's global manufacturing footprint to reduce complexity and improve delivery performance, the outsourcing of global repair services, the alignment of the Company's sales and marketing teams to leverage its marketing efforts more effectively and a reduction in the number of layers of management to drive accelerated execution and decision making, improve performance and increase the transparency of accountability.

The CORE program was targeted to drive at least $1.0 billion in savings by the end of fiscal 2013 based on the Company's fourth quarter 2012 run rate. As previously announced, the Company was able to achieve savings of approximately $1.0 billion as of its third quarter of fiscal 2013, one quarter ahead of the target. The savings have been realized through lower material costs, working capital improvements, greater efficiencies in manufacturing and supply chain management, overall headcount reductions and leveraging third-party providers to assist in reducing indirect spending.

The Company has incurred significant costs in implementing the Cost Optimization Program and the CORE program, all of which has had and may continue to have a significant effect on net income. There can be no guarantee that the cost reductions achieved under either program can be sustained given the competitive nature of the Company's industry, or that future initiatives designed to reduce the Company's spending will be successful or achieve any or all of the results desired or result in the optimal allocation of Company resources. As part of the Company's CORE program, the Company has significantly changed the way it manufactures its devices, including the reduction of EMS partners it uses, the number of locations it manufactures from, how it provides after-market support services and the suppliers it uses, among other charges to its supply chain, that could result in production delays, quality issues and customer satisfaction issues which could significantly impact the Company's future financial results.

The Company's ability to maintain or increase its cash balance could be adversely affected by its ability to offer competitive products and services in a timely manner at competitive prices and its ability to collect accounts receivables in jurisdictions with foreign currency controls.

As of the end of fiscal 2013, the Company had cash, cash equivalents and investments of approximately $2.9 billion with negligible indebtedness. The Company generates cash from sales of its products and services and investment income to fund its operations and investments. The Company's working capital requirements and cash flows historically have been, and are expected to continue to be, subject to quarterly and yearly fluctuations, depending on such factors as timing and success of new product introductions, levels of sales, returns on the Company's investment portfolio, timing of deliveries and collection of receivables, inventory levels, capital expenditures, operating expenses, and customer and supplier terms and conditions.

The Company's ability to maintain or increase its cash flow and working capital could be adversely affected if it is unable to successfully drive adoption of its next-generation of BlackBerry 10 smartphones, the first of which was available for sale in certain countries on January 31, 2013. In addition, if the Company fails to accurately predict emerging technological trends and the changing needs of customers and end users, or the features of its new products and services, including its BlackBerry 10 smartphones, do not meet the expectations or achieve acceptance of its customers, its cash flow, liquidity and financial condition could be materially harmed. The Company believes that its liquidity position will be strongly influenced by end user adoption of its BlackBerry 10 smartphones, by the Company's ability to sustain the benefits and cost savings achieved through its CORE program and by its ability to mitigate declining revenues from infrastructure access fees.

The Company also conducts business in certain foreign jurisdictions that have legislation or regulations relating to the issuance of cross border payments in US dollars, or in other currencies that will exit those countries. Examples of these countries with foreign currency controls are Venezuela and Argentina, among others. The Company actively manages its exposure in these jurisdictions based on the existing rules and regulations in place. If the rules or regulations relating to the payment of foreign currencies in these or other countries change or if the countries devalue their currencies compared to other currencies, the Company may not be able to collect the amounts owing for the delivery of products and services and this would have a negative impact on the Company's cash balance.

As of March 2, 2013, the Company has accounts receivables outstanding related to service access fees provided to wireless service providers in Venezuela. The Company does not sell smartphones or tablets directly into the Venezuelan market, does not have foreign operations in Venezuela and only invoices its services denominated in United States dollars ("USD"). On February 8, 2013, the Venezuela government announced that, effective February 13, 2013, its currency, the Venezuelan Bolivar, would be devalued by 32% of the USD equivalent. As of March 2, 2013, the Company has been successful in collecting its service revenues from wireless service providers in Venezuela and will continue to closely monitor its efforts in future periods. As a result of the currency devaluation and given the uncertainty around future changes to the Venezuela leadership, the Company could face additional challenges in obtaining payment on its receivables if the Venezuela carriers cannot secure governmental approvals to buy and remit USD for services provided.

If the Company is unable to maintain or increase its cash balance it may be required to raise additional funds through the issuance of equity, debt or a combination of equity and debt, or may be required to reduce or delay capital expenditures, further reduce costs, reallocate resources within the Company or consider other alternatives. Access to additional capital may not, however, be available on terms acceptable to the Company or at all. Furthermore, any future equity offering could be dilutive to existing shareholders and any drawdown on the Company's existing credit facility or any future debt financing would require the Company to dedicate a portion of its cash flow to payments on indebtedness, would require the Company to comply with restrictive covenants or to meet certain financial tests, and would limit the Company's flexibility in planning for or reacting to changes in its business. There can be no assurance that the Company's strategies will be successful or that it will be able to maintain or increase its cash balance.

The occurrence or perception of a breach of the Company's security measures or an inappropriate disclosure of confidential or personal information could harm its business.

The BlackBerry wireless solution frequently involves the transmission of business-critical, proprietary, confidential and personal information of end users. Like many other companies, the Company has been in the past, and expects to be in the future, the target of attempts by unauthorized third parties to access such information by breaching security measures that the Company or its partners have implemented.

Attempts by outside parties to access confidential or personal information of companies or their customers have, unfortunately, become commonplace. Unauthorized parties can attempt to breach a company's security measures through the actions of outside parties (e.g., hacking or malware) or employee action (e.g., error, malfeasance, or otherwise), in an attempt to obtain access to confidential or personal information. Additionally, outside parties may attempt to fraudulently induce employees, users, partners or customers to disclose sensitive information in order to gain access to confidential or personal information. Third party applications that are downloaded by a user on their BlackBerry smartphone or BlackBerry PlayBook tablet could also increase the risk of a potential unauthorized access, misuse or misdirection of confidential or personal information because some applications require access to such information.

If the security measures implemented by the Company or its partners are breached, or perceived to be breached, or if there is an inappropriate disclosure or misdirection of confidential or personal information, including as a result of a security breach or virus relating to hardware or software, the Company could be exposed to litigation, potential liability and regulatory sanctions. Even if the Company was not held liable, a security breach or inappropriate disclosure of confidential or personal information (or the perception that such a breach has occurred) could materially damage the Company's reputation, which is built in large measure on the security and reliability of the BlackBerry wireless solution, and even the perception of security vulnerabilities in the Company's products or services could lead some customers, particularly governmental customers, to reduce or delay future purchases or to purchase competitive products or services.

In addition, the Company may be required to invest additional resources or change its products and services to protect itself against damage caused by these actual or perceived disruptions or security breaches in the future and these actions may have a detrimental impact, for example on cost, the user experience or compatibility with third party products and services. Since the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, or may not be identified until a later time, the Company may not be able to anticipate these techniques, to implement adequate preventative measures or to remedy them in a timely manner. The risk that these types of events could seriously harm the Company's business may increase as the Company expands the number of web-based products and services that it offers, increases the number of countries where the Company operates, and expands its ecosystem to offer third party products and services in conjunction with its own.

The Company's future success depends on its continuing ability to attract new personnel and retain existing key personnel, the loss of any of whom could adversely impact its business.

The Company's success is largely dependent on its continuing ability to identify, attract, develop, motivate and retain skilled employees, including members of its executive team. This is particularly the case in emerging markets where the Company does not have an existing presence. Competition for highly skilled management, technical, research and development and other employees is intense and increasing in the wireless communications industry. The Company's restructuring activities (including headcount reductions relating to its Cost Optimization Program and continuing efforts to streamline its operations and increase efficiency through its CORE program), the Company's governance changes, the challenges faced by the Company over the past two fiscal years relating to delays in new product introductions, loss of market share, the Company's share price performance (particularly for those employees for whom equity-based compensation has been a key element of their compensation), the perception of the effects of competition on the Company's future prospects, and other factors, may impact the Company's ability to attract and retain employees. None of the Company's executive officers or key employees is bound by an employment agreement for any specific term. The Company does not maintain key-person life insurance policies on any of its employees. The Company's restructuring activities and general loss of key employees could disrupt operations, impair the Company's ability to compete effectively, impact the Company's ability to successfully execute its strategies (including the transition to its next generation BlackBerry 10 smartphones), and affect its ability to address issues that may arise in the future as a result of a loss of institutional knowledge.

The Company may infringe on the intellectual property rights of others.

The Company's commercial success depends upon the Company not infringing intellectual property rights owned by others. The industry in which the Company competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. Some of these patents may grant very broad protection to the third-party owners of the patents. Patents can be issued very rapidly and there is often a great deal of secrecy surrounding pending patents. The Company cannot determine with certainty whether any existing third-party patents or the issuance of any new third-party patents would require the Company to alter its technologies, pay for licenses or cease certain activities.

Third parties have asserted, and in the future may assert, intellectual property infringement claims against the Company and against its customers and suppliers. The Company may be subject to these types of claims either directly or indirectly through indemnities against these claims that it provides to certain customers, partners and suppliers**.** In addition, the Company could be exposed to financial obligations to a third party, or to the risk of legal action that could impact the salability of the Company's products, if one of the Company's providers of third-party applications or content or other suppliers fails to procure necessary intellectual property rights. There can be no assurance that the Company's attempts to negotiate favorable intellectual property indemnities with its suppliers for infringement of third-party intellectual property rights will be successful or that a supplier's indemnity will cover all damages and losses suffered by the Company and its customers, partners and other suppliers due to infringing products, or that the Company can secure a license, modification or replacement of a supplier's products with non-infringing products that may otherwise mitigate such damages and losses.

Many intellectual property infringement claims are brought by entities whose principal business model is to secure patent licensing-based revenue from operating companies. As such entities do not typically generate their own products or services, the Company cannot deter their patent infringement claims based on counterclaims that they infringe patents in the Company's portfolio or by entering into cross-licensing arrangements. Litigation and claims advanced in the ITC have been and will likely continue to be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company's proprietary rights.

Some of the Company's competitors have, or are affiliated with companies having, substantially greater resources than the Company has, and these competitors may be able to sustain the costs of complex intellectual property infringement litigation or other proceedings to a greater degree and for longer periods of time than the Company can. Regardless of whether third-party claims that the Company is infringing patents or other intellectual property rights have any merit, these claims could:

- adversely affect the Company's relationships with its customers;
- be time-consuming to evaluate and defend;
- result in significant costs to defend the Company in litigation or other proceedings;
- result in negative publicity for the Company;
- divert management's attention and resources;
- cause product and software shipment delays or stoppages;
- subject the Company to significant liabilities;
- require the Company to enter into costly royalty or licensing agreements;
- require the Company to develop possible workaround solutions that may be costly and disruptive to implement; and
- require the Company to cease certain activities or to cease selling its products and services in certain markets.

In addition to being liable for potentially substantial damages relating to a patent or other intellectual property infringement action against the Company or, in certain circumstances, the Company's customers with respect to its products and services, the Company may be prohibited from developing or commercializing certain technologies or products unless the Company obtains a license from the holder of the patent or other intellectual property rights. There can be no assurance that the Company will be able to obtain any such license on commercially reasonable terms, or at all. If the Company does not obtain such a license, its business, results of operations and financial condition could be materially adversely affected and the Company could be required to cease related business operations in some markets and restructure its business to focus on continuing operations in other markets.

The Company may not be able to obtain patents or other intellectual property protections necessary to secure its proprietary technology and products.

The Company's commercial success depends upon its ability to develop new or improved technologies and products, and to successfully obtain or acquire patent or other proprietary or statutory protection for these technologies and products in Canada, the United States and other countries. The Company seeks to patent concepts, components, protocols and other inventions that are considered to have commercial value or that will likely yield a technological advantage. The Company owns rights to an array of patented and patent pending technologies relating to wireless communication in the United States, Canada and other countries. The Company continues to devote significant resources to protecting its proprietary technology. However, the Company may not be able to continue to develop technology that is patentable, patents may not be issued in connection with the Company's pending applications and allowed claims by the Company may not be sufficient to protect its technology. Furthermore, any patents issued could be challenged, invalidated or circumvented and may not provide proprietary protection or a competitive advantage.

A number of the Company's competitors and other third parties have been issued patents, and may have filed patent applications or may obtain additional patents and proprietary rights, for technologies similar to those that the Company has made or may make in the future. Public awareness of new technologies often lags behind actual discoveries, making it difficult or impossible to know all the relevant, third-party patent applications at any particular time. For example, patent applications filed in the United States before November 29, 2000, and even a small number filed after that date, are maintained in secrecy by the U.S. Patent Office until issued as patents. Even the majority of applications filed after November 29, 2000 do not become public until 18 months after their first filing. Consequently, the Company cannot be certain that it was the first to develop the technology covered by its pending patent applications or that it was the first to file patent applications for the technology. In addition, the disclosure in the Company's patent applications may not be sufficient to meet the statutory requirements for patentability in all cases. As a result, there can be no assurance that the Company's patent applications will result in patents being issued.

Protection of the rights sought in published patent applications can be costly and uncertain and can involve complex legal and factual questions. In addition, the laws of certain countries in which the Company's products are sold or licensed do not protect intellectual property rights to the same extent as the laws of Canada or the United States. Therefore, the breadth of allowed claims and the scope of protection provided by the Company's patents, and their enforceability, cannot be predicted. Even if the Company's patents are held to be enforceable, others may be able to design around these patents or develop products similar to the Company's products that do not infringe the Company's patents.

In addition to patents, the Company relies on, among other things, copyrights, trademarks, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights. While the Company enters into confidentiality and non-disclosure agreements with its employees, consultants, contract manufacturers, customers, potential customers and others to attempt to limit access to and distribution of proprietary and confidential information, it is possible that:

- some or all of its confidentiality agreements will not be honored;
- third parties will independently develop equivalent technology or misappropriate the Company's technology or designs;
- disputes will arise with the Company's strategic partners, customers or others concerning the ownership of intellectual property;
- unauthorized disclosure or use of the Company's intellectual property, including source code, know-how or trade secrets will occur; or
- contractual provisions may not be enforceable.

There can be no assurance that the Company will be successful in protecting its intellectual property rights.

The Company may not be successful in expanding or managing its BlackBerry World applications catalogue.

BlackBerry World, the Company’s comprehensive electronic content distribution platform, is available to customers in over 100 markets globally, with other markets to follow. The continued expansion of the catalogue of applications and other content on BlackBerry World is an important element of the Company’s successful transition to its next-generation BlackBerry 10 smartphones the success of the BlackBerry PlayBook tablet, and requires a substantial investment of internal resources for development of the infrastructure, improvement of developer and consumer interfaces and advertising costs.

Decisions by customers to purchase the Company’s products are becoming increasingly based on the availability of top-rated third-party software applications. The Company is dependent on third-party software developers to provide access to and develop content, including applications, and services to enhance the user experience and maintain competitiveness and differentiation of BlackBerry products in the marketplace. The availability and development of these applications and services will depend, in part, on perceptions of the third-party software developers of the relative benefits of developing software for the Company’s products rather than or in addition to those of its competitors, which may be adversely affected by further losses of market share, delays in the launch of BlackBerry 10 smartphones in additional markets, and perceptions regarding the ability of the BlackBerry 10 smartphones and related products to compete successfully in the wireless communications industry. The Company may not be successful in convincing existing BlackBerry developers to develop additional applications or new developers to develop applications for the catalogue. Some developers who have significant relationships with the Company’s competitors may be unwilling to develop applications for BlackBerry products without valuable incentives from the Company, or at all. In addition, if the Company develops its own software applications and services, such development may negatively affect the decisions of third-party developers to develop, maintain, and upgrade similar or competitive applications. The loss of, or inability to maintain these relationships may affect the desirability of the Company’s products and, hence, the Company’s revenue from the sale of its products, particularly to consumers. If the Company is unable to successfully expand and manage the BlackBerry World applications catalogue, the success of the Company’s BlackBerry 10 smartphones and future products and services may be materially and adversely affected.

An expansion of the Company’s online commercial presence may also require significant additional investment in security measures to protect the transmission of confidential data, including payment information, and to augment protection for the Company’s servers and network. Any failure by the Company to implement adequate measures around security of payments, or security of confidential or personal information of the end users of the Company’s products, could result in regulatory enforcement or potential litigation and have a detrimental impact on the BlackBerry brand and the Company’s reputation. For example, failure by the Company to comply with applicable laws, regulations and practices imposed or supported by the payment card industry relating to the security of payments could result in sanctions by individual card providers (including prohibiting the Company from processing a card provider’s card), regulatory sanctions, fines or litigation under applicable privacy laws or reputational damage. Applications may also require an interface with third parties over which the Company has no control. If necessary third-party interfaces are not available to support the applications, the Company may lose market share, and its business, results of operations and financial condition may be adversely affected.

The collection, storage, transmission, use and disclosure of user data and personal information could give rise to liabilities or additional costs as a result of laws, governmental regulations and carrier and other customer requirements or differing views of personal privacy rights.

The Company transmits and stores a large volume of data, including personal information, in the course of supporting its BlackBerry wireless solution. This information is increasingly subject to legislation and regulations in numerous jurisdictions around the world that is intended to protect the privacy and security of personal information as well as the collection, storage, transmission, use and disclosure of such information. In addition, a number of leading companies in the mobile communications industry, including the Company, have agreed to privacy principles designed to prompt third-party application developers to conspicuously post privacy policies with their applications.

The interpretation of privacy and data protection laws, and their application to the Internet and mobile communications, in a number of jurisdictions is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from country to country and in a manner that is not consistent with the Company's current data protection practices. Complying with these varying international requirements could cause the Company to incur additional costs and change the Company's business practices. In addition, because the Company's services are accessible worldwide, certain foreign jurisdictions may claim that the Company is required to comply with their laws, even where the Company has no local entity, employees, or infrastructure.

The Company could be adversely affected if legislation or regulations are expanded to require changes in its business practices, if governmental authorities in the jurisdictions in which the Company does business interpret or implement their legislation or regulations in ways that negatively affect its business or if end users allege that their personal information is not collected, stored, transmitted, used or disclosed appropriately or in accordance with the Company's end user agreements and privacy policies or applicable privacy and data protection laws. If the Company is required to allocate significant resources to modify its BlackBerry wireless solution or its existing security procedures for the personal information that its transmits and stores, its business, results of operations and financial condition may be adversely affected.

The Company's network carriers or other customers, partners or members of its ecosystem may also have differing expectations or impose particular requirements for the collection, storage, processing and transmittal of user data or personal information in connection with the BlackBerry wireless solution. Such expectations or requirements could subject the Company to additional costs, liabilities or negative publicity, and limit its future growth. In addition, governmental authorities may use the Company's products to access the personal data of individuals without Company's involvement, for example, through so-called lawful intercept capability of network infrastructure. Even perceptions that the Company's products do not adequately protect users' privacy or data collected by Company, made available to Company or stored in or through the Company's products or that they are being used by third parties to access personal or consumer data could impair the Company's sales or its reputation and brand value.

In addition, laws in various countries relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, which include actions for invasion of privacy, libel, slander, and other tort claims, unlawful activity, copyright and trademark infringement, and other theories based on the nature and content of the materials searched, the ads posted, or the content generated by users. Certain jurisdictions are also testing the liability of providers of online services for activities of their users and other third parties. Any court ruling that imposes liability on providers of online services for activities of their users and other third parties could harm the Company's business.

Certain governments are also imposing requirements for the filtering of content available to end users. These requirements vary across varying jurisdictions and compliance with these requirements may be costly. Conversely, a failure to comply could result in adverse publicity, a ban on the Company's products and services as well as other regulatory sanctions.

The Company faces substantial inventory and other asset risk.

As the Company develops or announces new products and services, many of its older products and services will reach the end of their life cycle. In addition, the Company may decide or may be required to discontinue sales of certain products or services, or not pursue the development of certain products or services, as a result of such factors as expected demand, lower than expected sales, litigation or government action. As the Company discontinues the manufacturing and sale of these products and services, the Company must manage the liquidation of inventory, supplier commitments and customer expectations. In addition, the Company records a write-down for product and component inventories that have become obsolete, can no longer be sold or exceed anticipated demand or net realizable value, and accrues necessary cancellation fee reserves for orders of excess products and components. The Company also reviews its long-lived assets for impairment whenever events or changed circumstances indicate the carrying amount of an asset may not be recoverable. If the Company determines that impairment has occurred, it records a write-down equal to the amount by which the carrying value of the assets exceeds its fair market value. The Company's financial condition and results of operations could be materially and adversely affected in the future by the Company's ability to manage its inventory levels and respond to short-term shifts in customer demand patterns. No assurance can be given that the Company will not incur additional related charges with respect to its existing or future products given the rapid and unpredictable pace of product obsolescence in the industries in which the Company competes.

The Company must order components for its products and build inventory in advance of product announcements and shipments. Components are normally acquired through a combination of purchase orders, supplier contracts, open orders and, where appropriate, prepayments, in each case based on projected demand. Because the Company's markets are volatile, competitive and subject to rapid technology and price changes, there is a risk the Company will forecast incorrectly and order or produce excess or insufficient inventories of components or products. The BlackBerry 10 launch in particular has required the Company to significantly increase its component orders in order to meet the estimated anticipated demand for the new smartphones. Additional complexity and uncertainty exists with the forecasting of the BlackBerry 10 product launch, which is based on the introduction of a new technology platform.

The Company relies on its suppliers to supply functional components and is exposed to the risks that these suppliers will not supply components on a timely basis or of the desired quality; if the Company's sales volumes decrease or do not reach projected targets, it may face increased costs that could make its products less competitive.

The Company's manufacturing activity depends on obtaining adequate supplies of functional components, such as displays, semi-conductors, batteries, printed circuit boards, plastics, tooling equipment and memory, on a timely basis. The Company purchases components and licenses certain software used in the manufacture and operation of its products from a variety of sources. Some components, including custom components, come from sole source suppliers. Some components are also becoming supply constrained, in part due to the continuing convergence of the mobile communication industry and computer industry, and increased competition. Some of the Company's competitors have greater name recognition, larger customer bases and significantly greater financial, sales, distribution and other resources and may receive preferential treatment from suppliers through allocations of scarce components or lower pricing. Due to increased demand for electronic components, electronic component manufacturers are experiencing shortages of certain components including displays and memory components. Certain key components such as displays and memory are also subject to significant commodity price fluctuations. From time to time, the shortage and allocation of components by electronic manufacturers have resulted in increased costs to the Company and delays in the Company's suppliers filling orders, and the Company may rely on these sources to meet the Company's needs. Alternative sources of supply are not always available. Moreover, the Company depends on, but has limited control over, the quality and reliability of the products supplied or licensed to the Company. If the Company cannot manufacture and supply products due to a lack of components, or is unable to redesign products using other components in a timely manner, the Company's sales and operating results could be adversely affected. A supplier could also increase pricing, discontinue or restrict supplying components or licensing software to the Company with or without penalty. If a supplier discontinued or restricted supplying a component or licensing software, the Company's sales and operating results could be adversely affected by the resulting product manufacturing and delivery delays. In addition, if a component supplier failed to meet the Company's supplier standards, such as the Company's product quality standards, and as a consequence some of its products were unacceptable to the Company, the Company's sales and operating results could be adversely affected. A supplier could also file for bankruptcy or experience damage or interruption in its operations due to fire, earthquake, power loss, labor disruptions, telecommunications or computer systems failure, the effects of the current economic downturn, human error, terrorist acts, war or other events, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company generally uses rolling forecasts based on anticipated product orders to determine component requirements. Lead times for materials and components vary significantly and depend on factors such as specific supplier requirements, contract terms, rapid changes in technology, and current market demand for particular components. If the Company overestimates its component requirements based on anticipated demand for its products, it may result in excess inventory, which would increase the risk of obsolescence, and financial penalties based on minimum volume commitments, which would increase the manufacturing costs per unit of the Company's products. If the Company underestimates component requirements, it may have inadequate inventory, which could interrupt manufacturing operations and delay delivery of products. Any of these occurrences could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company has negotiated favorable pricing terms with many of its suppliers, some of which have volume-based pricing. In the case of volume-based pricing arrangements, the Company may experience higher than anticipated costs if current volume-based purchase projections are not met. Some contracts have minimum purchase commitments and the Company may incur large financial penalties or increased production costs if these commitments are not met. The BlackBerry 10 launch in particular has required the Company to significantly increase its component orders in order to meet the estimated anticipated demand for the new smartphones. Additional complexity and uncertainty exists with the forecasting of the BlackBerry 10 product launch, which is based on the introduction of a new technology platform. The Company may also have unused production capacity if its current volume projections are not met, increasing the Company's production cost per unit. In addition, some contracts require the Company to agree to a flat fee regardless of volumes, which can result in higher unit costs than anticipated if demand is lower than anticipated. In the future, as the Company establishes new pricing terms, reduced demand for any of its products and services could negatively impact future pricing from suppliers. Any of these outcomes may result in the Company's products being more costly to manufacture and less competitive, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company may not be able to obtain rights to use software or components supplied by third parties.

The Company licenses certain software used in its products and operations from third parties, generally on a nonexclusive basis, and the Company uses components from suppliers that are reliant on intellectual property used by such suppliers. The termination of any of these licenses, or the failure of these licensors or suppliers to adequately maintain, protect or update their software or intellectual property rights, could delay the Company's ability to ship its products while the Company seeks to implement alternative technology offered by other sources and could require significant unplanned investments on the Company's part if the Company is forced to develop alternative technology internally. In addition, alternative technology may not be available on commercially reasonable terms from other sources. The Company has not entered into source code escrow agreements with every software supplier or third party licensor. In the future, it may be necessary or desirable to obtain other third-party technology licenses relating to one or more of the Company's products or relating to current or future technologies to enhance the Company's product offerings. The Company may not be able to obtain licensing rights to the needed technology or components on commercially reasonable terms, if at all.

The Company's business depends on a strong brand, and failing to maintain and enhance our brand would hurt our ability to expand our base of users, customers and partners.

The brand identity that the Company has developed has significantly contributed to the success of its business. Maintaining and enhancing the "BlackBerry" brand is critical to expanding the

Company's base of users, customers and partners. The Company believes that the importance of brand recognition will increase due to the relatively low barriers to entry in the wireless communications industry. On January 30, 2013, the Company announced its intention to adopt the name of its revolutionary BlackBerry product line to coincide with the launch of its new mobile computing platform, BlackBerry 10. The move consolidates the Company's brand into a single cohesive global presence. The corporate name of the Company has not changed and the Company will do business as BlackBerry pending shareholder approval of the new corporate name at the Company's Annual General and Special Meeting in July 2013. The Company also plans to make significant investmentsin marketing in cooperation with its U.S. carrier partners and its other global customers to promote and support the launch of BlackBerry 10. The "BlackBerry" brand may be negatively impacted by a number of factors, including service outages, product malfunctions, product performance not meeting expectations, a user experience which does not compare to that of the Company's competitors, data privacy and security issues, and perceptions of the value and future success of the Company's products and services. If the Company fails to maintain and enhance the "BlackBerry" brand, or if the Company incurs excessive expenses in this effort, the Company's business, results of operations, and financial condition will be materially and adversely affected.

The Company is subject to risks inherent in foreign operations.

Sales outside North America represented approximately 74% of the Company's revenue in fiscal 2013 compared to 78% in fiscal 2012. The North American market, particularly the United States, has become increasingly competitive and the Company intends to continue to pursue international market growth opportunities, such that international sales are likely to continue, at least in the near future, to account for a significant portion of the Company's revenue. The Company has committed, and intends to commit, significant resources to its international operations and sales and marketing activities. The Company maintains offices in a number of foreign jurisdictions, and expects to open additional offices in other countries. The Company has limited experience conducting business in some of these jurisdictions outside of North America, and it may not be aware of all the factors that may affect its business in foreign jurisdictions. The Company will be subject to a number of risks associated with its expanding international business operations and sales and marketing activities that may increase liability, costs, lengthen sales cycles and require significant management attention. These risks include:

- compliance with the laws of the United States, Canada and other countries that apply to the Company's international operations, including import and export legislation, lawful access and privacy laws (as discussed further below);
- compliance with existing and emerging anti-corruption laws, including the Foreign Corrupt Practices Act of the United States, the Corruption of Foreign Public Officials Act of Canada and the UK Bribery Act;
- increased reliance on third parties to establish and maintain foreign operations;
- the complexities and expense of administering a business abroad;

- complications in compliance with, and unexpected changes in, foreign regulatory requirements, including requirements relating to content filtering and requests from law enforcement authorities;
- trading and investment policies;
- consumer protection laws that impose additional obligations on the Company or restrict the Company's ability to provide limited warranty protection;
- instability in economic or political conditions, including inflation, recession and actual or anticipated military conflicts, social upheaval or political uncertainty;
- foreign currency fluctuations;
- foreign exchange controls and cash repatriation restrictions;
- tariffs and other trade barriers;
- difficulties in collecting accounts receivable;
- potential adverse tax consequences;
- uncertainties of laws and enforcement relating to the protection of intellectual property or secured technology;
- litigation in foreign court systems;
- unauthorized copying or use of the Company's intellectual property, including software, know-how or trade secrets;
- cultural and language differences;
- difficulty in managing a geographically dispersed workforce in compliance with local laws and customs that vary from country to country; and
- other factors, depending upon the country involved.

There can be no assurance the policies and procedures implemented by the Company to address or mitigate these risks will be successful, that Company personnel will comply with them or that the Company will not experience these factors in the future or that they will not have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is subject to government laws, regulations, orders, policies and restrictions, including on the sale of products and services that use encryption technology.

Regulatory initiatives throughout the world can also create new and unforeseen regulatory obligations on the Company, its products and services. Government regulations applicable to the

Company’s products and services may provide opportunities for competitors or limit industry growth. For example, a change to the regulatory classification of the Company’s products and services, such as content, taxation, and licensing requirements, could place regulatory obligations commonly reserved for licensed telecommunications carriers or broadcasters on the Company. The impact of these potential obligations vary based on the jurisdiction, but any such changes could impact whether the Company enters, maintains or expands its presence in a particular market, and whether the Company must dedicate additional resources to comply with these obligations.

Various countries have enacted laws and regulations, adopted controls, license or permit requirements, and restrictions on the export, import, and use of products or services that contain encryption technology. In addition, from time to time, governmental agencies have proposed additional requirements for encryption technology, such as requiring the escrow and governmental recovery of private encryption keys. Restrictions on the sale or distribution of products or services containing encryption technology may prevent the Company from selling or distributing the BlackBerry wireless solution in certain markets or may require the Company to make changes to the encryption technology that is embedded in its products or services to comply with such restrictions. Government restrictions, or changes to the Company’s products or services to comply with such restrictions, could delay or prevent the acceptance and use of the Company’s products and services. Likewise, restrictions or perceived restrictions may adversely affect the marketing and sales resources that network carriers and distributors may dedicate to the Company’s products and services.

Some of the Company’s competitors do not have the same level of encryption in their technology and some competitors may be subject to less stringent controls on the export, import, and use of encryption technologies in certain markets. Also, several countries have adopted legislation authorizing the circumvention of encryption measures in limited circumstances. These legislative provisions could potentially be used by competitors to attempt to reverse engineer or find vulnerabilities in the Company’s products and services. As a result, these competitors may be able to compete more effectively than the Company can in those markets. In addition, the United States, Canada and other countries have imposed export controls that prohibit the export of encryption technology to certain countries, entities and individuals. The Company’s failure to comply with export, import, and use laws and regulations concerning encryption technology could subject the Company to sanctions and penalties, including fines, and suspension or revocation of export or import privileges.

In addition, governments are increasingly imposing requirements on entities like the Company to facilitate controls over the content that users have access to on their mobile devices. Examples include content filtering laws or laws designed to prevent a company’s products or services from being used to infringe third party intellectual property such as copyright in artistic performances. Also, numerous jurisdictions impose content filtering requirements to prevent access to content deemed restricted based on the norms and laws of that particular jurisdiction. Furthermore, the Company may be required to pay copyright levies on products and services used by consumers to copy or stream copyrighted works. Non-compliance with these legal requirements could result in fines, imprisonment of local executives, and sanctions on the import and/or use of the Company’s products or services.

In addition, restrictions on payments originating from certain countries that the Company conducts business in, such as Venezuela and Argentina among others, may impact the timing or amount of money owed to the Company.

Certain members of the Company's Board of Directors and management have recently changed, and the failure by the Company to successfully adapt to these changes may adversely affect the Company's business.

The Company has experienced a number of recent changes to its Board of Directors and management, including the appointment of two new directors and the retirement of the Company's Chief Information Officer, as well as other changes. In addition, in fiscal 2013, the Company hired a new Chief Operating Officer, a Chief Legal Officer and a Chief Marketing Officer. The Company's success depends on its ability to successfully adapt to these changes, to effectively integrate the Company's new management team, and to implement the strategies and achieve the goals outlined by the Company's President and Chief Executive Officer. If the Company's Board and management team are unable to accomplish these business objectives, the Company's ability to grow its business and successfully meet its challenges could be adversely affected.

The Company's business relies on its strategic alliances and relationships with third-party network infrastructure developers, software platform vendors and service platform vendors.

The Company relies on wireless network infrastructure developers for access to emerging wireless data protocols. In addition, the Company's business is dependent on the development, deployment and maintenance by third parties of their wireless infrastructure and on their sales of products and services that use the Company's products. Market acceptance of the Company's products also depends on support from third-party software developers and the marketing efforts of value added resellers, Internet service providers and computer manufacturers and distributors. The loss of, or inability to maintain, any of these relationships, or the failure of such third parties to execute or effectively manage their own business plans, could result in delays or reductions in product shipments, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company has designed BES to be used with Microsoft Exchange, IBM Lotus Domino and Novell GroupWise. The functionality of BlackBerry smartphones sold to corporate customers will depend on continued growth in the number of businesses that adopt Microsoft Exchange, IBM Lotus Domino and Novell GroupWise as their email and server solutions. If the number of businesses that adopt these platforms fails to grow or grows more slowly than the Company currently expects, or if Microsoft, IBM or Novell discontinue products, delay or fail to release new or enhanced products, or announce new incompatible products or versions of existing products, the Company's revenues from BlackBerry enterprise customers could be materially adversely affected.

The Company relies upon third parties to manufacture and repair its products and it is exposed to the risk that these third parties may not be able to satisfy its manufacturing needs and repairs on a timely basis or to an appropriate quality standard.

The Company outsources the majority of the manufacturing and repair of its products to third parties. The resources devoted by these third parties to meet the Company's manufacturing and repair requirements is not within the Company's control and there can be no assurance that manufacturing or repair problems will not occur in the future. Third party manufacturers, or other third parties to which such third party manufacturers in turn outsource the Company's manufacturing requirements, may not be able to satisfy the Company's manufacturing requirements on a timely basis, including by failing to meet scheduled production and delivery deadlines or to meet the product quality requirements of the Company and its customers. Insufficient supply or an interruption or stoppage of supply from such third party manufacturers or the Company's inability to obtain additional or substitute manufacturers when and if needed, and on a cost-effective basis, could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's reliance on outsourcing its manufacturing requirements to third parties may involve a number of other risks, including:

- an inability to obtain adequate manufacturing capacity and reduced control over delivery schedules and costs;
- concerns regarding quality control, including in foreign jurisdictions where maintaining the integrity of the control systems implemented by the Company may be more difficult to monitor and manage;
- reduced control over the Company's intellectual property;
- increased risk of counterfeit and fraudulent activities giving rise to the availability of unauthorized devices; and
- early termination of, or failure to renew, contractual arrangements.

The Company has its own production facility focused on new product introduction manufacturing and related manufacturing processes. If the Company fails to effectively manage its manufacturing and manufacturing processes so that its products are manufactured to meet quality standards, third party manufacturing may be adversely affected. The Company may experience difficulties in increasing or decreasing production at third party facilities, implementing new processes and finding the most effective and timely way to develop the best solutions to meet the technical requirements of its customers and of regulatory authorities. These difficulties may increase as the Company continues to develop increasingly sophisticated products.

Defects in the Company's products and services can be difficult to detect and remedy. If defects occur, they could have a material adverse effect on the Company's business.

The Company's products and services are highly complex and sophisticated and may contain design defects, errors or security vulnerabilities that are difficult to detect and correct. Design defects, errors or vulnerabilities may be found in products or services after commencement of commercial shipments or provision of such services and, if discovered, the Company may not be able to successfully correct such defects, errors or vulnerabilities in a timely manner or at all. The occurrence of defects, errors or vulnerabilities in the Company's products or services could result in the loss of or delay in customer or end user acceptance of its products or services and may harm the Company's reputation, and correcting such defects, errors or vulnerabilities in its products or services could require significant expenditures by the Company, involving cost or time and effort of Company personnel.

As the Company's products are integrated into its customers' networks and equipment, are used with third party applications and are used to deliver confidential or personal information, the sale and support of these products and services may entail the risk of liability due to product liability, warranty or other claims tied to the security of data. In addition, the failure of the Company's products or services to perform to end user expectations could give rise to product liability claims and warranty claims. The consequences of any such defects, errors, vulnerabilities and claims could have a material adverse effect on the Company's business, results of operations and financial condition.

In some cases, if design defects, errors or vulnerabilities affect a product's safety or regulatory compliance, then such product may need to be recalled. Depending on the nature of the defect and the number of products, the Company may be forced to incur substantial recall costs, in addition to the costs associated with the potential loss of future orders and the damage to the Company's reputation. Recalls involving regulatory agencies could also result in fines and additional costs. Finally, recalls could result in third-party litigation, including class action litigation by persons alleging common harm resulting from the purchase of the Company's products.

The Company is subject to general commercial litigation, class action and other litigation claims as part of its operations, and it could suffer significant litigation expenses in defending these claims and could be subject to significant damage awards or other remedies.

In the course of its business, the Company receives general commercial claims related to the conduct of its business and the performance of its products and services, employment claims and other litigation claims, which may potentially include claims relating to improper use of or access to personal data. For example, as a result of the service interruption that occurred in October 2011, the Company is facing class action suits and has received inquiries from consumer protection agencies. Litigation resulting from these claims could be costly and time-consuming and could divert the attention of management and key personnel from the Company's business operations. The complexity of the technology involved and the inherent uncertainty of commercial, class action, employment and other litigation increases these risks. In recognition of these considerations, the Company may enter into material settlements. If the Company is unsuccessful in its defense of material litigation claims or is unable to settle the claims, the Company may be faced with significant monetary damages or injunctive relief against it that could have a material adverse effect on the Company's business, BlackBerry brand, results of operations and financial condition. Administrative or regulatory actions against the Company or its employees could also have a material adverse effect on the Company's business, BlackBerry brand, results of operations and financial condition.

Risk associated with litigation claims against the Company arising from the Company's practice of providing forward-looking guidance to its shareholders with respect to certain financial metrics, including the Company's practice of updating previous guidance where circumstances warrant.

On March 29, 2012, the Company announced that it will no longer provide specific, forward-looking quantitative guidance. However, the Company remains committed to providing a high level of disclosure and transparency and will continue to provide commentary that highlights the trends and uncertainties that the Company anticipates. Any statements that are forward-looking statements are intended to enable the Company's shareholders to view the anticipated performance and prospects of the Company from management's perspective at the time such statements are made, and they are subject to the risks that are inherent in all forward-looking statements, as described in this Annual Information Form under "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors". These forward-looking statements are made by the Company in light of its experience, its perception of historical and anticipated business trends, existing conditions in the business at the time and anticipated future developments, including competition and new product initiatives and expected timing, as well as the Company's current assessments of the risk factors that affect its business and the likely success of mitigation strategies relating to such factors. These forward-looking statements are subject to the inherent risk of difficulties in forecasting the Company's financial results for future periods, particularly over longer periods, given the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the wireless communications industry.

Given the dynamics of the wireless communications industry, the Company's financial results may not follow any past trends. In particular, the Company's entry into new markets or changes to the Company's technology, such as its transition to the BlackBerry 10 mobile computing platform, can increase the difficulty of forecasting financial results. Significant unanticipated sales and marketing, R&D, IT, professional and other costs, writedowns and impairment charges may be incurred or take place in a single quarter, which can affect results. Additionally, many of the Company's products are, among other things, subject to long development, new product approval and certification, and sales cycles. In addition, the Company is engaged in an industry that is highly competitive and rapidly evolving, and has experienced, and expects to continue to experience, intense competition from a number of companies. As a result, if expected revenues are not realized as anticipated, if new product introductions are delayed or are not as well received by the market as anticipated, or if operating expenses are higher than expected, the Company's actual financial results could be materially adversely affected. These factors can make it difficult to predict the Company's financial results. Consequently, actual results may differ materially from those expressed or implied by the Company's forward-looking statements and may not meet the expectations of analysts or investors, which can contribute to the volatility of the market price of the Company's common shares. Despite the Company's cautions in each earnings release, earnings conference call and securities filing that contains forward-looking statements that the risks relating to such statements should be considered carefully and that shareholders should not place undue reliance on forward-looking statements, if results expressed or implied in the forward-looking statements are not realized, or the Company updates its forward-looking statements at a later time, the Company may nevertheless be subject to potential securities litigation or enforcement action.

Between May and August 2011, several purported class action lawsuits were filed against the Company and certain of its current and former officers in the U.S. District Court for the Southern District of New York, two of which have been voluntarily dismissed. The plaintiffs have alleged that during the period from December 16, 2010 through June 16, 2011, the defendants made materially false and misleading statements regarding the Company's financial condition and business prospects, and seek unspecified damages. Regardless of the Company's views of the merits of this action or any similar actions that may be filed against the Company, securities litigation is costly, time-consuming and may be unpredictable, and could divert the attention of management and key personnel from the Company's business operations. If the Company is unsuccessful in its defense of securities litigation claims or is unable to settle the claims, the Company may be faced with significant monetary damages that could have a material adverse effect on the Company's business, results of operations and financial condition. Administrative or regulatory actions against the Company or its employees could also have a material adverse effect on the Company's business, results of operations and financial condition.

The Company may be required to record intangible asset impairment charges, which could adversely impact the Company's financial results

Under generally accepted accounting principles in the United States ("GAAP"), the Company reviews its intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

As at March 2, 2013, the Company's long lived assets had a carrying value of approximately $5.8 billion. The assets represent items such as the Company's network infrastructure, owned office buildings and certain intellectual property, among others. The current macroeconomic environment and competitive dynamics continue to be challenging to the Company's business and the Company cannot be certain of the duration of these conditions and their potential impact on the Company's ability to generate sufficient cash flows to fully recover the current carrying value of these assets. If it is determined that sufficient future cash flows do not exist to support the current carrying value, the Company will be required to record an impairment charge for long lived assets in order to adjust the value of these assets to the newly established estimated value.

Under GAAP, the Company is also required to evaluate its goodwill balance, if any, for impairment when events or changes in circumstances indicate the carrying value may exceed its estimated fair value. The determination of fair values requires assumptions and estimates of many critical factors, including, but not limited to: expected results of operations; macroeconomic conditions; the Company's share price and market capitalization; industry analyst expectations; control premiums; and the discount rates used in a discounted cash flow analysis.

In the first quarter of fiscal 2013, the Company performed a goodwill impairment analysis and concluded that impairment existed. Based on the results of that test, the Company recorded a goodwill impairment of $335 million and reported this amount as a separate line item in its consolidated statements of operations.

The Company’s business could be negatively affected as a result of actions of activist shareholders.

Publicly-traded companies have increasingly become subject to campaigns by investors seeking to advocate certain governance changes or corporate actions such as financial restructuring, special dividends, share repurchases or even sales of assets or the entire company. Activist shareholders have publicly advocated for certain governance and strategic changes at the Company in the past, and the Company could be subject to additional shareholder activity or demands in the future. Given the challenges the Company has encountered in its business in recent years, recent changes to the Company’s governance and strategic focus may not satisfy such shareholders who may attempt to promote or effect further changes, or acquire control over the Company. Responding to proxy contests, media campaigns and other actions by activist shareholders would be costly and time-consuming, disrupt the Company’s operations and would divert the attention of the Company’s Board of Directors and senior management from the pursuit of its business strategies, particularly its transition to the new BlackBerry 10 platform, which could adversely affect the Company’s results of operations, financial condition and prospects. If individuals are elected to the Company’s Board of Directors with a specific agenda to increase short-term shareholder value, it may adversely affect or undermine the Company’s ability to effectively implement the Company’s plans. Perceived uncertainties as to the Company’s future direction as a result of shareholder activism could also result in the loss of potential business opportunities, and may make it more difficult to attract and retain qualified personnel and business partners, to the detriment of the Company.

Government regulation of wireless spectrum and radio frequencies may provide opportunities for competitors or limit industry growth.

The allocation of radio frequencies around the world is regulated by government bodies and there is limited spectrum available for use in the delivery of wireless services. If there is insufficient spectrum allocated to the delivery of wireless communications services, the Company’s growth and financial performance could be adversely impacted. In addition, deregulation of spectrum may allow new wireless technologies to become viable, which could offer competition to the Company’s products and services. The Company expects this risk will become increasingly significant as the Company endeavors to enter new foreign markets.

Reduced spending by customers due to the uncertainty of economic and geopolitical conditions may negatively affect the Company.

Many of the end users of the BlackBerry wireless solution are directly affected by the current economic and geopolitical conditions affecting the broader market. A slowdown in capital spending by end users of the Company’s products and services, coupled with existing economic and geopolitical uncertainties globally and in the financial services or legal markets in particular, could substantially reduce the demand for the Company’s products and services and adversely affect the Company’s business, results of operations and financial condition.

Current and future conditions in the domestic and global economies remain uncertain, and it is difficult to estimate the level of economic activity for the economy as a whole. It is even more difficult to estimate growth in various parts of the economy, including the markets in which the

Company participates. Because all components of the Company's budgeting and forecasting are dependent upon estimates of economic activity in the markets that the Company serves and demand for its products and services, economic uncertainties make it difficult to estimate future income and expenditures.

Economic or geopolitical uncertainties may cause end users to reduce their IT budgets or reduce or cancel orders for the Company's products and services. For example, many end users of the BlackBerry wireless solution may not upgrade their devices or may postpone the replacement of their devices or the purchase of their first device, or may purchase less costly products and services offered by the Company's competitors due to more limited financial resources or out of concern for economic uncertainty. Network carriers may further reduce device subsidies that they offer to end users or attempt to extend the periods of contracts that obligate end users to use a certain device. Any such developments could have a material adverse impact on the Company's business, results of operations and financial condition.

In addition, acts of terrorism and the outbreak of hostilities and armed conflicts within or between countries have created and may continue to create uncertainties that may affect the global economy and could have a material adverse effect on the Company's business, results of operations and financial condition.

Acquisitions, divestitures, investments and other business initiatives may negatively affect the Company's results of operations.

The Company has acquired, and continues to seek out opportunities to acquire or invest in, businesses, assets, products, services and technologies that expand, complement or are otherwise related to the Company's business or provide opportunities for growth. These activities create risks such as the need to integrate and manage the businesses, personnel, and products acquired with the business, personnel and products of the Company, the challenges in achieving strategic objectives, cost savings and other benefits from acquisitions, the potential loss of key employees of the acquired business at the time of the acquisition or upon the termination of their non-compete covenants or obligations, additional demands on the Company's management, resources, systems, procedures and controls, disruption of the Company's ongoing business, and diversion of management's attention from other business concerns. Such acquisitions, investments or other business collaborations may involve significant commitments of financial and other resources of the Company. An acquisition may have an adverse effect on the Company's cash position if all or a portion of the purchase price is paid in cash, and common shares issuable in an acquisition would dilute the percentage ownership of the Company's existing shareholders. Any such activity may not be successful in generating revenue, income or other returns to the Company, and the financial or other resources committed to such activities will not be available to the Company for other purposes. In addition, the acquisitions may involve unanticipated costs and liabilities, including possible litigation and new or increased regulatory exposure, that are not covered by the indemnity or escrow provisions, if any, of the acquisition agreement.

As business circumstances dictate, the Company may also decide to divest itself of assets or businesses. For example, in fiscal 2013, the Company divested NewBay Software Limited, an entity that the Company had acquired in November 2011. The Company has only limited experience with sales of assets or businesses and may not be successful in identifying or managing the risks involved in any divestiture, including its ability to obtain a reasonable purchase price for the assets, potential liabilities that may continue to apply to the Company following the divestiture, potential tax implications, employee issues or other matters. The Company's inability to address these risks could adversely affect the Company's business, results of operations and financial condition.

The Company is exposed to fluctuations in foreign currencies.

The Company is exposed to foreign exchange risk as a result of transactions in currencies other than its U.S. dollar functional currency. The majority of the Company's revenue and purchases of raw materials are denominated in U.S. dollars. However, some revenue, a substantial portion of operating costs, including salaries and manufacturing overhead, as well as capital expenditures, are incurred in other currencies, primarily Canadian dollars, Euros and British Pounds. If the Canadian dollar appreciates relative to the U.S. dollar, the Company's Canadian dollar denominated expenses will increase when converted to U.S. dollars for financial reporting purposes. If the Euro depreciates relative to the U.S. dollar, the Company's Euro denominated revenues will decrease when translated to U.S. dollars for financial reporting purposes. Foreign exchange rate fluctuations may materially affect the Company's results of operations in future periods. For more details, please refer to the discussion of foreign exchange and income taxes in Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 2, 2013.

The Company is subject to regulation and certification risks that could negatively affect its business, and is also subject to allegations of possible health or other risks relating to the use or misuse of the Company's products, or lawsuits and publicity related to such allegations.

The Company must comply with a variety of laws, standards and other requirements governing, among other things, health and safety, hazardous materials usage, packaging and environmental matters, and its products must obtain regulatory approvals and satisfy other regulatory concerns in the various jurisdictions in which they are manufactured or sold. For example, the Company's products must be approved by the Federal Communications Commission ("FCC") before they can be used in commercial quantities in the United States. The FCC requires that access devices meet various standards, including safety standards with respect to human exposure to electromagnetic radiation and basic signal leakage. Regulatory requirements in Canada, Europe, Asia and other jurisdictions must also be met. Although the Company's products and solutions are designed to meet relevant safety standards and recommendations globally, when used as directed, any perceived risk of adverse health effects of wireless communication devices could materially adversely affect the Company through a reduction in sales. The failure to comply with regulatory requirements can subject the Company to regulatory and/or civil liability, additional costs (including fines) and reputational harm, and in severe cases prevent it from selling its products in certain jurisdictions.

As a result of varying and developing regulatory requirements throughout the world, the Company faces increasingly complex procurement and design challenges, which, among other things, require the Company to incur additional costs identifying suppliers and contract manufacturers who can provide, and otherwise obtain, compliant materials, parts and end products and to re-design its products so that the products comply with the many requirements applicable to them. There can be no assurance that the costs of complying with and the liabilities arising from current and future health and safety, environmental (including climate change regulation) and other laws, standards and regulatory requirements (including legislation relating to certain minerals that are used in the wireless communications industry) will not adversely affect the Company’s business, results of operations or financial condition.

In fiscal 2013, the SEC adopted new disclosure requirements implementing Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 for manufacturers of products containing certain minerals that are mined from the Democratic Republic of Congo and adjoining countries. These so-called “conflict minerals” are commonly found in metals used in the manufacture of certain of the Company’s products. The implementation of these new regulations, which require initial conflicts minerals disclosure from public companies in the United States on or before May 31, 2014, may limit the sourcing and availability, or may increase the costs, of some of the metals used in the manufacture of the Company’s products. The regulations may also reduce the number of suppliers who provide conflict-free metals, and may affect the Company’s ability to obtain products in sufficient quantities or at competitive prices. Also, since the Company’s supply chain is complex, the Company may face reputational challenges if the Company is unable to sufficiently verify the origins for all metals used in the Company’s products through the due diligence procedures that the Company implements.

In addition to complying with regulatory requirements, product manufacturers must obtain certification from the networks upon which their products operate. Failure to maintain regulatory approvals or network certifications for the Company’s current products or a failure to obtain required regulatory approvals or network certifications for any new products on a timely basis could have a material adverse effect on the Company’s business, results of operations and financial condition.

There has also been public speculation about possible health risks to individuals from exposure to electromagnetic fields or radio frequency energy from the use of mobile devices. Government agencies, international health organizations, industry associations and other scientific bodies continue to conduct research on the topic, and there can be no assurance that future studies, irrespective of their scientific basis, will not suggest a link between electromagnetic fields from mobile devices and adverse health effects. Mobile device manufacturers and cellular services providers have been named in lawsuits alleging that the use of mobile devices poses a risk to human health and that radio emissions have caused or contributed to the development of brain tumors. Other users of mobile devices with multimedia functions, such as MP3 players, have claimed that the use of such products has contributed to or resulted in hearing loss or other adverse health effects. In addition, users of the Company’s products who disregard the Company’s warnings about using the products while operating a motor vehicle or who use after-market accessories, such as batteries, that are not subject to the Company’s quality control procedures may also be at risk of bodily harm. The perception of risk to human health or other risks could adversely affect the demand for the Company’s products and allegations of risks relating to the Company’s products could result in litigation, which could distract management or result in liabilities for the Company, regardless of the merit of such claims.

The Company's worldwide operations subject it to income, indirect and other taxes in many jurisdictions, and the Company must exercise significant judgment in order to estimate its worldwide financial provision for income and other taxes. There can be no assurances that the Company's historical provisions and accruals for income and other taxes will be adequate.

The Company is subject to income, indirect (such as sales tax, sales and use tax and value-added tax) and other taxes in Canada and numerous foreign jurisdictions. Significant judgment is required in determining its worldwide liability for income, indirect and other taxes, as well as potential penalties and interest. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although the Company believes that its tax estimates are reasonable, there can be no assurances that the final determination of any tax audits will not be materially different from that which is reflected in historical income, indirect and other tax provisions and accruals. Should additional taxes or penalties and interest be assessed as a result of an audit, litigation or changes in tax laws, there could be a material adverse effect on the Company's current and future results and financial condition. In addition, there is a risk of recoverability of future deferred tax assets.

The Company's future effective tax rate will depend on the relative profitability of the Company's domestic and foreign operations, the statutory tax rates and taxation laws of the related tax jurisdictions, the tax treaties between the countries in which the Company operates, the timing of the release, if any, of the valuation allowance, and the relative proportion of research and development incentives to the Company's profitability.

A significant portion of the Company's assets are held in cash, cash equivalents, short-term or long-term investments, all of which are subject to market and credit risk.

The Company had total cash, cash equivalents and investments of $2.9 billion as at March 2, 2013, compared to $2.1 billion as at March 3, 2012. Cash equivalents, short term and other investments are invested primarily in debt securities of varying maturities. Consequently, the Company is exposed to interest rate risk and its results of operations may be adversely affected by changes in interest rates. The fair value of short term and other investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates.

Additionally, the Company is exposed to market and credit risk on its investment portfolio. While the Company's investment policies include investing in liquid, investment-grade securities and limiting investments in any single issuer, there can be no assurance that such investment policies will reduce or eliminate market or credit risks. See "Financial Condition" in Management's Discussion and Analysis of Financial Condi and Results of Operations for fiscal 2013 for a discussion of certain liquidity issues relating to the Company's investments in auction rate securities, structured investment vehicles and fixed income securities maintained in an investment account with State Street Bank and Trust Company for investments held in the United States and with State Street Trust Company Canada for investments held in Canada.

Failure of the Company's suppliers, subcontractors, third-party distributors and representatives to use acceptable ethical business practices or to comply with applicable laws could negatively impact the Company's business.

The Company expects its suppliers and subcontractors to operate in compliance with applicable laws, rules and regulations regarding working conditions, labor and employment practices, environmental compliance, anti-corruption (including the Foreign Corrupt Practices Act of the United States, the Corruption of Foreign Public Officials Act of Canada and the UK Bribery Act), and patent and trademark licensing as detailed in the Company's Supplier Code of Conduct. However, the Company does not directly control their labor and other business practices. If one of the Company's suppliers or subcontractors violates applicable labor, anti-corruption or other laws, or implements labor or other business practices that are regarded as unethical, or if a supplier or subcontractor fails to comply with procedures designed by the Company to adhere to existing or proposed regulations, the shipment of finished products to the Company could be interrupted, orders could be canceled, relationships could be terminated, the Company's reputation could be damaged, and the Company may be subject to liability. Any of these events could have a negative impact on the Company's business, results of operations and financial condition.

Copyright levies in numerous countries for the sale of products may negatively impact the Company's business.

The Company faces the possibility of copyright levies from collecting societies in European and other countries for the sale of products such as BlackBerry smartphones and tablets that might be used for the private copying of copyright protected works. The collecting societies argue that copyright levies should apply to such products because they include audio/video recording functionality, such as an MP3 player or storage capability, despite the fact that such products are not primarily intended to act as a recording device. If these levies are imposed, the Company's financial results may be negatively impacted. Furthermore, the Company may be required to pay copyright levies on products and services used by consumers to copy or stream copyrighted works. Non-compliance with these legal requirements could result in fines, imprisonment of local executives, and sanctions on the import and/or use of the Company's products or services.

The market price of the Company's common shares is volatile.

The market price of the Company's outstanding common shares has been and continues to be volatile due in part to highly volatile markets generally, particularly for technology company shares. A variety of events, including news announcements by the Company or its competitors, trading volume, general market trends for technology companies and other factors, could result in wide fluctuations in the market price for its common shares. The Company's share price may also be affected by factors such as the performance of other technology companies, increasing market share of such companies, announcements by or results of the Company's competitors, results of existing or potential litigation, updates to forward-looking financial guidance, announcements regarding new products and services and market rumors.

The Company's financial results are difficult to forecast and such results may not meet the expectations of analysts or investors, which would contribute to the volatility of the market price of the Company's common shares. The Company's financial results may not follow any past trends. In particular, the Company's entry into new markets and its introduction of new products may increase the difficulty of forecasting financial results. The Company's sales may also be impacted by current economic factors which more significantly impact other industry sectors, such as the financial, government and legal services sectors and increased adoption in those sectors of products of the Company's competitors. These sectors have represented the Company's largest end user concentration to date.

The Company's operating expenses are based on anticipated revenue levels, are relatively fixed in the short term to medium term and are incurred throughout the quarter; thus, fluctuations in operating profit are likely. Significant unanticipated sales and marketing, R&D, IT, professional and other costs may be incurred in a single quarter which will affect results. Additionally, many of the Company's products are subject to long sales cycles. As a result, if expected revenues are not realized as anticipated, or if operating expenses are higher than expected, the Company's financial results could be materially adversely affected. These factors can make it difficult to predict the Company's financial results. Difficulties forecasting financial results over longer periods increase significantly given the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the wireless communications industry.

In addition, a carrier may instruct the Company to deactivate a subscriber account, in which case the Company ceases billing the carrier with respect to such account from the date of its deactivation. On a quarterly basis, the Company may make an estimate of pending deactivations for certain carriers that do not use a fully-integrated provisioning system. It is, however, each carrier's responsibility to report changes to its subscriber account status on a timely basis to the Company. The Company's failure to meet the expectations of analysts or investors as a result of difficulties in predicting changes in its subscriber base may further contribute to the volatility of the market price of its common shares.

There could be adverse tax consequence for the Company's shareholders in the United States if the Company is or was a passive foreign investment company.

Under U.S. federal income tax laws, if a company is, or for any past period was, a passive foreign investment company ("PFIC"), there could be adverse U.S. federal income tax consequences to U.S. shareholders even if the Company is no longer a PFIC. The determination of whether the Company is a PFIC is a factual determination made annually based on various facts and circumstances and thus is subject to change, and the principles and methodology used in determining whether a company is a PFIC are subject to interpretation. While the Company does not believe that it is currently or has been a PFIC, there can be no assurances that the Company was not a PFIC in the past and will not be a PFIC in the future. U.S. shareholders are urged to consult their tax advisors concerning U.S. federal income tax consequences of holding the Company's common shares if the Company is or has been considered a PFIC.

The Company's charter documents enable its directors to issue preferred shares which may prevent a takeover by a third party.

The Company's authorized share capital consists of an unlimited number of common shares, an unlimited number of class A common shares and an unlimited number of preferred shares, issuable in one or more series. The Company's Board of Directors has the authority to issue preferred shares and determine the price, designation, rights, preferences, privileges, restrictions and conditions, including dividend rights, of these shares without any further vote or action by shareholders. The rights of the holders of common shares will be subject to, and may be adversely affected by, the rights of holders of any preferred shares that may be issued in the future. The Company's ability to issue preferred shares could make it more difficult for a third party to acquire a majority of the Company's outstanding voting shares, the effect of which may be to deprive the Company's shareholders of a control premium that might otherwise be realized in connection with an acquisition of the Company.

DIVIDEND POLICY AND RECORD

The Company has not paid any cash dividends on its common shares during the last three fiscal years. The Company will consider paying dividends on its common shares in the future when circumstances permit, having regard to, among other things, the Company's earnings, cash flows and financial requirements, as well as relevant legal and business considerations.

DESCRIPTION OF SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of voting common shares without par value, an unlimited number of non-voting, redeemable, retractable class A common shares without par value, and an unlimited number of non-voting, cumulative, redeemable, retractable preferred shares without par value, issuable in series. Only common shares are issued and outstanding.

Common Shares

Each common share is entitled to one vote at meetings of the shareholders and to receive dividends if, as and when declared by the board of directors. Dividends which the board of directors determine to declare and pay shall be declared and paid in equal amounts per share on the common shares and class A common shares at the time outstanding without preference or distinction. Subject to the rights of holders of shares of any class of share ranking prior to the class A common shares and common shares, holders of class A common shares and common shares are entitled to receive the Company's remaining assets ratably on a per share basis without preference or distinction in the event that it is liquidated, dissolved or wound-up.

Class A Common Shares

The holders of class A common shares are not entitled to receive notice of or attend or vote at any meeting of the Company's shareholders, except as provided by applicable law. Each such holder is entitled to receive notice of and to attend any meetings of shareholders called for the purpose of authorizing the dissolution or the sale, lease or exchange of all or substantially all of the Company's property other than in the ordinary course of business and, at any such meeting, shall be entitled to one vote in respect of each class A common share on any resolution to approve such dissolution, sale, lease or exchange. Dividends are to be declared and paid in equal amounts per share on all the class A common shares and the common shares without preference or distinction. The Company authorized for issuance the class A common shares when the Company was a private company to permit employees to participate in equity ownership. Class A common shares previously issued by the Company to such employees were converted on a one-for-one basis into common shares in December 1996 at the time that the Company became a reporting issuer in the Province of Ontario by filing a prospectus with respect to a special warrant offering completed in the Province of Ontario in 1997. At this time, the Company has no plans to issue further class A common shares. Subject to the rights of holders of any class of share ranking prior to the class A common shares and common shares, in the event that the Company is liquidated, dissolved or wound-up, holders of class A common shares and common shares are entitled to receive the remaining assets ratably on a per share basis without preference or distinction.

Preferred Shares

The holders of preferred shares are not entitled to receive notice of or to attend or vote at any meeting of the Company's shareholders, except as provided by applicable law. Preferred shares may be issued in one or more series and, with respect to the payment of dividends and the distribution of assets in the event that the Company is liquidated, dissolved or wound-up, rank prior to the common shares and the class A common shares. The Company's board of directors has the authority to issue series of preferred shares and determine the price, number, designation, rights, privileges, restrictions and conditions, including dividend rights, of each series without any further vote or action by shareholders. The holders of preferred shares do not have pre-emptive rights to subscribe to any issue of the Company's securities. At this time there are no preferred shares outstanding and the Company has no plans to issue any preferred shares.

MARKET FOR SECURITIES OF THE COMPANY

The Company's common shares are listed and posted for trading on The Toronto Stock Exchange under the symbol "BB" and are listed on the NASDAQ Global Select Market under the symbol "BBRY". The volume of trading and price ranges of the Company's common shares on the NASDAQ Global Select Market and the Toronto Stock Exchange during the previous fiscal year are set out in the following table:

	Common Shares – TSX		Common Shares – NASDAQ	
Month	Price Range (CDN $)	Average Daily Volume	Price Range (US $)	Average Daily Volume
March 2012	$12.80-$14.90	2,617,709	$12.83-$14.92	21,359,923
April 2012	$12.53-$14.95	2,162,005	$12.55-$14.99	20,649,955
May 2012	$10.30-$14.27	2,197,150	$10.01-$14.42	18,414,764
June 2012	$7.48-$11.31	2,084,405	$7.34-$11.09	20,821,533
July 2012	$6.66-$8.48	2,863,233	$6.56-$8.32	21,898,533
August 2012	$6.52-$8.43	2,097,000	$6.61-$8.49	16,953,270
September 2012	$6.10-$8.05	3,430,732	$6.22-$8.20	31,296,605
October 2012	$7.15-$8.30	2,008,505	$7.27-$8.45	18,713,910
November 2012	$8.03-$12.20	5,478,505	$8.01-$12.30	40,480,129
December 2012	$10.50-$14.00	6,293,528	$10.59-$14.21	46,564,185
January 2013	$11.27-$18.49	9,226,045	$11.40-$18.32	74,480,576
February 2013	$12.86-$17.25	7,922,942	$12.15-$17.22	66,196,147

DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, the Company currently has a board of directors comprised of twelve persons. Pursuant to a special resolution of shareholders, the directors are authorized from time to time to increase the size of the board of directors, and to fix the number of directors, up to the maximum of 15 persons, as currently provided under the articles of the Company, without the prior consent of the shareholders.

The following table sets forth the name, municipality of residence and, except as provided below, principal occupation during the last five years of each of the Company's directors and executive officers as of March 2, 2013. Each director is elected at the annual meeting of shareholders to serve until the next annual meeting or until a successor is elected or appointed.

On December 20, 2012, the Company announced the retirement of Robin Bienfait, Chief Information Officer.

Name, Municipality of Residence and Present Principal Occupation	Director Since	Position(s) with the Company
Thorsten Heins (3) (4) Waterloo, Ontario President and Chief Executive Officer, BlackBerry	2012	Director, President and Chief Executive Officer
Barbara Stymiest, FCPA, FCA (1) (2) (3) (4) (5) Toronto, Ontario Corporate Director	2007	Director, Chair
Mike Lazaridis (3) (4) (6) Waterloo, Ontario Corporate Director	1984	Director, Vice Chair
Timothy Dattels (3) (4) San Francisco, CA Senior Partner, TPG Capital, LP	2012	Director
David Kerr, CPA, CA (1) (2) (3) Toronto, Ontario Managing Partner, Edper Financial Group	2007	Director
Claudia Kotchka, CPA (1) (3) (4) Cincinnati, Ohio Corporate Director	2011	Director

Richard Lynch [2] [3] New Hope, Pennsylvania President, FB Associates, LLC	2013	Director
Roger Martin [3] [4] Toronto, Ontario Dean, The Rotman School of Management	2007	Director
Bert Nordberg [2] [3] Malmo, Sweden Corporate Director	2013	Director
John Richardson, FCPA, FCA [1] [2] [3] Toronto, Ontario Corporate Director	2003	Director
Prem Watsa [3] Toronto, Ontario Chief Executive Officer, Fairfax Financial Holdings Limited	2012	Director
John Wetmore [2] [3] Toronto, Ontario Corporate Director	2007	Director
Brian Bidulka, CPA, CA Burlington, Ontario Chief Financial Officer, BlackBerry	N/A	Chief Financial Officer
Frank Boulben New York, New York Chief Marketing Officer, BlackBerry	N/A	Chief Marketing Officer
Kristian Tear Waterloo, Ontario Chief Operating Officer, BlackBerry	N/A	Chief Operating Officer
Steve Zipperstein Santa Barbara, California Chief Legal Officer & Corporate Secretary, BlackBerry	N/A	Chief Legal Officer & Corporate Secretary

Notes:

1 Member of the Audit and Risk Management Committee.
2 Member of the Compensation, Nomination and Governance Committee.
3 Member of Strategic Planning Committee.
4 Member of the Innovation Committee.
5 Chair of the Board of Directors
6 On March 28, 2013, the Company announced that Mr. Lazaridis will resign as Vice Chair and as a director of the Company effective May 1, 2013.

As at March 2, 2013, the above directors and executive officers of the Company beneficially owned, or controlled or directed, directly or indirectly, approximately 30 million common shares of the Company representing approximately 6% of the issued and outstanding common shares of the Company. In addition, as of such date, Fairfax Financial Holdings Limited ("Fairfax") and certain of its wholly-owned or controlled subsidiaries beneficially owned approximately 52 million common shares of the Company (the "Fairfax Shares") representing approximately 10%

of the issued and outstanding common shares of the Company. Prem Watsa, a director of the Company, is the Chairman and Chief Executive Officer of Fairfax and may be deemed under applicable U.S. securities laws to beneficially own the Fairfax Shares by virtue of his position at Fairfax.

During the past five years, each of the directors and executive officers of the Company has been engaged in their current principal occupation as specified above except: Mr. Thorsten Heins who prior to January 2012 was Chief Operating Officer, Product & Sales and formerly was Senior Vice President, Handheld Business Unit of the Company, previous to that he was Chief Technology Officer of Siemens' Communications Division; Mr. Mike Lazaridis who prior to 2012 was President, Co-Chief Executive Officer and Co-Chair of the Company; Ms. Barbara Stymiest who prior to 2012 was a member of the Group Executive, Royal Bank of Canada; Ms. Claudia Kotchka who prior to 2009 was Vice President, Design Innovation & Strategy, Proctor & Gamble; Mr. Richard Lynch who prior to 2011 was Executive Vice President, Strategic Technology Initiatives, Verizon Communications Inc., and prior to that Executive Vice President and Chief Technology Officer, Verizon Communications Inc.; Mr. Bert Nordberg who prior to 2012 was President and Chief Executive Officer, Sony Ericsson Mobile Communications AB, and prior to that Executive Vice President, LM Ericsson Inc.; Mr. Brian Bidulka who prior to December 2009 was Chief Accounting Officer of the Company; Mr. Frank Boulben who prior to June 2012 was Executive Vice President for Strategy, Marketing and Sales, LightSquared, and prior to that he was Global Director of Commercial Strategy, Vodafone Group; Mr. Kristian Tear who prior to August 2012 was Executive Vice President, Sony Mobile Communications AB; and Mr. Steve Zipperstein who prior to July 2012 was Vice President, General Counsel and Corporate Secretary for Verizon Wireless.

The Company's Board of Directors has four standing committees: an Audit and Risk Management Committee, Compensation Nomination and Governance Committee, Strategic Planning Committee and Innovation Committee, the members of which are noted above. The Company does not have an Executive Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than set out below, none of the directors or executive officers is, as at the date of this AIF, or was within 10 years before the date of the AIF, a director or chief executive officer or chief financial officer of any company (including the Company) that:

a) was subject to an order (as defined in National Instrument 51-102F2 of the Canadian Securities Administrators) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer, or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer, or chief financial officer.

Other than as set out below, none of the directors, executive officers or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company,

a) is, at the date of this Annual Information Form, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

b) has, within the 10 years before this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

On November 7, 2006, as a result of the Company failing to file its second quarter financial statements for fiscal 2007 before the statutory filing deadline of October 17, 2006 a management cease trade order (the "MCTO") was issued by the OSC that applied to Messrs. Lazaridis, Richardson and Bidulka as well as certain of the Company's other senior officers and certain insiders of the Company. The MCTO prohibited trading in the Company's securities by its senior officers, directors and certain insiders during the time that the MCTO was in effect. The MCTO was revoked on May 23, 2007 after the required securities filings were made by the Company with the OSC.

In February 2009, the Company and certain of its officers and directors entered into settlement agreements with the OSC and SEC to resolve the OSC and SEC investigations relating to the Company's historical stock option granting practices. For a detailed discussion of these settlements, see the sections entitled "Restatement of Previously Issued Financial Statements – OSC Settlement" and "Restatement of Previously Issued Financial Statements – SEC Settlement" in the MD&A for the fiscal year ended February 28, 2009, which can be found under the Company's profile on www.sedar.com.

Mr. Boulben was an officer of LightSquared Company from March 2010 until April 2012. On May 14, 2012, LightSquared announced that it had commenced voluntarily reorganization cases under Chapter 11 of the U.S. Bankruptcy Code. On May 18, 2012, the Ontario Superior Court of Justice granted an initial recognition order under the *Companies' Creditors Arrangement Act* recognizing LightSquared's Chapter 11 proceedings.

Audit and Risk Management Committee

The Audit and Risk Management Committee's purpose is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control, and legal compliance and risk management functions of the Company and its subsidiaries. It is the objective of the Audit and Risk Management Committee to maintain free and open means of communications among the Board, the independent auditors and the financial and senior management of the Company.

The full text of the Audit and Risk Management Committee's Charter is included as Appendix A to this Annual Information Form.

Mr. Kerr, Ms. Kotchka, Ms. Stymiest and Mr. Richardson are the members of the Committee, each of whom is a director of the Company and independent and financially literate under Sections 1.4 and 1.5 of National Instrument 52-110 of the Canadian Securities Administrators-Audit Committees and the rules and regulations of the NASDAQ Stock Market. The members of the Audit and Risk Management Committee bring significant skill and experience to their responsibilities including professional experience in accounting, business and finance. The specific education and experience of each member that is relevant to the performance of his or her responsibilities as such member of the Audit and Risk Management Committee are set out below:

David Kerr, B.Sc., CPA, CA (Chair) – Mr. Kerr has a B.Sc. from McGill University. Mr. Kerr is Managing Partner of Edper Financial Corporation, a financial management company. From July 2002, to August 2006, Mr. Kerr was Chairman of Falconbridge Limited (formally Noranda Inc.) and prior to that he was President and Chief Executive Officer of Falconbridge Limited. Mr. Kerr is a director of Brookfield Asset Management Inc.; Sun Life Financial Corporation; Halmont Properties Corporation; the Toronto Rehabilitation Hospital Foundation; and the Special Olympics Canada Foundation.

Claudia Kotchka, B.B.A., CPA – Ms. Kotchka has a B.B.A., Cum Laude, from Ohio University and is a Certified Public Accountant. Ms. Kotchka held various executive roles during her 31 year career at Procter & Gamble, including Vice-President, Design Innovation & Strategy from 2001 to 2009. Ms. Kotchka is an independent consultant to Fortune 500 companies on innovation, strategy and design and is also a speaker at conferences and forums on design and innovation and has been a guest lecturer at business school and universities. She is a Member of the Board of Trustees of the Smithsonian Design Museum and an Advisor with Stanford University Institute of Design. She has also served on a number of charitable organizations including as a member of the United Way Women's Leadership Council, as well as a member of the Board of Directors of the Audubon Society and Reading for Life.

Barbara Stymiest, FCPA, FCA – Ms. Stymiest has an HBA from the Richard Ivey School of Business, University of Western Ontario and FCA from the Institute of Chartered Accountants of Ontario. From 2004 to 2011, Ms. Stymiest held various senior management positions in the Royal Bank of Canada and served as a member of the Group Executive responsible for the overall strategic direction of the company. Prior to this, Ms. Stymiest held positions as Chief Executive Officer at TSX Group Inc., Executive Vice-President & CFO at BMO Nesbitt Burns and Partner of Ernst & Young LLP. Ms. Stymiest is currently a Director of George Weston Limited, Sun Life Financial Inc., University Health Network and the Canadian Institute for Advanced Research.

John Richardson, B. Comm., MBA, FCPA, FCA – Mr. Richardson has a Bachelor of Commerce Degree from the University of Toronto, an MBA from the Harvard Business School and FCA from the Institute of Chartered Accountants of Ontario.
Mr. Richardson was appointed Chairman of the Ontario Pension Board in July 2004 and retired at the end of his three year term on June 30, 2007. He was a former senior partner of Clarkson Gordon & Co; Executive Vice President of

Lonvest Corporation (now London Insurance Group Inc.); President of Great Lakes Power, Deputy Chairman of London Insurance Groups Inc.; Chairman, President and CEO of Wellington Insurance; and Chairman of London Guarantee Insurance Company. Mr. Richardson was a past board member with the Insurance Bureau of Canada and the Facility Association. Mr. Richardson is currently Chairman of Boiler Inspection and Insurance Co. Limited, and a Director of Armtec Infrastructure Inc.

The Board has also determined that each of Mr. Kerr, Ms. Stymiest and Mr. Richardson is an audit committee financial expert within the meaning of General Instruction B(8)(a) of Form 40-F under the U.S. Securities Exchange Act of 1934, as amended. The SEC has indicated that the designation of a person as an audit committee financial expert does not make such person an "expert" for any purpose, impose any duties, obligations or liability on such person that are greater than those imposed on members of the Audit Committee and the Board who do not carry this designation or affect the duties, obligations or liability of any other member of the audit committee or the Board.

As set out in the Audit and Risk Management Committee's charter, the committee is responsible for pre-approving all non-audit services to be provided to the Company by its independent external auditor. The Company's practice requires senior management to report to the Audit and Risk Management Committee any provision of services by the auditors and requires consideration as to whether the provision of the services other than audit services is compatible with maintaining the auditor's independence. All audit and audit-related services are pre-approved by the Audit and Risk Management Committee.

Audit Fees

The aggregate fees billed by Ernst & Young LLP (EY) chartered accountants, the Company's independent external auditor, for the fiscal years ended March 2, 2013 and March 3, 2012, respectively, for professional services rendered by EY for the audit of the Company's annual financial statements or services that are normally provided by EY in connection with statutory and regulatory filings or engagements for such fiscal years were $4,195,000 and $3,331,000 respectively.

Audit-Related Fees

The aggregate fees billed by EY for the fiscal years ended March 2, 2013 and March 3, 2012, respectively, for assurance and related services rendered by EY that are reasonably related to the performance of the audit review of the Company's financial statements and are not reported above as audit fees were $107,000 and $195,000.

Tax Fees

The aggregate fees billed by EY for the fiscal years ended March 2, 2013 and March 3, 2012, respectively, for professional services rendered by EY for tax compliance, tax advice, tax planning and other services were $13,000 and $Nil respectively. Tax services provided included international tax compliance engagements.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the Company's knowledge, there were no directors or executive officers or any associate or affiliate of a director or executive officer with a material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar in Canada is Computershare Investor Services Inc. of Canada, 100 University Ave., 9th Fl., Toronto, Ontario M5J 2Y1. The co-transfer agent and registrar for the common shares in the United States is Computershare Trust Company, Inc. at its offices in Denver, Colorado.

MATERIAL CONTRACTS

Other than as noted below, the Company has not entered into any material contracts, on or after January 1, 2002, that are required to be filed pursuant to NI 51-102 of the Canadian Securities Administrators. The Company has entered into a licensing and settlement agreement with NTP, Inc. (the "Settlement and Licensing Agreements") both of which can be found under the Company's profile on www.sedar.com. The Settlement and Licensing Agreements are summarized in the Company's material change report filed on SEDAR on March 10, 2006, which is incorporated by reference in the AIF.

INTERESTS OF EXPERTS

Ernst & Young LLP, Chartered Accountants, Licensed Public Accountants, is the external auditor who prepared the Independent Auditors' Report to Shareholders in respect of the audited annual consolidated financial statements of the Company for the year ended March 2, 2013 and the Report to Shareholders of an Independent Registered Public Accounting Firm on the Company's internal controls over financial reporting. Ernst & Young LLP is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario and applicable securities laws.

ADDITIONAL INFORMATION & DOCUMENTS INCORPORATED BY REFERENCE

Additional information related to the Company can be found on SEDAR at www.sedar.com or on the SEC's website at www.sec.gov. Additional financial information is provided in the Company's audited consolidated financial statements and the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended March 2, 2013, which can be found at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness to the Company, principal holders of the securities of the Company and securities authorized for issuance under equity compensation plans, is contained in the Company's most recent management information circular.

GLOSSARY

Set forth below are certain terms defined as they are used in this annual information form:

1xRTT	Single carrier (1X) Radio Transmission Technology. 1xRTT is the first phase in CDMA's evolution to third-generation (3G) technology. 1xRTT networks should allow for greater network capacity (more users; fewer dropped calls) high bit rate packet data transfer.
3G wireless	Third generation (3G) wireless. Third generation wireless is a global framework that is implemented regionally in Europe (UMTS), North America (CDMA2000) and Japan (NTT DoCoMo). 3G is designed for high-speed wireless multimedia data and voice. It plans to offer high-quality audio and video and advanced global roaming, which means users would be able to go anywhere and automatically be handed off to whatever wireless system is available.
4G wireless	Fourth generation (4G) wireless. Fourth generation is successor to 3G and 2G standards. The nomenclature of the generations generally refers to a change in the fundamental nature of the service. The first was the move from analogue to digital (2G), which was followed by multi-media support (3G) and now 4G, which refers to all IP packet-switched networks and increases in data speeds.
Analog	Analog transmission uses energy waves to transmit information. In the case of wireless voice transmission, the sound waves of a human voice are converted directly to specific, continuously variable characteristics of a radio wave. Broadcast and telephone transmission have typically used analog technology.
API	Application Programming Interface.
ASIC	Application Specific Integrated Circuit.
BlackBerry Authentic Accessories	A range of BlackBerry approved accessories that enhance a user's product experience through personalization and convenience. This includes carrying, protection, audio, and power solutions
Bluetooth®	Bluetooth is a specification for the use of low-power radio communications to wirelessly link phones, computers and other network devices over short distances.
CDMA	Code Division Multiple Access. A method for transmitting simultaneous signals over a shared portion of the spectrum. The foremost application of CDMA is the digital cellular phone technology from QUALCOMM that operates in the 800MHz band and 1.9GHz PCS band. Unlike GSM and TDMA, which divides the spectrum into different time slots, CDMA uses a spread spectrum technique to assign a code to each conversation.
Common Criteria Certification	An internationally approved set of security standards that provide an independent and objective validation of the security of a particular IT solution or product. This certification is accepted by 25 countries under the Common Criteria Recognition Agreement which includes the US, Canada, Germany, France and many others.

CRM	Customer Relationship Management. Customer relationship management is strategy for managing a company's interactions with customers and sales prospects. It involves using technology to organize, automate and synchronize business processes—principally sales related activities, but also those for marketing, customer service, and technical support.
Denial of Service Attack	An attack designed to flood a network with unnecessary traffic in order to prevent legitimate users of a system from having access.
Digital	A way of processing information by storing it as binary numbers. A digital circuit is either on or off, and a digital signal is either present or absent. Contrast with analog.
EDGE	See 3G Wireless.
EMS	Electronics Manufacturing Services. Is a term used for companies that design, test, manufacture, distribute, and provide return/repair services for electronic components and assemblies for original equipment manufacturers (OEMs).
Firewall	A technological barrier designed to prevent unauthorized or unwanted communications between sections of a computer network.
Firmware	Computer programming instructions that are stored in a read-only memory unit, including flash, ROM, PROM, EPROM and EEPROM, rather than being implemented through software.
GPRS	General Packet Radio Service. An enhancement to the GSM (see below) mobile communications system that supports data packets. GPRS enables continuous flows of IP data packets over the system for such applications as Web browsing and data access. GPRS differs from GSM's short messaging service, which is limited to messages of 160 bytes in length.
GPS	Global Positioning System.
GSM	Global System for Mobile Communications. A digital cellular phone technology based on TDMA that is the predominant system in Europe, but is also used around the world. Operating in the 900MHz and 1.8GHz bands in Europe and the 1.9GHz PCS band in the U.S., GSM defines the entire cellular system, not just the air interface (i.e. TDMA, CDMA). GSM phones use a Subscriber Identity Module (SIM) smart card that contains user account information.
HDI	High Density Interconnect. A measure of the average amount of circuitry package in a given area of assembly.
HSPA	High-Speed Packet Access. A family of radio interface standards that will improve the speed and accuracy of traffic over cellular networks. HSPA builds on the existing WCDMA technology that has already been deployed to allow carriers to offer better speeds and larger bandwidth intensive services like streaming audio and video.
Hybrid PBXs	Hybrid PBXs support both traditional Time Division Multiplexed (TDM) phones to VoIP, easing the transition from TDM to VoIP.
iDEN	Integrated Digital Enhanced Network. A wireless communications technology from Motorola that provides support for voice, data, short messages (SMS) and dispatch radio (two-way radio) in one phone. Operating in the 800MHz and 1.5GHz bands and based on TDMA, iDEN

	uses Motorola's VSELP (Vector Sum Excited Linear Predictors) vocoder for voice compression and QAM modulation to deliver 64 Kbps over a 25 kHz channel. Each 25 kHz channel can be divided six times to transmit any mix of voice, data, dispatch or text message. Used by various carriers around the globe, Nextel Communications provides nationwide coverage in the U.S.
IM	Instant Messaging. A medium which enables two or more people to communicate in real time utilizing typed text over an electronic network.
IP	Intellectual Property. Intangible property that is the result of creativity (such as patents or trademarks or copyrights).
IPSec	Internet Protocol Security. Allows for the securing of IP communications by authenticating and encrypting IP packet of a communication exchange from host-to-host.
ISP	Internet Service Provider. A business that supplies Internet connectivity services to individuals, businesses and other organizations.
ITC	Income Tax Credit.
Java	An object-oriented programming language developed by Sun Microsystems, Inc. Java™ was designed to be secure and platform-neutral such that it can be run on any type of platform, making Java a useful language for programming Internet applications.
LTE	Long Term Evolution is a wireless communication standard of high-speed data for smartphones and data terminals
MVS	Mobile Voice Service. BlackBerry MVS converges office desk phones and BlackBerry® smartphones, extending the same mobility advantages the BlackBerry® Enterprise Solution provides for wireless email and data to voice communications.
NFC	Near Field Communication. Technology that allows smartphones and similar devices to link together through radio communication, when tapping them together, or bringing them into close proximity.
NOC	Network Operations Centre. A central location for network management. It functions as a control centre for network monitoring, analysis and accounting.
PBX	Private Branch Exchange. A private telephone network used within an enterprise. Users share a fixed number of outside lines instead of being provided with one outside line for each individual user. This allows for use of extensions as opposed to direct dial numbers.
PDA	Personal digital assistant. A hand held portable microcomputer.
PIM	Personal Information Management.
Packet-Switched Network	A network in which the data to be transmitted is divided into standard-sized packets, each of which is given the receiver's address. Each of the packets that make up the transmission travels separately; packets do not have to travel in sequence or by the same paths. When all the packets have arrived at their destination, the receiver reassembles them into the original message.
Prosumer	Prosumer refers to 'professional consumers'. The prosumer is typically looking to purchase and use professional-level equipment for both their business and personal lives.

	BlackBerry Prosumer is a hosted wireless email solution for professional consumers and does not include access to the BlackBerry Enterprise Server solution.
QWERTY	The modern-day keyboard layout on English-language computer and typewriter keyboards. It takes its name from the first six characters seen in the far left of the keyboard's top row of letters.
ROM	Read Only Memory. A class of storage media used in computers and other electronic devices. Once data has been written to a ROM chip, it cannot be removed and can only be read.
SDK	Software Developers Kit. A set of software routines and utilities used to help programmers write an application.
SME	Small and Medium-sized Enterprise.
SMS	Short Message Service. A text message service that enables short messages of generally no more than 140-160 characters in length to be sent and transmitted from a wireless device and is broadly supported on cellular phones. SMS was introduced in the GSM system and later supported by all other digital-based mobile communications systems.
SSL	Secure Sockets Layer. Protocols that provide security to Internet communications by encrypting the segments of network connections.
UMTS	See 3G wireless.
Virtual pre-load	An icon or program sent wirelessly to a user's device without the end user initiating the transfer.
WCDMA	See 3G wireless.
Wi-Fi	Wireless Fidelity. A generic term for referring to wireless network components that run on the Wi-Fi Alliances IEEE 802.11 wireless standards. The standard was created so that manufacturers could produce wireless equipment that would be compatible with one another.

APPENDIX A

CHARTER OF THE AUDIT AND RISK MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS OF RESEARCH IN MOTION LIMITED AS ADOPTED BY THE BOARD ON SEPTEMBER 27, 2012

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1. AUTHORITY

The Audit and Risk Management Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Research In Motion Limited (the "**Corporation**") is established pursuant to Section 5.03 of the Corporation's By-law No. A3 and Section 158 of the Ontario Business Corporations Act. The Committee shall be comprised of three or more directors as determined from time to time by resolution of the Board. Consistent with the appointment of other Board committees, the members of the Committee shall be appointed by the Board at the annual organizational meeting of the Board or at such other time as may be determined by the Board, and shall serve until the earlier of (i) the death of the member; or (ii) the resignation, disqualification or removal of the member from the Committee or from the Board. The Chair of the Committee shall be a member of the Committee designated by the Board, provided that if the Board does not so designate a Chair, the members of the Committee, by majority vote, may designate a Chair. The duties of the Chair are included in Annex A.

The presence in person or by telephone of a majority of the Committee's members shall constitute a quorum for any meeting of the Committee. All actions of the Committee will require the vote of a majority of its members present at a meeting of the Committee at which a quorum is present. Any decision or determination of the Committee reduced to writing and signed by all members of the Committee who would have been entitled to vote on such decision or determination at a meeting of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

2. PURPOSE OF THE COMMITTEE

The Committee's purpose is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation and its subsidiaries as well as the oversight of the risk performance and audit function, including risk management frameworks, principles and policies to ensure that management is effectively managing the Corporation's risks. It is the objective of the Committee to maintain free and open means of communication among the Board, the independent auditors and the financial and senior management of the Corporation.

3. COMPOSITION OF THE COMMITTEE

Each member of the Committee shall be an "independent" director within the meaning of Section 301 of the Sarbanes-Oxley Act of 2002 ("**Sarbanes-Oxley**"), the rules promulgated thereunder by the Securities and Exchange Commission (the "**SEC**"), the rules of the NASDAQ Stock Market and National Instrument 52-110 "Audit Committees" of the securities regulators in Canada , and, as such, shall be free from any relationship that may interfere with the exercise of his or her independent judgment as a member of the Committee.

All members of the Committee shall be financially literate at the time of their election to the Committee. "Financial literacy" shall be determined by the Board in the exercise of its business judgment, and shall include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably expected to be raised by the Corporation's financial statements. At least one member of the Committee shall be an "audit committee financial expert" with the meaning of Section 407 of Sarbanes-Oxley and the rules promulgated thereunder by the SEC. Members of the Committee may not serve, in the aggregate, on more than 3 audit committees of public companies, unless the Board has determined that such service will not impair the member's ability to serve on the Committee.

Committee members, if they or the Board deem it appropriate, may enhance their understanding of finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant or firm. At least annually, the Committee shall review its performance and the contribution of each of its members. This review will be completed on a confidential basis in conjunction with the annual Board performance review process.

4. MEETINGS OF THE COMMITTEE

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. The Chair or any member of the Committee may call meetings of the Committee by notifying the Corporate Secretary of the Corporation. Notice of meetings may be done through any efficient communication medium (i.e. email, facsimile, mail, etc.) provided the notification is capable of being received at least twenty-four (24) hours in advance of the meeting. Each member of the Committee shall be responsible for providing up-to-date contact information to the Corporate Secretary to ensure efficient and timely communication. All independent directors may attend Committee meetings, provided that directors who are not members of the Committee shall not be entitled to vote, nor shall their attendance be counted as part of the quorum of the Committee.

As part of its purpose to foster open communications, the Committee shall meet at least annually with management and the Corporation's independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups or persons believe should be discussed privately. The Committee will have unrestricted access to management and employees of the Corporation in order to carry out its duties and responsibilities. In addition, the Committee should meet or confer with the independent auditors and management to review the Corporation's financial statements, MD&A, annual and interim earnings press releases and related filings prior to their public release and filing with the Ontario Securities Commission ("**OSC**"), the SEC or any other regulatory body. The Chair should work with the Chief Financial Officer and management to establish the agendas for Committee meetings. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

Minutes of the Committee will be recorded and maintained by the Corporate Secretary and presented to the Committee at the next Committee meeting for approval. The Corporate Secretary, or his/her designate as approved by the Committee Chair, shall act as secretary for the meetings. For in camera sessions of the Committee without management present, minutes will be recorded and maintained by the Chair of the Committee or his/her designate. Each member of the Board will have access to the minutes of the Committee's meetings, regardless of whether he or she is a member of the Committee, and the Chair shall report to the Board at its next meeting on the activities, findings and recommendations of the Committee following each meeting. Minutes relating to in camera sessions may be provided to Board members with the consent of the Chair.

5. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee is responsible for the oversight of the Corporation's accounting, financial reporting and risk management processes, including (i) the Corporation's internal controls, and the nomination and appointment (subject to Board and shareholder approval), compensation, retention, evaluation and oversight of the work of the Corporation's independent auditors engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and (ii) the oversight of the Corporation's Risk Performance and Audit Group ("**RPA Group**") as more particularly detailed below. The independent auditors and the RPA Group, through the leader of the RPA Group or his/her designee must report and otherwise communicate directly to the Committee and are accountable to the Committee. The Committee's oversight responsibilities include the authority to approve all audit engagement fees and terms, as well as all permitted non-audit engagements and resolution of disagreements between management and the independent auditors regarding financial reporting as well as oversight of the annual audit plan of the RPA Group. The Committee shall take such actions as it may deem necessary to satisfy itself that the Corporation's auditors are independent of management within the meaning of applicable law.

While there is no “blueprint” to be followed by the Committee in carrying out its duties and responsibilities, the following should be considered within the authority of the Committee:

Selection and Evaluation of External Auditors

(1) Make recommendations to the Board as to the selection of the firm of independent public accountants to audit the books and accounts of the Corporation and its subsidiaries for each fiscal year;

(2) Review and approve the Corporation’s independent auditors’ annual engagement letter, including the proposed fees contained therein;

(3) Review the performance of the Corporation’s independent auditors, including the lead partner, discuss the timing and process for implementing the rotation of the lead partner, and make recommendations to the Board regarding the replacement or termination of the independent auditors when circumstances warrant;

(4) Oversee the independence of the Corporation’s independent auditors by, among other things:

(i) requiring the independent auditors to deliver to the Committee on a periodic basis a formal written statement delineating all relationships between the independent auditors and the Corporation;

(ii) reviewing and approving hiring policies concerning partners, employees and former partners and employees of the present and former independent auditors; and

(iii) actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and taking appropriate action to satisfy itself of the auditors’ independence;

(5) Instruct the Corporation’s independent auditors that:

(i) they are ultimately accountable to the Committee;

(ii) they must report directly to the Committee; and

(iii) the Committee is responsible for the appointment (subject to Board and shareholder approval), compensation, retention, evaluation and oversight of the Corporation’s independent auditors;

(6) Review and pre-approve all audit and permitted non-audit services to be provided by the independent auditors to the Corporation, including tax services;

Oversight of Annual Audit and Quarterly Reviews

(1) Review and accept, if appropriate, the annual audit plan of the Corporation's independent auditors, including the scope of audit activities, and monitor such plan's progress and results during the year;

(2) Confirm through private discussions with the Corporation's independent auditors and the Corporation's management that no management restrictions are being placed on the scope of the independent auditors' work;

(3) Review the results of the year-end audit of the Corporation, including (as applicable):

(i) the audit reports on the Corporation's financial statements and management's assessment of internal control over financial reporting, the published financial statements, the management representation letter, the "Memorandum Regarding Accounting Procedures and Internal Control" or similar memorandum prepared by the Corporation's independent auditors, any other pertinent reports and management's responses concerning such memorandum;

(ii) the qualitative judgments of the independent auditors about the appropriateness, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Corporation and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates;

(iii) the selection and application of the Corporation's critical accounting policies;

(iv) the methods used to account for significant unusual transactions;

(v) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;

(vi) management's process for formulating sensitive accounting estimates and the reasonableness of these estimates;

(vii) significant recorded and unrecorded audit adjustments;

(viii) any material accounting issues among management, the RPA Group (as defined below) and the independent auditors; and

(ix) other matters required to be communicated to the Committee under applicable auditing standards by the independent auditors;

(4) Review the Corporation’s interim financial statements and quarterly earnings press releases and report thereon to the Board before such documents are approved by the Board and disclosed to the public;

(5) Review with management and the Corporation’s independent auditors such accounting policies (and changes therein) of the Corporation, including any financial reporting issues which could have a material impact on the Corporation’s financial statements, as are deemed appropriate for review by the Committee prior to any year-end filings with the SEC, the OSC or other regulatory body;

Oversight of Risk Management

(1) Require management to identify and review with the Committee a portfolio view of the major areas of risk facing the Corporation and management’s strategies to manage those risks;

(2) Review, at least annually, management’s risk appetite;

(3) At least annually, review in light of risk appetite, the Corporation’s enterprise risk management process, including key policies and procedures for the effective identification, assessment, monitoring and control of the Corporation’s principal risks and the Corporation’s compliance with such policies and procedures;

(4) Require, at least quarterly, management to update the Committee on any material or noteworthy changes relating to (1)-(3), immediately above, and the activities of the Corporation’s Risk Management and Compliance Council;

(5) Consult periodically with the Compensation, Nomination and Governance Committee and the Strategic Planning Committee on risk management matters within their respective purview;

(6) Encourage an open and constructive risk dialogue between the Board and management on areas relating to risk management;

Oversight of the RPA Group and Quarterly Reviews

(1) Review the Committee’s level of involvement and interaction with the Corporation’s RPA Group, including the Committee’s line of authority and role in appointing and compensating employees in the RPA Group;

(2) Review and advise on the appointment, replacement, reassignment, or dismissal of the leader of the RPA Group;

(3) Review the performance, effectiveness, degree of independence and objectivity of the RPA Group and the adequacy of its audit process;

(4) Review RPA Group reports, as well as management's response to such reports, and review and approve the annual audit plan of the RPA Group, including the proposed audit universe, priorities, staffing, and, on a quarterly basis, the status of the audit plan and the then current assessment and management of risk;

(5) Review the effectiveness of the RPA Group's methodology relating to its assessment of risks to the Corporation, including the factors considered and the relative weighting of such factors, and consider changes in management's assessment of risks;

(6) Review with management the progress and results of all RPA Group projects, approve procedures for implementing accepted recommendations, and, when deemed necessary or appropriate by the Committee, direct the Corporation's Co-Chief Executive Officer to assign additional audit projects to the leader of the RPA Group;

(7) Meet privately with the leader of the RPA Group to discuss any areas of concern, and to confirm that (i) significant issues are brought to the Committee's attention, (ii) the principal risks of the Corporation's business have been identified by management and appropriate policies and systems have been implemented to manage such risks, and (iii) the integrity of the Company's internal control and management information systems are satisfactory;

Oversight of Financial Reporting Process and Internal Controls

(1) Review the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures through inquiry and discussions with the Corporation's independent auditors and management of the Corporation;

(2) Review with management the Corporation's administrative, operational and accounting internal controls and internal control over financial reporting, including controls and security of the computerized information systems, and evaluate whether the Corporation is operating in accordance with its prescribed policies, procedures and codes of conduct;

(3) Review with management and the independent auditors any reportable conditions and material weaknesses affecting the Corporation's internal control and financial reporting;

(4) Receive periodic reports from the Corporation's independent auditors and management of the Corporation to assess the impact on the Corporation of significant accounting or financial reporting developments proposed by the Canadian Institute of Chartered Accountants, the American Institute of Certified Public Accountants, the Financial Accounting Standards Board, the SEC, the OSC or other regulatory body, or any other significant accounting or financial reporting related matters that may have a bearing on the Corporation;

(5) Establish and maintain free and open means of communication between and among the Board, the Committee, the Corporation's independent auditors, the RPA Group and management;

Other Matters

(1) Meet at least annually with the general counsel, and outside counsel when appropriate, to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Corporation;

(2) Review the Corporation's policies relating to the avoidance of conflicts of interest and review and approve related party transactions as required by the Corporation's Code of Business Standards and Principles and applicable laws and listing rules, as well as policies and procedures with respect to officers' expense accounts and perquisites. The Committee shall consider the results of any review of these policies and procedures by the Corporation's independent auditors;

(3) Oversee, review, and periodically update the Corporation's Code of Business Standards and Principles and the Corporation's system to monitor compliance with and enforcement of the Code of Business Standards and Principles;

(4) Review and approve capital and operating expenditure limits on an annual basis and review and approval of any exceptions to such limits proposed by the Corporation from time to time;

(5) Oversee areas under the responsibility of management, including the examination of securities trading by insiders;

(6) Conduct or authorize investigations into any matters within the Committee's scope of responsibilities, including retaining outside counsel or other consultants or experts for this purpose;

(7) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and

(8) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

With respect to the exercise of its duties and responsibilities, the Committee should:

(1) exercise reasonable diligence in gathering and considering all material information;

(2) remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions;

(3) understand and weigh alternative courses of conduct that may be available;

(4) focus on weighing the benefit versus harm to the Corporation and its shareholders when considering alternative recommendations or courses of action;

(5) if the Committee deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining independent counsel, accountants or others to assist the Committee in fulfilling its duties and responsibilities; and

(6) provide management, the Corporation's independent auditors and the RPA Group with appropriate opportunities to meet privately with the Committee.

Nothing in this Charter is intended, or should be determined, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject at law. The essence of the Committee's responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance, but not to ensure, that such activities are being conducted properly and effectively by the Corporation.

6. FUNDING

The Committee's effectiveness may be compromised if it is dependent on management's discretion to compensate the independent auditors or the advisors employed by the Committee. Consequently, the Corporation shall provide for appropriate funding, as determined by the Committee, for payment of any compensation (1) to any independent auditors engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and (2) to any independent counsel or other advisors employed by the Committee.

7. DISCLOSURE AND REVIEW OF CHARTER

The Charter shall be (1) published in the Corporation's annual report, information circular or annual information form of the Corporation as required by law, and (2) be posted in an up-to-date format on the Corporation's web site. The Committee should review and reassess annually the adequacy of this Charter.

* * *

While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's consolidated financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Similarly, it is not the responsibility of the Committee to ensure that the Corporation complies with all laws and regulations.

ANNEX A
(Duties and Responsibilities of the Chair)

In addition to the duties and responsibilities set out in the Board of Directors Mandate and this Charter, the Chair will:

1. Provide overall leadership to enhance the effectiveness of the Committee, including:
   a. Recommend and oversee the appropriate structure, composition, membership, and activities delegated to the Committee;
   b. Chair all meetings of the Committee at which the Chair is in attendance and manage the meeting agenda so that appropriate time and consideration can be given to the agenda items;
   c. Lead discussions, foster candor among meeting participants and encourage Committee members to ask questions of senior management, its advisors and advisors of the Committee, and express viewpoints during meetings;
   d. Schedule and set the agenda for Committee meetings with input from other Committee members, the Committee's advisors, the Lead Director of the Board of Directors, the Co-CEOs, the Corporate Secretary and senior management as appropriate and consider, on a proactive basis, emerging matters that should be addressed by the Committee;
   e. Facilitate the timely, accurate and proper flow of information to and from the Committee and, with input from Committee members, maintain an open dialogue with the Corporate Secretary regarding the timeliness, quantity, quality and completeness of information provided by senior management and advisors to the Committee;
   f. Arrange for management, internal personnel, external advisors, and others to attend and present at Committee meetings as appropriate;
   g. Arrange sufficient time during Committee meetings to fully discuss agenda items and, as appropriate, defer matters that require more information or time for discussion to a subsequent meeting;
   h. In cooperation with the Corporate Secretary, identify, monitor and report back to the Committee on the status of matters requiring action by senior management or the Committee following the meeting with a view to ensuring that matters are acted upon in a timely manner;
   i. Review draft minutes of Committee meetings prior to their presentation to the Committee for approval and ensure that minutes are reviewed and approved by the Committee in accordance with this Charter;
   j. Carry out the responsibilities and duties of the Committee, as outlined in this Charter, and
   k. Review the Committee charter and duties and responsibilities with Committee members at least annually.
2. Foster responsible decision-making by the Committee and its individual members.
3. Provide for in-camera sessions at all scheduled meetings of the Committee without management present and, as appropriate, without the Corporate Secretary present.

4. Following each meeting of the Committee, report to the Board of Directors on the activities, findings and any recommendations of the Committee.
5. Perform such other duties, within the scope of its duties and responsibilities be assigned by the Board of Directors.

Exhibit 1.2

INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Research In Motion Limited

We have audited the accompanying consolidated financial statements of **Research In Motion Limited** [the "Company"], which are comprised of the consolidated balance sheets as at March 2, 2013 and March 3, 2012, the consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the years ended March 2, 2013, March 3, 2012, and February 26, 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with United States generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 2, 2013 and March 3, 2012, and the results of its operations and its cash flows for each of the years ended March 2, 2013, March 3, 2012, and February 26, 2011, in accordance with United States generally accepted accounting principles.

Other matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 2, 2013, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 28, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Kitchener, Canada,
March 28, 2013.

REPORT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Shareholders of **Research In Motion Limited**

We have audited **Research In Motion Limited's** [the "Company"] internal control over financial reporting as of March 2, 2013, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with United States generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that [1] pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; [2] provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and [3] provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 2, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as at March 2, 2013 and March 3, 2012, and the consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the years ended March 2, 2013, March 3, 2012 and February 26, 2011 of the Company and our report dated March 28, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Kitchener, Canada,
March 28, 2013.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Research In Motion Limited

Management of Research In Motion Limited is responsible for the preparation and presentation of the Consolidated Financial Statements and all of the financial information in this Annual Report. The Consolidated Financial Statements were prepared in accordance with United States generally accepted accounting principles and include certain amounts based upon estimates and judgments required for such preparation. The financial information appearing throughout this Annual Report is consistent with the Consolidated Financial Statements. The Consolidated Financial Statements have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors of Research In Motion Limited.

In fulfilling its responsibility for the reliability and integrity of financial information, management has developed and maintains systems of accounting and internal controls and budgeting procedures. Management believes these systems and controls provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and financial records are reliable for the preparation of accurate and timely Consolidated Financial Statements.

The Company's Audit and Risk Management Committee of the Board of Directors, which consists entirely of non-management independent directors, usually meets two times per fiscal quarter with management and the independent registered public accounting firm to ensure that each is discharging its respective responsibilities, to review the Consolidated Financial Statements and either the quarterly review engagement report or the independent registered public accounting firm's report and to discuss significant financial reporting issues and auditing matters. The Company's external registered public accounting firm has full and unrestricted access to the Audit and Risk Management Committee to discuss audit findings, financial reporting and other related matters. The Audit and Risk Management Committee reports its findings to the Board of Directors for consideration when the Board approves the Consolidated Financial Statements for issuance to the shareholders.

The Consolidated Financial Statements for fiscal 2013, fiscal 2012 and fiscal 2011 have been audited by Ernst & Young LLP, the independent registered public accounting firm appointed by the shareholders, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States).

/s/ Thorsten Heins
Thorsten Heins
President & CEO

Waterloo, Ontario
March 28, 2013

Research In Motion Limited
Incorporated under the Laws of Ontario
(United States dollars, in millions)

Consolidated Balance Sheets

	As At March 2, 2013	As At March 3, 2012
Assets		
Current		
Cash and cash equivalents	$ 1,549	$ 1,527
Short-term investments	1,105	247
Accounts receivable, net	2,353	3,062
Other receivables	272	496
Inventories	603	1,027
Income taxes receivable	597	135
Other current assets	469	365
Deferred income tax asset	139	197
Assets held for sale	14	15
	7,101	7,071
Long-term investments	221	337
Property, plant and equipment, net	2,395	2,733
Goodwill	—	304
Intangible assets, net	3,448	3,286
	$13,165	$13,731
Liabilities		
Current		
Accounts payable	$ 1,064	$ 744
Accrued liabilities	1,842	2,382
Deferred revenue	542	263
	3,448	3,389
Deferred income tax liability	245	232
Income taxes payable	12	10
	3,705	3,631
Shareholders' Equity		
Capital stock and additional paid-in capital		
Preferred shares: authorized unlimited number of non-voting, cumulative, redeemable and retractable	—	—
Common shares: authorized unlimited number of non-voting, redeemable, retractable Class A common shares and unlimited number of voting common shares		
Issued - 524,159,844 voting common shares (March 3, 2012 - 524,159,844)	2,431	2,446
Treasury stock		
March 2, 2013 - 9,019,617 (March 3, 2012 - 8,711,010)	(234)	(299)
Retained earnings	7,267	7,913
Accumulated other comprehensive income (loss)	(4)	40
	9,460	10,100
	$13,165	$13,731

See notes to consolidated financial statements.

On behalf of the Board:

Thorsten Heins
Director

Barbara Stymiest
Director

Research In Motion Limited
(United States dollars, in millions)

Consolidated Statements of Shareholders' Equity

	Capital Stock and Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance as at February 27, 2010	$ 2,372	$ (94)	$ 5,274	$ 51	$ 7,603
Net income	—	—	3,411	—	3,411
Other comprehensive loss	—	—	—	(61)	(61)
Shares issued:					
Exercise of stock options	67	—	—	—	67
Stock-based compensation	72	—	—	—	72
Tax deficiencies related to stock-based compensation	(1)	—	—	—	(1)
Purchase of treasury stock	—	(76)	—	—	(76)
Treasury stock vested	(10)	10	—	—	—
Common shares repurchased	(141)	—	(1,936)	—	(2,077)
Balance as at February 26, 2011	2,359	(160)	6,749	(10)	8,938
Net income	—	—	1,164	—	1,164
Other comprehensive income	—	—	—	50	50
Shares issued:					
Exercise of stock options	9	—	—	—	9
Stock-based compensation	97	—	—	—	97
Tax deficiencies related to stock-based compensation	(2)	—	—	—	(2)
Purchase of treasury stock	—	(156)	—	—	(156)
Treasury stock vested	(17)	17	—	—	—
Balance as at March 3, 2012	2,446	(299)	7,913	40	10,100
Net loss	—	—	(646)	—	(646)
Other comprehensive loss	—	—	—	(44)	(44)
Shares issued:					
Stock-based compensation	86	—	—	—	86
Tax deficiencies related to stock-based compensation	(11)	—	—	—	(11)
Purchase of treasury stock	—	(25)	—	—	(25)
Treasury stock vested	(90)	90	—	—	—
Balance as at March 2, 2013	$ 2,431	$ (234)	$ 7,267	$ (4)	$ 9,460

See notes to consolidated financial statements.

Research In Motion Limited
(United States dollars, in millions, except per share data)

Consolidated Statements of Operations

	For the Year Ended March 2, 2013	For the Year Ended March 3, 2012	For the Year Ended February 26, 2011
Revenue			
Hardware and other	$ 6,902	$14,031	$ 16,416
Service and software	4,171	4,392	3,491
	11,073	18,423	19,907
Cost of sales			
Hardware and other	7,060	11,217	10,516
Service and software	579	631	566
	7,639	11,848	11,082
Gross margin	3,434	6,575	8,825
Operating expenses			
Research and development	1,509	1,556	1,351
Selling, marketing and administration	2,111	2,600	2,400
Amortization	714	567	438
Impairment of goodwill	335	355	-
	4,669	5,078	4,189
Operating income (loss)	(1,235)	1,497	4,636
Investment income, net	15	21	8
Income (loss) from continuing operations before income taxes	(1,220)	1,518	4,644
Provision for (recovery of) income taxes	(592)	347	1,233
Income (loss) from continuing operations	(628)	1,171	3,411
Loss from discontinued operations, net of tax	(18)	(7)	-
Net income (loss)	$ (646)	$ 1,164	$ 3,411
Earnings (loss) per share			
Basic earnings (loss) per share from continuing operations	$ (1.20)	$ 2.23	$ 6.36
Basic loss per share from discontinued operations	(0.03)	(0.01)	-
Total basic earnings (loss) per share	$ (1.23)	$ 2.22	$ 6.36
Diluted earnings (loss) per share from continuing operations	$ (1.20)	$ 2.23	$ 6.34
Diluted loss per share from discontinued operations	(0.03)	(0.01)	-
Total diluted earnings (loss) per share	$ (1.23)	$ 2.22	$ 6.34

See notes to consolidated financial statements.

Research In Motion Limited
(United States dollars, in millions, except per share data)

Consolidated Statements of Comprehensive Income (Loss)

	For the Year Ended		
	March 2, 2013	March 3, 2012	February 26, 2011
Net income (loss)	$ (646)	$1,164	$ 3,411
Other comprehensive income (loss)			
Net change in unrealized losses on available-for-sale investments	-	(3)	(2)
Net change in fair value of derivatives designated as cash flow hedges during the year, net of income taxes of $3 million (March 3, 2012 - income taxes of $4 million; February 26, 2011 - income tax recovery of $7 million)	11	14	(20)
Amounts reclassified to net income (loss) during the year, net of income taxes of $18 million (March 3, 2012 - income tax recovery of $14 million; February 26, 2011 - income taxes of $16 million)	(55)	39	(39)
Other comprehensive income (loss)	(44)	50	(61)
Comprehensive income (loss)	$ (690)	$1,214	$ 3,350

See notes to consolidated financial statements.

Research In Motion Limited
(United States dollars, in millions)

Consolidated Statements of Cash Flows

	For the Year Ended		
	March 2, 2013	March 3, 2012	February 26, 2011
Cash flows from operating activities			
Income (loss) from continuing operations	$ (628)	$ 1,171	$ 3,411
Loss from discontinued operations	(18)	(7)	—
Net income (loss)	(646)	1,164	3,411
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Amortization	1,918	1,523	927
Deferred income taxes	87	(5)	92
Income taxes payable	2	(21)	2
Stock-based compensation	86	97	72
Impairment of goodwill	335	355	—
Other	36	9	1
Net changes in working capital items	485	(210)	(496)
Net cash provided by operating activities	2,303	2,912	4,009
Cash flows from investing activities			
Acquisition of long-term investments	(296)	(355)	(784)
Proceeds on sale or maturity of long-term investments	227	376	893
Acquisition of property, plant and equipment	(413)	(902)	(1,039)
Acquisition of intangible assets	(1,005)	(2,217)	(557)
Business acquisitions, net of cash acquired	(60)	(226)	(494)
Acquisition of short-term investments	(1,472)	(250)	(503)
Proceeds on sale or maturity of short-term investments	779	550	786
Net cash used in investing activities	(2,240)	(3,024)	(1,698)
Cash flows from financing activities			
Issuance of common shares	—	9	67
Tax deficiencies related to stock-based compensation	(11)	(2)	(1)
Purchase of treasury stock	(25)	(156)	(76)
Common shares repurchased	—	—	(2,077)
Net cash used in financing activities	(36)	(149)	(2,087)
Effect of foreign exchange gain (loss) on cash and cash equivalents	(5)	(3)	16
Net increase (decrease) in cash and cash equivalents for the year	22	(264)	240
Cash and cash equivalents, beginning of year	1,527	1,791	1,551
Cash and cash equivalents, end of year	$ 1,549	$ 1,527	$ 1,791

See notes to consolidated financial statements.

1. RESEARCH IN MOTION LIMITED AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Research In Motion Limited (the "Company") is a leading designer, manufacturer and marketer of innovative wireless solutions for the worldwide mobile communications market. Through the development of integrated hardware, software and services that support multiple wireless network standards, The Company provides platforms and solutions for seamless access to information, including email, voice, instant messaging, short message service, Internet and intranet-based applications and browsing. The Company's technology also enables a broad array of third party developers and manufacturers to enhance their products and services through software development kits, wireless connectivity to data and third-party support programs. The Company's portfolio of award-winning products, services and embedded technologies are used by thousands of organizations and millions of consumers around the world and include the BlackBerry® wireless solution, the BlackBerry Wireless Handheld™ product line, the BlackBerry® PlayBook™ tablet, software development tools and other software and hardware. The Company's sales and marketing efforts include collaboration with strategic partners and distribution channels, as well as its own supporting sales and marketing teams, to promote the sale of its products and services. The Company was incorporated on March 7, 1984 under the Ontario Business Corporations Act. The Company's shares are traded on the Toronto Stock Exchange under the symbol "BB" and on the NASDAQ Global Select Market under the symbol "BBRY".

Basis of presentation and preparation

The consolidated financial statements include the accounts of all subsidiaries of the Company with intercompany transactions and balances eliminated on consolidation. All of the Company's subsidiaries are wholly-owned. These consolidated financial statements have been prepared by management in accordance with United States generally accepted accounting principles ("U.S. GAAP") on a basis consistent for all periods presented except as described in note 2. Certain of the comparative figures have been reclassified to conform to the current year's presentation.

The Company's fiscal year end date is the 52 or 53 weeks ending on the last Saturday of February, or the first Saturday of March. The fiscal years ending March 2, 2013 and February 26, 2011 comprise 52 weeks and the fiscal year ended March 3, 2012 comprises 53 weeks.

The significant accounting policies used in these U.S. GAAP consolidated financial statements are as follows:

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates relate to the determination of reserves for various litigation claims, provisions for excess and obsolete inventories and liabilities for purchase commitments with contract manufacturers and suppliers, provisions for warranty, revenue related estimates including vendor-specific objective evidence of selling price ("VSOE"), best estimated selling price ("BESP"), right of return and customer incentive commitments, royalties, implied fair value of goodwill, amortization expense, fair values of assets acquired and liabilities assumed in business combinations, provision for income taxes, realization of deferred income tax assets and the related components of the valuation allowance, allowance for doubtful accounts, and the fair values of financial instruments. Actual results could differ from these estimates.

Foreign currency translation

The U.S. dollar is the functional and reporting currency of the Company. Foreign currency denominated assets and liabilities of the Company and all of its subsidiaries are translated into U.S. dollars. Accordingly, monetary assets and liabilities are translated using the exchange rates in effect at the consolidated balance sheet dates and revenues and expenses are translated at the rates of exchange prevailing when the transactions occurred. Remeasurement adjustments are included in income. Non-monetary assets and liabilities are translated at historical exchange rates.

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and liquid investments with maturities of three months or less at the date of acquisition.

Accounts receivable, net

The accounts receivable balance which reflects invoiced and accrued revenue is presented net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects estimates of probable losses in accounts receivables. The Company is dependent on a number of significant customers and on large complex contracts with respect to sales of the majority of its products, software and services. The Company expects the majority of its accounts receivable balances to continue to come from large customers as it sells the majority of its devices and software products and service relay access through network carriers and resellers rather than directly.

The Company evaluates the collectability of its accounts receivables based upon a combination of factors on a periodic basis such as specific credit risk of its customers, historical trends and economic circumstances. The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. When the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company (such as in the case of bankruptcy filings or material deterioration in the customer's operating results or financial position, and payment experiences), the Company records a specific bad debt provision to reduce the customer's related accounts receivable to its estimated net realizable value. If circumstances related to specific customers change, the Company's estimates of the recoverability of accounts receivables balances could be further adjusted. The allowance for doubtful accounts as at March 2, 2013 is $17 million (March 3, 2012 - $16 million).

While the Company sells its products and services to a variety of customers, there were no customers that comprised more than 10% of the Company's revenue in fiscal 2013 (March 3, 2012 – no customers that comprised more than 10%; February 26, 2011 – two customers comprised 11% each). There was one customer that comprised 8.2% of accounts receivable as at March 2, 2013 (March 3, 2012 – one customer comprised 13%).

Investments

The Company's cash equivalents and investments, other than cost method investments of $4 million (March 3, 2012 - $37 million) and equity method investments of $46 million (March 3, 2012 - $48 million), consist of money market and other debt securities, which are classified as available-for-sale for accounting purposes and are carried at fair value with unrealized gains and losses net of related income taxes recorded in accumulated other comprehensive income until such investments mature or are sold. The Company uses the specific identification method of determining the cost basis in computing realized gains or losses on available-for-sale investments which are recorded in investment income. In the event of a decline in value which is other-than-temporary, the investment is written down to fair value with a charge to income. The Company does not exercise significant influence with respect to any of these investments.

Investments with maturities of one year or less, as well as any investments that management intends to hold for less than one year, are classified as short-term investments. Investments with maturities in excess of one year are classified as long-term investments.

The Company assesses individual investments that are in an unrealized loss position to determine whether the unrealized loss is other-than-temporary. The Company makes this assessment by considering available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition, the near-term prospects of the individual investment and the Company's intent and ability to hold the investment. In the event that a decline in the fair value of an investment occurs and the decline in value is considered to be other-than-temporary, an impairment charge is recorded in investment income equal to the difference between the cost basis and the fair value of the individual investment at the consolidated balance sheet date of the reporting period for which the assessment was made. The fair value of the investment then becomes the new cost basis of the investment.

If a debt security's market value is below its amortized cost and the Company either intends to sell the security or it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the Company records an other-than-temporary impairment charge to investment income for the entire amount of the impairment. For other-than-temporary impairments on debt securities that the Company does not intend to sell and it is not more likely than not that the entity will be required to sell the security before its anticipated recovery, the Company would separate the other-than-temporary impairment into the amount representing the credit loss and the amount related to all other factors. The Company would record the other-than-temporary impairment related to the credit loss as a charge to investment income and the remaining other-than-temporary impairment would be recorded as a component of accumulated other comprehensive income.

Derivative financial instruments

The Company uses derivative financial instruments, including forward contracts and options, to hedge certain foreign currency exposures. The Company does not use derivative financial instruments for speculative purposes.

The Company records all derivative instruments at fair value on the consolidated balance sheets. The fair value of these instruments is calculated based on notional and exercise values, transaction rates, market quoted currency spot rates, forward points and interest rate yield curves. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative instrument and the resulting designation.

For derivative instruments designated as cash flow hedges, the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income, net of tax, and subsequently reclassified into income in the same period or periods in which the hedged item affects income. The ineffective portion of the derivative's gain or loss is recognized in current income. In order for the Company to receive hedge accounting treatment, the cash flow hedge must be highly effective in offsetting changes in the fair value of the hedged item and the relationship between the hedging instrument and the associated hedged item must be formally documented at the inception of the hedge relationship. Hedge effectiveness is formally assessed, both at hedge inception and on an ongoing basis, to determine whether the derivatives used in hedging transactions are highly effective in offsetting changes in the value of the hedged items and whether they are expected to continue to be highly effective in future periods.

The Company formally documents relationships between hedging instruments and associated hedged items. This documentation includes: identification of the specific foreign currency asset, liability or forecasted transaction being hedged; the nature of the risk being hedged; the hedge objective; and the method of assessing hedge effectiveness. If an anticipated transaction is deemed no longer likely to occur, the corresponding derivative instrument is de-designated as a hedge and any associated unrealized gains and losses in accumulated other comprehensive income are recognized in income at that time. Any future changes in the fair value of the instrument are recognized in current income. The Company did not reclassify any losses from accumulated other comprehensive income (loss) into income as a result of the de-designation of any derivative instrument as a hedge during fiscal 2013 (fiscal 2012 – nil).

For any derivative instruments that do not meet the requirements for hedge accounting, or for any derivative instruments for which hedge accounting is not elected, the changes in fair value of the instruments are recognized in income in the current period and will generally offset the changes in the U.S. dollar value of the associated asset, liability, or forecasted transaction.

Inventories

Raw materials are stated at the lower of cost and replacement cost. Work in process and finished goods inventories are stated at the lower of cost and net realizable value. Cost includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead. Cost is determined on a first-in-first-out basis.

Property, plant and equipment, net

Property, plant and equipment are stated at cost less accumulated amortization. No amortization is provided for construction in progress until the assets are ready for use. Amortization is provided using the following rates and methods:

Buildings, leasehold improvements and other	Straight-line over terms between 5 and 40 years
BlackBerry operations and other information technology	Straight-line over terms between 3 and 5 years
Manufacturing equipment, research and development equipment and tooling	Straight-line over terms between 2 and 8 years
Furniture and fixtures	Declining balance at 20% per annum

Goodwill

Goodwill represents the excess of the acquisition price over the fair value of identifiable net assets acquired. Goodwill is allocated at the date of the business combination. Goodwill is not amortized, but is tested for impairment annually, during the fourth quarter, or more frequently if events or changes in circumstances indicate the asset may be impaired. These events and circumstances may include a significant change in legal factors or in the business climate, a significant decline in the Company's share price, an adverse action of assessment by a regulator, unanticipated competition, a loss of key personnel, significant disposal activity and the testing of recoverability for a significant asset group.

The Company consists of a single reporting unit. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit including goodwill is compared with its fair value. The estimated fair value is determined utilizing a market-based approach, based on the quoted market price of the Company's stock in an active market, adjusted by an appropriate control premium. When the carrying amount of a reporting unit exceeds its fair value, goodwill of the reporting unit is considered to be impaired and the second step is necessary.

In the second step of the goodwill impairment test, the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination using the fair value of the reporting unit as if it were the acquisition price. When the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is presented as a separate line item in the consolidated statements of operations. Establishing an implied fair value of goodwill requires the Company to make estimates for key inputs into complex valuation models and to apply significant judgment in the selection of estimates, assumptions and methodologies required to complete the analysis. Areas of judgment include, but are not limited to, development of multi-year business cash flow forecasts, the selection of discount rates and the identification and valuation of unrecorded assets.

Intangible assets

Intangible assets with definite lives are stated at cost less accumulated amortization. The Company is currently amortizing its intangible assets with finite lives over periods generally ranging between two to ten years.

Impairment of long-lived assets

The Company reviews long-lived assets such as property, plant and equipment and intangible assets with finite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the excess of the carrying amount over the fair value of the asset.

Assets held for sale and discontinued operations

Assets held for sale and related liabilities are reported separately on the Company's consolidated balance sheets at the lower of their carrying value and fair value less costs to sell, if material. If the carrying value exceeds the fair value less costs to sell, a loss is recognized. Assets classified as held for sale are no longer amortized. Comparative figures are reclassified to conform to the current year's presentation.

When the Company has disposed of or classified as held for sale a component of the entity, and certain criteria are met, the results of operations of the component, including any loss recognized, are reported separately on the consolidated statements of operations as discontinued operations. Discontinued operations are presented if the component's operations and cash flows have been, or will be, eliminated from the Company and the Company will not have significant continuing involvement in the operations of the component after the disposal. Earnings (loss) per share amounts for both continuing operations and discontinued operations are presented separately on the consolidated statements of operations and income (loss) from continuing operations and loss from discontinued operations are reported separately on the consolidated statements of cash flows. Comparative figures are reclassified to conform to the current year's presentation.

Income taxes

The Company uses the liability method of income tax allocation to account for income taxes. Deferred income tax assets and liabilities are recognized based upon temporary differences between the financial reporting and income tax bases of assets and liabilities, and measured using enacted income tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred income tax assets to the amount that is more likely than not to be realized. The Company considers both positive evidence and negative evidence, to determine whether, based upon the weight of that evidence, a valuation allowance is required. Judgment is required in considering the relative impact of negative and positive evidence.

Significant judgment is also required in evaluating the Company's uncertain income tax positions and provisions for income taxes. Liabilities for uncertain income tax positions are recognized based on a two-step approach. The first step is to evaluate whether an income tax position has met the recognition threshold by determining if the weight of available evidence indicates that it is more likely than not to be sustained upon examination. The second step is to measure the income tax position that has met the recognition threshold as the largest amount that is more than 50% likely of being realized upon settlement. The Company continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provisions, income taxes payable and deferred income taxes in the period in which the facts that give rise to a revision become known. The Company recognizes interest and penalties related to uncertain income tax positions as interest expense, which is then netted and reported within investment income.

The Company uses the flow-through method to account for investment tax credits ("ITCs") earned on eligible scientific research and experimental development expenditures. Under this method, the ITCs are recognized as a reduction to income tax expense.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the product has been delivered or the services have been provided to the customer, the sales price is fixed or determinable and collection is reasonably assured. In addition to this general policy, the following paragraphs describe the specific revenue recognition policies for each of the Company's major categories of revenue.

Hardware

Revenue from the sale of BlackBerry wireless hardware products (e.g. BlackBerry® handheld devices and BlackBerry® PlayBook™ tablets) is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable. Product is considered delivered to the customer once it has been shipped and title and risk of loss have been transferred. For most of the Company's product sales, these criteria are met at the time the product is shipped. For hardware products for which the software is deemed essential to the functionality of the hardware, the Company recognizes revenue in accordance with general revenue recognition accounting guidance.

The Company records reductions to revenue for estimated commitments related to price protection, right of return and for customer incentive programs. Price protection is accrued as a reduction to revenue based on estimates of price reductions provided the price reduction can be reliably estimated or based on contractual caps and all other revenue recognition criteria have been met. The Company also records reductions to revenue for a right of return based on contractual terms and conditions and, if the expected product returns can be reasonably and reliably estimated, based on historical experience. Where a general right of return cannot be reasonably and reliably estimated, the Company recognizes revenue when the product sells through the distribution channel. The estimated cost of customer incentive programs is accrued as a reduction to revenue and is recognized at the later of the date at which the Company has sold the product or the date at which the program is offered. If historical experience cannot support a breakage rate, the maximum rebate amount is accrued and adjusted when the incentive programs end.

Service

Revenue from service is recognized rateably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the prebilling is recorded as deferred revenue. Service revenue also includes the recognition of previously deferred revenue related to multi-element arrangements for non-software services and software upgrade rights related to the BlackBerry PlayBook tablets and BlackBerry 10 devices.

Software

Revenue from licensed software is recognized at the inception of the license term and in accordance with industry-specific software revenue recognition accounting guidance. When the fair value of a delivered element has not been established, the Company uses the residual method to recognize revenue if the fair value of undelivered elements is determinable. Revenue from software maintenance, unspecified upgrades and technical support contracts is recognized over the period that such items are delivered or those services are provided.

Other

Other revenue consists of the sale of accessories and repair and maintenance contracts. Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable.

Shipping and Handling Costs

Amounts billed to customers related to shipping and handling are classified as revenue, and the Company's shipping and handling costs are included in cost of sales. Shipping and handling costs that cannot be reasonably attributed to certain customers are included in selling, marketing and administration.

Multiple-Element Arrangements

The Company enters into revenue arrangements that may consist of multiple deliverables of its product and service offerings. The Company's typical multiple-element arrangements involve: (i) certain BlackBerry 7 or earlier handheld devices with services, (ii) BlackBerry 10 handheld devices with unspecified software upgrades on a when-and-if available basis along with undelivered non-software services (iii) tablets with unspecified software upgrades on a when-and-if available basis and (iv) software with technical support services.

For the Company's arrangements involving multiple deliverables of BlackBerry 7 or earlier handheld devices with services, the consideration from the arrangement is allocated to each respective element based on its relative selling price, using vendor-specific objective evidence of selling price ("VSOE"). In certain limited instances when the Company is unable to establish the selling price using VSOE, the Company attempts to establish the selling price of each element based on acceptable third party evidence of selling price ("TPE"); however, the Company is generally unable to reliably determine the selling prices of similar competitor products and services on a stand-alone basis. In these instances, the Company uses best estimated selling price ("BESP") in its allocation of arrangement consideration. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service was sold on a stand-alone basis.

Beginning in January, 2013 the Company introduced its BlackBerry 10 devices which will use the Company's network infrastructure in a different manner than BlackBerry 7 or earlier devices. As a result, for arrangements involving multiple deliverables including the BlackBerry 10 device and the essential operating system software, as well as unspecified upgrade rights and non-software services for which the Company may not charge for separately, the consideration from the arrangement is allocated to each respective element based on the relative selling price, using the Company's BESP as the device, unspecified upgrade rights and non-software services are no longer sold separately. The consideration for the delivered hardware and the related essential operating system software are recognized at the time of sale provided that the four general revenue recognition criteria have been met. The consideration allocated to the unspecified software upgrade rights and non-software services is deferred and recognized rateably over the 24-month estimated life of the devices.

The BlackBerry PlayBook tablet includes the right to receive free unspecified software upgrade rights on a when-and-if available basis. This upgrade right to the product's embedded operating system software is considered an undelivered element at the time of sale of the tablet and falls within the general revenue recognition guidance. The consideration from the arrangement is allocated to each respective element based on its relative selling price. As the BlackBerry PlayBook tablet or the upgrade right are not sold on a standalone basis and no TPE exists for these deliverables, the allocation of revenue is based on the Company's BESPs. The consideration for the delivered hardware and the related essential software operating system are recognized at the time of sale provided that the four revenue recognition criteria have been met. The consideration allocated to the unspecified software upgrade rights is deferred and recognized rateably over the 24-month estimated life of the tablets.

For arrangements involving multiple deliverables of software with technical support services, the revenue is recognized based on the industry-specific software revenue recognition accounting guidance. If the Company is not able to determine VSOE for all of the deliverables of the arrangement, but is able to obtain VSOE for all undelivered elements, revenue is allocated using the residual method. Under the residual method, the amount of revenue allocated to delivered elements equals the total arrangement consideration less the aggregate fair value of any undelivered elements. If VSOE of any undelivered software items does not exist, revenue from the entire arrangement is initially deferred and recognized at the earlier of: (i) delivery of those elements for which VSOE did not exist; or (ii) when VSOE can be established.

The Company determines BESP for a product or service by considering multiple factors including, but not limited to, historical pricing practices for similar offerings, market conditions, competitive landscape, internal costs, gross margin objectives and pricing practices. The determination of BESP is made through consultation with and formal approval by, the Company's management, taking into consideration the Company's marketing strategy. The Company regularly reviews VSOE, TPE and BESP, and maintains internal controls over the establishment and updates of these estimates. Based on the above factors, the Company's BESP for the unspecified software upgrade right is $6 per BlackBerry PlayBook tablet and the Company's BESP for the unspecified software upgrade right and non-software services ranges from $10-$20 per BlackBerry 10 device.

Research and development

Research costs are expensed as incurred. Development costs for BlackBerry devices and licensed software to be sold, leased or otherwise marketed are subject to capitalization beginning when a product's technological feasibility has been established and ending when a product is available for general release to customers. The Company's products are generally released soon after technological feasibility has been established and therefore costs incurred subsequent to achievement of technological feasibility are not significant and have been expensed as incurred.

Comprehensive income

Comprehensive income is defined as the change in net assets of a business enterprise during a period from transactions and other events and circumstances from non-owner sources and includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company's reportable items of comprehensive income are cash flow hedges as described in note 15 and changes in the fair value of available-for-sale investments as described in note 5. Realized gains or losses on available-for-sale investments are reclassified into investment income using the specific identification basis.

Earnings (loss) per share

Earnings (loss) per share is calculated based on the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of the dilutive effect of stock options.

Stock-based compensation plans

The Company has stock-based compensation plans, which are described in note 9(b) to the consolidated financial statements.

The Company has an incentive stock option plan for officers and employees of the Company or its subsidiaries. Under the terms of the plan, as revised in fiscal 2008, no stock options may be granted to independent directors. The Company measures stock-based compensation expense at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option-pricing model and is recognized rateably over the vesting period. The BSM model requires various judgmental assumptions including volatility and expected option life. In addition, judgment is also applied in estimating the amount of stock-based awards that are expected to be forfeited, and if actual results differ significantly from these estimates, stock-based compensation expense and our results of operations would be impacted.

Any consideration paid by employees on exercise of stock options plus any recorded stock-based compensation within additional paid-in capital related to that stock option is credited to capital stock.

The Company has a Restricted Share Unit Plan (the "RSU Plan") under which eligible participants include any officer or employee of the Company or its subsidiaries. At the Company's discretion, Restricted Share Units ("RSUs") are redeemed for either common shares issued by the Company, common shares purchased on the open market by a trustee selected by the Company or the cash equivalent on the vesting dates established by the Board of Directors or the Compensation, Nomination and Governance Committee of the Board of Directors. The RSUs vest over a three-year period, either on the third anniversary date, in equal installments or 25% per year in years one and two and 50% in year three on each anniversary date over the vesting period. The Company classifies RSUs as equity instruments as the Company has the ability and intent to settle the awards in common shares. The compensation expense is calculated based on the fair value of each RSU as determined by the closing value of the Company's common shares on the business day of the grant date. The Company recognizes compensation expense over the vesting period of the RSU.

Upon issuance of RSU, common shares for which RSUs may be exchanged will be purchased on the open market by a trustee selected and funded by the Company or new common shares will be issued by the Company. The trustee has been appointed to settle the Company's obligation to deliver shares to individuals upon vesting. In addition, upon vesting, the trustee is required to sell enough shares to cover the individual recipient's minimum statutory withholding tax requirement, with the remaining shares delivered to the individual. As the Company is considered to be the primary beneficiary of the trust, the trust is considered a variable interest entity and is consolidated by the Company.

The Company has a Deferred Share Unit Plan (the “DSU Plan”), adopted by the Board of Directors on December 20, 2007, under which each independent director will be credited with Deferred Share Units (“DSUs”) in satisfaction of all or a portion of the cash fees otherwise payable to them for serving as a director of the Company. Grants under the DSU plan replace the stock option awards that were historically granted to independent members of the Board of Directors. At a minimum, 60% of each independent director’s annual retainer will be satisfied in the form of DSUs. The director can elect to receive the remaining 40% in any combination of cash and DSUs. Within a specified period after such a director ceases to be a director, DSUs will be redeemed for cash with the redemption value of each DSU equal to the weighted average trading price of the Company’s shares over the five trading days preceding the redemption date. Alternatively, subject to receipt of shareholder approval, the Company may elect to redeem DSUs by way of shares purchased on the open market or issued by the Company.

DSUs are accounted for as liability-classified awards and are awarded on a quarterly basis. These awards are measured at their fair value on the date of issuance and remeasured at each reporting period until settlement.

Warranty

The Company provides for the estimated costs of product warranties at the time revenue is recognized. BlackBerry devices are generally covered by a time-limited warranty for varying periods of time. The Company’s warranty obligation is affected by product failure rates, differences in warranty periods, regulatory developments with respect to warranty obligations in the countries in which the Company carries on business, freight expense, and material usage and other related repair costs.

The Company’s estimates of costs are based upon historical experience and expectations of future return rates and unit warranty repair costs. If the Company experiences increased or decreased warranty activity, or increased or decreased costs associated with servicing those obligations, revisions to the estimated warranty liability would be recognized in the reporting period when such revisions are made.

Advertising costs

The Company expenses all advertising costs as incurred. These costs are included in selling, marketing and administration.

2. ADOPTION OF ACCOUNTING POLICIES

In September 2011, the Financial Accounting Standards Board (the “FASB”) issued authoritative guidance to simplify how entities, both public and non-public, test goodwill for impairment. The guidance amends previous literature by permitting an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Under previous guidance, an entity was required to test goodwill for impairment, on at least an annual basis, by comparing the fair value of a reporting unit with its carrying amount, including goodwill (step one). If the fair value of the reporting unit is less than its carrying amount, then the second step of the test must be performed to measure the amount of the impairment loss, if any. Under the new authoritative guidance, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying value. The new authoritative guidance became effective for annual and interim goodwill impairment tests performed for fiscal years beginning on or after December 15, 2011, with early adoption permitted. The Company adopted the guidance in the first quarter of fiscal 2013. The adoption did not have a material impact on the Company's results of operations, financial condition or disclosures.

In June 2011, the FASB issued authoritative guidance which is expected to improve the comparability, consistency, and transparency of financial reporting as well as increase the prominence of items reported in other comprehensive income. The guidance amends previous literature by eliminating the option to present components of other comprehensive income as part of the consolidated statement of changes in shareholders' equity, among other amendments. The guidance now provides entities with the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In addition, the amended guidance requires entities to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. The new authoritative guidance became effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2011 and is to be applied retrospectively, with early adoption permitted. The Company adopted the guidance in the first quarter of fiscal 2013, and as a result, has chosen to present the total of comprehensive income, the components of net income, and the components of other comprehensive income in two separate but consecutive statements.

In May 2011, the FASB, as a result of work performed with the International Accounting Standards Board, issued authoritative guidance to achieve common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance is expected to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS. The guidance presents certain amendments to clarify existing fair value measurements and disclosure requirements such as clarifying the application of the highest and best use and valuation premise concepts, measuring the fair value of an instrument classified in a reporting entity's shareholders' equity and clarifying that a reporting entity should disclose quantitative information about the unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy. Furthermore, the guidance amends previous literature by requiring additional disclosures about fair value measurements, specifically requesting more information about the valuation processes used for fair value measurements categorized within Level 3 of the fair value hierarchy as well as presenting sensitivity of the fair value measurements to changes in unobservable inputs in Level 3 valuations. The guidance also amends previous literature around measuring the fair value of financial instruments that are managed within a portfolio as well as the application of premiums and discounts in a fair value measurement. The new authoritative guidance became effective for interim and annual periods beginning on or after December 15, 2011. The Company adopted the guidance in the first quarter of fiscal 2013. The adoption did not have a material impact on the Company's results of operations or financial condition. Additional disclosure has been added to note 3 to present the significant unobservable inputs used in the fair value measurement of each of the Level 3 assets as well as the impact on the fair value measurement resulting from a significant increase or decrease in each input in isolation.

3. RECENTLY ISSUED PRONOUNCEMENTS

In February 2013, the FASB issued authoritative guidance to improve the reporting of reclassifications out of accumulated other comprehensive income. The guidance requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. The new authoritative guidance will become effective for annual and interim reporting periods beginning on or after December 15, 2012, with early adoption permitted. The Company will adopt the guidance in the first quarter of fiscal 2014 and is currently evaluating the impact that the adoption of this guidance will have on its results of operations, financial condition and disclosures.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The components of cash, cash equivalents and investments were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Other-than-temporary Impairment	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments
As at March 2, 2013								
Bank balances	$ 431	$ —	$ —	—	$ 431	$ 431	$ —	$ —
Money market funds	5	—	—	—	5	5	—	—
Bankers' acceptances/Bearer deposit notes	114	—	—	—	114	114	—	—
Non-U.S. government promissory notes	50	—	—	—	50	50	—	—
Term deposits/certificates	157	—	—	—	157	132	25	—
Commercial paper	629	—	—	—	629	534	95	—
Non-U.S. treasury bills/notes	282	—	—	—	282	233	49	—
U.S. treasury bills/notes	619	—	—	—	619	—	602	17
U.S. government sponsored enterprise notes	156	—	—	—	156	10	146	—
Non-U.S. government sponsored enterprise notes	26	—	—	—	26	26	—	—
Corporate notes/bonds	217	1	—	—	218	14	186	18
Asset-backed securities	102	—	—	—	102	—	2	100
Auction rate securities	41	1	—	(6)	36	—	—	36
Other investments	50	—	—	—	50	—	—	50
	$ 2,879	$ 2	$ —	$ (6)	$ 2,875	$ 1,549	$ 1,105	$ 221
As at March 3, 2012								
Bank balances	$ 453	$ —	$ —	$ —	$ 453	$ 453	$ —	$ —
Money market funds	5	—	—	—	5	5	—	—
Bankers' acceptances	284	—	—	—	284	284	—	—
Term deposits/certificates	217	—	—	—	217	202	15	—
Commercial paper	402	—	—	—	402	355	47	—
Non-U.S. treasury bills/notes	71	—	—	—	71	71	—	—
U.S. treasury bills/notes	114	—	—	—	114	40	32	42
U.S. government sponsored enterprise notes	127	—	—	—	127	91	24	12
Non-U.S. government sponsored enterprise notes	18	—	—	—	18	10	8	—
Corporate notes/bonds	165	1	—	—	166	16	121	29
Asset-backed securities	109	—	—	—	109	—	—	109
Auction rate securities	41	1	—	(6)	36	—	—	36
Other investments	120	—	—	(11)	109	—	—	109
	$ 2,126	$ 2	$ —	$ (17)	$ 2,111	$ 1,527	$ 247	$ 337

In millions of United States dollars, except share and per share data, and except as otherwise indicated

There were realized gains on available-for-sale securities for the year ended March 2, 2013 of $11 million ($1 million for the year ended March 3, 2012; $2 million for the year ended February 26, 2011), representing the sale of a portion of the Company's claim on Lehman Brothers International (Europe) ("LBIE") trust assets on which an other-than-temporary impairment charge had been recorded in fiscal 2011.

Realized gains and losses on available-for-sale securities comprise the following:

	For the year ended		
	March 2, 2013	March 3, 2012	February 26, 2011
Realized gains	$ 11	$ 1	$ 2
Realized losses	—	—	—
Net realized gains	$ 11	$ 1	$ 2

The contractual maturities of available-for-sale investments as at March 2, 2013 were as follows:

	Cost Basis	Fair Value
Due in one year or less	$ 2,218	$ 2,219
Due in one to five years	134	134
Due after five years	35	36
No fixed maturity date	5	5
	$ 2,392	$ 2,394

As at March 2, 2013 and March 3, 2012, the Company had no investments with continuous unrealized losses.

The Company engages in limited securities lending to generate fee income. Collateral, which exceeds the market value of the loaned securities, is retained by the Company until the underlying security has been returned to the Company. As at March 2, 2013, the Company did not have any securities on loan (March 3, 2012 - nil).

During fiscal 2011, the Company recognized an other-than-temporary impairment charge on its auction rate securities in the amount of $6 million as a result of the lack of continuing liquidity in these securities. In valuing these securities, the Company used a multi-year investment horizon and considered the underlying risk of the securities and the current market interest rate environment. The Company has the ability and intent to hold these securities until such time that market liquidity returns to normal levels, and does not consider the principal or interest amounts on these securities to be materially at risk. The Company has not recorded any additional impairment on its auction rate securities as of March 3, 2012 or March 2, 2013. As there is uncertainty as to when market liquidity for auction rate securities will return to normal, the Company has classified the auction rate securities as long-term investments on the consolidated balance sheet as at March 3, 2012 and March 2, 2013.

During fiscal 2011, the Company also recognized an other-than-temporary impairment charge of $11 million against a portion of its claim on LBIE trust assets. These assets were represented by principal and interest payments from matured investments that were originally held at LBIE at the time of bankruptcy. On October 30, 2012, the Company sold its claim on these assets at par value, recovering the other-than-temporary impairment charge taken during fiscal 2011. The recovery is included within investment income. This sale represented a significant transfer out of assets classified as Level 3 and is presented as such in Note 5 to the financial statements.

5. FAIR VALUE MEASUREMENTS

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use in pricing the asset or liability such as inherent risk, non-performance risk and credit risk. The Company applies the following fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

- Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The carrying amounts of the Company's cash and cash equivalents, accounts receivables, other receivables, accounts payable and accrued liabilities approximate fair value due to their short maturities.

In determining the fair value of investments held, the Company primarily relies on an independent third party valuator for the fair valuation of securities. Pricing inputs used by the independent third party valuator are generally received from two primary vendors. The pricing inputs are reviewed for completeness and accuracy, within a set tolerance level, on a daily basis by the third party valuator. The Company also reviews and understands the inputs used in the valuation process and assesses the pricing of the securities for reasonableness.

The fair values of money market funds were derived from quoted prices in active markets for identical assets or liabilities.

For bankers' acceptances/bearer deposit notes, non-U.S. government promissory notes, term deposits/certificates and commercial paper, the independent third party utilizes amortized cost, as the short-term nature of the securities approximates fair value. For non-U.S. treasury bills/notes, U.S. treasury bills/notes, U.S. government sponsored enterprise notes, non-U.S. government sponsored enterprise notes, corporate notes/bonds (other than those classified as Level 3) and asset-backed securities, the independent third party provides fair values determined from quoted prices that it obtains from vendors. The Company then corroborates the fair values received from the independent third party against the results of its internal valuation in order to corroborate the pricing provided by the independent third party.

The Company corroborates the fair values provided by the independent third party for bankers' acceptances/bearer deposit notes by comparing those provided against fair values determined by the Company utilizing quoted prices from vendors for identical securities, or the market prices of similar securities adjusted for observable inputs such as differences in maturity dates, interest rates, and credit ratings. The bankers' acceptances/bearer deposit notes held by the Company are all issued by major banking organizations and have investment grade ratings.

The Company corroborates the fair values provided by the independent third party for non-U.S. government promissory notes by comparing those provided against fair values determined by the Company utilizing quoted prices from vendors for identical securities, or the market prices of similar securities adjusted for observable inputs such as differences in maturity dates, interest rates and credit ratings. The non-U.S. government promissory notes held by the Company are issued by the Canadian Wheat Board and all have investment grade ratings

The Company corroborates the fair values provided by the independent third party for term deposits/certificates by comparing those provided against fair values determined by the Company utilizing quoted prices from vendors for identical securities, or the market prices of similar securities adjusted for observable inputs such as differences in maturity dates, interest rates and credit ratings. The term deposits/certificates held by the Company are all issued by major banking organizations and have investment grade ratings.

The Company corroborates the fair values provided by the independent third party for commercial paper by comparing those provided against fair values determined by the Company utilizing quoted prices from vendors for identical securities, or the market prices of similar securities adjusted for observable inputs such as differences in maturity dates, interest rates, dealer placed rates and credit ratings. The commercial paper held by the Company are all issued by major financing, corporate or capital organizations and have investment grade ratings.

The Company corroborates the fair values provided by the independent third party for non-U.S. treasury bills/notes by comparing those provided against fair values determined by the Company utilizing quoted prices from vendors for identical securities, or the market prices of similar securities adjusted for observable inputs such as differences in maturity dates, interest rates and credit rating. All non-U.S. treasury bills/notes held by the Company are issued by the federal and/or provincial governments of Canada and have investment grade ratings.

The Company corroborates the fair values provided by the independent third party for U.S. treasury bills/notes by comparing those provided against fair values determined by the Company utilizing quoted prices from vendors for identical securities as provided by U.S. government bond dealers. All U.S. treasury bills/notes held by the Company are issued by the United States Department of the Treasury and have investment grade ratings.

The Company corroborates the fair values provided by the independent third party for U.S. government sponsored enterprise notes by comparing those provided against fair values determined by the Company utilizing quoted prices from vendors for identical securities as provided by U.S. government bond dealers or prices as provided by the published index of U.S. Agency securities. The U.S. government sponsored enterprise notes held by the Company are primarily agency notes and collateralized mortgage obligations issued and backed by government organizations such as the Federal Farm Credit and Federal Home Loan Banks and all have investment grade ratings.

The Company corroborates the fair values provided by the independent third party for non-U.S. government sponsored enterprise notes by comparing those provided against fair values determined by the Company utilizing quoted prices from vendors for identical securities, or the market prices of similar securities adjusted for observable inputs such as differences in maturity dates, interest rates and credit ratings. The non-U.S. government sponsored enterprise notes held by the Company are primarily issued by investment banks backed by countries across the globe and all have investment grade ratings.

The Company corroborates the fair values provided by the independent third party for corporate notes/bonds (other than those classified as Level 3) by comparing those provided against fair values determined by the Company utilizing quoted prices from vendors for identical securities, or the market prices of similar securities adjusted for observable inputs such as differences in maturity dates, interest rates, yield curves, swap rates, credit ratings, industry comparable trades and spread history. The corporate notes/bonds held by the Company are all issued by major corporate organizations and have investment grade ratings.

The Company corroborates the fair values provided by the independent third party for asset-backed securities by comparing those provided against fair values determined by the Company utilizing quoted prices from vendors for identical securities, or the market prices of similar securities adjusted for observable inputs such as differences in swap rates and spreads, credit ratings, pricing changes relative to asset class, priority in capital structure, principal payment windows, and maturity dates. All asset-backed securities held by the Company are issued by government or consumer agencies and are primarily backed by commercial automobile and equipment loans and leases. All asset-backed securities held by the Company have investment grade ratings.

Fair values for all investment categories provided by the independent third party that are in excess of 0.5% from the fair values determined by the Company are communicated to the third party for consideration of reasonableness. The independent third party considers the information provided by the Company before determining whether a change in the original pricing is warranted.

The fair values of corporate notes/bonds classified as Level 3, which represent investments in securities for which there is not an active market, are estimated using a discounted cash flow pricing methodology incorporating unobservable inputs such as anticipated monthly interest and principal payments received, existing and estimated defaults, and collateral value. The corporate notes/bonds classified as Level 3 held by the Company consist of securities received in a payment-in-kind distribution from a former structured investment vehicle.

The fair value of auction rate securities is estimated using a discounted cash flow model incorporating estimated weighted-average lives based on contractual terms, assumptions concerning liquidity, and credit adjustments of the security sponsor to determine timing and amount of future cash flows. Some of these inputs are unobservable.

The fair values of currency forward contracts and currency option contracts have been determined using notional and exercise values, transaction rates, market quoted currency spot rates, forward points and interest rate yield curves. For currency forward contracts and currency option contracts, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. Changes in assumptions could have a significant effect on the estimates.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis:

As at March 2, 2013	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale investments				
Money market funds	$ 5	$ —	$ —	$ 5
Bankers' acceptances/Bearer deposit notes	—	114	—	114
Non-U.S. government promissory notes	—	50	—	50
Term deposits/certificates	—	157	—	157
Commercial paper	—	629	—	629
Non-U.S. treasury bills/notes	—	282	—	282
U.S. treasury bills/notes	—	619	—	619
U.S. government sponsored enterprise notes	—	156	—	156
Non-U.S. government sponsored enterprise notes	—	26	—	26
Corporate notes/bonds	—	213	5	218
Asset-backed securities	—	102	—	102
Auction rate securities	—	—	36	36
Total available-for-sale investments	5	2,348	41	2,394
Currency forward contracts	—	56	—	56
Currency option contracts	—	3	—	3
Total assets	$ 5	$2,407	$ 41	$2,453
Liabilities				
Currency forward contracts	$ —	$ 24	$ —	$ 24
Currency option contracts	—	11	—	11
Total liabilities	$ —	$ 35	$ —	$ 35

In millions of United States dollars, except share and per share data, and except as otherwise indicated

As at March 3, 2012	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale investments				
Money market funds	$ 5	$ —	$ —	$ 5
Bankers' acceptances	—	284	—	284
Term deposits/certificates	—	217	—	217
Commercial paper	—	402	—	402
Non-U.S. treasury bills/notes	—	71	—	71
U.S. treasury bills/notes	—	114	—	114
U.S. government sponsored enterprise notes	—	127	—	127
Non-U.S. government sponsored enterprise notes	—	18	—	18
Corporate notes/bonds	—	159	7	166
Asset-backed securities	—	109	—	109
Auction rate securities	—	—	36	36
Other investments	—	—	25	25
Total available-for-sale investments	5	1,501	68	1,574
Currency forward contracts	—	55	—	55
Currency option contracts	—	17	—	17
Total assets	$ 5	$1,573	$ 68	$1,646
Liabilities				
Currency forward contracts	$ —	$ 34	$ —	$ 34
Currency option contracts	—	1	—	1
Total liabilities	$ —	$ 35	$ —	$ 35

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The following table summarizes the changes in fair value of the Company's Level 3 assets for the years ended March 3, 2012 and March 2, 2013:

	Level 3
Balance at February 26, 2011	$ 71
Change in market values	1
Principal repayments received	(4)
Balance at March 3, 2012	68
Sale of Level 3 assets	(25)
Principal repayments	(2)
Balance at March 2, 2013	$ 41

The Company recognizes transfers in and out of levels within the fair value hierarchy at the end of the reporting period in which the actual event or change in circumstance occurred. During the year ended March 2, 2013, there was a significant transfer out of Level 3 assets in the amount of $25 million, representing the sale of the Company's unsecured claim on assets held at LBIE at the time of LBIE's bankruptcy.

The Company's Level 3 assets are comprised of auction rate securities and corporate notes/bonds consisting of securities received in a payment-in-kind distribution from a former structured investment vehicle.

The auction rate securities are valued using a discounted cash flow method incorporating both observable and unobservable inputs. The unobservable inputs utilized in the valuation are the estimated weighted-average life of each security based on its contractual details and expected paydown schedule based upon the underlying collateral, the value of the underlying collateral which would be realized in the event of a waterfall event, an estimate of the likelihood of a waterfall event and an estimate of the likelihood of a permanent auction suspension. Significant changes in these unobservable inputs would result in significantly different fair value measurements. Generally, a change in the assumption used for the probability of a waterfall event is accompanied by a directionally opposite change in the assumption used for the probability of a permanent suspension. A waterfall event occurs if the funded reserves of the securities become insufficient to make the interest payments, resulting in the disbursement of the securities' underlying collateral, the value which is currently greater than the fair value of the securities, to the security holders.

The corporate notes/bonds are valued using a discounted cash flow method incorporating both observable and unobservable inputs. The unobservable inputs utilized in the valuation are the anticipated future monthly principal and interest payments, an estimated rate of decrease of those payments, the value of the underlying collateral, the number of securities currently in technical default as grouped by the underlying collateral, an estimated average recovery rate of those securities and assumptions surrounding additional defaults. Significant changes in these unobservable inputs would result in significantly different fair value measurements. Generally, a change in the assumption used for the anticipated monthly payments is accompanied by a directionally similar change in the average recovery rate and a directionally opposite change in the yearly decrease in payments and additional defaults assumptions.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The following table presents the significant unobservable inputs used in the fair value measurement of each of the above Level 3 assets, as well as the impact on the fair value measurement resulting from a significant increase or decrease in each input in isolation:

As at March 2, 2013	Fair Value	Valuation Technique	Unobservable Input	Range (weighted average)	Effect of Significant Increase/(Decrease) in Input on Fair Value
Auction rate securities	$ 36	Discounted cash flow	Weighted-average life	10 - 21 years (16 years)	(Decrease)/increase
			Collateral value (as a % of fair value)	103 - 137% (116%)	Increase/(decrease)
			Probability of waterfall event	5 - 10% (8%)	Increase/(decrease)
			Probability of permanent suspension of auction	5 - 10% (8%)	(Decrease)/increase
Corporate bonds/notes	$ 5	Discounted cash flow	Anticipated monthly principal and interest payments	$0.2 million	Increase/(decrease)
			Yearly decrease in payments	10%	(Decrease)/increase
			Collateral value (as a % of fair value)	193%	Increase/(decrease)
			Current securities in technical default, by collateral grouping	0 - 100% (19%)	(Decrease)/increase
			Average recovery rate of securities in technical default	30%	Increase/(decrease)
			Additional defaults assumption	0 - 44% (18%)	(Decrease)/increase

6. CONSOLIDATED BALANCE SHEETS DETAILS

Inventories

Inventories were comprised of the following:

	As at March 2, 2013	As at March 3, 2012
Raw materials	$ 588	$ 771
Work in process	371	520
Finished goods	78	167
Provision for excess and obsolete inventories	(434)	(431)
	$ 603	$1,027

In millions of United States dollars, except share and per share data, and except as otherwise indicated

Property, plant and equipment, net

Property, plant and equipment were comprised of the following:

	As at	
	March 2, 2013	March 3, 2012
Cost		
Land	$ 129	$ 129
Buildings, leasehold improvements and other	1,392	1,386
BlackBerry operations and other information technology	2,440	2,194
Manufacturing equipment, research and development equipment and tooling	486	524
Furniture and fixtures	570	529
	5,017	4,762
Accumulated amortization	2,622	2,029
Net book value	$2,395	$2,733

As at March 2, 2013, the carrying amount of assets under construction was $109 million (March 3, 2012 - $392 million). Of this amount, $62 million was included in buildings, leasehold improvements and other (March 3, 2012 - $241 million); $36 million was included in BlackBerry operations and other information technology (March 3, 2012 - $132 million); $11 million was included in manufacturing equipment, research and development equipment, and tooling (March 3, 2012 - $15 million); and $0.4 million was included in furniture and fixtures (March 3, 2012 - $4).

For the year ended March 2, 2013, amortization expense related to property, plant and equipment was $721 million (March 3, 2012 - $660 million; February 26, 2011 - $497 million).

In millions of United States dollars, except share and per share data, and except as otherwise indicated

Intangible assets, net

Intangible assets were comprised of the following:

	As at March 2, 2013		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 455	$ 262	$ 193
Intellectual property	4,382	1,127	3,255
	$4,837	$ 1,389	$ 3,448

	As at March 3, 2012		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 397	$ 182	$ 215
Intellectual property	4,217	1,146	3,071
	$4,614	$ 1,328	$ 3,286

During fiscal 2013, the additions to intangible assets primarily consisted of payments relating to amended or renewed licensing agreements, as well as agreements with third parties for the use of intellectual property, software, messaging services and other BlackBerry related features, as well as intangible assets associated with the business acquisitions discussed in note 7.

During fiscal 2012, a consortium of certain technology companies, of which the Company is a part, emerged as the winning bidder for all of Nortel's remaining patents and patent applications for a cash purchase price of $4.5 billion. The Company's portion of the purchase consideration is approximately $775 million. The purchase includes more than 6,000 patents and patent applications spanning wireless, wireless 4G, data networking, voice, internet and other patents. The majority of the Company's portion of the purchase consideration was recorded as intangible assets as at March 3, 2012.

For the year ended March 2, 2013, amortization expense related to intangible assets was $1.2 billion (March 3, 2012 - $863 million; February 26, 2011 - $430 million). Total additions to intangible assets in fiscal 2013 were $1.2 billion (2012 - $2.4 billion).

Based on the carrying value of the identified intangible assets as at March 2, 2013 and assuming no subsequent impairment of the underlying assets, the annual amortization expense for each of the succeeding years is expected to be as follows: 2014 - $1.2 billion; 2015 - $656 million; 2016 - $363 million; 2017 - $320 million; and 2018 - $272 million.

The weighted-average remaining useful life of the acquired technology is 3.2 years (2012 - 2.9 years).

In millions of United States dollars, except share and per share data, and except as otherwise indicated

Goodwill

Changes to the carrying amount of goodwill during the fiscal year ended March 2, 2013 were as follows:

	Gross Amount	Accumulated Impairment Losses	Net Amount
Balance as at February 26, 2011	508	—	508
Goodwill acquired through business combinations during the year	151	(355)	(204)
Balance as at March 3, 2012	659	(355)	304
Goodwill acquired through business combinations during the year	31	—	31
Goodwill impairment charge	—	(335)	(335)
Balance as at March 2, 2013	$ 690	$ (690)	$ —

The Company performed a goodwill impairment analysis during the fourth quarter of fiscal 2012 and concluded that impairment existed. Based on the results of that test, the Company recorded a goodwill impairment charge of $355 million in the fourth quarter of fiscal 2012.

Due to business conditions and a continued significant decline in the Company's market capitalization, the Company concluded that goodwill impairment indicators existed and an interim goodwill impairment assessment was required in the first quarter of fiscal 2013. In the first step of the goodwill impairment test, the estimated fair value of the Company was determined utilizing a market-based approach and the Company's market capitalization was used as a key input for the determination of fair value of the Company. The Company's market capitalization was determined by multiplying the number of shares outstanding as at June 2, 2012 by the average closing market price of the Company's common shares over the preceding five-day period. The Company used this duration in order to incorporate the inherent market fluctuations that may affect any individual closing price of the Company's shares. The Company believes that market capitalization alone does not capture the fair value of the business as a whole, or the substantial value that an acquirer would obtain from its ability to obtain control of the business. Consequently, the Company developed an estimate for the control premium that a marketplace participant might pay to acquire control of the business in an arm's-length transaction. The determination of the control premium requires significant judgment and the Company observed recent market transactions as a guide to establish a range of reasonably possible control premiums to estimate the Company's fair value. The Company believes that the main factors leading to the impairment were a significant decline in its share price, which was influenced by delays in new product introductions, intense competition within the Company's industry and a sustained decline in the Company's performance. The result of this analysis concluded that the carrying value of the Company exceeded its estimated fair value as at the balance sheet date of the first quarter of fiscal 2013, and as such, the second step of the goodwill impairment test was performed.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

In the second step of the impairment test, the impairment loss was measured by estimating the implied fair value of the Company's goodwill and comparing it with its carrying value. Using the Company's fair value determined in the first step of the goodwill impairment test as the acquisition price in a hypothetical acquisition of the Company, the implied fair value of goodwill was calculated as the residual amount of the acquisition price after allocations made to the fair value of net assets, including working capital, property, plant and equipment and both recognized and unrecognized intangible assets. Based on the results of the second step of the goodwill impairment test, it was concluded that the carrying value of goodwill was impaired. Consequently, the Company recorded a goodwill impairment charge of $335 million in the first quarter of fiscal 2013 to write-off the entire carrying value of its goodwill, and reported this amount as a separate line item in the consolidated statements of operations.

Accrued liabilities

Accrued liabilities were comprised of the following:

	As at	
	March 2, 2013	March 3, 2012
Marketing costs	$ 99	$ 367
Vendor inventory liabilities	130	279
Warranty	318	408
Royalties	501	382
Carrier liabilities	141	524
Other	653	422
	$1,842	$2,382

Other accrued liabilities, as noted in the above table, include, among other things, salaries and payroll withholding taxes, none of which are greater than 5% of the current liabilities balance.

7. BUSINESS ACQUISITIONS

On March 8, 2012, the Company purchased for cash consideration 88% of the shares of Paratek Microwave Inc. (“Paratek”), representing all remaining shares of Paratek which were not previously held by the Company. Immediately prior to the acquisition date, the Company owned a 12% interest in Paratek. The non-controlling interest had a carrying value of $20 million and was re-measured at a fair value of $20 million, and resulted in no gain or loss. The valuation was based on the application of a minority interest discount to the aggregate purchase consideration paid and then allocating the implied value of Paratek, on a minority interest basis, across the shares outstanding. The acquired technology will be incorporated into the Company’s products to enhance radio frequency tuning technologies.

During fiscal 2012, the Company purchased for cash consideration 100% of the shares of a company whose technology will be incorporated into the Company’s proprietary technology.

During fiscal 2012, the Company purchased for cash consideration 100% of the shares of a company whose technology is being incorporated into an application on the BlackBerry PlayBook tablet.

During fiscal 2012, the Company purchased for cash consideration 100% of the shares of a company whose technology offers a customizable and cross-platform social mobile gaming developer tool kit.

During fiscal 2012, the Company purchased for cash consideration 100% of the shares of a company whose technology will provide a multi-platform BlackBerry Enterprise Solution for managing and securing mobile devices for enterprises and government organizations.

During fiscal 2012, the Company purchased for cash consideration certain assets of a company whose acquired technology will be incorporated into the Company’s products to enhance calendar scheduling capabilities.

During fiscal 2012, the Company purchased for cash consideration 100% of the shares of a company whose technology is being incorporated into the Company’s developer tools.

The acquisitions were accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed were measured at their fair values as of the date of acquisition. The excess of the acquisition price over such fair value, if any, is recorded as goodwill, which is not expected to be deductible for tax purposes. In-process research and development is charged to amortization expense immediately after acquisition. The Company includes the operating results of each acquired business in the consolidated financial statements from the date of acquisition.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition for fiscal 2013, fiscal 2012:

	For the year ended	
	March 2, 2013	March 3, 2012
Assets purchased		
Current assets	$ 4	$ 12
Property, plant and equipment	2	3
Other assets	4	6
Customer relationship intangible	10	16
Acquired technology	96	72
In-process research and development	—	5
Deferred income tax asset	39	4
Goodwill[(1)]	31	151
	186	269
Liabilities assumed	(23)	29
Deferred income tax liability	(38)	9
	(61)	38
Net non-cash assets acquired	125	231
Cash acquired	1	6
Purchase price	$ 126	$ 237
Consideration		
Cash consideration	$ 93	$ 232
Fair value of equity interest previously held	20	—
Contingent consideration[(2)]	13	5
	$ 126	$ 237

(1) Goodwill represents the excess of the acquisition price over the fair value of net assets acquired, which is not expected to be deductible for tax purposes when goodwill results from share purchases. None of the goodwill resulting from certain assets purchased in fiscal 2013 is expected to be deductible for tax purposes ($10 million of goodwill resulting from certain assets purchased in fiscal 2012 is expected to be deductible for tax purposes). The entire goodwill balance was included in the goodwill impairment charges incurred in the fourth quarter of fiscal 2012 and the first quarter of fiscal 2013, as discussed in note 6.

(2) The Company has agreed to additional consideration contingent upon the retention of key employees for a period of 24 months from the acquisition date.

The weighted-average amortization period of the acquired technology related to the business acquisition completed during the year ended March 2, 2013 is approximately 4.3 years (March 3, 2012 – 3.4 years).

In millions of United States dollars, except share and per share data, and except as otherwise indicated

Pro forma results of operations for the acquisitions have not been presented because the effects of the operations, individually or in aggregate, are not considered to be material to the Company's consolidated results.

8. INCOME TAXES

The difference between the amount of the provision for (recovery of) income taxes and the amount computed by multiplying income from continuing operations before income taxes by the statutory Canadian tax rate is reconciled as follows:

	For the year ended		
	March 2, 2013	March 3, 2012	February 26, 2011
Statutory Canadian tax rate	26.6%	28.0%	30.5%
Expected provision for (recovery of) income taxes from continuing operations	$ (324)	$ 425	$ 1,414
Differences in income taxes resulting from:			
Investment tax credits	(127)	(138)	(138)
Canadian tax rate differences	(125)	—	—
Manufacturing and processing activities	—	(21)	(71)
Change in unrecognized income tax benefits	(116)	—	—
Non-deductible goodwill impairment	84	90	—
Foreign tax rate differences	6	12	15
Other differences	10	(21)	13
	$ (592)	$ 347	$ 1,233

	For the year ended		
	March 2, 2013	March 3, 2012	February 26, 2011
Income (loss) from continuing operations before income taxes:			
Canadian	$(1,365)	$ 1,272	$ 4,279
Foreign	145	246	364
	$(1,220)	$ 1,518	$ 4,643

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The provision for (recovery of) income taxes from continuing operations consists of the following:

	For the year ended		
	March 2, 2013	March 3, 2012	February 26, 2011
Current			
Canadian	$ (760)	$ 176	$ 1,059
Foreign	88	181	83
Deferred			
Canadian	68	34	57
Foreign	12	(44)	34
Provision for (recovery of) income taxes	$ (592)	$ 347	$ 1,233

Deferred income tax assets and liabilities consist of the following temporary differences:

	As at	
	March 2, 2013	March 3, 2012
Assets		
Non-deductible reserves	$ 182	$ 216
Tax loss carryforwards	28	30
Unrealized losses on financial instruments	2	—
Other tax carryforwards	—	30
Deferred income tax assets	212	276
Liabilities		
Property, plant and equipment	(287)	(282)
Research and development	(31)	(17)
Unrealized gains on financial instruments	—	(12)
Deferred income tax liabilities	(318)	(311)
Net deferred income tax liability	$ (106)	$ (35)
Deferred income tax asset - current	$ 139	$ 197
Deferred income tax liability - long-term	(245)	(232)
	$ (106)	$ (35)

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The Company determined that it is more likely than not that it can realize its deferred income tax assets. Accordingly, no valuation allowance is required on its deferred income tax assets as at March 2, 2013 (March 3, 2012 - nil). The Company will continue to evaluate and examine the valuation allowance on a regular basis, and when required, the valuation allowance may be adjusted.

The Company has not provided for Canadian deferred income taxes or foreign withholding taxes that would apply on the distribution of the income of its non-Canadian subsidiaries, as this income is intended to be reinvested indefinitely. As at March 2, 2013, the cumulative amount of earnings upon which income taxes have not been provided is approximately $1.3 billion. The amount of unrecognized deferred tax liability related to these earnings is estimated to be approximately $60 million.

The Company's total unrecognized income tax benefits as at March 2, 2013 and March 3, 2012 were $29 million and $146 million, respectively. The decrease in unrecognized income tax benefits primarily relates to the effective settlement of uncertain income tax positions in the third quarter of fiscal 2013 that resulted from the restructuring of the Company's international operations. A reconciliation of the beginning and ending amount of unrecognized income tax benefits that, if recognized, would affect the Company's effective income tax rate is as follows:

	March 2, 2013	March 3, 2012	February 26, 2011
Unrecognized income tax benefits, opening balance	$ 146	$ 164	$ 161
Increase for income tax positions of prior years	9	15	8
Increase for income tax positions of current year	2	—	—
Settlement of tax positions	(152)	(8)	(2)
Expiration of statute of limitations	—	(24)	—
Other	24	(1)	(3)
Unrecognized income tax benefits, ending balance	$ 29	$ 146	$ 164

As at March 2, 2013, all of the unrecognized income tax benefits of $29 million have been netted against current income taxes payable and other non-current income taxes payable on the Company's consolidated balance sheet.

A summary of open tax years by major jurisdiction is presented below:

Jurisdiction	
Canada(1)	Fiscal 2009 - 2013
United States(2)	Fiscal 2012 - 2013
United Kingdom	Fiscal 2010 - 2013

(1) Includes federal as well as provincial jurisdictions.
(2) Pertains to federal tax years. Certain state jurisdictions remain open from fiscal 2009 through fiscal 2013.

The Company is subject to ongoing examination by tax authorities in the jurisdictions in which it operates. The Company regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for income taxes as well as the provisions for indirect and other taxes and related penalties and interest. The Company believes it is reasonably possible that approximately $17 million of its gross unrecognized income tax benefits will be realized in the next twelve months. The Company has other non-

Canadian income tax audits pending. While the final resolution of these audits is uncertain, the Company believes the ultimate resolution of these audits will not have a material adverse effect on its consolidated financial position, liquidity or results of operations.

The Company recognizes interest and penalties related to unrecognized income tax benefits as interest expense, which is netted and reported within investment income. The amount of interest accrued as at March 2, 2013 was approximately $6 million (March 3, 2012 – approximately $6 million). The amount of penalties accrued as at March 2, 2013 was nominal (March 3, 2012 – nil).

9. CAPITAL STOCK

(a) Capital stock

The Company is authorized to issue an unlimited number of non-voting, redeemable, retractable Class A common shares, an unlimited number of voting common shares and an unlimited number of non-voting, cumulative, redeemable, retractable preferred shares. At March 2, 2013 and March 3, 2012, there were no Class A common shares or preferred shares outstanding.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The following details the changes in issued and outstanding common shares for the three years ended March 2, 2013:

	Capital Stock and Additional Paid-In Capital		Treasury Stock	
	Stock Outstanding (000's)	Amount	Stock Outstanding (000's)	Amount
Common shares outstanding as at February 27, 2010	557,329	$2,372	1,459	$ (94)
Exercise of stock options	3,737	67	—	—
Stock-based compensation	—	72	—	—
Tax deficiencies related to stock-based compensation	—	(1)	—	—
Purchase of treasury stock	—	—	1,471	(76)
Treasury stock vested	2	(10)	(177)	10
Common shares repurchased	(37,199)	(141)	—	—
Common shares outstanding as at February 26, 2011	523,869	2,359	2,753	(160)
Exercise of stock options	291	9	—	—
Stock-based compensation	—	97	—	—
Tax deficiencies related to stock-based compensation	—	(2)	—	—
Purchase of treasury stock	—	—	6,317	(156)
Treasury stock vested	—	(17)	(359)	17
Common shares outstanding as at March 3, 2012	524,160	2,446	8,711	(299)
Exercise of stock options	—	—	—	—
Stock-based compensation	—	86	—	—
Tax deficiencies related to stock-based compensation	—	(11)	—	—
Purchase of treasury stock	—	—	3,006	(25)
Treasury stock vested	—	(90)	(2,697)	90
Common shares outstanding as at March 2, 2013	524,160	$2,431	9,020	$ (234)

The Company had 524 million voting common shares outstanding, 7.2 million options to purchase voting common shares, 15.1 million RSUs and 0.3 million DSUs outstanding as at March 26, 2013.

(b) Stock-based compensation

Stock Option Plan

The Company recorded a charge to income and a credit to paid-in-capital of approximately $8 million in fiscal 2013 (fiscal 2012 - $27 million; fiscal 2011 - $31 million) in relation to stock-based compensation expense.

The Company has presented excess tax deficiencies from the exercise of stock-based compensation awards as a financing activity in the consolidated statements of cash flows.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

Stock options previously granted under the plan generally vest over a period of three years to a maximum of five years and are generally exercisable over a period of five years to a maximum of seven years from the grant date. The Company issues new shares to satisfy stock option exercises. There are five million shares in the equity pool available for future grants under the Company's equity plans as at March 2, 2013.

A summary of option activity since February 27, 2010 is shown below:

	Options Outstanding			
	Number (000's)	Weighted-Average Exercise Price	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 27, 2010	9,023	$ 44.18		
Exercised during the year	(3,737)	17.83		
Forfeited/cancelled/expired during the year	(676)	46.08		
Balance as at February 26, 2011	4,610	$ 70.36		
Exercised during the year	(291)	29.70		
Forfeited/cancelled/expired during the year	(701)	64.58		
Balance as at March 3, 2012	3,618	$ 73.86		
Granted during the year	5,288	7.86		
Forfeited/cancelled/expired during the year	(1,646)	60.86		
Balance as at March 2, 2013	7,260	$ 27.53	3.51	$ 29
Vested and expected to vest as at March 2, 2013	6,869	$ 28.60	3.45	$ 27
Exercisable as at March 2, 2013	2,073	$ 74.76	0.91	$ —

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the aggregate difference between the closing stock price of the Company's common shares on March 2, 2013 and the exercise price for in-the-money options) that would have been received by the option holders if all in-the-money options had been exercised on March 2, 2013. During fiscal 2013, there were no options exercised.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

A summary of unvested stock options since March 3, 2012 is shown below:

	Options Outstanding	
	Number (000's)	Weighted-Average Grant Date Fair Value
Balance as at March 3, 2012	599	$ 41.53
Granted during the year	5,288	4.20
Vested during the year	(339)	41.43
Forfeited during the year	(361)	23.68
Balance as at March 2, 2013	5,187	$ 4.71

As at March 2, 2013, there was $20 million of unrecognized stock-based compensation expense related to unvested stock options which will be expensed over the vesting period, which, on a weighted-average basis, results in a period of approximately 1.7 years. The total fair value of stock options vested during the year ended March 2, 2013 was $14 million.

Cash received from the stock options exercised for the year ended March 2, 2013 was nil (March 2, 2013 - $9 million; February 26, 2011 - $67 million). Tax deficiencies incurred by the Company related to the stock options exercised was $1 million at March 2, 2013 (March 3, 2012 – tax deficiency of $2 million; February 26, 2011 – tax deficiency of $1 million).

During the year ended March 2, 2013, there were 5,288,040 stock options granted (March 3, 2012 and February 26, 2011 - there were no stock options granted). The weighted-average fair value of these grants was calculated using the Black-Scholes Merton option-pricing model with the following assumptions:

	March 2, 2013
Weighted-average grant date fair value of stock options granted during the periods	$ 4.20
Assumptions:	
Risk-free interest rates	0.5%
Expected life in years	4.25
Expected dividend yield	0%
Volatility	69.5%

The Company has no current expectation of paying cash dividends on its common shares. The risk-free interest rates utilized during the life of the stock options are based on a U.S. Treasury security for an equivalent period. The Company estimates the volatility of its common shares at the date of grant based on a combination of the implied volatility of publicly traded options on its common shares, and historical volatility, as the Company believes that this is a better indicator of expected volatility going forward. The expected life of stock options granted under the plan is based on historical exercise patterns, which the Company believes are representative of future exercise patterns.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

Restricted Share Unit Plan

The Company recorded compensation expense with respect to RSUs of approximately $78 million in the year ended March 2, 2013 (March 3, 2012 - $70 million; February 26, 2011 - $42 million).

A summary of RSU activity since March 3, 2012 is shown below:

	RSUs Outstanding			
	Number (000's)	Weighted-Average Grant Date Fair Value	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 27, 2010	1,449	$ 66.09		
Granted during the year	1,532	50.45		
Vested during the year	(177)	67.64		
Cancelled during the year	(101)	58.34		
Balance as at February 26, 2011	2,703	$ 57.40		
Granted during the year	7,093	25.33		
Vested during the year	(359)	60.42		
Cancelled during the year	(842)	45.73		
Balance as at March 3, 2012	8,595	$ 31.96		
Granted during the year	11,189	7.94		
Vested during the year	(2,697)	38.96		
Cancelled during the year	(1,902)	25.46		
Balance as at March 2, 2013	15,185	$ 13.83	1.59	$ 201

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the aggregate closing share price of the Company's common shares on March 2, 2013) that would have been received by RSU holders if all RSUs had been vested on March 2, 2013.

Tax deficiencies incurred by the Company related to the RSUs vested was $10 million for the year ended March 2, 2013 (March 3, 2012 - nil; February 26, 2011 - nil).

In order to comply with its obligation to deliver shares upon vesting, the Company purchases shares via a trustee selected by the Company or issues new common shares. During the year ended March 2, 2013 the Company purchased 3,005,670 common shares for total cash consideration of approximately $25 million (March 3, 2012 - 6,316,780 common shares were purchased for total cash consideration of approximately $156 million). These purchased shares are classified as treasury stock for accounting purposes and included in the shareholders' equity section of the Company's consolidated balance sheets.

As at March 2, 2013, there was $150 million of unrecognized compensation expense related to RSUs that will be expensed over the vesting period, which, on a weighted-average basis, results in a period of approximately 1.49 years.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

During the year ended March 2, 2013, there were 11,189,498 RSUs granted (March 3, 2012 – 7,092,729 RSUs were granted), of which 6,897,616 will be settled upon vesting by the issuance of new common shares.

Deferred Share Unit Plan

The Company issued 190,612 DSUs in the year ended March 2, 2013. There were 0.3 million DSUs outstanding as at March 2, 2013 (March 3, 2012 – 0.1 million). The Company had a liability of $4.3 million in relation to the DSU plan as at March 2, 2013 (March 3, 2012 - $2 million).

10. COMMITMENTS AND CONTINGENCIES

(a) Credit facility

On September 25, 2012, the Company replaced its existing $500 million senior unsecured revolving credit facility with a syndicate of commercial banks with a $500 million senior secured revolving credit facility (the "Facility") for working capital and general corporate purposes with the same syndicate. The Facility, which is subject to certain financial covenants, expires on September 6, 2013, is secured by accounts receivable and inventory of the Company and certain of its subsidiaries. The Company has provided collateral of approximately $6 million for its outstanding letters of credit as of March 2, 2013. The collateral is held with one of the Company's banking partners and is recorded within short-term investments.

(b) Lease commitments

The Company is committed to future minimum annual lease payments related to real estate operating leases as follows:

For the fiscal years ending	
2014	$ 67
2015	43
2016	36
2017	31
2018	29
Thereafter	46
	$252

For the year ended March 2, 2013, the Company incurred rental expense of $91 million (March 3, 2012 - $91 million; February 26, 2011 - $68 million).

(c) Litigation

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. The Company is subject to a variety of claims (including claims related to patent infringement, purported class actions and other claims in the normal course of business) and may be subject to additional claims either directly or through indemnities against claims that it provides to certain of its partners and customers. In particular, the industry in which the Company competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. The Company has received, and may receive in the future, assertions and claims from third parties that the Company's products infringe on their patents or other intellectual property rights. Litigation has been and will likely continue to be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company's proprietary rights. Regardless of whether claims against the Company have merit, those claims could be time-consuming to evaluate and defend, result in costly litigation, divert management's attention and resources, subject the Company to significant liabilities and could have the other effects that are described in greater detail under "Risk Factors – Risks Related to Intellectual Property" and "Risk Factors - Risks Related to the Company's Business and its Industry - *The Company is subject to general commercial litigation, class action and other litigation claims as part of its operations, and it could suffer significant litigation expenses in defending these claims and could be subject to significant damage awards or other remedies"* in the Company's unaudited Annual Information Form for the fiscal year ended March 3, 2013, which is included in the Company's Annual Report on Form 40-F.

Management reviews all of the relevant facts for each claim and applies judgment in evaluating the likelihood and, if applicable, the amount of any potential loss. Where it is considered probable for a material exposure to result and where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The Company does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

Additional lawsuits and claims, including purported class actions and derivative actions, may be filed or made based upon the Company's historical stock option granting practices. Management assesses such claims and where considered likely to result in a material exposure and, where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The Company does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

See the "Legal Proceedings and Regulatory Action" section of the Company's unaudited Annual Information Form for additional unaudited information regarding the Company's legal proceedings, which is included in the Company's Annual Report on Form 40-F and "Legal Proceedings" in the unaudited Management's Discussion and Analysis of financial condition and results of operations for fiscal 2013.

(d) Concentrations in certain areas of the Company's business

The Company attempts to ensure that most components essential to the Company's business are generally available from multiple sources, however certain components are currently obtained from limited sources within a competitive market which subjects the Company to significant supply, availability and pricing risks. Many components are at times subject to industry-wide shortages and significant commodity pricing fluctuations including those that are available from multiple sources. In addition, the Company has entered into various agreements for the supply of components, the manufacturing of its products and agreements that allow the Company to use intellectual property owned by other companies; however, there can be no guarantee that the Company will be able to extend or renew these agreements on similar terms, or at all. Therefore, the Company remains subject to significant risks of supply shortages, intellectual property litigation risk as well as potential price increases that can materially adversely affect its financial condition and operating results.

The Company also uses some custom components that are not common to the rest of the industry, and new products introduced by the Company often utilize custom components available from only one source for a period of time. When a component or product uses new technologies, initial capacity constraints may exist until the suppliers' yields have matured or manufacturing capacity has increased. If the Company's supply of components for a new or existing product were delayed or constrained the Company's financial condition and operating results could be materially adversely affected. Further, if the Company was not able to find an alternative source for the necessary quantities, the Company's business and financial performance could also be materially adversely affected. Continued availability of these components at acceptable prices, or at all, may be affected if those suppliers concentrated on the production of common components instead of components customized to meet the Company's requirements.

Substantially all of the Company's hardware products are manufactured by outsourcing partners that are located primarily in Europe, Asia or Mexico. A significant concentration of this manufacturing is currently performed by a small number of outsourcing partners. Although the Company works closely with its outsourcing partners on manufacturing schedules, the Company's operating results could be adversely affected if its outsourcing partners were unable to meet their production commitments.

(e) Indemnifications

The Company enters into certain agreements that contain indemnification provisions under which the Company could be subject to costs and damages, including in the event of an infringement claim against the Company or an indemnified third party. Such intellectual property infringement indemnification clauses are generally not subject to any dollar limits and remain in effect for the term of the Company's agreements. To date, the Company has not encountered material costs as a result of such indemnifications.

The Company has entered into indemnification agreements with its directors and executive officers. Under these agreements, the Company agreed, subject to applicable law, to indemnify its directors and executive officers against all costs, charges and expenses reasonably incurred by such individuals in respect of any civil, criminal or administrative action which could arise by reason of their status as directors or officers. The Company maintains liability insurance coverage for the benefit of its directors and executive officers to reduce its exposure to such obligations. The Company has not encountered material costs as a result of such indemnifications in the current year. See the Company's Management Information Circular for fiscal 2012 for additional information regarding the Company's indemnification agreements with its directors and executive officers.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

11. COST OPTIMIZATION PROGRAMS

Fiscal 2013 Cost Optimization and Resource Efficiency ("CORE") Program

In March 2012, the Company commenced the CORE program with the objective of improving the Company's operations and increasing efficiency. The program includes, among other things, the streamlining of the BlackBerry smartphone product portfolio, the optimization of the Company's global manufacturing footprint, the outsourcing of global repair services, the alignment of the Company's sales and marketing teams and a reduction in the number of layers of management. On June 28, 2012, the Company announced that it would be reducing its global workforce across all functions by approximately 5,000 employees, representing approximately 30% of the total global workforce, and that all impacted employees would receive severance packages and outplacement support. The Company incurred approximately $220 million in total pre-tax charges related to the CORE program in the fiscal year ended March 2, 2013, related to employee termination benefits, facilities costs and manufacturing network simplification costs. Other charges and cash costs may occur as programs are implemented or changes are completed.

The following table sets forth the activity in the Company's CORE program for fiscal 2013:

	Employee Termination Benefits	Facilities Costs	Manufacturing Costs	Total
Balance as at March 3, 2012	$ —	$ —	$ —	$ —
Charges incurred	123	32	65	220
Cash payments made	(114)	(14)	(63)	(191)
Balance as at March 2, 2013	$ 9	$ 18	$ 2	$ 29

The CORE charges incurred in fiscal 2013 were as follows:

Cost of sales	$ 96
Research and development	27
Selling, marketing and administration	97
Total program charge	$220

There were no CORE charges incurred during fiscal 2012 or 2011.

As part of the CORE program, the Company has decided to sell certain redundant assets and discontinue certain operations to drive cost savings and efficiencies in the Company. As a result, in fiscal 2013 certain property, plant and equipment assets have been classified as held for sale on the Company's consolidated balance sheets, valued at $14 million, the lower of carrying value and fair value less costs to sell. Assets held for sale are expected to be sold within the next twelve months.

In December 2012 the Company sold 100% of the shares of its wholly-owned subsidiary, NewBay Software Limited ("NewBay"). As a result, the Company has recognized a loss on disposal of $3 million, which is included in the loss from discontinued operations line on the Company's consolidated statements of operations for fiscal 2013.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The following table sets forth the components of the Company's loss from discontinued operations presented on its consolidated statements of operations:

	For the year ended	
	March 2, 2013	March 3, 2012
Revenues from discontinued operations	$ 33	$ 12
Loss from discontinued operations, before tax	(20)	(7)
Loss on disposal of discontinued operation	(3)	—
Income tax recovery	5	—
Loss from discontinued operations, net of tax	$ (18)	$ (7)

Carrying values of significant assets and liabilities of NewBay at the time of sale include property, plant and equipment and intangible assets of $41 million (March 3, 2012 - $51 million), current assets of $15 million (March 3, 2012 – $32 million) and accrued liabilities of $13 million (March 3, 2012 - $19 million).

Fiscal 2012 Cost Optimization Program

In June 2011, the Company initiated a cost optimization program (the "2012 Cost Optimization Program") that included a global workforce reduction of approximately 2,000 employees, representing approximately 10% of the global workforce. The Company incurred approximately $125 million in total pre-tax charges related to the 2012 Cost Optimization Program in fiscal 2012. All of the pre-tax charges were related to one-time employee termination benefits and the identification of redundant facilities. During fiscal 2013, the Company made cash payments related to employee termination benefits and facilities costs, as shown in the table below. No further charges are expected to be incurred under this plan.

The following table sets forth the activity in the Company's 2012 Cost Optimization Program for fiscal 2013:

	Employee Termination Benefits	Facilities Costs	Total
Balance as at March 3, 2012	$ 10	$ 44	$ 54
Cash payments made	(10)	(24)	(34)
Balance as at March 2, 2013	$ —	$ 20	$ 20

There were no cost optimization charges incurred during fiscal 2011.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

12. PRODUCT WARRANTY

The Company estimates its warranty costs at the time of revenue recognition based on historical experience and expectations of future return rates and unit warranty repair costs. The warranty accrual balance is reviewed quarterly to establish that it materially reflects the remaining obligation based on the anticipated future expenditures over the balance of the obligation period. Adjustments are made when the actual warranty claim experience differs from estimates. The warranty accrual is included in accrued liabilities on the Company's consolidated balance sheets.

The change in the Company's warranty expense and actual warranty experience from February 27, 2010 to March 2, 2013 as well as the accrued warranty obligations are set forth in the following table:

Accrued warranty obligations as at February 27, 2010	$ 252
Actual warranty experience during fiscal 2011	(657)
Fiscal 2011 warranty provision	806
Adjustments for changes in estimate	58
Accrued warranty obligations as at February 26, 2011	459
Actual warranty experience during fiscal 2012	(685)
Fiscal 2012 warranty provision	622
Adjustments for changes in estimate	12
Accrued warranty obligations as at March 3, 2012	408
Actual warranty experience during fiscal 2013	(474)
Fiscal 2013 warranty provision	392
Adjustments for changes in estimate	(8)
Accrued warranty obligations as at March 2, 2013	$ 318

In millions of United States dollars, except share and per share data, and except as otherwise indicated

13. EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted earnings (loss) per share:

	For the year ended		
	March 2, 2013	March 3, 2012	February 26, 2011
Net income (loss) for basic and diluted earnings (loss) per share available to common shareholders from continuing operations	$ (628)	$ 1,171	$ 3,411
Net loss for basic and diluted loss per share available to common shareholders from discontinued operations	$ (18)	$ (7)	$ —
Weighted-average number of shares outstanding (000's) - basic	524,160	524,101	535,986
Effect of dilutive securities (000's) - stock-based compensation	—	89	2,344
Weighted-average number of shares and assumed conversions (000's) - diluted	524,160	524,190	538,330
Earnings (loss) per share - reported Basic earnings (loss) per share from continuing operations	$ (1.20)	$ 2.23	$ 6.36
Basic loss per share from discontinued operations	(0.03)	(0.01)	—
Total basic earnings (loss) per share	$ (1.23)	$ 2.22	$ 6.36
Diluted earnings (loss) per share from continuing operations	$ (1.20)	$ 2.23	$ 6.34
Diluted loss per share from discontinued operations	(0.03)	(0.01)	—
Total diluted earnings (loss) per share	$ (1.23)	$ 2.22	$ 6.34

As discussed in the stock-based compensation note above, during fiscal 2013 there were 6,897,616 RSUs granted that will be settled upon vesting by the issuance of new common shares. These RSUs were not incorporated into the calculation of diluted earnings per share for fiscal 2013 as to do so would have been antidilutive; however, these securities may have a dilutive effect on earnings (loss) per share in future periods.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of accumulated other comprehensive income (loss) are as follows:

	As at		
	March 2, 2013	March 3, 2012	February 26, 2011
Accumulated net unrealized gains on available-for-sale investments	$ 2	$ 2	$ 5
Accumulated net unrealized gains (losses) on derivative instruments designated as cash flow hedges	(6)	38	(15)
Accumulated other comprehensive income (loss)	$ (4)	$ 40	$ (10)

15. DERIVATIVE FINANCIAL INSTRUMENTS

The notional amounts and fair values of financial instruments outstanding were as follows:

	As at March 2, 2013	
Assets (Liabilities)	Notional Amount	Estimated Fair Value
Currency forward contracts - asset	$2,356	$ 57
Currency option contracts - asset	309	2
Currency forward contracts - liability	1,332	(24)
Currency option contracts - liability	426	(11)

	As at March 3, 2012	
Assets (Liabilities)	Notional Amount	Estimated Fair Value
Currency forward contracts - asset	$1,608	$ 55
Currency option contracts - asset	608	17
Currency forward contracts - liability	2,155	(34)
Currency option contracts - liability	480	(1)

Foreign Exchange

The Company uses derivative instruments to manage exposures to foreign exchange risk resulting from transactions in currencies other than its functional currency, the U.S. dollar. The Company's currency risk management objective in holding derivative instruments is to reduce the volatility of current and future income as a result of changes in foreign currency exchange rates. To limit its exposure to adverse movements in foreign currency exchange rates, the Company enters into foreign currency forward and option contracts. The Company does not use derivative instruments for speculative purposes.

The majority of the Company's revenues for the fiscal year ended March 2, 2013 were transacted in U.S. dollars. However, portions of the revenues are denominated in Canadian dollars, Euros, and British Pounds. Purchases of raw materials are primarily transacted in U.S. dollars. Other expenses, consisting of the majority of salaries, certain operating costs and manufacturing overhead are incurred primarily in Canadian dollars. The Company enters into forward and option contracts to hedge portions of these anticipated transactions to reduce the volatility on income associated with the foreign currency exposures. The Company also enters into forward and option contracts to reduce the effects of foreign exchange gains and losses resulting from the revaluation of certain foreign currency monetary assets and liabilities. At March 2, 2013 approximately 19% of cash and cash equivalents, 29% of accounts receivables and 5% of accounts payable and accrued liabilities are denominated in foreign currencies (March 3, 2012 – 38%, 30% and 11%).

The Company records all derivative instruments at fair value on the consolidated balance sheets. The fair value of these instruments is calculated based on notional and exercise values, transaction rates, market quoted currency spot rates, forward points and interest rate yield curves. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative instrument and whether it is designated as a hedge.

The Company's accounting policies for these instruments outline the criteria to be met in order to designate a derivative instrument as a hedge and the methods for evaluating hedge effectiveness. Hedge effectiveness is formally assessed, both at hedge inception and on an ongoing basis, to determine whether the derivatives used in hedging transactions are highly effective in offsetting changes in the value of the hedged items. If an anticipated transaction is deemed no longer likely to occur, the corresponding derivative instrument is de-designated as a hedge and any associated deferred gains and losses in accumulated other comprehensive income are recognized in income at that time. Any future changes in the fair value of the instrument are recognized in current income.

For any derivative instruments that do not meet the requirements for hedge accounting, or for any derivative instrument for which hedge accounting is not elected, the changes in fair value of the instruments are recognized in income in the current period and will generally offset the changes in the fair value of the associated asset, liability, or forecasted transaction.

The Company enters into forward and option contracts to hedge exposures relating to foreign currency anticipated transactions. These contracts have been designated as cash flow hedges, with the effective portion of the change in fair value initially recorded in accumulated other comprehensive income and subsequently reclassified to income in the period in which the cash flows from the associated hedged transactions affect income. Any ineffective portion of the change in fair value of the cash flow hedge is recognized in current period income. For fiscal year ended March 2, 2013, there was $8 million in realized gains on forward contracts which were ineffective upon maturity (fiscal year ended March 3, 2012 - $2 million in realized losses). As at March 2, 2013 and March 3, 2012, the outstanding derivatives designated as cash flow hedges were considered to be fully effective. The maturity dates of these instruments range from March 2013 to February 2014. As at March 2, 2013, the net unrealized loss on these forward and option contracts was $8 million (March 3, 2012 - net unrealized gain of $51 million). Unrealized gains associated with these contracts were recorded in other current assets and accumulated other comprehensive income (loss). Unrealized losses were recorded in accrued liabilities and accumulated other comprehensive income (loss). As at March 2, 2013, the Company estimates that approximately $8 million of net unrealized losses on these forward and option contracts will be reclassified into income within the next twelve months.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The following table shows the fair values of derivative instruments designated as cash flow hedges on the consolidated balance sheets:

	As at			
	March 2, 2013		March 3, 2012	
	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Currency forward contracts - asset	Other current assets	$ 13	Other current assets	$ 42
Currency option contracts - asset	Other current assets	2	Other current assets	17
Currency forward contracts - liability	Accrued liabilities	10	Accrued liabilities	6
Currency option contracts - liability	Accrued liabilities	10	Accrued liabilities	1

The following table shows the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive income for the year ended March 2, 2013:

	Amount of Gain (Loss) Recognized in OCI on Derivative Instruments (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)
Currency forward contracts	$ 7	Revenue	$ 52
Currency option contracts	(10)	Revenue	(5)
Currency forward contracts	(1)	Cost of sales	5
Currency option contracts	—	Cost of sales	—
Currency forward contracts	(2)	Selling, marketing and administration	5
Currency option contracts	—	Selling, marketing and administration	—
Currency forward contracts	(1)	Research and development	11
Currency option contracts	(1)	Research and development	(1)

	Amount of Gain (Loss) Recognized in Income on Derivative Instruments (Ineffective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Ineffective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Ineffective Portion)
Currency forward contracts	$ —	Selling, marketing and administration	$ 8

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The following table shows the impact of derivative instruments designated as cash flow hedges on the consolidated statement of operations for the year ended March 3, 2012:

	Amount of Gain (Loss) Recognized in OCI on Derivative Instruments (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)
Currency forward contracts	$ 16	Revenue	$ (83)
Currency option contracts	8	Revenue	(3)
Currency forward contracts	5	Cost of sales	11
Currency option contracts	1	Cost of sales	—
Currency forward contracts	6	Selling, marketing and administration	12
Currency option contracts	2	Selling, marketing and administration	—
Currency forward contracts	10	Research and development	15
Currency option contracts	3	Research and development	—

	Amount of Gain (Loss) Recognized in Income on Derivative Instruments (Ineffective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Ineffective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Ineffective Portion)
Currency forward contracts	$ —	Selling, marketing and administration	$ (2)

As part of its currency risk management strategy, the Company may maintain net monetary asset and/or liability balances in foreign currencies. The Company enters into foreign exchange forward contracts to hedge certain monetary assets and liabilities that are exposed to foreign currency risk. The principal currencies hedged include the Canadian dollar, Euro, and British Pound. These contracts are not subject to hedge accounting, and any realized and unrealized gains or losses are recognized in income each period, offsetting the change in the U.S. dollar value of the asset or liability. The maturity dates of these instruments range from March 2013 to September 2013. As at March 2, 2013, net unrealized gains of $29 million were recorded in respect of these instruments (March 3, 2012 - net unrealized losses of $14 million). Unrealized gains associated with these contracts were recorded in other current assets and selling, marketing and administration expenses. Unrealized losses were recorded in accrued liabilities and selling, marketing and administration expenses.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The following table shows the fair values of derivative instruments that are not subject to hedge accounting on the consolidated balance sheets:

	As at			
	March 2, 2013		March 3, 2012	
	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Currency forward contracts - asset	Other current assets	$ 44	Other current assets	$ 13
Currency option contracts - asset	Other current assets	—	Other current assets	—
Currency forward contracts - liability	Accrued liabilities	14	Accrued liabilities	28
Currency option contracts - liability	Accrued liabilities	1	Accrued liabilities	—

The following table shows the impact of derivative instruments that are not subject to hedge accounting on the consolidated statement of operations for the year ended March 2, 2013:

	Location of Gain (Loss) Recognized in Income on Derivative Instruments	Amount of Gain (Loss) in Income on Derivative Instruments
Currency forward contracts	Selling, marketing and administration	$ 38
Currency option contracts	Selling, marketing and administration	8

The following table shows the impact of derivative instruments that are not subject to hedge accounting on the consolidated statement of operations for the year ended March 3, 2012:

	Location of Gain (Loss) Recognized in Income on Derivative Instruments	Amount of Gain (Loss) in Income on Derivative Instruments
Currency forward contracts	Selling, marketing and administration	$ (74)
Currency option contracts	Selling, marketing and administration	4

Credit Risk

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations. The Company mitigates this risk by limiting counterparties to highly rated financial institutions and by continuously monitoring their creditworthiness. The Company's exposure to credit loss and market risk will vary over time as a function of currency exchange rates. The Company measures its counterparty credit exposure as a percentage of the total fair value of the applicable derivative instruments. Where the net fair value of derivative instruments with any counterparty is negative, the Company deems the credit exposure to that counterparty to be nil. As at March 2, 2013, the maximum credit exposure to a single counterparty, measured as a percentage of the total fair value of derivative instruments with net unrealized gains, was 29% (March 3, 2012 - 30%; February 26, 2011 - 59%). As at March 2, 2013, the Company had a total credit risk exposure across all counterparties with outstanding or unsettled foreign exchange derivative instruments of $35 million on a notional value of $1.8 billion (March 3, 2012 - $40 million total risk exposure on a notional value of $1.6 billion).

The Company maintains Credit Support Annexes ("CSAs") with several of its counterparties. These CSAs require that the outstanding net position of all contracts to be made whole by the paying or receiving of collateral to or from the counterparties on a daily basis, subject to exposure and transfer thresholds. As at March 2, 2013, the Company was holding $5 million of collateral from counterparties, approximating the fair value of those contracts. As with the derivatives recorded in an unrealized gain position, this amount is recorded in other current assets.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The Company is exposed to market and credit risk on its investment portfolio. The Company reduces this risk by investing in liquid, investment grade securities and by limiting exposure to any one entity or group of related entities. As at March 2, 2013, no single issuer represented more than 22% of the total cash, cash equivalents and investments (March 3, 2012 - no single issuer represented more than 9% of the total cash and cash equivalents and investments).

Interest Rate Risk

Cash and cash equivalents and investments are invested in certain instruments of varying maturities. Consequently, the Company is exposed to interest rate risk as a result of holding investments of varying maturities. The fair value of investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates. The Company does not currently utilize interest rate derivative instruments to hedge its investment portfolio.

16. SEGMENT DISCLOSURES

The Company is organized and managed as a single reportable operating segment. The Company currently sells an integrated BlackBerry wireless communications platform solution, which includes the sale of BlackBerry handheld devices and the provision of data communication, compression and security infrastructure services, which enable BlackBerry handheld wireless devices to send and receive wireless messages and data. For enterprise customers, the Company currently sells an integrated BlackBerry Enterprise Server software solution that gives corporate and government customers the ability to set and enforce specific information technology policies to manage their BlackBerry handheld wireless devices when the data services pass through BlackBerry's Relay and Provisioning infrastructure.

Revenue from continuing operations, classified by major geographic segments in which the Company's customers are located, was as follows:

	For the year ended					
	March 2, 2013		March 3, 2012		February 26, 2011	
North America						
Canada	$ 661	6.0%	$ 1,260	6.8%	$ 1,408	7.1%
United States	2,235	20.2%	4,182	22.7%	7,823	39.3%
	2,896	26.2%	5,442	29.5%	9,231	46.4%
Europe, Middle East and Africa						
United Kingdom	1,238	11.2%	1,919	10.4%	2,218	11.1%
Other	3,264	29.5%	5,743	31.2%	3,867	19.4%
	4,502	40.7%	7,662	41.6%	6,085	30.5%
Latin America	2,114	19.1%	2,646	14.4%	2,738	13.8%
Asia Pacific	1,561	14.0%	2,673	14.5%	1,853	9.3%
	$11,073	100.0%	$18,423	100.0%	$19,907	100.0%

Research In Motion Limited
Notes to the Consolidated Financial Statements
In millions of United States dollars, except share and per share data, and except as otherwise indicated

	For the year ended		
	March 2, 2013	March 3, 2012	February 26, 2011
Revenue mix			
Devices	$ 6,648	$13,794	$ 15,956
Service	3,910	4,074	3,197
Software	261	318	294
Other	254	237	460
	$11,073	$18,423	$ 19,907

	As at	
	March 2, 2013	March 3, 2012
Property, plant and equipment, intangible assets and goodwill		
Canada	$ 5,160	$ 5,367
United States	468	555
United Kingdom	30	37
Other	185	364
	$ 5,843	$ 6,323
Total assets		
Canada	$ 8,252	$ 8,693
United States	1,713	2,337
United Kingdom	1,071	1,554
Other	2,129	1,147
	$13,165	$13,731

In millions of United States dollars, except share and per share data, and except as otherwise indicated

17. CASH FLOW INFORMATION

(a) Cash flows resulting from net changes in working capital items are as follows:

	For the year ended		
	March 2, 2013	March 3, 2012	February 26, 2011
Accounts receivable	$ 709	$ 898	$ (1,352)
Other receivables	218	(168)	(117)
Inventories	426	(409)	42
Income taxes receivable	(463)	(135)	—
Other current assets	(177)	(143)	54
Accounts payable	296	(90)	216
Accrued liabilities	(803)	(135)	539
Income taxes payable	—	(179)	82
Deferred revenue	279	151	40
	$ 485	$ (210)	$ (496)

(b) Certain statement of cash flow information related to interest and income taxes paid is summarized as follows:

	For the year ended		
	March 2, 2013	March 3, 2012	February 26, 2011
Interest paid during the year	$ —	$ —	$ —
Income taxes paid during the year	$ (283)	$ 684	$ 1,053

(c) Additional information

Advertising expense, which includes media, agency and promotional expenses totalling $925 million (March 3, 2012 - $864 million; February 26, 2011 - $1.1 billion) is included in selling, marketing and administration expenses for the fiscal year ended March 2, 2013.

Selling, marketing and administration expense for the fiscal year ended March 2, 2013 included $87 million with respect to foreign exchange gains (March 3, 2012 – loss of $40 million; February 26, 2011 – loss of $5 million).

Exhibit 1.3

RESEARCH IN MOTION LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS AND FISCAL YEAR ENDED MARCH 2, 2013

March 28, 2013

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with the audited consolidated financial statements and the accompanying notes (the "Consolidated Financial Statements") of Research In Motion Limited (the "Company") for the fiscal year ended March 2, 2013. The Consolidated Financial Statements are presented in U.S. dollars and have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). All financial information in this MD&A is presented in U.S. dollars, unless otherwise indicated.

The Company has prepared this MD&A with reference to *National Instrument 51-102* "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Under the U.S./Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which are different from those of the United States. This MD&A provides information for the fiscal year ended March 2, 2013 and up to and including March 28, 2013.

Additional information about the Company, including the Company's Annual Information Form, which is included in the Company's Annual Report on Form 40-F, can be found on SEDAR at www.sedar.com and on the U.S. Securities and Exchange Commission's ("SEC") website at www.sec.gov.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains forward-looking statements within the meaning of certain securities laws, including under the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws, including statements relating to:

- the Company's expectations regarding new product initiatives and timing, including the BlackBerry 10 platform and BlackBerry 10 smartphones;
- the Company's plans and expectations regarding new service offerings, and assumptions regarding its service revenue model;
- the Company's plans, strategies and objectives, and the anticipated opportunities and challenges in fiscal 2014;
- anticipated demand for, and the Company's plans and expectations relating to, programs to drive sell-through of the Company's BlackBerry 7 smartphones and BlackBerry PlayBook tablets;
- the Company's expectations regarding financial results for the first quarter of fiscal 2014;
- the Company's expectations with respect to the sufficiency of its financial resources;
- the Company'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;
- the Company's plans and expectations regarding marketing and promotional programs;

- the Company's estimates of purchase obligations and other contractual commitments; and
- assumptions and expectations described in the Company's critical accounting policies and estimates.

The words "expect", "anticipate", "estimate", "may", "will", "should", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company 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, the Company's expectations regarding its business, strategy, opportunities and prospects, including its ability to implement meaningful changes to address its business challenges, and the Company's expectations regarding the cash flow generation of its business. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, most of which are discussed in greater detail in the "Risk Factors" section of the Company's Annual Information Form, which is included in the Company's Annual Report on Form 40-F:

- the Company'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 the Company's ability to offset or mitigate the impact of the anticipated decline in the Company'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 the Company's industry, including potential future strategic transactions by its competitors or carrier partners, which could weaken the Company's competitive position or may require the Company to reduce its prices to compete effectively;
- the Company's ability to establish new, and to build on existing relationships with its network carrier partners and distributors, and its reliance on its network carrier partners to help promote the BlackBerry 10 platform and BlackBerry 10 smartphones;
- the efficient and uninterrupted operation of the Company's network operations center and the networks of its carrier partners, and the risk of other business interruptions, including costs, potential liabilities, lost revenues and reputational damage associated with service interruptions;
- risks related to the Company's ability to implement and to realize the anticipated benefits of its CORE program and to continue to realize cost reductions in the future;
- risks related to the Company's ability to maintain or increase its cash balance;
- the occurrence or perception of a breach of the Company's security measures, or an inappropriate disclosure of confidential or personal information;
- dependence on key personnel and the Company's ability to attract and retain key personnel;
- third-party claims for infringement of intellectual property rights by the Company and the outcome of any litigation with respect thereto;
- the Company's ability to successfully obtain patent or other proprietary or statutory protection for its technologies and products;
- the Company's ability to expand and manage BlackBerry® World™;
- potential liabilities or costs related to the collection, storage, transmission, use and disclosure of user and personal information;
- the Company's ability to manage inventory and asset risk;

- the Company's reliance on its suppliers for functional components, including the suppliers the Company has selected for its BlackBerry 10 smartphones, and the risk that suppliers will not supply components on a timely basis, in sufficient quantities or of the desired quality;
- the Company's ability to obtain rights to use software or components supplied by third parties;
- the Company's ability to successfully maintain and enhance its brand;
- risks associated with the Company's foreign operations, including risks related to recent political and economic developments in Venezuela;
- restrictions on import and use of the Company's products and services in certain countries due to encryption of the products and services;
- the Company's ability to continue to adapt to recent Board and management changes and headcount reductions;
- reliance on strategic alliances and relationships with third-party network infrastructure developers, software platform vendors and service platform vendors, including the Company's ability to promote and advance the development of an ecosystem of applications and services for the BlackBerry 10 platform;
- the Company's reliance on third-party manufacturers for certain products and its ability to manage its production and repair process;
- the continued quality and reliability of the Company's products and services and the potential effect of defects in products and services;
- general commercial litigation, class action and other litigation claims, including purported class action claims relating to the Company's operations;
- risks associated with litigation claims against the Company arising from the Company's practice of providing forward-looking guidance to its shareholders with respect to certain financial metrics, including the Company's practice of updating previous guidance where circumstances warrant;
- potential charges relating to the impairment of intangible assets recorded on the Company's balance sheet;
- risks as a result of actions of activist shareholders;
- government regulation of wireless spectrum and radio frequencies;
- reduced spending by customers due to the uncertainty of economic and geopolitical conditions;
- risks associated with acquisitions, investments and other business initiatives;
- foreign exchange risks as the Company transacts globally in currencies other than the U.S. dollar;
- regulation, certification and health risks, and risks relating to the misuse of the Company's products;
- tax liabilities, resulting from changes in tax laws or otherwise, associated with the Company's worldwide operations;
- market and credit risk associated with the Company's cash, cash equivalents and short-term or long-term investments;
- risks related to the failure of the Company's suppliers, subcontractors, third-party distributors and representatives to use acceptable ethical business practices or comply with applicable laws;

- the potential impact of copyright levies in numerous countries;
- the Company’s ability to manage its past growth and its ongoing development of service and support operations; and
- costs and other burdens associated with recently-adopted regulations regarding conflict minerals.

On March 29, 2012, the Company announced that it will no longer provide specific, forward-looking quantitative guidance. However, the Company remains committed to providing a high level of disclosure and transparency and will continue to provide commentary that highlights the trends and uncertainties that the Company anticipates. Any statements that are forward-looking statements are intended to enable the Company’s shareholders to view the anticipated performance and prospects of the Company from management’s perspective at the time such statements are made, and they are subject to the risks that are inherent in all forward-looking statements, as described above. These forward-looking statements are made by the Company in light of its experience, its perception of historical and anticipated business trends, existing conditions in the business at the time and anticipated future developments, including competition and new product initiatives and expected timing, as well as the Company’s current assessments of the risk factors that affect its business, including those identified above, and the likely success of mitigation strategies relating to such factors. These forward-looking statements are subject to the inherent risk of difficulties in forecasting the Company’s financial results for future periods, particularly over longer periods, given the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the wireless communications industry.

These factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. The Company 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 applicable law.

Overview

A global leader in wireless innovation, the Company revolutionized the mobile industry with the introduction of the BlackBerry solution in 1999. Today, the Company aims to inspire the success of its millions of customers around the world by continuously pushing the boundaries of mobile experiences. Founded in 1984 and based in Waterloo, Ontario, the Company operates offices in North America, Europe, Asia Pacific and Latin America. Effective January 30, 2013, the Company began to operate around the world under the iconic name BlackBerry. The Company will seek shareholder approval to change the legal name of the Company to BlackBerry at the Company’s next Annual and Special Meeting. The Company’s common shares are listed on the NASDAQ Global Select Market (NASDAQ: BBRY) and the Toronto Stock Exchange (TSX: BB).

With the BlackBerry platform, the Company believes it offers a market-leading wireless communications experience with push-based connectivity, industry-leading security and enterprise manageability, excellent radio performance and differentiated social applications, such as BlackBerry Messenger (“BBM”), that provide immediacy, productivity and collaboration. The wireless communications market has increasingly evolved in recent years and there is significant overlap between consumer and enterprise segments. The enterprise market is currently characterized by a combination of enterprise-deployed devices and devices that are purchased by consumers but also used in the corporate environment, commonly referred to as "Bring Your Own Device" ("BYOD"). The Company has encountered challenges adapting to the BYOD movement as some information technology ("IT") departments that previously required employees to use the BlackBerry wireless solution because of its emphasis on security and reliability are permitting employees to choose devices offered by the Company's competitors, who are increasingly promoting the merits of their own security and reliability, and this has impacted the Company's enterprise subscriber account base. To address this evolution of the market, the Company has introduced products including its first BlackBerry 10 smartphones with BlackBerry Balance and BlackBerry Enterprise Service 10, which give IT departments the ability to securely manage BlackBerry devices and other operating system platforms through a single unified interface and to securely protect corporate data on an employee's personal smartphone or tablet. The Company expects that with the introduction of BlackBerry 10 smartphones, which began in certain markets in the fourth quarter of fiscal 2013 and will continue in the first quarter of fiscal 2014, its position in the BYOD enterprise market will strengthen and the Company will also continue to seek partnerships that will further enable the Company to have a complete BYOD offering.

BlackBerry is the leading smartphone in several markets around the world. The primary regions experiencing recent growth for the Company include Asia Pacific and Latin America. The Company has experienced a decline in revenue and market share, particularly in the United States. Intense competition is negatively impacting the Company's results in that market, as did the lack of a Long Term Evolution ("LTE") product and high-end consumer offering prior to the launch of the first BlackBerry 10 smartphone in the United States on March 22, 2013. The decline can also be attributed to consumer preferences for devices with access to the broadest number of applications, such as those available in the iOS and Android environments. Market share has also been impacted by the significant number of new Android-based competitors that have entered the market. In addition, the increased desire by carriers to sell devices that operate on the new, faster LTE networks being built has also impacted the Company's market share, as these networks feature faster download speeds and allow carriers to offer higher-value data plans. The Company's first LTE smartphones were launched with the introduction of the Company's first BlackBerry 10 smartphones in certain markets in the fourth quarter of fiscal 2013 and in the United States on March 22, 2013. Some of the Company's main competitors include Apple Inc., Google Inc., Samsung Electronics Co., Ltd, HTC Corporation, Huawei Technologies Co., Ltd, Microsoft Corporation, Nokia Corporation and ZTE Corporation.

BlackBerry World, the Company's comprehensive electronic content distribution catalogue, is available to customers in over 100 markets globally, with other markets to follow. The continued expansion of the catalogue of applications and other content is an important element of the Company's successful transition to its next-generation BlackBerry 10 smartphones and the success of the BlackBerry PlayBook tablet, and requires a substantial investment of internal resources for development of the infrastructure, improvement of developer and consumer interfaces and advertising costs. There are over 100,000 applications available for BlackBerry 10 smartphones and over 200,000 applications in total available through BlackBerry World.

The Company currently has a strong balance sheet with negligible debt and approximately $2.9 billion in cash, cash equivalents and investments as of March 2, 2013. In fiscal 2013, the Company had annual sales of $11.1 billion and the Company incurred a net loss from continuing operations of $628 million, or $1.20 per share diluted.

The Company made a number of strategic acquisitions in recent years including QNX Software Systems ("QNX"), Certicom, Torch Mobile, The Astonishing Tribe, Gist and Tungle that are intended to accelerate the

Company's ability to innovate and deliver compelling products to market. In June 2011, the Company also participated in a successful bid for the Nortel Networks Corporation ("Nortel") patent portfolio as a part of a consortium of companies. The Nortel patents obtained eliminated the Company's exposure to those patents and are expected to strengthen the Company's patent portfolio and its position in respect of patent litigation and licensing.

Operational and Strategic Review

The Company is in the ongoing process of completing the largest platform and organizational transition in its history, with a view to better position the Company to achieve growth and to continue to be a leading company in the wireless communications industry. The Company's fiscal 2013 results reflect the product and platform transition underway, ongoing market challenges and the competitive dynamics across many markets. As part of its ongoing efforts, the Company has continued its operational and strategic review, which includes re-evaluating its product portfolio, operations, manufacturing and research and development strategy. In fiscal 2013, the Company implemented various initiatives as part of its operational and strategic review, and has now substantially completed its anticipated headcount reductions previously announced in an effort to align the Company's cost structure to enable it to move through this transition and deliver on long-term stakeholder value. J.P. Morgan Securities LLC and RBC Capital Markets continue to act for the Company in reviewing the Company's business and financial performance. They have been tasked with helping the Company with its operational and strategic review and evaluating the relative merits and feasibility of various financial strategies, including opportunities to leverage the BlackBerry platform through partnerships, licensing opportunities and strategic business model alternatives. During fiscal 2013, the Company also implemented major changes throughout the organization, which it believes have made the Company leaner and more nimble and are intended to provide a solid foundation for continued innovation and execution.

Sources of Revenue

The Company's primary revenue stream is generated by the BlackBerry wireless solution, which includes sales of BlackBerry® handheld devices and BlackBerry PlayBook tablets, services and software. The BlackBerry wireless solution provides users with a wireless extension of their work and personal email accounts, including Microsoft® Outlook®, IBM® Lotus Notes®, Novell® GroupWise® and many ISP email services.

The Company generates hardware revenues from sales, primarily to carriers and distributors, of BlackBerry handheld devices, which provide users with the ability to send and receive wireless messages and data. The Company's BlackBerry handheld devices also incorporate a mobile phone, web-browsing and multimedia capabilities and enable the use of data functions such as calendar, address book, task and memo lists and other functions associated with personal organizers. During fiscal 2013, the Company continued to launch new BlackBerry handheld devices that incorporate the BlackBerry 7 operating system as well as continuing major BlackBerry 7 upgrade programs in Canada, the United States and the United Kingdom. As part of the Company's ongoing operational and strategic review, the Company intends to streamline the BlackBerry smartphone product portfolio to offer a smaller number of devices in market at any given time. The successful launch and customer adoption of the Company's next-generation BlackBerry 10 platform and the delivery of high quality, full-featured BlackBerry 10 smartphones remain the Company's number one priority. The Company held the official BlackBerry 10 launch event on January 30, 2013, and the first BlackBerry 10 smartphones were introduced into the market on January 31, 2013 in the United Kingdom and February 5, 2013 in Canada. More recently, the Company launched the BlackBerry Z10 smartphone in the United States with AT&T on March 22, 2013 and with T-Mobile and Verizon soon thereafter. The Company also announced that the BlackBerry Q10 smartphone will be launched in international markets beginning in April 2013.

The BlackBerry 10 mobile computing platform is a re-designed, re-engineered, and re-invented BlackBerry platform that creates a new and unique mobile computing experience. The Company's first two BlackBerry 10 products, the LTE-enabled BlackBerry Z10 and BlackBerry Q10 smartphones, offer a faster, smarter and smoother experience. The Company also launched the BlackBerry Enterprise Service 10, the Company's new enterprise mobility management solution. BlackBerry Enterprise Service 10 brings together device management, industry leading security and mobile applications management for BlackBerry smartphones, including the new BlackBerry 10 smartphones and BlackBerry PlayBook tablets in a consolidated solution. It also provides a single console for managing BlackBerry, Android and iOS devices. To assist enterprise customers with the transition to BlackBerry Enterprise Service 10, the Company launched the BlackBerry 10 Ready program to help enterprise customers prepare their environments for BlackBerry 10. To date, more than 3,500 unique companies have registered for the program. The Company intends to leverage the early success of BlackBerry 10 by intensifying its strategic focus on opportunities in mobile computing verticals such as auto, industrial, networking, healthcare, security and defense applications, expanding its secure network infrastructure for uses beyond those currently deployed by BlackBerry and through potential licensing opportunities.

The BlackBerry PlayBook tablet represents the Company's first tablet product and features the BlackBerry Tablet Operating System based on technology resulting from the Company's acquisition of QNX. In fiscal 2013, the Company launched the 3G plus BlackBerry PlayBook tablet and 4G LTE BlackBerry PlayBook tablet, the Company's first LTE product. The Company has undertaken a high level of promotional activity in retail-channels to drive sell-through of the BlackBerry PlayBook tablet to end customers as a result of intense competition in the tablet market. The Company sold out of the 16G BlackBerry PlayBook tablets in the second quarter of fiscal 2013 and is continuing to sell its 32G and 64G units as well as the 3G plus BlackBerry PlayBook tablet and 4G LTE BlackBerry PlayBook tablet.

The Company currently generates service revenue from billings to its BlackBerry subscriber base that utilize BlackBerry 7 and prior BlackBerry operating systems primarily from a monthly infrastructure access fee (sometimes referred to as a "service access fee" or "SAF") charged to carriers or resellers, who in turn bill the BlackBerry subscriber. The SAF for consumer customers historically has been much lower than the SAF for enterprise customers, who receive a higher level of value-added security, encryption and other services by utilizing the Company's BlackBerry Enterprise Service ("BES") platform.

Many of the Company's competitors do not charge a SAF or equivalent fee as they recover their infrastructure and services expense in alternate manners. Thus, the Company has faced growing pressure to reduce its existing SAF, especially for the consumer market. In response to these pressures, the Company has been implementing certain price reduction programs in an effort to maintain and grow its subscriber base. While the Company expects that existing consumer and enterprise subscribers using BlackBerry 7 and prior BlackBerry operating systems will continue generating service revenue, the amount of those revenues is expected to decline gradually in the coming quarters due to the ongoing price reduction programs.

As customers transition to BlackBerry 10, the Company expects SAF revenue to gradually decline further for consumer subscribers, but expects to continue generating SAF revenue from enterprise customers who elect to utilize the BlackBerry 10 Enterprise Service and other new services. The Company is focused on developing integrated BlackBerry 10 service offerings that leverage the Company's strengths such as BBM, security and manageability to generate new service revenue streams. The areas the Company plans to leverage for new service offerings include: new services for the Company's strong BBM base; possible licensing of the BlackBerry 10 platform; the creation of cross-platform offerings; services that leverage BlackBerry's social media community; advanced security tools and additional enterprise services. Customers that require enhanced services, including advanced security, mobile device management and other services, are expected to continue to generate monthly service revenue. Other customers who do not utilize such services are expected to generate less or no service revenue. The Company believes that offering alternative levels of service and pricing will better meet the needs of its customers. In addition, the Company believes that by offering these services it will expand the size of its addressable market for recurring service revenue. This strategy will help broaden the BlackBerry ecosystem over time, which will potentially give the Company and its application developers access to a broader market into which to sell their respective services.

The Company expects the transition from BlackBerry 7 to BlackBerry 10 to be gradual, given that the Company has a diversified global customer base, many of whom are in markets that are expected to transition more slowly to 4G wireless networks. As a result of the changes and the pressure to reduce its SAF as described above, the Company anticipates further declines in service revenue in the coming quarters, which could be significant. The Company cannot predict this anticipated rate of decline with any degree of certainty, as it depends on a number of factors, including the outcome of negotiations with the Company's carrier customers and distribution partners, the rate at which current BlackBerry 6 and BlackBerry 7 customers migrate to BlackBerry 10 and use only standard BlackBerry services, the Company's ability to attract existing and new enterprise customers to use the enhanced services offered by BlackBerry 10, the Company's ability to continue charging SAF for its BlackBerry 6 and BlackBerry 7 products, and the Company's ability to successfully develop over a transition period a compelling integrated services and software offering that generates new service and software revenues from the BlackBerry 10 mobile computing platform. The Company anticipates a single digit percentage decline in service revenue in the first quarter of fiscal 2014, the impact of which is expected to be partially offset by cost savings related to the CORE program.

Prior to the fourth quarter of fiscal 2013, the Company identified the BlackBerry subscriber account base as the total of all subscriber accounts that had an active status at the end of a reporting period. Each carrier instructed the Company to create subscriber accounts and determine whether each subscriber account should have an active status. Each carrier is charged a service fee for each BlackBerry 6 and BlackBerry 7 subscriber account each month, with substantially all of such service fees having no regard to the amount of data traffic that the subscriber account passes over the BlackBerry architecture. If a carrier instructed the Company to deactivate a subscriber account, then the Company no longer included that subscriber account in its BlackBerry subscriber account base and ceased billing the carrier with respect to such account from the date of notification of its deactivation. It is each carrier's contractual responsibility to report changes to its subscriber account status on a timely basis to the Company. The number of subscriber accounts is a non-financial metric and is intended to highlight the change in the Company's subscriber base and should not be relied upon as an indicator of the Company's financial performance.

To reflect the changes described above, and to better address possible future strategies and service and software revenue opportunities related to an integrated services and software offering for the BlackBerry 10 mobile computing platform, starting in the fourth quarter of fiscal 2013, the Company has adjusted the methodology it uses to calculate the size of its subscriber base. Rather than calculating the total of all subscriber accounts that have an active status at the end of a reporting period and for which infrastructure access fees are thereby generated, the Company currently identifies its BlackBerry subscriber base as the total of all BlackBerry subscriber accounts that are provisioned to access BlackBerry services, regardless of whether the Company is receiving infrastructure access fees from each such subscriber in any given month. The Company believes this change will better reflect the base of BlackBerry users that may contribute to service revenues in the future, whether solely through infrastructure access fees or the integrated service and software offering being developed.

An important part of the Company's BlackBerry wireless solution is the software that is installed at the corporate or small- and medium-size enterprise server level, and in some cases, on personal computers. Software revenues include fees from (i) licensing the Company's BES software; (ii) BlackBerry® Client Access Licenses ("CALs"), which are charged for each subscriber using the BlackBerry service via a BES; (iii) maintenance and upgrades to software; and (iv) technical support.

Revenues are also generated from non-warranty repairs and sales of accessories.

Cost Optimization and Resource Efficiency

As part of the Company's ongoing effort to streamline its operations and increase efficiency, the Company commenced the CORE program in March 2012. The CORE program is a Company-wide initiative with the objective of improving the Company's operations. The program includes, among other things, the streamlining of the BlackBerry smartphone product portfolio to offer a smaller number of devices in market at any given time, the optimization of the Company's global manufacturing footprint to reduce complexity and improve delivery performance, the outsourcing of global repair services, the alignment of the Company's sales and marketing teams to prioritize marketing efforts to effectively leverage its marketing windows and a reduction in the number of layers of management to reduce complexity, drive accelerated execution and decision making, improve performance and increase the transparency of accountability. The Company previously announced that the CORE program was targeted to drive at least $1.0 billion in savings by the end of fiscal 2013 based on the Company's fourth quarter of fiscal 2012 run rate. As previously reported, as of the end of third quarter of fiscal 2013, the Company had achieved savings of over $1.0 billion and continued to generate additional savings in the fourth quarter of fiscal 2013. The Company has also implemented plans to sustain the savings realized in fiscal 2013 throughout fiscal 2014. The savings have been realized through lower material costs, working capital improvements, greater efficiencies in manufacturing and supply chain management, workforce optimization and leveraging third-party providers to assist in reducing indirect spending. As the CORE management team has been reviewing all aspects of the business, the Company continues to identify more opportunities to streamline cost and drive efficiencies. As a result of the timing of the BlackBerry 10 launch, which began in certain countries on January 31, 2013, the increasingly competitive environment as well as the identification of additional cost saving and efficiency opportunities, the Company will continue to execute on the mandate of the CORE program throughout fiscal 2014 and expects to realize additional cost savings and benefits to come from its more efficient cost base as volumes of BlackBerry 10 products increase. In connection with the continuing initiatives to be executed by the CORE program, the Company intends to avoid reductions that would negatively impact key programs such as BlackBerry 10, customer support and BlackBerry service levels.

As part of the CORE program and the strategic review process, the Company has been reviewing all aspects of its operations, including the sale of certain assets. In fiscal 2013, certain assets were classified as held for sale and are presented separately on the Company's consolidated balance sheet until they are disposed of. Assets held for sale include businesses, property, plant and equipment that are expected to be sold within the next twelve months.

In December 2012 the Company sold 100% of the shares of its wholly-owned subsidiary, NewBay Software Limited ("NewBay"). As a result, the Company has recognized a loss on disposal of $3 million, which is included in the discontinued operations line on the Company's consolidated statements of operations for fiscal 2013. As part of the transaction, the Company also resolved outstanding litigation with Synchronoss, as further described in the "Legal Proceedings" section of this MD&A. Results of discontinued operations are reflected in the Company's consolidated statement of operations as discontinued operations.

To date, these CORE initiatives have included:

- a global workforce reduction of approximately 5,000 employees. The Company has substantially completed all of its planned headcount reductions as of March 28, 2013;
- a reduction in the number of layers of management to reduce complexity and drive better clarity, efficiency and accountability across the organization;
- the continued streamlining of the Company's supply chain, which include moving from four manufacturing providers to two and reducing manufacturing sites from ten to four;
- outsourcing the Company's global repair services and re-engineering the Company's spare parts processes;
- a focus on reducing the Company's product costs from suppliers;
- targeted use of resources in the Company's sales and marketing initiatives to more effectively leverage marketing windows and prioritize marketing efforts and spend in regions that offer the highest opportunity and return; and
- further outsourcing of non-core functions as determined during the implementation of the CORE program.

The Company expects to continue to drive cost reductions over the coming fiscal quarters through a continuation of the CORE program. The Company had initially reported that it expected to incur pre-tax restructuring related charges of approximately $350 million by the end of fiscal 2013; however the Company actually incurred $220 million in pre-tax restructuring costs in fiscal 2013, primarily associated with the global workforce reduction. Other charges will likely occur as the Company continues to execute on the CORE program mandate throughout fiscal 2014.

Non-GAAP Financial Measures

As noted above, the Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, and information contained in this MD&A is presented on that basis. On March 28, 2013, the Company announced financial results for fiscal 2013, which included certain non-GAAP financial measures, including adjusted net loss from continuing operations and adjusted diluted loss per share from continuing operations that exclude the impact of pre-tax restructuring charges of $220 million related to the CORE program, a pre-tax goodwill impairment charge of $335 million and an income tax benefit of $166 million related to the settlement of uncertain tax positions, including related interest and foreign exchange gains, the Company recorded in fiscal 2013. Similar non-GAAP financial measures were included in the Company's presentation of its financial results for the fourth quarter of fiscal 2013. The term "non-GAAP financial measure" is used to refer to a numerical measure of a company's historical or future financial performance, financial position or cash flows that: (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with U.S. GAAP in a company's statement of income, balance sheet or statement of cash flows; or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. The Company believes that presenting non-GAAP financial measures that exclude the impact of those items enables it and its shareholders to better assess the Company's operating performance relative to its consolidated financial results in prior and future periods and improves the comparability of the information presented. Readers are cautioned that adjusted net loss, adjusted diluted loss per share and similar measures do not have any standardized meaning prescribed by U.S. GAAP and are therefore unlikely to be comparable to similarly titled measures reported by other companies. These non-GAAP financial measures should be considered in the context of the U.S. GAAP results, which are described in this MD&A. A reconciliation of these non-GAAP financial measures to the most directly comparable U.S. GAAP measures was included in the Company's press release, dated March 28, 2013.

Fiscal 2013 Operating Results – Executive Summary

The following table sets forth certain consolidated statement of operations data, which is expressed in millions of dollars, for the periods indicated, except for share and per share amounts, as well as certain consolidated balance sheet data, as at March 2, 2013, March 3, 2012, and February 26, 2011, which is expressed in millions of dollars.

	As at and for the Fiscal Year Ended				
	March 2, 2013	March 3, 2012	Change 2013/2012	February 26, 2011	Change 2012/2011
	(in millions, except for share and per share amounts)				
Revenue [5]	$ 11,073	$ 18,423	$ (7,350)	$ 19,907	$ (1,484)
Cost of sales[1,4]	7,639	11,848	(4,209)	11,082	766
Gross margin	3,434	6,575	(3,141)	8,825	(2,250)
Operating expenses					
Research and development[1]	1,509	1,556	(47)	1,351	205
Selling, marketing and administration [1][3]	2,111	2,600	(489)	2,400	200
Amortization	714	567	147	438	129
Impairment of Goodwill[2][6]	335	355	(20)	—	355
	4,669	5,078	(409)	4,189	889
Operating income (loss)	(1,235)	1,497	(2,732)	4,636	(3,139)
Investment income (loss)	15	21	(6)	8	13
Income (loss) from continuing operations before income taxes	(1,220)	1,518	(2,738)	4,644	(3,126)
Provision for (recovery of) income taxes[3]	(592)	347	(939)	1,233	(886)
Income (loss) from continuing operations	(628)	1,171	(1,799)	3,411	(2,240)
Loss from discontinued operations	(18)	(7)	(11)	—	(7)
Net income (loss)	$ (646)	$ 1,164	$ (1,810)	$ 3,411	$ (2,247)
Basic earnings (loss) per share					
Basic earnings (loss) per share from continuing operations	$ (1.20)	$ 2.23		$ 6.36	
Basic loss per share from discontinued operations	(0.03)	(0.01)		—	
Total basic earnings (loss) per share	$ (1.23)	$ 2.22		$ 6.36	
Diluted earnings (loss) per share					
Diluted earnings (loss) per share from continuing operations	$ (1.20)	$ 2.23		$ 6.34	
Diluted loss per share from discontinued operations	(0.03)	(0.01)		—	
Total diluted earnings (loss) per share	$ (1.23)	$ 2.22		$ 6.34	
Weighted-average number of shares outstanding (000's)					
Basic	524,160	524,101		535,986	
Diluted	524,160	524,190		538,330	
Total assets	$ 13,165	$ 13,731	$ (566)	$ 12,875	$ 856
Total liabilities	$ 3,705	$ 3,631	$ 74	$ 3,937	$ (306)
Total long-term liabilities	$ 257	$ 242	$ 15	$ 307	$ (65)
Shareholders' equity	$ 9,460	$ 10,100	$ (640)	$ 8,938	$ 1,162

(1) Cost of sales, research and development and selling, marketing and administration expenses included approximately $220 million in total pre-tax charges related to the Company's CORE program to streamline operations across the Company during fiscal 2013. Included in cost of sales, research and development, and selling, marketing and administration expenses for fiscal 2013, was approximately $96 million, $27 million and $97 million, respectively, of charges related to the CORE program. See "Overview – Cost Optimization and Resource Efficiency".

(2) During the first quarter of fiscal 2013 the Company performed a goodwill impairment test and based on the results of that test, the Company recorded a pre-tax goodwill impairment charge of approximately $335 million (the "Q1 Goodwill Impairment Charge").
(3) During fiscal 2013 the Company recorded an income tax benefit of $166 million related to the settlement of uncertain tax positions, including related interest and foreign exchange gains.
(4) During fiscal 2012, the Company recorded pre-tax provisions on its inventory of BlackBerry PlayBooks of approximately $485 million (the "PlayBook Inventory Provision") and BlackBerry 7 smartphones of approximately $267 million (the "Q4 BlackBerry7 Inventory Provision").
(5) During fiscal 2012, the Company experienced a service interruption which resulted in the loss of service revenue and the payment of penalties of approximately $54 million related to the unavailability of the Company's network (the "Q3 Service Interruption").
(6) During fiscal 2012, the Company performed a goodwill impairment test and based on the results of that test, the Company recorded a pre-tax goodwill impairment charge (the "Q4 Goodwill Impairment Charge") of approximately $355 million.

The following table sets forth certain consolidated statement of operations data expressed as a percentage of revenue for the periods indicated:

	March 2, 2013	March 3, 2012	Change 2013/2012	February 26, 2011	Change 2012/2011
Revenue	100.0%	100.0%	—	100.0%	—
Cost of sales	69.0%	64.3%	4.7%	55.7%	8.6%
Gross margin	31.0%	35.7%	(4.7%)	44.3%	(8.6%)
Operating expenses					
Research and development	13.6%	8.4%	5.2%	6.8%	1.6%
Selling, marketing and administration	19.1%	14.1%	5.0%	12.1%	2.0%
Amortization	6.4%	3.1%	3.3%	2.2%	0.9%
Impairment of Goodwill	3.0%	1.9%	1.1%	—	1.9%
	42.1%	27.5%	14.6%	21.1%	6.4%
Operating income (loss)	(11.1%)	8.2%	(19.3%)	23.2%	(15.0%)
Investment income	0.1%	0.1%	—	—	0.1%
Income (loss) from continuing operations before income taxes	(11.0%)	8.3%	(19.3%)	23.2%	(14.9%)
Provision for (recovery of) income taxes	(5.3%)	1.9%	(7.2%)	6.2%	(4.3%)
Income (loss) from continuing operations	(5.7%)	6.4%	(12.1%)	17.0%	(10.6%)
Loss from discontinued operations, net of tax	(0.2%)	—	(0.2%)	—	—
Net income (loss)	(5.9%)	6.4%	(12.3%)	17.0%	(10.6%)

Revenue from continuing operations for fiscal 2013 was $11.1 billion, a decrease of approximately $7.4 billion, or 39.9%, from $18.4 billion in fiscal 2012. Hardware revenue decreased by $7.1 billion, or 51.8%, to $6.6 billion, primarily due to lower shipment volumes and lower average selling prices. The lower shipment volumes were a result of the Company's aging product portfolio in a very competitive environment in which multiple competitors introduced new devices beginning in early fiscal 2013. The lower average selling prices were due to the continuation of pricing initiatives to drive sell-through for BlackBerry 7 handheld devices, in advance of the launch of BlackBerry 10 smartphones. The number of BlackBerry handheld devices shipped decreased by approximately 20.9 million, or 42.7%, to approximately 28.1 million in fiscal 2013, compared to approximately 49.0 million in fiscal 2012. The number of BlackBerry PlayBook tablets shipped during fiscal 2013 was approximately 1.1 million, representing a decrease of 0.2 million compared to 1.3 million in fiscal 2012. Service revenue decreased by $164 million to $3.9 billion in fiscal 2013, which was primarily attributable to a decrease in subscriber accounts and a reduction in infrastructure access fees compared to fiscal 2012. Software revenue decreased by $57 million in fiscal 2013 to $261 million as a result of a decrease in CALs and maintenance revenue. Other revenue increased by $17 million to $254 million in fiscal 2013 compared to fiscal 2012, which was primarily attributable to gains on revenue hedging instruments and IP licensing, partially offset by decreases in non-warranty repair revenues and accessories.

The Company's net loss from continuing operations for fiscal 2013 was $628 million, a decrease of $1.8 billion compared to net income of $1.2 billion in fiscal 2012. The decrease takes into account the impact of an income tax benefit of $166 million related to the settlement of uncertain tax positions, including related interest and foreign exchange gains, restructuring charges of $220 million related to the CORE program and the Q1 Goodwill Impairment Charge of $335 million incurred in fiscal 2013, as well as the impacts of the PlayBook Inventory Provision, the Q4 Goodwill Impairment Charge the Q4 BlackBerry 7 Inventory Provision, the Q3 Service Interruption and restructuring charges of $125 million related to the Company's previous cost optimization program incurred in fiscal 2012. The decrease is primarily attributable to a decrease in the Company's gross margin, partially offset by a reduction in operating expenses and a recovery of income taxes. The Company's consolidated gross margin in fiscal 2013 was negatively impacted by the lower shipment volumes due to the Company's aging product portfolio in a very competitive environment in which multiple competitors introduced new devices beginning in early fiscal 2013 as well as the continuation of pricing initiatives to drive sell-through for BlackBerry 7 handheld devices and the impact of allocating certain fixed costs, including licensing costs, to lower shipment volumes, compared to fiscal 2012. The decrease in gross margin was partially offset by the higher average selling prices of BlackBerry 10 devices shipped, favorable renegotiations of key contracts associated with elements of the Company's hardware business and benefits from a leaner and re-architected supply chain.

Basic and diluted loss per share from continuing operations were both $1.20 in fiscal 2013 compared to basic and diluted earnings per share ("EPS") from continuing operations of $2.23 in fiscal 2012, which reflects the impact of an income tax benefit of $166 million related to the settlement of uncertain tax positions, including related interest and foreign exchange gains, and charges of $220 million related to the CORE program and the Q1 Goodwill Impairment Charge of $335 million incurred in fiscal 2013, as well as the impacts of the PlayBook Inventory Provision, the Q4 Goodwill Impairment Charge the Q4 BlackBerry 7 Inventory Provision, the Q3 Service Interruption and restructuring charges of $125 million related to the Company's previous cost optimization program incurred in fiscal 2012.

The Company expects to increase its marketing spending in relation to the global launch of BlackBerry 10 during the first quarter of fiscal 2014 by approximately 50% compared to the fourth quarter of fiscal 2013. However, the Company expects to approach breakeven financial results in the first quarter of fiscal 2014 as a result of its lower cost base, more efficient supply chain and improved hardware margins.

A more comprehensive analysis of these factors is contained in "Results of Continuing Operations".

Critical Accounting Policies and Estimates

General

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are based upon management's historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

The Company's critical accounting policies and estimates have been reviewed and discussed with the Company's Audit & Risk Management Committee and are set out below. The Company's significant accounting policies are described in Note 1 to the Consolidated Financial Statements. Except as noted below, there have not been any changes to the Company's critical accounting policies and estimates during the past three fiscal years.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the product has been delivered or the services have been provided to the customer, the sales price is fixed or determinable and collection is reasonably assured. In addition to this general policy, the following paragraphs describe the specific revenue recognition policies for each of the Company's major categories of revenue.

Hardware

Revenue from the sale of BlackBerry wireless hardware products (e.g. BlackBerry® handheld devices and BlackBerry® PlayBook™ tablets) is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable. Product is considered delivered to the customer once it has been shipped and title and risk of loss have been transferred. For most of the Company's product sales, these criteria are met at the time the product is shipped. For hardware products for which the software is deemed essential to the functionality of the hardware, the Company recognizes revenue in accordance with general revenue recognition accounting guidance.

The Company records reductions to revenue for estimated commitments related to price protection, right of return and for customer incentive programs. Price protection is accrued as a reduction to revenue based on estimates of price reductions provided the price reduction can be reliably estimated or based on contractual caps and all other revenue recognition criteria have been met. The Company also records reductions to revenue for a right of return based on contractual terms and conditions and, if the expected product returns can be reasonably and reliably estimated, based on historical experience. Where a general right of return cannot be reasonably and reliably estimated, the Company recognizes revenue when the product sells through the distribution channel. The estimated cost of customer incentive programs is accrued as a reduction to revenue and is recognized at the later of the date at which the Company has sold the product or the date at which the program is offered. If historical experience cannot support a breakage rate, the maximum rebate amount is accrued and adjusted when the incentive programs end.

Service

Revenue from service is recognized rateably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the prebilling is recorded as deferred revenue. Service revenue also includes the recognition of previously deferred revenue related to multi-element arrangements for non-software services and software upgrade rights related to the BlackBerry PlayBook tablets and BlackBerry 10 devices.

Software

Revenue from licensed software is recognized at the inception of the license term and in accordance with industry-specific software revenue recognition accounting guidance. When the fair value of a delivered element has not been established, the Company uses the residual method to recognize revenue if the fair value of undelivered elements is determinable. Revenue from software maintenance, unspecified upgrades and technical support contracts is recognized over the period that such items are delivered or those services are provided.

Other

Other revenue consists of the sale of accessories and repair and maintenance contracts. Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable.

Shipping and Handling Costs

Amounts billed to customers related to shipping and handling are classified as revenue, and the Company's shipping and handling costs are included in cost of sales. Shipping and handling costs that cannot be reasonably attributed to certain customers are included in selling, marketing and administration.

Multiple-Element Arrangements

The Company enters into revenue arrangements that may consist of multiple deliverables of its product and service offerings. The Company's typical multiple-element arrangements involve: (i) BlackBerry 7 or earlier handheld devices with services, (ii) BlackBerry 10 handheld devices with unspecified software upgrades on a when-and-if available basis along with undelivered non-software services (iii) tablets with unspecified software upgrades on a when-and-if available basis and (iv) software with technical support services.

For the Company's arrangements involving multiple deliverables of BlackBerry 7 or earlier handheld devices with services, the consideration from the arrangement is allocated to each respective element based on its relative selling price, using vendor-specific objective evidence of selling price ("VSOE"). In certain limited instances when the Company is unable to establish the selling price using VSOE, the Company attempts to establish the selling price of each element based on acceptable third party evidence of selling price ("TPE"); however, the Company is generally unable to reliably determine the selling prices of similar competitor products and services on a stand-alone basis. In these instances, the Company uses best estimated selling price ("BESP") in its allocation of arrangement consideration. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service was sold on a stand-alone basis.

Beginning in January, 2013 the Company introduced its BlackBerry 10 devices which use the Company's network infrastructure in a different manner than BlackBerry 7 or earlier devices. As a result, for arrangements involving multiple deliverables including the BlackBerry 10 device and the essential operating system software, as well as unspecified upgrade rights and non-software services for which the Company may not charge for separately, the consideration from the arrangement is allocated to each respective element based on the relative selling price, using the Company's BESP as the device, unspecified upgrade rights and non-software services are no longer sold separately. The consideration for the delivered hardware and the related essential operating system software are recognized at the time of sale provided that the four general revenue recognition criteria have been met. The consideration allocated to the unspecified software upgrade rights and non-software services is deferred and recognized rateably over the 24-month estimated life of the devices.

The BlackBerry PlayBook tablet includes the right to receive free unspecified software upgrade rights on a when-and-if available basis. This upgrade right to the product's embedded operating system software is considered an undelivered element at the time of sale of the tablet and falls within the general revenue recognition guidance. The consideration from the arrangement is allocated to each respective element based on its relative selling price. As the BlackBerry PlayBook tablet or the upgrade right are not sold on a standalone basis and no TPE exists for these deliverables, the allocation of revenue is based on the Company's BESPs. The consideration for the delivered hardware and the related essential software operating system are recognized at the time of sale provided that the four revenue recognition criteria have been met. The consideration allocated to the unspecified software upgrade rights is deferred and recognized rateably over the 24-month estimated life of the tablets.

For arrangements involving multiple deliverables of software with technical support services, the revenue is recognized based on the industry-specific software revenue recognition accounting guidance. If the Company is not able to determine VSOE for all of the deliverables of the arrangement, but is able to obtain VSOE for all undelivered elements, revenue is allocated using the residual method. Under the residual method, the amount of revenue allocated to delivered elements equals the total arrangement consideration less the aggregate fair value of any undelivered elements. If VSOE of any undelivered software items does not exist, revenue from the entire arrangement is initially deferred and recognized at the earlier of: (i) delivery of those elements for which VSOE did not exist; or (ii) when VSOE can be established.

The Company determines BESP for a product or service by considering multiple factors including, but not limited to, historical pricing practices for similar offerings, market conditions, competitive landscape, internal costs, gross margin objectives and pricing practices. The determination of BESP is made through consultation with and formal approval by, the Company's management, taking into consideration the Company's marketing strategy. The Company regularly reviews VSOE, TPE and BESP, and maintains internal controls over the establishment and updates of these estimates. Based on the above factors, the Company's BESP for the unspecified software upgrade right is \$6 per BlackBerry PlayBook tablet and the Company's BESP for the unspecified software upgrade right and non-software services ranges from \$10-\$20 per BlackBerry 10 device.

Allowance for Doubtful Accounts and Bad Debt Expense

The Company has historically been dependent on an increasing number of significant telecommunication carriers and distribution partners and on large more complex contracts with respect to sales of the majority of its products and services. The Company expects increasing accounts receivable balances with its large customers to continue as it sells an increasing number of its wireless devices and software products and service relay access through network carriers and resellers rather than directly.

The Company evaluates the collectability of its accounts receivables based upon a combination of factors on a periodic basis, such as specific credit risk of its customers, historical trends and economic circumstances. The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. When the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company (such as in the case of bankruptcy filings or material deterioration in the customer's operating results or financial position, and payment experiences), the Company records a specific bad debt provision to reduce the customer's related accounts receivable to its estimated net realizable value. If circumstances related to specific customers change, the Company's estimates of the recoverability of accounts receivables balances could be further adjusted.

Inventories and Inventory Purchase Commitments

Raw materials are stated at the lower of cost and replacement cost. Work in process and finished goods inventories are stated at the lower of cost and net realizable value. Cost includes the cost of materials plus direct labor applied to the product and the applicable share of manufacturing overhead. Cost is determined on a first-in-first-out basis.

The Company's policy for the valuation of inventory, including the determination of obsolete or excess inventory, requires management to estimate the future demand for the Company's products within specific time horizons. Inventory purchases and purchase commitments are based upon such forecasts of future demand and scheduled rollout of new products. The business environment in which the Company operates is subject to rapid changes in technology and customer demand. The Company performs an assessment of inventory during each reporting period, which includes a review of, among other factors, demand requirements, component part purchase commitments of the Company and certain key suppliers, product life cycle and development plans, component cost trends, product pricing and quality issues. If customer demand subsequently differs from the Company's forecasts, requirements for inventory write-offs that differ from the Company's estimates could become necessary. If management believes that demand no longer allows the Company to sell inventories above cost or at all, such inventory is written down to net realizable value or excess inventory is written off.

Goodwill

Goodwill represents the excess of the acquisition price over the fair value of identifiable net assets acquired. Goodwill is allocated as at the date of the business combination. Goodwill is not amortized, but is tested for impairment annually, during the fourth quarter, or more frequently if events or changes in circumstances indicate the asset may be impaired. These events and circumstances may include a significant change in legal factors or in the business climate, a significant decline in the Company's share price, an adverse action of assessment by a regulator, unanticipated competition, a loss of key personnel, significant disposal activity and the testing of recoverability for a significant asset group.

The Company consists of a single reporting unit. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit including goodwill is compared with its fair value. The estimated fair value is determined utilizing a market-based approach, based on the quoted market price of the Company's stock in an active market, adjusted by an appropriate control premium. When the carrying amount of a reporting unit exceeds its fair value, goodwill of the reporting unit is considered to be impaired, and the second step is necessary.

In the second step of the goodwill impairment test, the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination using the fair value of the reporting unit as if it were the acquisition price. When the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is presented as a separate line item in the consolidated statements of operations. Establishing an implied fair value of goodwill requires the Company to make estimates for key inputs into complex valuation models and to apply significant judgment in the selection of estimates, assumptions and methodologies required to complete the analysis. Areas of judgment include, but are not limited to, development of multi-year business cash flow forecasts, the selection of discount rates and the identification and valuation of unrecorded assets.

Intangible Assets

Intangible assets with definite lives are stated at cost less accumulated amortization. The Company is currently amortizing its intangible assets with finite lives over periods generally ranging between two to ten years.

The Company reviews long-lived assets such as property, plant and equipment and intangible assets with finite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the excess of the carrying amount over the fair value of the asset.

The useful lives of intangible assets are evaluated quarterly to determine if events or circumstances warrant a revision to their remaining period of amortization. Legal, regulatory and contractual factors, the effects of obsolescence, demand, competition and other economic factors are potential indicators that the useful life of an intangible asset may be revised. See "Cautionary Note Regarding Forwarding-Looking Statements – Potential charges relating to the impairment of long-lived assets recorded on the Company's balance sheet".

Litigation

The Company is involved in litigation in the normal course of its business. The Company may be subject to claims (including claims related to patent infringement, purported class actions and derivative actions) either directly or through indemnities against claims that it provides to certain of its partners. Management reviews all of the relevant facts for each claim and applies judgment in evaluating the likelihood and, if applicable, the amount of any potential loss. Where it is considered likely for a material exposure to result and where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The Company does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable. For further details on legal matters, see "Legal Proceedings" below.

Royalties

The Company recognizes its liability for royalties in accordance with the terms of existing license agreements. Where license agreements are not yet finalized, the Company recognizes its current estimates of the obligation in accrued liabilities in the Consolidated Financial Statements. When the license agreements are subsequently finalized, the estimate is revised accordingly. Management's estimates of royalty rates are based on the Company's historical licensing activities, royalty payment experience and forward-looking expectations.

Warranty

The Company provides for the estimated costs of product warranties at the time revenue is recognized. BlackBerry devices are generally covered by a time-limited warranty for varying periods of time. The Company's warranty obligation is affected by product failure rates, differences in warranty periods, regulatory developments with respect to warranty obligations in the countries in which the Company carries on business, freight expense, and material usage and other related repair costs.

The Company's estimates of costs are based upon historical experience and expectations of future return rates and unit warranty repair costs. If the Company experiences increased or decreased warranty activity, or increased or decreased costs associated with servicing those obligations, revisions to the estimated warranty liability would be recognized in the reporting period when such revisions are made. For further details on the Company's warranty expense experience and estimates for fiscal 2013, refer to Note 12 to the Consolidated Financial Statements.

Income Sensitivity

The Company estimates that a 10% change to either the current average unit warranty repair cost or the current average warranty return rate, measured against the device sales volumes currently under warranty as at March 2, 2013, would have resulted in adjustments to warranty expense and pre-tax income of approximately $79 million, or 6.5% of consolidated annual net income (loss).

Investments

The Company's cash equivalents and investments, other than cost method investments of $4 million and equity method investments of $48 million, consist of money market and other debt securities, and are classified as available-for-sale for accounting purposes and are carried at fair value with unrealized gains and losses recorded in accumulated other comprehensive income until such investments mature or are sold. The Company uses the specific identification method of determining the cost basis in computing realized gains or losses on available-for-sale investments which are recorded in investment income. In the event of a decline in value which is other than temporary, the investment is written down to fair value with a charge to income.

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use in pricing the asset or liability, such as inherent risk, non-performance risk and credit risk. The Company applies the following fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

- Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets;
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data; and
- Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities approximate fair value due to their short maturities.

In determining the fair value of investments held, the Company primarily relies on an independent third party valuator for the fair valuation of securities. Pricing inputs used by the independent third party valuator are generally received from two primary vendors. The pricing inputs are reviewed for completeness and accuracy, within a set tolerance level, on a daily basis by the independent third party valuator. The Company also reviews and understands the inputs used in the valuation process and assesses the pricing of the securities for reasonableness.

For further details on the valuation methods and inputs used by the Company to determine the fair value of its investments, refer to Note 5 to the Consolidated Financial Statements.

Given the current market conditions and economic uncertainties, management exercises significant judgment in determining the fair value of the Company's investments and the investment's classification level within the three-tier fair value hierarchy. As at March 2, 2013, the Company had approximately 98% of its available-for-sale investments measured at fair value classified in Level 2.

The Company regularly assesses declines in the value of individual investments for impairment to determine whether the decline is other-than-temporary. The Company makes this assessment by considering available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the market value has been less than cost, the financial condition, the near-term prospects of the individual investment and the Company's intent and ability to hold the investments to maturity. In the event that a decline in the fair value of an investment occurs and the decline in value is considered to be other-than-temporary, an impairment charge is recorded in investment income equal to the difference between the cost basis and the fair value of the individual investment at the balance sheet date of the reporting period for which the assessment was made. The Company's assessment on whether an investment is other-than-temporarily impaired or not, could change due to new developments or changes in assumptions or risks to any particular investment.

For further details on the Company's investments and fair value conclusions, refer to Note 4 and Note 5 to the Consolidated Financial Statements.

Income Taxes

The Company uses the liability method of income tax allocation to account for income taxes. Deferred income tax assets and liabilities are recognized based upon temporary differences between the financial reporting and income tax bases of assets and liabilities, and measured using enacted income tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred income tax assets to the amount that is more likely than not to be realized. The Company considers both positive evidence and negative evidence, to determine whether, based upon the weight of that evidence, a valuation allowance is required. Judgment is required in considering the relative impact of negative and positive evidence.

Significant judgment is also required in evaluating the Company's uncertain income tax positions and provisions for income taxes. Liabilities for uncertain income tax positions are recognized based on a two-step approach. The first step is to evaluate whether an income tax position has met the recognition threshold by determining if the weight of available evidence indicates that it is more likely than not to be sustained upon examination. The second step is to measure the income tax position that has met the recognition threshold as the largest amount that is more than 50% likely of being realized upon settlement. The Company continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provisions, income taxes payable and deferred income taxes in the period in which the facts that give rise to a revision become known. The Company recognizes interest and penalties related to uncertain income tax positions as interest expense, which is then netted and reported within investment income.

The Company uses the flow-through method to account for investment tax credits ("ITCs") earned on eligible scientific research and experimental development expenditures. Under this method, the ITCs are recognized as a reduction to income tax expense.

The Company's provision for income taxes is based on a number of estimates and assumptions as determined by management and is calculated in each of the jurisdictions in which it conducts business. The Company's consolidated income tax rates have differed from statutory rates primarily due to the tax impact of ITCs, carrying operating losses back to prior periods with higher effective income tax rates, changes in the amount of unrecognized income tax benefits, manufacturing activities, the amount of net income earned in Canada versus other operating jurisdictions and the rate of taxes payable in respect of those other operating jurisdictions, the timing of reversal of temporary differences and the rate of taxes applied on these differences, permanent differences including non-deductible stock compensation and the impact of foreign exchange. The Company enters into transactions and arrangements in the ordinary course of business in which the income tax treatment is not entirely certain. In particular, certain countries in which it operates could seek to tax a greater share of income than has been provided. The final outcome of any audits by taxation authorities may differ from estimates and assumptions used in determining the Company's consolidated income tax provision and accruals, which could result in a material effect on the consolidated income tax provision and the net income for the period in which such determinations are made.

Stock-Based Compensation

The Company has stock-based compensation plans, which are described in note 9(b) to the consolidated financial statements.

The Company has an incentive stock option plan for officers and employees of the Company or its subsidiaries. Under the terms of the plan, as revised in fiscal 2008, no stock options may be granted to independent directors. The Company measures stock-based compensation expense at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option-pricing model and is recognized rateably over the vesting period. The BSM model requires various judgmental assumptions including volatility and expected option life. In addition, judgment is also applied in estimating the amount of stock-based awards that are expected to be forfeited, and if actual results differ significantly from these estimates, stock-based compensation expense and our results of operations would be impacted.

Any consideration paid by employees on exercise of stock options plus any recorded stock-based compensation within additional paid-in capital related to that stock option is credited to capital stock.

The Company has a Restricted Share Unit Plan (the "RSU Plan") under which eligible participants include any officer or employee of the Company or its subsidiaries. At the Company's discretion, Restricted Share Units ("RSUs") are redeemed for either common shares issued by the Company, common shares purchased on the open market by a trustee selected by the Company or the cash equivalent on the vesting dates established by the Board of Directors or the Compensation, Nomination and Governance Committee of the Board of Directors. The RSUs vest over a three-year period, either on the third anniversary date, in equal installments or 25% per year in years one and two and 50% in year three on each anniversary date over the vesting period. The Company classifies RSUs as equity instruments as the Company has the ability and intent to settle the awards in common shares. The compensation expense is calculated based on the fair value of each RSU as determined by the closing value of the Company's common shares on the business day of the grant date. The Company recognizes compensation expense over the vesting period of the RSU.

Upon the issuance of RSUs, common shares for which RSUs may be exchanged will be purchased on the open market by a trustee selected and funded by the Company or new common shares will be issued by the Company. The trustee has been appointed to settle the Company's obligation to deliver shares to individuals upon vesting. In addition, upon vesting, the trustee is required to sell enough shares to cover the individual recipient's minimum statutory withholding tax requirement, with the remaining shares delivered to the individual. As the Company is considered to be the primary beneficiary of the trust, the trust is considered a variable interest entity and is consolidated by the Company.

The Company has a Deferred Share Unit Plan (the "DSU Plan"), adopted by the Board of Directors on December 20, 2007, under which each non-executive director will be credited with Deferred Share Units ("DSUs") in satisfaction of all or a portion of the cash fees otherwise payable to them for serving as a director of the Company. Grants under the DSU Plan replace the stock option awards that were historically granted to non-executive members of the Board of Directors. At a minimum, 60% of each non-executive director's annual retainer will be satisfied in the form of DSUs. The director can elect to receive the remaining 40% in any combination of cash and DSUs. Within a specified period after such a director ceases to be a director, DSUs will be redeemed for cash with the redemption value of each DSU equal to the weighted average trading price of the Company's shares over the five trading days preceding the redemption date. Alternatively, subject to receipt of shareholder approval, the Company may elect to redeem DSUs by way of shares purchased on the open market or issued by the Company.

DSUs are accounted for as liability-classified awards and are awarded on a quarterly basis. These awards are measured at their fair value on the date of issuance, and remeasured at each reporting period, until settlement.

Assets Held for Sale and Discontinued Operations

Assets held for sale and related liabilities are reported separately on the Company's consolidated balance sheets at the lower of their carrying value and fair value less costs to sell, if material. If the carrying value exceeds the fair value less costs to sell, a loss is recognized. Assets classified as held for sale are no longer amortized. Comparative figures are reclassified to conform to the current year's presentation.

When the Company has disposed of or classified as held for sale a component of the entity, and certain criteria are met, the results of operations of the component, including any loss recognized, are reported separately on the consolidated statements of operations as discontinued operations. Discontinued operations are presented if the component's operations and cash flows have been, or will be, eliminated from the Company and the Company will not have significant continuing involvement in the operations of the component after the disposal. Earnings (loss) per share amounts for both continuing operations and discontinued operations are presented separately on the consolidated statements of operations and income (loss) from continuing operations and loss from discontinued operations are reported separately on the consolidated statements of cash flows. Comparative figures are reclassified to conform to the current year's presentation.

The Company applies judgment in determining whether the criteria for presentation of discontinued operations have been met and uses estimates in the determination of the fair value less costs to sell of the assets held for sale. Should any of the estimates change, or if the actual proceeds of disposal differ from the estimate, it could have a material impact on earnings.

Impact of Accounting Pronouncements Not Yet Implemented

In February 2013, the FASB issued authoritative guidance to improve the reporting of reclassifications out of accumulated other comprehensive income. The guidance requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. The new authoritative guidance will become effective for annual and interim reporting periods beginning on or after December 15, 2012, with early adoption permitted. The Company will adopt the guidance in the first quarter of fiscal 2014 and is currently evaluating the impact that the adoption of this guidance will have on its results of operations, financial condition and disclosures.

Results of Continuing Operations

Fiscal year ended March 2, 2013 compared to fiscal year ended March 3, 2012

Revenue

Revenue from continuing operations for fiscal 2013 was $11.1 billion, a decrease of approximately $7.4 billion, or 39.9%, from $18.4 billion in fiscal 2012.

Comparative breakdowns of the significant revenue categories and geographic regions are set forth in the following table:

	For the Fiscal Year Ended					
	March 2, 2013		March 3, 2012		Change Fiscal 2013/2012	
Millions of BlackBerry handheld devices shipped	28.1		49.0		(20.9)	(42.7%)
Millions of BlackBerry PlayBook tablets shipped	1.1		1.3		(0.2)	(15.4%)
Revenue *(in millions)*						
Hardware	$ 6,648	60.0%	$13,794	74.9%	$(7,146)	(51.8%)
Service	3,910	35.3%	4,074	22.1%	(164)	(4.0%)
Software	261	2.4%	318	1.7%	(57)	(17.9%)
Other	254	2.3%	237	1.3%	17	7.2%
	$11,073	100.0%	$18,423	100.0%	$(7,350)	(39.9%)
Revenue by Geography *(in millions)*						
North America	$ 2,896	26.2%	$ 5,442	29.5%	$(2,546)	(46.8%)
Europe, Middle East and Africa	4,502	40.7%	7,662	41.6%	(3,160)	(41.2%)
Latin America	2,114	19.1%	2,646	14.4%	(532)	(20.1%)
Asia Pacific	1,561	14.0%	2,673	14.5%	(1,112)	(41.6%)
	$11,073	100.0%	$18,423	100.0%	$(7,350)	(39.9%)

Hardware revenue was $6.6 billion, or 60.0% of consolidated revenue, in fiscal 2013 compared to $13.8 billion, or 74.9% of consolidated revenue, in fiscal 2012, representing a decrease of 51.8%. This decrease in hardware revenue over the prior fiscal year was primarily attributable to a decrease in the volume of BlackBerry handheld devices shipped by approximately 20.9 million, or 42.7%, to approximately 28.1 million BlackBerry handheld devices in fiscal 2013, compared to approximately 49.0 million BlackBerry handheld devices shipped in fiscal 2012. The decline in the volume of BlackBerry devices shipped was primarily a result of decreased demand for the Company's aging product portfolio in a very competitive environment in which multiple competitors introduced new devices beginning in early fiscal 2013. The Company introduced the first BlackBerry 10 smartphones in certain countries starting on January 31, 2013. The overall decrease in revenue in fiscal 2013 is also attributable to a decrease in average selling prices of BlackBerry 7 handheld devices in fiscal 2013 compared to fiscal 2012 due to the continuation of pricing initiatives to drive sell-through, partially offset by the higher average selling prices of BlackBerry 10 devices. However, the impact of BlackBerry 10 smartphone sales on total revenue for fiscal 2013 is modest since they were only available in certain markets for one month or less prior to the end of fiscal 2013. Delays in the introduction of the BlackBerry 10 smartphones resulted in certain of the current BlackBerry 7 product line being in the market for over one year, which contributed to declining unit shipments and a loss of market share in fiscal 2013 as some customers either awaited the launch of the new BlackBerry 10 smartphones or switched to devices of our competitors. The initial early global demand for the BlackBerry Z10 smartphone has been better than the Company anticipated. The Company only recently started selling the BlackBerry Z10 smartphone in the United States and the launch is meeting the Company's early expectations. BlackBerry 10 smartphones are being launched in phases and will continue over the next several quarters with various devices and all the major carriers. The Company announced that the BlackBerry Q10 smartphone will be launched in international markets beginning in April 2013, and the Company intends to launch lower costs versions of BlackBerry 10 smartphones later this year.

The number of BlackBerry PlayBook tablets shipped during fiscal 2013 was approximately 1.1 million, representing a decrease of 0.2 million units compared to the prior fiscal year. Overall, BlackBerry PlayBook tablet shipments have experienced lower than anticipated sell-through to end users due mainly to intense competition in the tablet market, especially in the United States. During fiscal 2013, the Company continued its ongoing promotional activities to encourage sell-through of the BlackBerry PlayBook tablets. The Company sold out of the 16G BlackBerry PlayBook tablets in the second quarter of fiscal 2013 and is continuing to sell its 32G and 64G units as well as the 3G plus BlackBerry PlayBook tablet and 4G LTE BlackBerry PlayBook tablet, which launched in fiscal 2013.

Service revenue decreased by $164 million, or 4.0%, to $3.9 billion, or 35.3% of consolidated revenue, in fiscal 2013, compared to $4.1 billion, or 22.1% of consolidated revenue, in fiscal 2012. The decrease in service revenue is primarily due to the net decrease in BlackBerry subscriber accounts. The total BlackBerry subscriber base was approximately 76 million as at the end of fiscal 2013, a decrease of approximately 1 million since the end of fiscal 2012. The decrease in service revenue also reflects a decrease in average revenue per user ("ARPU"). The decrease in ARPU resulted from recent pricing reduction programs implemented by the Company to maintain the subscriber base as well as a shift in the mix of the Company's subscriber base from higher tiered unlimited plans to prepaid and lower tiered plans. BlackBerry tiered service plans continued to drive growth in the Company's subscriber base in fiscal 2013, specifically outside North America. The Company anticipates a single digit percentage decline in service revenue in the first quarter of fiscal 2014, the impact of which is expected to be partially offset by cost savings related to the CORE program. Service revenues will continue to be generated by current and future users of BlackBerry 7 devices and the Company plans to continue to sell and launch new BlackBerry 7 devices in certain markets outside of the United States in fiscal 2014. As the business migrates to BlackBerry 10, the Company plans to enhance the business offering with new value-creating services including new services for the Company's strong BBM base; possible licensing of the BlackBerry 10 platform; the creation of cross-platform offerings; services that leverage BlackBerry's social media community; advanced security tools and additional enterprise services. Please refer to the "Overview – Sources of Revenue" section for further discussion of service revenue and the Company's subscriber base.

Software revenue, which includes fees from licensed BES software, CALs, technical support, maintenance and upgrades decreased by $57 million, or 17.9%, to $261 million, or 2.4% of consolidated revenue, in fiscal 2013, compared to $318 million, or 1.7% of consolidated revenue, in fiscal 2012. This decrease was primarily attributable to a decrease in CALs and maintenance revenue.

Other revenue, which includes non-warranty repairs, accessories, licensing revenues and gains and losses on revenue hedging instruments, increased by $17 million to $254 million in fiscal 2013 compared to $237 million in fiscal 2012. The majority of the increase was attributable to increases in gains on revenue hedging instruments and IP licensing, partially offset by decreases in non-warranty repair revenues and accessories revenue. See "Market Risk of Financial Instruments - Foreign Exchange" for additional information on the Company's hedging instruments.

The Company has encountered challenges adapting to the BYOD movement as some IT departments that previously required employees to use the BlackBerry wireless solution because of its emphasis on security and reliability are permitting employees to choose devices offered by the Company's competitors who are increasingly promoting the merits of their own security and reliability, and this has impacted the Company's enterprise subscriber account base. To address this evolution of the market, the Company has introduced products including its first BlackBerry 10 smartphones with BlackBerry Balance and BlackBerry Enterprise Service 10, which give IT departments the ability to securely manage BlackBerry devices and other operating system platforms through a single unified interface and to securely protect corporate data on an employee's personal smartphone or tablet. The Company expects that with the introduction of BlackBerry 10 smartphones, which began in certain markets in the fourth quarter of fiscal 2013 and will continue in the first quarter of fiscal 2014, its position in the BYOD enterprise market will strengthen and the Company will also continue to seek partnerships that will further enable the Company to have a complete BYOD offering.

Revenues in North America were $2.9 billion or 26.2% of consolidated revenue in fiscal 2013, reflecting a decrease of $2.5 billion compared to $5.4 billion, or 29.5% of consolidated revenue in fiscal 2012. The decrease is primarily attributable to a decrease in revenue from the United States, which represented approximately 20% of total consolidated revenue in fiscal 2013, compared to 23% of total consolidated revenue in fiscal 2012, as a result of shifts in the competitive dynamics within the United States, an aging in-market product portfolio, as well as growth in international markets compared to fiscal 2012. While the Company's BlackBerry 7 upgrade program has been well received by many of its customers, revenues in the United States have continued to decline and subscriber attrition has remained high due to the intense competition faced by the Company in this market, the lack of an LTE smartphone product and a high-end consumer offering prior to the launch of the BlackBerry Z10 smartphone on March 22, 2013, as well as consumer preferences for devices with access to the broadest number of applications, such as those available in the iOS and Android environments. To address this, the Company worked with developers to ensure that a broad spectrum of applications including games, multimedia, productivity, enterprise and social media applications would be available on BlackBerry 10 smartphones prior to their introduction, which began in certain countries in the fourth quarter of fiscal 2013 and in the United States on March 22, 2013. Sales in the United States have also been impacted by the significant number of new Android-based competitors that have entered the market. In addition, the increased desire by carriers to sell devices that operate on the new, faster LTE networks being built has also impacted the Company's market share in the United States, as these networks feature faster download speeds and enable carriers to offer higher-value data plans. The Company's first LTE smartphones are the BlackBerry 10 smartphones, which were recently made available in the United States, as noted above.

Revenues in Europe, Middle East and Africa were $4.5 billion or 40.7% of consolidated revenue in fiscal 2013, reflecting a decrease of $3.2 billion compared to $7.7 billion or 41.6% of consolidated revenue in fiscal 2012. The Company's largest market in this region, the United Kingdom, represented approximately 11% of total consolidated revenue, an increase of 1% from fiscal 2012. The United Kingdom was also the first country to introduce the Company's BlackBerry 10 smartphones into market on January 31, 2013. Some of the larger markets comprising this region include South Africa, France and United Arab Emirates. Subscriber accounts in Europe, Middle East and Africa have remained stable, marginally increasing by 1% since the end of fiscal 2012. In addition to the United Kingdom, the Company has launched the BlackBerry Z10 in many countries in this region in the fourth quarter of fiscal 2013 including South Africa, Nigeria, France, Germany, Italy, Spain, Turkey, Switzerland, Kuwait, United Arab Emirates, Lebanon, Iraq and Pakistan and will continue to launch BlackBerry 10 devices in additional countries in the first and second quarters of fiscal 2014.

Revenues in Latin America were $2.1 billion or 19.1% of consolidated revenue in fiscal 2013, reflecting a decrease of $532 million compared to $2.6 billion or 14.4% of consolidated revenue in fiscal 2012. Some of the larger markets comprising this region include Venezuela and Mexico. Subscriber accounts in Latin America have increased by 17% since fiscal 2012. The Company launched its first BlackBerry 10 devices in the region in Mexico on March 23, 2013.

Revenues in Asia Pacific were $1.6 billion or 14.0% of consolidated revenue in fiscal 2013, reflecting a decrease of $1.1 billion compared to $2.7 billion or 14.5% of consolidated revenue in fiscal 2012. Some of the larger markets comprising this region include Indonesia and India. Subscriber accounts in Asia Pacific have increased by 36% since the end of fiscal 2012. In the fourth quarter of fiscal 2013, the Company has launched the BlackBerry Z10 in many countries in this region including Indonesia, India, Malaysia and Singapore and will continue to launch BlackBerry 10 devices in additional countries in the first and second quarters of fiscal 2014.

Gross Margin

Consolidated gross margin from continuing operations decreased by $3.1 billion, to $3.4 billion, or 31.0% of consolidated revenue, in fiscal 2013, compared to $6.6 billion, or 35.7% of consolidated revenue, in fiscal 2012. Excluding the impact of charges related to the CORE program incurred in fiscal 2013, of which $96 million was attributable to cost of sales, and the impacts of the PlayBook Inventory Provision, BlackBerry 7 Inventory Provision, the Q3 Service Interruption and charges related to the Company's previous cost optimization program, of which $14 million were attributable to cost of sales, that were incurred in fiscal 2012, gross margin decreased by $3.9 billion.

The $3.9 billion decrease in consolidated gross margin was primarily attributable to the lower volume of BlackBerry handheld devices shipped as a result of the Company's aging product portfolio in a very competitive environment in which multiple competitors introduced new devices beginning in early fiscal 2013 and lower average selling prices of BlackBerry 7 devices due to the continuation of pricing initiatives to drive sell-through. The decrease in gross margin was partially offset by the higher average selling prices of BlackBerry 10 devices shipped, favorable renegotiations of key contracts associated with elements of the Company's hardware business and benefits from a leaner and re-architected supply chain.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expense from continuing operations for fiscal 2013 compared to fiscal 2012.

	For the Fiscal Year Ended *(in millions)*					
	March 2, 2013		March 3, 2012		Change Fiscal 2013/2012	
		% of Revenue		% of Revenue		% of Change
Revenue	$11,073		$18,423		$ (7,350)	(39.9%)
Operating expenses						
Research and development [1]	$ 1,509	13.6%	$ 1,556	8.4%	$ (47)	(3.0%)
Selling, marketing and administration [1]	2,111	19.1%	2,600	14.1%	(489)	(18.8%)
Amortization	714	6.4%	567	3.1%	147	25.9%
Impairment of Goodwill	335	3.0%	355	1.9%	(20)	(5.6%)
Total	$ 4,669	42.1%	$ 5,078	27.5%	$ (409)	(8.1%)

(1) Research and development and selling, marketing and administration expenses for fiscal 2013 included charges of approximately $27 million and $97 million, respectively, related to the Cost Optimization Program.

Operating expenses decreased by $409 million, or 8.1%, to $4.7 billion or 42.1% of consolidated revenue in fiscal 2013, compared to $5.1 billion or 27.5% of consolidated revenue in fiscal 2012, reflecting the lower consolidated revenue in fiscal 2013. Excluding the impact of the Q1 Goodwill Impairment Charge and charges incurred as part of the CORE program during fiscal 2013, of which $124 million were attributable to operating expenditures, and the Q1 Goodwill Impairment Charge and charges incurred as part of the Company's previous cost optimization program during fiscal 2012, of which $111 million were attributed to operating expenditures, operating expenses decreased by $402 million. This decrease was primarily attributable to decreased marketing costs, an increase in foreign exchange gains and cost savings related to vendor contracts and a net reduction in headcount related costs driven by the CORE program compared to fiscal 2012.

Research and Development Expenses

Research and development expenses consist primarily of salaries and benefits for technical personnel, new product development costs, travel, office and building infrastructure costs and other employee costs.

Research and development expenses decreased by $47 million, or 3.0%, to $1.5 billion in fiscal 2013, compared to $1.6 billion in fiscal 2012. Excluding the impact of charges incurred as part of the CORE program during fiscal 2013, of which $27 million were attributable to research and development expenditures, and the charges incurred as part of the Company's previous cost optimization program during fiscal 2012, of which $23 million were attributed to research and development expenditures, research and development expenses decreased by $51 million. This decrease was primarily attributable to a reduction in materials costs due to fewer new product introductions as well as a net reduction in headcount related costs driven by the CORE program compared to fiscal 2012. Research and development related headcount decreased by approximately 9%, compared to fiscal 2012.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses consist primarily of marketing, advertising and promotion, salaries and benefits, external advisory fees, information technology costs, office and related staffing infrastructure costs and travel expenses.

Selling, marketing and administration expenses decreased by $489 million, or 18.8%, to $2.1 billion in fiscal 2013 compared to $2.6 billion in fiscal 2012. Excluding the impact of charges incurred as part of the CORE program during fiscal 2013, of which $97 million was attributable to selling, marketing and administration expenditures, and the charges incurred as part of the Company's previous cost optimization program during fiscal 2012, of which $88 million was attributable to selling marketing and administration expenditures, selling, marketing and administration expenses decreased by $498 million. This decrease was primarily attributable to decreased marketing costs, an increase in foreign exchange gains and cost savings related to vendor contracts and a net reduction in headcount related costs driven by the CORE program compared to fiscal 2012. Headcount related to selling, marketing and administration functions decreased by approximately 33%, as compared to fiscal 2012.

Amortization Expense

The table below presents a comparison of amortization expense relating to property, plant and equipment and intangible assets recorded as amortization or cost of sales from continuing operations for fiscal 2013 compared to fiscal 2012. Intangible assets are comprised of patents, licenses and acquired technology.

	For the Fiscal Year Ended (in millions)					
	Included in Amortization			**Included in Cost of sales**		
	March 2, 2013	March 3, 2012	Change	March 2, 2013	March 3, 2012	Change
Property, plant and equipment	$ 402	$ 359	$ 43	$ 319	$ 301	$ 18
Intangible assets	312	208	104	874	651	223
Total	$ 714	$ 567	$ 147	$1,193	$ 952	$ 241

Amortization

Amortization expense relating to certain property, plant and equipment and intangible assets increased by $147 million to $714 million for fiscal 2013, compared to $567 million for fiscal 2012, which primarily reflects the impact of certain property, plant and equipment and intangible asset additions made over the last four quarters.

Cost of sales

Amortization expense relating to certain property, plant and equipment and intangible assets employed in the Company's manufacturing operations and BlackBerry service operations increased by $241 million to $1.2 billion for fiscal 2013, compared to $952 million for fiscal 2012. This increase primarily reflects the impact of renewed or amended licensing agreements and certain property, plant and equipment asset additions made over the last four quarters.

Impairment of Goodwill

Goodwill represents the excess of an acquisition price over the fair value of identifiable net assets acquired. Goodwill is tested for impairment annually, through a two step process, in the fourth quarter of each fiscal year, or more frequently if events or changes in circumstances indicate that goodwill is more likely than not impaired.

The Company performed a goodwill impairment analysis during the fourth quarter of fiscal 2012 and concluded that impairment existed. Based on the results of that test, the Company recorded the Q4 Goodwill Impairment Charge of $355 million.

Due to business conditions and a continued significant decline in the Company's market capitalization, the Company concluded that goodwill impairment indicators existed and an interim goodwill impairment assessment was required for the first quarter of fiscal 2013. The Company used a two-step impairment test to identify potential goodwill impairment and measured the amount of the goodwill impairment loss to be recognized. In the first step, the fair value of the Company was determined using the Company's average market capitalization for the preceding five days from the impairment test date, plus a reasonable control premium, which was established based on recent market transactions. The results from the first step of the goodwill impairment test demonstrated that the carrying value of the Company exceeded its estimated fair value as at the balance sheet date and therefore the second step of the goodwill impairment test was performed.

In the second step of the impairment test, the Company calculated the impairment loss by estimating the implied fair value of goodwill and comparing it with its carrying value. Using the fair value determined in the first step as the acquisition price, the implied fair value of goodwill was calculated as the residual amount of the acquisition price after allocations made to the fair value of net assets, including recognized and unrecognized intangible assets. Based on the results of the second step of the goodwill impairment test, it was concluded that the carrying value of goodwill was impaired. Consequently, the Company recorded the Q1 Goodwill Impairment Charge of $335 million, which eliminated the remaining carrying value of its goodwill, and reported this amount as a separate line item in the Consolidated Statements of Operations.

The Company's share price and control premium are significant factors in assessing the Company's fair value for purposes of the goodwill impairment assessment. The Company's share price can be affected by, among other things, changes in industry or market conditions, including the effect of competition, changes in the Company's results of operations, and changes in the Company's forecasts or market expectations relating to future results. See "Risk Factors – *The market price of the Company's common shares is volatile"* in the Company's Annual Information Form.

Investment Income

Investment income decreased by $6 million to $15 million in fiscal 2013, from $21 million in fiscal 2012. The decrease in investment income is the result of decreases in the company's average yield on its investments, the recording of the Company's portion of investment losses in its equity-based investments, and the accrual of interest expenses for other tax matters, offset by a gain on the sale of the Company's claim on Lehman Brothers International (Europe) ("LBIE") trust assets which had previously been impaired in fiscal 2011. See "Financial Condition - Liquidity and Capital Resources".

Income Taxes

For fiscal 2013, the Company's income tax recovery from continuing operations was $592 million, resulting in an effective income tax recovery rate of approximately 48.5%, compared to income tax expense of $347 million and an effective income tax rate of approximately 22.9% for the prior fiscal year. The Company's effective income tax recovery rate reflects the geographic mix of earnings in jurisdictions with different income tax rates. The higher effective income tax recovery rate in fiscal 2013 primarily reflects the favourable impacts of the $152 million effective settlement of uncertain income tax positions in the third quarter of fiscal 2013 that resulted from prior restructuring of the Company's international operations, carrying operating losses back to prior periods with higher effective income tax rates and the effect of income tax incentives on earnings offset by the unfavourable impact of the Q1 Goodwill Impairment Charge.

Net Income (Loss)

The Company's net loss from continuing operations for fiscal 2013 was $628 million, a decrease of $1.8 billion compared to net income of $1.2 billion in fiscal 2012. The decrease takes into account the impact of an income tax benefit of $166 million related to the settlement of uncertain tax positions, including related interest and foreign exchange gains, restructuring charges of $220 million related to the CORE program and the Q1 Goodwill Impairment Charge of $335 million incurred in fiscal 2013, as well as the impacts of the PlayBook Inventory Provision, the Q4 Goodwill Impairment Charge the Q4 BlackBerry 7 Inventory Provision, the Q3 Service Interruption and restructuring charges of $125 million related to the Company's previous cost optimization program incurred in fiscal 2012. The decrease is primarily attributable to a decrease in the Company's gross margin, partially offset by a reduction in operating expenses and a recovery of income taxes. The Company's consolidated gross margin in fiscal 2013 was negatively impacted by the lower shipment volumes due to the Company's aging product portfolio in a very competitive environment in which multiple competitors introduced new devices beginning in early fiscal 2013 as well as the continuation of pricing initiatives to drive sell-through for BlackBerry 7 handheld devices and the impact of allocating certain fixed costs, including licensing costs, to lower shipment volumes, compared to fiscal 2012. The decrease in gross margin was partially offset by the higher average selling prices of BlackBerry 10 devices shipped, favorable renegotiations of key contracts associated with elements of the Company's hardware business and benefits from a leaner and re-architected supply chain.

Basic and diluted loss per share from continuing operations were both $1.20 in fiscal 2013, compared to basic and diluted EPS from continuing operations of $2.23 in fiscal 2012.

The weighted average number of shares outstanding was 524 million common shares for basic and diluted loss per share for the fiscal year ended March 2, 2013 and the fiscal year ended March 3, 2012.

The Company expects to increase its marketing spending in relation to the global launch of BlackBerry 10 during the first quarter of fiscal 2014 by approximately 50% compared to the fourth quarter of fiscal 2013. However, the Company expects to approach breakeven financial results in the first quarter of fiscal 2014 as a result of its lower cost base, more efficient supply chain and improved hardware margins. This outlook excludes the impact of charges related to the CORE program. Further, sales of BlackBerry 7 devices may be impacted as some customers may alter purchasing decisions toward BlackBerry 10 devices. See "Cautionary Note Regarding Forward-Looking Statements".

Common Shares Outstanding

On March 26, 2013, there were 524 million voting common shares, options to purchase 7.2 million voting common shares, 15.1 million restricted share units and 0.3 million deferred share units outstanding.

The Company has not paid any cash dividends during the last three fiscal years.

Fiscal year end March 3, 2012 compared to fiscal year ended February 26, 2011

Revenue

Revenue from continuing operations for fiscal 2012 was $18.4 billion, a decrease of approximately $1.5 billion, or 7.5%, from $19.9 billion in fiscal 2011.

Comparative breakdowns of the significant revenue categories and geographic regions are set forth in the following table:

	For the Fiscal Year Ended					
	March 3, 2012		February 26, 2011		Change Fiscal 2012/2011	
Millions of BlackBerry handheld devices shipped	49.0		52.3		(3.3)	(6.3%)
Millions of BlackBerry PlayBook tablets shipped	1.3		—		1.3	—
Revenue *(in millions)*						
Hardware	$13,794	74.9%	$15,956	80.2%	$(2,162)	(13.5%)
Service (1)	4,074	22.1%	3,197	16.1%	877	27.4%
Software	318	1.7%	294	1.5%	24	8.2%
Other	237	1.3%	460	2.2%	(223)	(48.5%)
	$18,423	100.0%	$19,907	100.0%	$(1,484)	(7.5%)

(1) During the third quarter of fiscal 2012, the Company experienced the Q3 Service Interruption, which resulted in the loss of service revenue and the payment of penalties of approximately $54 million related to the unavailability of the Company's network.

Hardware revenue decreased by $2.2 billion, or 13.5%, to $13.8 billion, or 74.9% of consolidated revenue, in fiscal 2012 compared to $16.0 billion or 80.2% of consolidated revenue in fiscal 2011. This decrease in hardware revenue over the prior fiscal year was attributable to the mix of BlackBerry handheld devices sold during fiscal 2012, which were made up of devices that have lower average selling prices compared to those sold in fiscal 2011, as well as a lower volume of handheld shipments. The Company shipped approximately 49.0 million BlackBerry handheld devices in fiscal 2012 compared to 52.3 million devices in fiscal 2011. The decrease in the number of BlackBerry handheld devices was due to a number of factors, principally increased competition in the Company's industry, particularly in the United States, as well as delays in new product introductions. In the first quarter of fiscal 2012, the Company observed that its then-existing portfolio of BlackBerry handheld devices had been in market for close to a year and delivering new products on a timely basis had been more challenging than the Company had anticipated. The Company had been making progress on a development path for the next generation of BlackBerry handheld devices when it determined it needed to make more significant upgrades to both hardware and software to address the impact of increasing competition in the smartphone market, particularly in the United States. Consequently, the Company made the decision to develop a new single hardware platform and the BlackBerry 7 operating system for its high-end BlackBerry lineup. These changes, among other things, affected both the hardware and software timelines and pushed out entry into carrier certification labs. As noted in the "Risk Factors" section of The Company's Annual Information Form, there are always risks and uncertainties in new product development and these changes presented extra challenges to carrier lab entry and the certification process. The mix of BlackBerry handheld devices in the first and second quarters of fiscal 2012 were heavily weighted towards its BlackBerry 6 handheld devices, particularly at the low end of the range, which had lower average selling prices and contribution margin than its BlackBerry 7 products. The Company also observed lower than expected shipments of its BlackBerry 6 handheld devices as customers worked through inventory and awaited the launch of the BlackBerry 7 handheld devices. However, delays in the product introduction timelines for its BlackBerry 7 handhelds devices also excluded the Company from some of the back-to-school programs it had expected to be a part of, which resulted in lower than anticipated shipments, revenue and earnings in the second quarter of fiscal 2012. While the BlackBerry Bold 9900 was well received by customers, certain other BlackBerry 7 product sales in fiscal 2012 were lower than expected due to competitive launches, the Q3 Service Interruption and BlackBerry 7 product launch delays.

Outside of North America, overall performance was strong although competitive shifts are making growth in international markets increasingly more challenging, and the Company was not satisfied with the performance of the business in the United States, as described in further detail below.

Contributing to hardware revenue in fiscal 2012 was the launch of the BlackBerry PlayBook tablet in the first quarter of the fiscal year. The number of BlackBerry PlayBook tablets shipped during fiscal 2012 was 1.0 million units. BlackBerry PlayBook tablet shipments were lower than anticipated during fiscal 2012 due to lower than anticipated sell-through to end users caused by several factors, including intense competition in the tablet market, especially in the United States, and shifts in the competitive dynamics of the market, as well as a delay in the release of BlackBerry PlayBook OS 2.0 software until February 2012. During the second half of fiscal 2012, the Company increased its promotional activity to encourage sell-through of the BlackBerry PlayBook tablets.

Service revenue increased by $877 million, or 27.4%, to $4.1 billion or 22.1% of consolidated revenue in fiscal 2012, compared to $3.2 billion, or 16.1% of consolidated revenue in fiscal 2011, reflecting the Company's increase in net new BlackBerry subscriber accounts since the end of fiscal 2011. Partially offsetting this increase was the loss of revenue and penalty charges associated with the Q3 Service Interruption totaling approximately $54 million. BlackBerry tiered service plans continued to drive growth in the Company's subscriber base, specifically in the Company's international markets, including Indonesia, South Africa and Venezuela. The international growth was offset by particularly weak results in fiscal 2012 in the United States where the Company experienced a net decrease in its subscriber base.

Software revenue includes fees from licensed BES software, CALs, technical support, maintenance and upgrades. Software revenue increased by $24 million, or 8.2%, to $318 million in fiscal 2012 from $294 million in fiscal 2011. The increase was primarily attributable to an increase in software upgrades and revenue from acquisitions, and this was partially offset by a decrease in BES, CALs and software licensing revenue.

Other revenue, which includes non-warranty repairs, accessories and gains and losses on revenue hedging instruments, decreased by $223 million to $237 million in fiscal 2012 compared to $460 million in fiscal 2011. The majority of the decrease was attributable to decreases in non-warranty repairs and losses realized from revenue hedging. See "Market Risk of Financial Instruments – Foreign Exchange" for additional information on the Company's hedging instruments.

Sales outside the United States, the United Kingdom and Canada comprised approximately 60% of the total consolidated revenue during fiscal 2012. Sales in the United States represented approximately 23% of total consolidated revenue during the year, a decrease as a percentage of total consolidated revenue compared to the prior year resulting from factors described above, shifts in the competitive dynamics within the United States, an increase of in-life products that makes up the Company's product mix, as well as growth in international markets compared to fiscal 2011. Sales in the United Kingdom represented approximately 10% of total consolidated revenue and sales in Canada represented the remainder. During fiscal 2012, the Company experienced a significant decrease in its share of the smartphone market in the United States compared to fiscal 2011. Intense competition, the lack of an LTE product and a high-end consumer offering in the United States is negatively impacting the Company's results in that market. The Company has also encountered challenges due to the impact of BYOD strategies being adopted by some of its enterprise customers, as some IT departments that previously required employees to use the BlackBerry wireless solution because of its emphasis on security and reliability are permitting employees to choose devices offered by the Company's competitors.

Gross Margin

Consolidated gross margin from continuing operations decreased by $2.2 billion, or approximately 25.5%, to $6.6 billion, or 35.7% of consolidated revenue, in fiscal 2012, compared to $8.8 billion, or 44.3% of consolidated revenue, in fiscal 2011.

During the fourth quarter of fiscal 2012, the Company recorded the Q4 BlackBerry Inventory Provision consisting of pre-tax charges of approximately $267 million, or approximately $197 million after-tax, relating primarily to certain BlackBerry 7 products with its current portfolio of hardware devices. The non-cash charges represent the Company's estimates of provisions required to sell through existing inventory in the channel based on estimated inventory levels of certain BlackBerry 7 products, as well as related vendor liabilities as of March 3, 2012. The Company also experienced a decrease in its forward-looking demand relating to certain BlackBerry 7 products and as such, recorded a reduction in the carrying value of its inventory, and increased its estimate of the excess inventory and contractual liabilities with its manufacturing partners for units or materials relating to those products.

Excluding the impact of the charges related to the Q4 BlackBerry 7 Inventory Provision, the Cost Optimization Program, the PlayBook Inventory Provision and the charges related to the Q3 Service Interruption, consolidated gross margin decreased by $1.4 billion compared to fiscal 2011. The decline in consolidated gross margin percentage was primarily attributable to the decreased number of BlackBerry handheld device shipments in fiscal 2012 compared to fiscal 2011, as well as the mix of BlackBerry handheld devices sold during fiscal 2012, which were weighted towards in-life products with lower average selling prices and gross margins. The impact of the BlackBerry PlayBook sell-through programs conducted during the third and fourth quarters of fiscal 2012 further contributed to the year-over-year decline in the consolidated gross margin. The overall decline was partially offset by an increase in service revenue as a result of additional subscriber accounts, which comprised 22.1% of the total revenue mix for fiscal 2012 compared to 16.1% in fiscal 2011. Gross margin percentage for BlackBerry handheld devices and BlackBerry PlayBook tablets are generally lower than the Company's consolidated gross margin percentage.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, amortization and litigation expenses for fiscal 2012 compared to fiscal 2011.

	For the Fiscal Year Ended (in millions)					
	March 3, 2012		February 26, 2011		Change Fiscal 2012/2011	
		% of Revenue		% of Revenue		% of Change
Revenue	$18,423		$19,907		$ (1,484)	(7%)
Operating expenses						
Research and development [(1)]	$ 1,556	8.4%	$ 1,351	6.8%	$ 205	15.2%
Selling, marketing and administration [(1)]	2,600	14.1%	2,400	12.1%	200	8.3%
Amortization	567	3.1%	438	2.2%	129	29.5%
Impairment of Goodwill	355	1.9%	-	-	355	100.0%
Total	$ 5,078	27.5%	$ 4,189	21.1%	$ 889	21.2%

(1) Research and development and selling, marketing and administration expenses for fiscal 2012 included charges of approximately $23 million and $88 million, respectively, related to the Cost Optimization Program.

Total operating expenses for fiscal 2012 as a percentage of revenue increased by 6.4% to 27.5% of revenue compared to fiscal 2011.

Research and Development Expenses

Research and development expenditures consist primarily of salaries and benefits for technical personnel, new product development costs, travel, office and building infrastructure costs and other employee costs.

Research and development expenditures increased by $205 million to $1.6 billion, or 8.4% of revenue, in fiscal 2012, compared to $1.4 billion, or 6.8% of revenue, in fiscal 2011. Excluding the impact of the charges related to the Cost Optimization Program, of which $23 million was attributable to research and development expenditures related primarily to employee termination benefits, research and development expenses increased by $185 million compared to fiscal 2011. The majority of the increase during fiscal 2012 compared to fiscal 2011 was attributable to higher materials usage, as well as an increase in salaries and benefits due to an increase in personnel associated with research and development activities.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses consist primarily of salaries and benefits, marketing, advertising and promotion, external advisory fees, information technology costs, office and related staffing infrastructure costs and travel expenses.

Selling, marketing and administration expenses increased by $200 million to $2.6 billion for fiscal 2012 compared to $2.4 billion for fiscal 2011. As a percentage of revenue, selling, marketing and administration expenses increased to 14.1% in fiscal 2012 versus 12.1% in fiscal 2011. The increase in selling, marketing and administration expenses also reflects the impact of approximately $88 million relating to the Cost Optimization Program, which consisted of $53 million related to the identification and elimination of redundant facilities and $35 million related to employee termination benefits. Excluding the impact of the Cost Optimization Program, the $116 million increase in selling, marketing and administration expenses was attributable to an increase in foreign exchange losses, bad debt expenses, and consulting fees.

Amortization Expense

The table below presents a comparison of amortization expense relating to property, plant and equipment and intangible assets recorded as amortization or cost of sales for fiscal 2012 compared to fiscal 2011. Intangible assets are comprised of intellectual property and acquired technology.

	For the Fiscal Year Ended (in millions)					
	Included in Amortization			**Included in Cost of sales**		
	March 3, 2012	February 26, 2012	Change	March 3, 2012	February 26, 2012	Change
Property, plant and equipment	$ 359	$ 272	$ 87	$ 301	$ 225	$ 76
Intangible assets	208	166	42	651	264	387
Total	$ 567	$ 438	$ 129	$ 952	$ 489	$ 463

Amortization

Amortization expense relating to certain property, plant and equipment and intangible assets increased by $129 million to $567 million for fiscal 2012 compared to $438 million for fiscal 2011, which primarily reflects the impact of certain property, plant and equipment and intangible asset additions made during fiscal 2012.

Cost of sales

Amortization expense relating to certain property, plant and equipment and intangible assets employed in the Company's manufacturing operations and BlackBerry service operations increased by $463 million to $952 million for fiscal 2012 compared to $489 million for fiscal 2011. This primarily reflects the impact of certain intangible asset additions made during the latter part of fiscal 2011.

Impairment of Goodwill

As stated under "Critical Accounting Policies and Estimates – Goodwill", goodwill represents the excess of the acquisition price over the fair value of identifiable net assets acquired. Goodwill is tested annually, through a two step process, for impairment in the fourth quarter of each fiscal year, or more frequently if events or changes in circumstances indicate that goodwill is more likely than not impaired. During the fourth quarter of fiscal 2012, the Company used the two-step impairment test to identify potential goodwill impairment and measure the amount of the goodwill impairment loss to be recognized. In the first step, the fair value of the Company was determined using the Company's average market capitalization for the preceding five days from the impairment test date, plus a reasonable control premium, which was established based on recent market transactions. The results from the first step of the goodwill impairment test demonstrated that the carrying value of the Company exceeded its estimated fair value as at the balance sheet date and therefore the second step of the goodwill impairment test was performed.

In the second step of the impairment test, the Company calculated the impairment loss by estimating the implied fair value of goodwill and comparing it with its carrying value. Using the fair value determined in the first step as the acquisition price, the implied fair value of goodwill was calculated as the residual amount of the acquisition price after allocations made to the fair value of net assets, including recognized and unrecognized intangible assets. Based on the results of the second step of the goodwill impairment test, it was concluded that the carrying value of goodwill was impaired. Consequently, the Company recorded a goodwill impairment of $355 million, $346 million after tax, and reported this amount as a separate line item in the Consolidated Statements of Operations.

As described above, the Company's share price and control premium are significant factors in assessing the Company's fair value for purposes of the goodwill impairment assessment. The Company's share price can be affected by, among other things, changes in industry or market conditions, including the effect of competition, changes in our results of operations, and changes in the Company's forecasts or market expectations relating to future results. See "Risk Factors – *The market price of the Company's common shares is volatile"* in the Company's Annual Information Form.

Investment Income

Investment income increased by $13 million to $21 million in fiscal 2012 from $8 million in fiscal 2011. Investment income in fiscal 2011 includes $17 million in impairment losses on the Company's auction rate securities and Lehman Brothers trust assets, without which investment income would have been $25 million. Excluding the impairment losses, the decrease primarily reflects the decrease in the Company's average cash, cash equivalents and investment balances compared to fiscal 2011, as well as a decrease in the average yield due compared to fiscal 2011. See "Financial Condition - Liquidity and Capital Resources".

Income Taxes

For fiscal 2012, the Company's income tax expense was $347 million, resulting in an effective tax rate of 22.9% compared to income tax expense of $1.2 billion and an effective tax rate of 26.6% for fiscal 2011. The Company's lower effective tax rate in fiscal 2012 reflects the geographic mix of earnings in jurisdictions with different tax rates, the favourable resolution of uncertain tax positions, and the higher proportional effect of tax incentives on earnings offset by the unfavourable impact of an impairment charge relating to non-deductible goodwill.

Net Income

Net income decreased by $2.2 billion to $1.2 billion in fiscal 2012 compared to net income of $3.4 billion in the prior fiscal year. Excluding the impact of charges related to the Q4 Goodwill Impairment Charge, the Q4 BlackBerry7 Inventory Provision, the Cost Optimization Program, the PlayBook Inventory Provision and the charges related to the Q3 Service Interruption, net income decreased by $1.2 billion compared to fiscal 2011. The $1.2 billion decrease in net income primarily reflects a decrease in the Company's gross margin, which was negatively impacted by the decreased number of BlackBerry handheld device shipments in fiscal 2012 compared to fiscal 2011, as well as a change in the mix of BlackBerry handheld devices sold, which were weighted towards products with lower average selling prices and gross margins. In addition, an increase in operating expenses in the amount of $534 million also contributed to the decrease in net income compared to fiscal 2011. The impact of the BlackBerry PlayBook sell-through programs conducted during the third and fourth quarters of fiscal 2012 further contributed to the year-over-year decline in the consolidated gross margin. This decrease was partially offset by an increase in service revenue as a result of additional subscriber accounts, as well as a decrease of $886 million in the provision for income taxes.

Basic and diluted EPS from continuing operations was $2.23 in fiscal 2012, a decrease of approximately 65% compared to $6.36 basic EPS and $6.34 diluted EPS from continuing operations in fiscal 2011.

The weighted average number of common shares outstanding was 524 million common shares for both basic and diluted EPS for the fiscal year ended March 3, 2012 compared to 536 million common shares for basic EPS and 538 million common shares for diluted EPS for the fiscal year ended February 26, 2011.

Common Shares Outstanding

On April 4, 2012, there were 524 million voting common shares, options to purchase 4 million voting common shares, 8 million restricted share units and 0.1 million deferred share units outstanding.

The Company has not paid any cash dividends during the last three fiscal years.

Summary Results of Operations

Three months ended March 2, 2013 compared to the three months ended March 3, 2012

The following table sets forth certain unaudited consolidated statement of operations data, which is expressed in millions of dollars, except for share and per share amounts and as a percentage of revenue, for the three months ended March 2, 2013 and March 3, 2012:

	For the Three Months Ended				Change Fiscal 2013/2012
	March 2, 2013		March 3, 2012		
	(in million, except for share and per share amounts)				
Revenue	$ 2,678	100.0%	$ 4,181	100.0%	$ (1,503)
Cost of sales	1,603	59.9%	2,781	66.5%	(1,178)
Gross margin	1,075	40.1%	1,400	33.5%	(325)
Operating expenses					
Research and development	383	14.3%	386	9.2%	(3)
Selling, marketing and administration	523	19.5%	646	15.5%	(123)
Amortization	181	6.8%	148	3.5%	33
Impairment of Goodwill	—	0.0%	355	8.5%	(355)
	1,087	40.6%	1,535	36.7%	(448)
Operating loss	(12)	(0.4%)	(135)	(3.2%)	123
Investment income (loss)	(6)	(0.2%)	5	0.1%	(11)
Loss from continuing operations before income taxes	(18)	(0.6%)	(130)	(3.1%)	112
Recovery of income taxes	(112)	(4.2%)	(12)	(0.3%)	(100)
Income (loss) from continuing operations	94	3.6%	(118)	(2.8%)	212
Income (loss) from discontinued operations	4	0.1%	(7)	(0.2%)	11
Net income (loss)	$ 98	3.7%	$ (125)	(3.0%)	$ 223
Basic earnings (loss) per share					
Basic earnings (loss) per share from continuing operations	$ 0.18		$ (0.23)		
Basic earnings (loss) per share from discontinued operations	0.01		(0.01)		
Total basic earnings (loss) per share	$ 0.19		$ (0.24)		
Diluted earnings (loss) per share					
Diluted earnings (loss) per share from continuing operations	$ 0.18		$ (0.23)		
Diluted earnings (loss) per share from discontinued operations	0.01		(0.01)		
Total diluted earnings (loss) per share	$ 0.19		$ (0.24)		
Weighted-average number of shares outstanding (000's)					
Basic	524,160		524,139		
Diluted	527,222		524,139		

Revenue

Revenue from continuing operations for the fourth quarter of fiscal 2013 was $2.7 billion, a decrease of approximately $1.5 billion, or 36.0%, from $4.2 billion in the fourth quarter of fiscal 2012.

Comparative breakdowns of the significant revenue categories are set forth in the following table:

	For the Three Months Ended					
	March 2, 2013		March 3, 2012		Change Q4 Fiscal 2013/2012	
Millions of BlackBerry handheld devices sold	6.0		11.1		(5.1)	(45.9%)
Millions of BlackBerry PlayBook tablets sold	0.4		0.5		(0.1)	(20.0%)
Revenue *(in millions)*						
Hardware	$1,640	61.2%	$2,866	68.5%	$(1,226)	(42.8%)
Service	947	35.4%	1,133	27.1%	(186)	(16.4%)
Software	63	2.4%	80	1.9%	(17)	(21.3%)
Other	28	1.0%	102	2.5%	(74)	(72.5%)
	$2,678	100.0%	$4,181	100.0%	$(1,503)	(35.9%)

Hardware revenue was $1.6 billion, or 61.2% of consolidated revenue, in the fourth quarter of fiscal 2013, compared to $2.9 billion, or 68.5% of consolidated revenue, in the fourth quarter of fiscal 2012, representing a decrease of 42.8%. This decrease in hardware revenue over the comparable prior fiscal year period was a result of decreased BlackBerry handheld device shipments due to the Company's aging product portfolio in a very competitive environment in which multiple competitors introduced new devices beginning in early fiscal 2013, partially offset by the higher average selling prices of BlackBerry 10 devices. In the fourth quarter of fiscal 2013, 6.0 million BlackBerry handheld devices were shipped, which decreased from 11.1 million in the same period in the prior fiscal year due to a number of factors, primarily reflecting the ongoing market challenges, the intense competition the Company is facing across many of its markets, particularly in the United States, as well as the platform and product transition the Company has been undertaking. The Company introduced the first BlackBerry 10 smartphones into market in certain countries on January 31, 2013 in major centres such as Canada, the United Kingdom, South Africa, the United Arab Emirates and Indonesia, among others.

The number of BlackBerry PlayBook tablets shipped during the fourth quarter of fiscal 2013 was approximately 0.4 million, representing decrease of 0.1 million units compared to the same period in the prior fiscal year. Overall, BlackBerry PlayBook tablet shipments have experienced lower than anticipated sell-through to end users due mainly to intense competition in the tablet market, especially in the United States. During the fourth quarter of fiscal 2013, the Company continued its ongoing promotional activities to encourage sell-through of the BlackBerry PlayBook tablets. The Company sold out of the 16G BlackBerry PlayBook tablets in the second quarter of fiscal 2013 and is continuing to sell its 32G and 64G units as well as the 3G plus BlackBerry PlayBook tablet and 4G LTE BlackBerry PlayBook tablet, which launched in the second quarter of fiscal 2013.

Service revenue decreased by $186 million, or 16.4%, to $947 million, or 35.4% of consolidated revenue, in the fourth quarter of fiscal 2013, compared to $1.1 billion, or 27.1% of consolidated revenue, in the fourth quarter of fiscal 2012. The decrease in service revenue reflects the Company's net decrease in BlackBerry subscriber accounts since the fourth quarter of fiscal 2012, as well as a decrease in ARPU. The decrease in ARPU resulted from recent pricing reduction programs implemented by the Company to maintain the subscriber base as well as a shift in the mix of the Company's subscriber base from higher tiered unlimited plans to prepaid and lower tiered plans. The total BlackBerry subscriber base was approximately 76 million as at the end of the fourth quarter of fiscal 2013, reflecting a decrease of approximately 3 million subscriber accounts since the end of the third quarter of fiscal 2013. The decrease in the subscriber accounts reflects decreases in the North America and EMEA regions, offset by increases in APAC and LATAM in the fourth quarter of fiscal 2014. Please refer to the "Overview – Sources of Revenue" section for further discussion of service revenue and the Company's subscriber base.

Software revenue, which includes fees from licensed BES software, CALs, technical support, maintenance and upgrades decreased by $17 million, or 21.3%, to $63 million, or 2.4% of consolidated revenue, in the fourth quarter of fiscal 2013, compared to $80 million, or 1.9% of consolidated revenue, in the fourth quarter of fiscal 2012. This decrease was primarily attributable to a decrease in CALs and maintenance revenue.

Other revenue, which includes non-warranty repairs, accessories, licensing revenues and gains and losses on revenue hedging instruments, decreased by $74 million to $28 million in the fourth quarter of fiscal 2013 compared to $102 million in the fourth quarter of fiscal 2012. The decrease was primarily attributable to losses on revenue hedging instruments as well as decreases in non-warranty repair revenues and accessories. See "Market Risk of Financial Instruments – Foreign Exchange" for additional information on the Company's hedging instruments.

Gross Margin

Consolidated gross margin from continuing operations decreased by $325 million, or 23.2%, to $1.1 billion, or 40.1% of consolidated revenue, in the fourth quarter of fiscal 2013, compared to $1.4 billion, or 33.4% of consolidated revenue, in the fourth quarter of fiscal 2012. Excluding the impact of charges related to the CORE program incurred in the fourth quarter of fiscal 2013, of which a recovery of $4 million was attributable to cost of sales, as well as the impact of the PlayBook Inventory Provision and the BB7 Inventory Provision incurred in the fourth quarter of fiscal 2012, gross margin decreased by $1.1 billion. Gross margin percentage in the fourth quarter of fiscal 2013 reflects the higher average selling prices and gross margins of BlackBerry 10 devices shipped as well as cost reductions generated by the CORE program.

The $1.1 billion decrease in consolidated gross margin was primarily attributable to the lower volume of BlackBerry handheld devices shipped as a result of the Company's aging product portfolio in a very competitive environment in which multiple competitors introduced new devices beginning early in fiscal 2013 and the impact of allocating certain fixed costs, including licensing costs, to lower shipment volumes. The decrease was partially offset by the higher average selling prices and gross margins of BlackBerry 10 devices sold in the fourth quarter of fiscal 2013.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expenses for the quarter ended March 2, 2013, compared to the quarter ended December 1, 2012 and the quarter ended March 3, 2012. The Company believes that it is meaningful to also provide a comparison between the fourth quarter of fiscal 2013 and the third quarter of fiscal 2013 given that the Company's quarterly operating results vary substantially.

	For the Three Months Ended (in millions)					
	March 2, 2013		December 1, 2012		March 3, 2012	
		% of Revenue		% of Revenue		% of Revenue
Revenue	$2,678		$2,727		$4,181	
Operating expenses						
Research and development	$ 383	14.3%	$ 393	14.4%	$ 386	9.2%
Selling, marketing and administration	523	19.5%	487	17.9%	646	15.5%
Amortization	181	6.8%	180	6.6%	148	3.5%
Impairment of Goodwill	—	—	—	—	355	8.5%
Total	$1,087	40.6%	$1,060	38.9%	$1,535	36.7%

Operating expenses increased by $27 million, or 2.5%, to $1.09 billion, or 40.6% of revenue, in the fourth quarter of fiscal 2013, compared to $1.06 billion, or 38.9% of revenue, in the third quarter of fiscal 2013, primarily attributable to an increase in advertising and promotion spend related to the launch of BlackBerry 10 devices, partially offset by a reduction in headcount related to the CORE program.

Operating expenses decreased by $448 million, or 29.2%, compared to $1.5 billion or 36.7% of revenue, in the fourth quarter of fiscal 2012, reflecting the lower consolidated revenue in the fourth quarter of fiscal 2013. Excluding the impact of charges incurred as part of the CORE program during the fourth quarter of fiscal 2013, of which $33 million were attributable to operating expenditures and the Q4 Goodwill Impairment Charge incurred in the fourth quarter of fiscal 2012, operating expenses decreased by $126 million. This decrease was due to cost savings related to vendor contracts and a net reduction in headcount related costs driven by the CORE program compared to the fourth quarter of fiscal 2012.

Research and Development Expense

Research and development expenses decreased by $10 million to $383 million in the fourth quarter of fiscal 2013 compared to $393 million in the third quarter of fiscal 2013. Excluding the impact of charges related to the CORE program incurred during the fourth quarter of fiscal 2013 of $3 million and the charges related to the CORE program incurred during the third quarter of fiscal 2013 of $4 million, that were attributable to research and development expenditures, research and development expenses decreased by $9 million, which was primarily attributable to a decrease in research and development device costs related to the launch of BlackBerry 10 and a reduction in headcount. Research and development related headcount decreased by approximately 3%, compared to the third quarter of fiscal 2013.

Research and development expenses decreased by $3 million or 1% in the fourth quarter of fiscal 2013 compared to $386 million in the fourth quarter of fiscal 2012. Excluding the impact of charges incurred as part of the CORE program during the fourth quarter of fiscal 2013, of which $3 million were attributable to research and development expenditures, research and development expenses decreased by $6 million. This decrease was primarily attributable to a reduction in materials costs due to fewer new product introductions as well as a net reduction in headcount related costs driven by the CORE program compared to the fourth quarter of fiscal 2012. Research and development related headcount decreased by approximately 9%, compared to the fourth quarter of fiscal 2012.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses increased by $36 million to $523 million in the fourth quarter of fiscal 2013 compared to $487 million for the third quarter of fiscal 2013. Excluding the impact of charges related to the CORE program incurred during the fourth quarter of fiscal 2013, of which $30 million was attributable to selling, marketing and administration expenditures, and the charges incurred as part of the CORE program during the third quarter of fiscal 2013, of which $19 million was attributable to selling, marketing and administration, selling marketing and administration expenses increased by $25 million. The $25 million increase was primarily attributable to increased advertising and promotion spend related to the launch of BlackBerry 10 devices, partially offset by reductions in bonus levels and headcount compared to the third quarter of fiscal 2013. Selling, marketing and administration related headcount decreased by approximately 11%, compared to the third quarter of fiscal 2013.

Selling, marketing and administration expenses decreased by $123 million in the fourth quarter of fiscal 2013 compared to $646 million in the fourth quarter of fiscal 2012. Excluding the impact of charges incurred as part of the CORE program during the fourth quarter of fiscal 2013, of which $30 million was attributable to selling, marketing and administration expenditures and the Q4 Goodwill Impairment Charge incurred in the fourth quarter of fiscal 2012, selling, marketing and administration expenses decreased by $153 million. This decrease was primarily attributable to cost savings related to vendor contracts and a net reduction in headcount related costs driven by the CORE program compared to the fourth quarter fiscal 2012. Headcount related to selling, marketing and administration functions decreased by approximately 33%, as compared to the fourth quarter of fiscal 2012.

Amortization Expense

The table below presents a comparison of amortization expense relating to property, plant and equipment and intangible assets recorded as amortization or cost of sales for the quarter ended March 2, 2013 compared to the quarter ended March 3, 2012. Intangible assets are comprised of intellectual property and acquired technology.

	For the Three Months Ended (in millions)					
	Included in Amortization			**Included in Cost of sales**		
	March 2, 2013	March 3, 2012	Change	March 2, 2013	March 3, 2012	Change
Property, plant and equipment	$ 103	$ 94	$ 9	$ 77	$ 77	$ —
Intangible assets	78	54	24	136	160	(24)
Total	$ 181	$ 148	$ 33	$ 213	$ 237	$ (24)

Amortization

Amortization expense relating to certain property, plant and equipment and certain intangible assets increased by $33 million to $181 million for the fourth quarter of fiscal 2013 compared to $148 million for the comparable period in fiscal 2012, which primarily reflects the impact of certain property, plant and equipment and intangible asset additions made during fiscal 2013.

Cost of sales

Amortization expense relating to certain property, plant and equipment and certain intangible assets employed in the Company's manufacturing operations and BlackBerry service operations decreased by $24 million to $213 million for the fourth quarter of fiscal 2013 compared to $237 million for the comparable period in fiscal 2012. The increase primarily reflects the impact of certain property, plant and equipment and intangible asset additions made during fiscal 2013.

Investment Income

Investment income decreased by $11 million to a loss of $6 million in the fourth quarter of fiscal 2013 from a gain of $5 million in the fourth quarter of fiscal 2012. The decrease in investment income is a result of decreases in the Company's average yield on its investments, the recording of the Company's portion of investment losses in its equity-based investments, and the accrual of interest expenses for other tax matters. See "Financial Condition - Liquidity and Capital Resources".

Income Taxes

For the fourth quarter of fiscal 2013, the Company's income tax recovery from continuing operations was $112 million, resulting in an effective income tax recovery rate of 638.9% compared to income tax recovery of $12 million and an effective income tax recovery rate of 9.2% for the same period last year. The

Company's effective income tax recovery rate reflects the geographic mix of earnings in jurisdictions with different income tax rates. The higher effective income tax recovery rate in the fourth quarter of fiscal 2013 primarily reflects the favourable impacts of carrying operating losses back to prior periods with higher effective income tax rates, the effect of income tax incentives on earnings including the extension of the US Federal R&D credit that was enacted in the fourth quarter of fiscal 2013 and the goodwill impairment charge incurred in the fourth quarter of fiscal 2012.

Net Income

The Company's net income from continuing operations for the fourth quarter of fiscal 2013 was $94 million, an increase of $212 million compared to a net loss from continuing operations of $118 million in the fourth quarter of fiscal 2012. The increase, which takes into account the impact of restructuring charges of $29 million related to the CORE program incurred in the fourth quarter of fiscal 2013, as well as the impacts of the Q4 Goodwill Impairment Charge, the PlayBook Inventory Provision and the BB7 Inventory Provision incurred in the fourth quarter of fiscal 2012, is primarily attributable to a decrease in the Company's gross margin, partially offset by a reduction in operating expenses and a recovery of income taxes. The Company's consolidated gross margin in the fourth quarter of fiscal 2013 was negatively impacted by the lower shipment volumes as a result of the Company's aging product portfolio in a very competitive environment in which multiple competitors introduced new devices beginning in early fiscal 2013 as well as the impact of allocating certain fixed costs, including licensing costs, to lower shipment volumes, compared to the fourth quarter of fiscal 2012. The decrease in gross margin was partially offset by the higher average selling prices of BlackBerry 10 devices shipped, favorable renegotiations of key contracts associated with elements of the Company's hardware business and benefits from a leaner and re-architected supply chain.

Basic and diluted EPS from continuing operations were both $0.18 in the fourth quarter of fiscal 2013, compared to basic and diluted loss per share from continuing operations of $0.23 in the fourth quarter of fiscal 2012.

The weighted average number of shares outstanding was 524 million common shares for basic EPS and 527 million for diluted EPS for the fourth quarter of fiscal 2013, compared to 524 for both basic and diluted loss per share for the fourth quarter of fiscal 2012.

Selected Quarterly Financial Data

The following table sets forth the Company's unaudited quarterly consolidated results of operations data for each of the eight most recent quarters, including the quarter ended March 2, 2013. The information in the table below has been derived from the Company's unaudited interim consolidated financial statements that, in management's opinion, have been prepared on a basis consistent with the audited consolidated financial statements of the Company and include all adjustments necessary for a fair presentation of information when read in conjunction with the audited consolidated financial statements of the Company. the Company's quarterly operating results have varied substantially in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

	Fiscal Year 2013				Fiscal Year 2012			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(in millions, except per share data)							
Revenue	$2,678	$2,727	$2,861	$2,808	$4,181	$5,166	$4,168	$4,908
Gross margin	$1,075	$ 830	$ 744	$ 786	$1,400	$1,407	$1,612	$2,156
Operating expenses	1,087	1,060	1,102	1,421	1,535	1,079	1,205	1,259
Investment income (loss), net	(6)	18	—	3	5	2	7	7
Income (loss) from continuing operations, before income taxes	(18)	(212)	(358)	(632)	(130)	330	414	904
Provision for (recovery of) income taxes	(112)	(226)	(129)	(122)	(12)	65	85	209
Income (loss) from continuing operations	$ 94	$ 14	$ (229)	$ (510)	$ (118)	$ 265	$ 329	$ 695
Loss from discontinued operations, net of tax	4	(5)	(6)	(8)	(7)	—	—	—
Net income (loss)	$ 98	$ 9	$ (235)	$ (518)	$ (125)	$ 265	$ 329	$ 695
Earnings (loss) per share								
Basic and diluted earnings (loss) per share from continuing operations	$ 0.18	$ 0.03	$ (0.44)	$ (0.97)	$ (0.23)	$ 0.51	$ 0.63	$ 1.33
Basic and diluted earnings (loss) per share from discontinued operations	$ 0.01	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	$ —	$ —	$ —
Total basic and diluted earnings (loss) per share	$ 0.19	$ 0.02	$ (0.45)	$ (0.99)	$ (0.24)	$ 0.51	$ 0.63	$ 1.33

Research and development	$ 383	$ 393	$ 366	$ 367	$ 386	$ 366	$ 381	$ 423
Selling, marketing and administration	$ 523	487	556	547	646	567	683	704
Amortization	$ 181	180	180	172	148	146	141	132
Impairment of Goodwill	$ —	—	—	335	355	—	—	—
Operating expenses	$1,087	$1,060	$1,102	$1,421	$1,535	$1,079	$1,205	$1,259

Financial Condition

Liquidity and Capital Resources

Cash, cash equivalents, and investments increased by $764 million to $2.9 billion as at March 2, 2013 from $2.1 billion as at March 3, 2012. The majority of the Company's cash, cash equivalents, and investments are denominated in U.S. dollars as at March 2, 2013.

A comparative summary of cash, cash equivalents, and investments is set out below:

	As at *(in millions)*		
	March 2, 2013	March 3, 2012	Change
Cash and cash equivalents	$ 1,549	$ 1,527	$ 22
Short-term investments	1,105	247	858
Long-term investments	221	337	(116)
Cash, cash equivalents, and investments	$ 2,875	$ 2,111	$ 764

The change in cash and cash equivalents is primarily due to net cash flows provided by operating activities, partially offset by net cash flows used in investing activities, as set out below:

	For the Fiscal Year Ended *(in millions)*	
	March 2, 2013	March 3, 2012
Net cash flows provided by (used in):		
Operating activities	$ 2,303	$ 2,912
Investing activities	(2,240)	(3,024)
Financing activities	(36)	(149)
Effect of foreign exchange gain (loss) on cash and cash equivalents	(5)	(3)
Net increase (decrease) in cash and cash equivalents	$ 22	$ (264)

Cash flows for the fiscal year ended March 2, 2013

Operating Activities

Net cash flows provided by operating activities were $2.3 billion for fiscal 2013 compared to net cash flows provided by operating activities of $2.9 billion in fiscal 2012. The decrease was mainly attributable to lower net income compared to the same period in the prior fiscal year, which was partially offset by changes net in working capital.

The table below summarizes the current assets, current liabilities, and working capital of the Company:

	As at (in millions)		
	March 2, 2013	March 3, 2012	Change
Current assets	$ 7,101	$ 7,071	30
Current liabilities	3,448	3,389	59
Working capital	$ 3,653	$ 3,682	(29)

The increase in current assets of $30 million at the end of fiscal 2013 from the end of fiscal 2012 was primarily due to an increase in short-term investments of $858 million and income taxes receivable of $462 million. This is partially offset by decreases in accounts receivable, inventories, and other receivables of $709 million, $424 million and $224 million, respectively.

At March 2, 2013, accounts receivable was $2.4 billion, a decrease of $709 million from March 3, 2012. The decrease was primarily due to a decrease in revenue during fiscal 2013, which was partially offset by an increase in days sales outstanding to 79.9 days in the fourth quarter of fiscal 2013 from 68.1 days at the end of fiscal 2012.

Inventories decreased by $424 million at the end of fiscal 2013 compared to the same period in the prior fiscal year, reflecting a decrease in the amount of BlackBerry smartphone and BlackBerry PlayBook tablets held in inventory as a result of improved supply chain efficiency compared to fiscal 2012.

The decrease in other receivables of $224 million is due to a decrease in receivables from the Company's contract manufacturers.

As of March 2, 2013, the Company has accounts receivables outstanding related to service access fees provided to wireless service providers in Venezuela. The Company does not sell smartphones or tablets directly into the Venezuelan market, does not have foreign operations in Venezuela and only invoices its services denominated in United States dollars ("USD"). On February 8, 2013, the Venezuela government announced that, effective February 13, 2013, its currency, the Venezuelan Bolivar, would be devalued by 32% of the USD equivalent. As of March 2, 2013, the Company has been successful in collecting its service revenues from wireless service providers in Venezuela and will continue to closely monitor its efforts in future periods. As a result of the currency devaluation and given the uncertainty around future changes to the Venezuela leadership, the Company could face additional challenges in obtaining payment on its receivables if the Venezuela carriers cannot secure governmental approvals to buy and remit USD for services provided.

The Company also sells products and provides services in additional foreign jurisdictions including Asia-Pacific, the Middle East and Latin America, which expose the Company to political, legal and economic uncertainties and may limit the Company's ability to collect on its sales generating activities, which may have a negative impact on the Company's cash balance. These uncertainties include, but are not limited to, the following:

- Challenges with enforcing contracts in local courts;
- Currency devaluations in hyper-inflationary markets resulting in a loss of revenues due to their inability to procure the Company's our products and services in the future; and

- Stringent and evolving currency exchange restrictions and controls which could result in extended delays in the collection of accounts receivables.

The decrease in current liabilities of $59 million at the end of fiscal 2013 from the end of fiscal 2012 was primarily due to a decrease in accrued liabilities, which was partially offset by increases in accounts payable and deferred revenue. As at March 2, 2013, accrued liabilities were $1.8 billion, which reflects a decrease of $540 million compared to March 3, 2012 due to in decreases in rebate, vendor inventory and warranty accruals related to lower unit shipment volumes. The increase in accounts payable of $320 million was primarily attributable to the timing of purchases during fiscal 2013 compared to fiscal 2012, with a significant portion of the increase due to the purchase of BlackBerry Z10 components in support of the global launch of the new smartphones. Deferred revenue increased by $279 million as a result of certain customers moving to the sell-through method of revenue recognition in fiscal 2013.

Investing Activities

During the fiscal year ended March 2, 2013, cash flows used in investing activities were $2.2 billion and included intangible asset additions of $1.0 billion, cash flows used in transactions involving the proceeds on sale or maturity of short-term and long-term investments, net of the costs of acquisitions in the amount of $762 million, acquisitions of property, plant and equipment of $413 million and business acquisitions of $60 million. For the same period of the prior fiscal year, cash flows used in investing activities were $3.0 billion and included intangible asset additions of $2.2 billion, property, plant and equipment additions of $902 million and business acquisitions of $226 million, offset by cash flows provided by transactions involving the proceeds on sale or maturity of short-term investments and long-term investments, net of the costs of acquisitions, in the amount of $321 million.

During the fiscal year ended March 2, 2013, the additions to intangible assets primarily consisted of payments relating to amended or renewed licensing agreements, as well as agreements with third parties for the use of intellectual property, software, messaging services and other BlackBerry-related features as well as intangible assets associated with business acquisitions. The decrease in property, plant and equipment spending for fiscal 2013 was primarily due to the cost saving initiatives of the CORE program, reflecting the Company's targeted investment approach in research and development and manufacturing, as well as its continued investment in network infrastructure, which remains a strategic priority for the Company. In the first quarter of fiscal 2014, the Company expects capital expenditures to be approximately $100 million.

Financing Activities

Cash flows used in financing activities were $36 million for fiscal 2013 and were in connection with the Company's stock compensation program. Cash flows used in financing activities were $149 million for fiscal 2012 and were primarily attributable to the purchases of common shares on the open market by a trustee selected by the Company in connection with its Restricted Share Unit Plan, which are classified on the balance sheet for accounting purposes as treasury stock, in the amount of $156 million.

Aggregate Contractual Obligations

The following table sets out aggregate information about the Company's contractual obligations and the periods in which payments are due as at March 2, 2013:

	(in millions)				
	Total	Less than One Year	One to Three Years	Four to Five Years	Greater than Five Years
Operating lease obligations	$ 253	$ 67	$ 80	$ 60	$ 46
Purchase obligations and commitments	6,044	5,744	300	—	—
Total	$6,297	$ 5,811	$ 380	$ 60	$ 46

Purchase obligations and commitments amounted to approximately $6.3 billion as at March 2, 2013, with purchase orders with contract manufacturers representing approximately $4.9 billion of the total. The Company also has commitments on account of capital expenditures of approximately $4 million included in this total, primarily for manufacturing and information technology, including service operations. The remaining balance consists of purchase orders or contracts with suppliers of raw materials, as well as other goods and services utilized in the operations of the Company including payments on account of licensing agreements. The expected timing of payments and actual amounts to be paid for these purchase obligations and commitments is estimated based upon current information and the Company's existing contractual arrangements with suppliers. The timing of payments and actual amounts paid may differ from estimates depending upon the timing of receipt of goods and services, changes to agreed-upon amounts for certain obligations, and payment terms or changes to the contractual relationships between the Company and its suppliers. The Company's purchase obligations and commitments generally increase or decrease along with the demand for the Company's products, or as new service offerings are either launched or exited.

The Company has not paid any cash dividends in the last three fiscal years.

On September 25, 2012, the Company replaced its existing $500 million senior unsecured revolving credit facility with a syndicate of commercial banks with a $500 million senior secured revolving credit facility (the "Facility") for working capital and general corporate purposes with the same syndicate of commercial banks. The Facility, which is subject to certain financial covenants and expires on September 6, 2013, is secured by accounts receivable and inventory of the Company and certain of its subsidiaries. The Company has provided collateral of approximately $6 million for its outstanding letters of credit as of March 2, 2013. The collateral is held with one of the Company's banks and is recorded within short-term investments.

Cash, cash equivalents, and investments were $2.9 billion as at March 2, 2013. Management is focused on maintaining appropriate cash balances, efficiently managing working capital balances and the significant reduction in capital investments through the CORE program and continues to evaluate the liquidity needs for the business as it evolves. In addition, the Company expects to pursue more opportunities to attain further cost savings in the coming fiscal quarters as it pursues new ways to drive greater efficiencies. The Company expects to maintain a strong cash position in the first quarter of fiscal 2014. Based on its current financial projections, the Company believes its financial resources, together with expected future operating cash generating activities and available borrowings under the Facility, or access to other potential financing arrangements, should be sufficient to meet funding requirements for current financial commitments, for future operating expenditures not yet committed and also provide the necessary financial capacity for the foreseeable future. As noted above, the Company's expectations with respect to its cash position and future liquidity are forward-looking statements that are subject to the inherent risk of difficulties in forecasting the Company's financial results for future periods, particularly over longer periods, given the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the wireless communications industry. See "Cautionary Statement Regarding Forward-Looking Statements" and the "Risk Factors" section of the Company's Annual Information Form for the fiscal year ended March 2, 2013, which is included in the Company's Annual Report on Form 40-F for the fiscal year ended March 2, 2013, including the risk factor titled "The Company's ability to maintain or increase its cash balance could be adversely affected by its ability to offer competitive products and services in a timely manner at competitive prices."

The Company does not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K under the Securities Exchange Act of 1934, as amended, or under applicable Canadian securities laws.

Legal Proceedings

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. The Company is subject to a variety of claims (including claims related to patent infringement, purported class actions and other claims in the normal course of business) and may be subject to additional claims either directly or through indemnities against claims that it provides to certain of its partners and customers. In particular, the industry in which the Company competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. The Company has received, and may receive in the future, assertions and claims from third parties that the Company's products infringe on their patents or other intellectual property rights. Litigation has been and will likely continue to be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company's proprietary rights. Regardless of whether claims against the Company have merit, those claims could be time-consuming to evaluate and defend, result in costly litigation, divert management's attention and resources, subject the Company to significant liabilities and could have the other effects that are described in greater detail under "Risk Factors" in the Company's Annual Information Form for the fiscal year ended March 3, 2012, which is included in the Company's Annual Report on Form 40-F, including the risk factor entitled "The Company is subject to general commercial litigation, class action and other litigation claims as part of its operations, and it could suffer significant litigation expenses in defending these claims and could be subject to significant damage awards or other remedies".

Management reviews all of the relevant facts for each claim and applies judgment in evaluating the likelihood and, if applicable, the amount of any potential loss. Where it is considered probable for a material exposure to result and where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The Company does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

On June 20, 2008, St. Clair Intellectual Property Consultants, Inc. ("St. Clair") filed a patent infringement lawsuit against the Company and other defendants in the District of Delaware. The patents in suit include U.S. Patent Nos. 5,138,459; 6,094,219; 6,233,010 and 6,323,899. These patents are generally directed to image processing in digital cameras. On October 31, 2011, the court held a hearing to address summary judgment motions filed by both sides. On March 26, 2012, the court granted the defendants' motion for summary judgment. On April 20, 2012, St. Clair filed a notice of appeal. On May 16, 2012, the Company filed a motion to dismiss the appeal because it was filed prior to dismissal of the district court action. The court issued a mandate on August 3, 2012, dismissing the appeal as premature. On Friday, September 7, 2012, St. Clair re-filed its notice of appeal. Proceedings are ongoing.

On November 16, 2010, St. Clair filed a second complaint against the Company and other defendants in the District of Delaware. The patents in suit include U.S. Patent Nos. 5,630,163; 5,710,929; 5,758,175; 5,892,959; 6,079,025 and 5,822,610. These patents are generally directed to power management. The Complaint seeks an injunction and money damages. The court held a claim construction hearing on December 16, 2011. On October 12, 2012, the court stayed the case pending final judgment in a case St. Clair brought against other parties. No trial date is currently set. Proceedings are ongoing.

On October 31, 2008, Mformation Technologies, Inc. ("Mformation") filed a patent infringement lawsuit against the Company in the U.S. District Court for the Northern District of California. The patents in suit include U.S. Patent Nos. 6,970,917 and 7,343,408. These patents are generally directed to remote device management functionality. A claim construction hearing was held on November 20, 2009. On February 26, 2010, the court issued a claim construction order. A trial date was set for September 2011, but then later vacated. On August 31, 2011, the court requested additional claim construction briefings. The court held a hearing on September 26, 2011 for oral argument on the additional claim construction as well as motions for summary judgment and then took the issues under advisement. On December 19, 2011, the court issued an order on the parties' summary judgment motions and the additional claim construction. Jury selection was completed on June 14, 2012, and trial began on June 19, 2012. On July 13, 2012, the jury found that the Company had infringed the asserted patent claims, awarding damages of $147.2 million. On August 8, 2012, Judge Ware overturned the jury verdict and granted judgment of non-infringement as a matter of law. On Sep. 5, 2012, Mformation filed a motion for a new trial. On September 6, 2012, Mformation filed a notice of appeal to the US Court of Appeals for the Federal Circuit. However, the Federal Circuit deactivated the appeal while the motion for new trial was pending. On September 20, 2012, the case was reassigned to Judge Edward M. Chen, in view of Judge Ware's retirement from the bench. Judge Chen subsequently denied Mformation's motion for new trial on November 15, 2012. On December 4, 2012, the court denied Mformation's motion for relief from costs. The Federal Circuit reactivated the appeal on December 20, 2012 after Mformation filed a new notice of appeal. On January 3, 2013, a new entity, Mformation Software Technologies, Inc. ("MST"), filed a motion to substitute parties, alleging that Mformation had dissolved and that MST had assumed the rights, but not the liabilities, to the litigation. On January 14, 2013, the Company filed an opposition to MST's motion, combined with a motion to dismiss. Proceedings are ongoing.

On November 20, 2008, the Company filed a lawsuit for declaratory judgment of non-infringement, invalidity and unenforceability against four Eastman Kodak ("Kodak") patents in the U.S. District Court for the Northern District of Texas (Dallas Division). The patents in suit include U.S. Patent Nos. 5,493,335, 6,292,218 ("the '218 Patent") and 6,600,510 ("the '510 Patent") which are generally directed to digital camera technologies and U.S. Patent No. 5,226,161 which is directed to data sharing in applications. Kodak counterclaimed for infringement of these same patents seeking an injunction and monetary damages. The claim construction hearing was held on March 23, 2010. On July 23, 2010, Kodak dismissed the '510 Patent from the case without prejudice. The court set an initial trial date in December 2010. The court also ordered mediation to seek to settle the case. Mediation was unsuccessful and on November 29, 2010 the court reset the trial date for August 1, 2011. On July 20, 2011, the court again reset the trial date for the three-week docket beginning on March 5, 2012. On January 19, 2012, following federal rules, Judge Kinkeade stayed the proceedings because Kodak declared bankruptcy. The Company filed an unopposed motion with the bankruptcy court to lift the stay. On March 9, 2012, the bankruptcy court granted the Company's motion to lift the stay of the case pending in the Northern District of Texas. On May 29, 2012, a trial date was set in December 2012. On November 28, 2012, Judge Kinkeade reset the trial to April 2013 based on a joint motion by both parties. The parties further agreed to a bench trial. On January 11, 2013, the bankruptcy court approved Kodak's sale of its digital imaging patent portfolio to a consortium of companies. Kodak completed the sale on February 1, 2013. As part of the proceedings, the Company obtained a license to all the patents in suit. As a result, the Company and Kodak jointly moved for dismissal on February 5, 2013. On Monday, February 11, 2013, the court dismissed and closed the case with prejudice.

On January 14, 2010, Kodak filed a complaint with the ITC against the Company and Apple Inc. alleging infringement of the '218 Patent and requesting the ITC to issue orders prohibiting certain of the Company's products from being imported into the U.S. and sold in the U.S. On February 23, 2010, the ITC published a Notice of Investigation in the Federal Register. The Administrative Law Judge ("ALJ") set a trial date of September 1, 2010 and a target date for completion of the investigation by the ITC of May 23, 2011. A claim construction hearing was held on May 24-25, 2010. The Chief Judge issued his claim construction order as an Initial Determination on June 22, 2010. In accordance with the ALJ's ruling, the trial was held and lasted for six days. On January 24, 2011, the ALJ ruled that the Company's products do not infringe the '218 Patent and that the only asserted claim is invalid as obvious. Kodak and the ITC Staff separately petitioned for ITC review on February 7, 2011. The Company also filed a contingent petition for review on February 7, 2011. On March 25, 2011, the ITC issued a public notice advising that the ITC would review Chief Judge Luckern's decision. The ITC delayed the target date for completion of the investigation by the ITC. The new target date was June 23, 2011. On July 8, 2011, the ITC issued an Opinion with its review of Chief Judge Luckern's decision. The ITC remanded issues concerning both infringement and validity. The remand proceedings were assigned to a different ALJ, ALJ Pender, as Chief Judge Luckern retired from the bench. Acting Chief Judge Bullock initially set October 30, 2011 as the target date for the new ALJ to determine how much additional time is necessary for the remand proceedings and to set a new final target date and later extended this date to December 30, 2011. On December 16, 2011, ALJ Pender determined that he will reopen the record to permit limited additional discovery and extended the target date to September 21, 2012 to allow time for the parties to complete this discovery and remand briefing. On January 26, 2012, Judge Pender decided not to reopen the record due to fact that certain issues had become moot. On May 21, 2012, Judge Pender issued his Initial Determination finding no violation of Section 337 of the Tariff Act. On June 4, 2012, Kodak filed a petition for review of Judge Pender's Initial Determination and the Company filed a contingent petition for review. On July 20, 2012, the Commission issued its Final Determination agreeing with Judge Pender's finding of no violation of Section 337. On Wednesday, August 7, 2012, Kodak filed a Notice of Appeal with the Federal Circuit. The Company filed a Motion to Intervene and a Petition for Review/Notice of Cross Appeal on September 6, 2012. On November 21, 2012, the Federal Circuit granted the Motion to Intervene and dismissed the Petition for Cross Appeal on procedural grounds. Kodak completed the sale of its digital imaging patent portfolio on February 1, 2013, and as part of the proceedings, the Company obtained a license to all the patents in suit, thus settling all outstanding litigation. On February 5, 2013, Kodak filed a motion to dismiss. The court granted the motion on February 15, 2013.

On March 31, 2010, MobileMedia Ideas LLC ("MMI") filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Texas (Marshall Division) alleging infringement of U.S. Patent Nos. 5,479,476; 5,845,219; 6,055,439; 6,253,075; 6,427,078; RE.39231; 5,732,390; 5,737,394; 6,070,068; 6,389,301; 6,446,080; and 7,349,012. The patents are generally directed to mobile telephone technologies including mobile telephone user interfaces, call control, speech signal transmission and imaging. The complaint seeks an injunction and monetary damages. The claim construction hearing was scheduled for January 11, 2012, and trial was scheduled to begin July 12, 2012. On August 30, 2011, the case was transferred from the Eastern District of Texas to the Northern District of Texas (Dallas). On November 4, 2011, MMI filed an amended complaint in the Northern District of Texas, alleging infringement of four additional patents: U.S. Patent Nos. 5,490,170; 6,049,796; 6,871,048; and, 6,441,828. The amended complaint seeks an injunction, monetary damages and other relief that the court may deem proper under the circumstances. On March 9, 2012, the Court reset the trial date for February 4, 2013. On March 21, 2012, the court stayed the proceedings with respect to U.S. Patent Nos. 5,479,476; 5,845,219; 6,055,439; 6,253,075; and 6,427,078. On April 16, 2012, the Company filed a motion to stay the proceedings with respect to U.S. Patent No. 6,049,796. On May 4, 2012, the court granted the Company's motion to stay proceedings with respect to U.S. Patent No. 6,049,796. On January 17, 2013 the parties entered proposed scheduling orders including proposed trial dates. On February 27, 2013, the court issued a claim construction order. The court has not yet entered a new schedule. Proceedings are ongoing.

On June 30, 2010, Bandspeed Inc. ("Bandspeed") filed a lawsuit against the Company as well as thirty-six other defendants in the U.S. District Court for the Eastern District of Texas (Marshall Division) alleging infringement of U.S. Patent Nos. 7,027,418 and 7,570,614. The patents are generally directed to a method for selecting communication channels using frequency hopping. The complaint seeks an injunction and monetary damages. On August 15, 2011, the case was transferred from the Eastern District of Texas to the Western District of Texas (Austin Division), where a lawsuit involving the same patents is currently pending against a number of parties, including Cambridge Silicon Radio Limited ("CSR"). On December 15, 2011, the court issued an order requiring Bandspeed to amend its complaint to identify all allegedly infringing products, and allow possible impleader of other chip manufacturers or suppliers. On January 24, 2012, the court issued an order setting the deadline for impleader to February 23, 2012. However, no other chip manufacturers or suppliers were impleaded. A trial had been scheduled to begin February 4, 2013, involving Bandspeed and CSR only. On October 22, 2012, Bandspeed advised the court of a Settlement and License Agreement entered into with CSR. On November 20, 2012, the court dismissed with prejudice all claims based on any defendant's use of CSR Licensed Products. At this time, no date for trial has been set with respect to any other defendant, including the Company. The court held a Status Conference on January 11, 2013 and indicated that trial would be set for early November 2013. Proceedings are ongoing.

On September 2, 2010, Innovative Sonic Limited filed lawsuit against the Company in the U.S. District Court for Eastern District of Texas (Tyler Division) asserting infringement of U.S. Patent Nos. 6,925,183; RE 40,077; and 7,436,795. The patents are generally directed to window based polling and timing as well as security keys in a wireless communication system. The complaint seeks an injunction and monetary damages. The claim construction hearing was scheduled for November 10, 2011, and trial was scheduled to begin June 4, 2012. Subsequently, the case was transferred from the Eastern District of Texas to the Northern District of Texas (Dallas Division). The Dallas court held a Markman hearing on June 11, 2012 and issued a claim construction order on October 17, 2012. Trial was scheduled to begin on March 4, 2013. On March 4, 2013, the court held a hearing, rescheduling trial for June 2013 to permit Innovative Sonic to retain new counsel and to allow for additional discovery. Proceedings are ongoing.

On February 24, 2011, Golden Bridge Technology, Inc. ("Golden Bridge") filed a lawsuit against the Company as well as over twenty other defendants in the U.S. District Court for the District of Delaware, asserting infringement of U.S. Patent Nos. 6,574,267 and 7,359,427. These patents are generally directed to 3G wireless technologies. The complaint seeks an injunction and monetary damages. On April 10, 2012, the court stayed the litigation pending resolution of Golden Bridge's claims against Apple. On April 13, 2012, Golden Bridge Technology filed a lawsuit against the Company in the U.S. District Court for the District of Delaware, asserting infringement of U.S. Patent No. 6,574,267. The patent is generally directed to 4G wireless technology. On July 27, 2012, the court stayed the litigation pending resolution of Golden Bridge's claims against Apple. On May 8, 2012, Golden Bridge filed a lawsuit against the Company as well as over twenty other defendants in the U.S. District Court for the Central District of California, alleging infringement of U.S. Patent No. 6,075,793. On September 11, 2012, the court dismissed the complaint for improper joinder. On September 18, 2012, Golden Bridge re-filed its complaint against all defendants, except Apple, in the U.S. District Court for the District of Delaware. The complaint seeks an injunction and monetary damages. The Company has not been served with this complaint. On January 11, 2013, the District Court for the District of Delaware entered an Order that stayed the litigation until further order of the court or until such time as final judgment is entered in the Apple Action with respect to Golden Bridge's claims against Apple or an order dismissing Apple is entered in the Apple Action.

On March 18, 2011, Imperium (IP) Holdings, Inc. ("Imperium"), filed a lawsuit against the Company as well as six other defendants in the U.S. District Court for the Eastern District of Texas (Tyler Division) asserting infringement of U.S. Patent Nos. 6,271,884; 6,838,651; 6,838,715; 7,064,768; and 7,109,535; however, only two of these patents have been asserted against the Company (U.S. Patent Nos. 6,271,884; 6,838,715). The patents generally relate to imaging technology. The complaint seeks an injunction and monetary damages. The claim construction was scheduled for May 31, 2012, and the trial was scheduled to begin January 7, 2013. The claim construction was held on May 31, 2012, and the trial was re-scheduled for April 2013. On July 2, 2012 Imperium issued its Claim Construction Order. On December 10, 2012, Imperium filed a motion to amend its complaint against the Company, asserting U.S. Patent 6,838,651 as well as Willfulness as to infringement of U.S. Patent 6,271,884. On January 4, 2013, the court denied Imperium's motion. Imperium sought reconsideration on the motion, which was also denied. Proceedings are ongoing.

On July 1, 2011, GPNE Corp. filed a lawsuit against the Company as well as nine other defendants in the U.S. District Court for the District of Hawaii asserting infringement of U.S. Patent Nos. 7,555,267; 7,570,594; and 7,792,492 which are generally directed to GPRS technology. The complaint seeks monetary damages and other relief that the court may deem proper under the circumstances. On March 9, 2012 the Company's motion to transfer the case to Dallas was granted. The Dallas court has not scheduled a claim construction hearing. Trial is scheduled to begin on May 4, 2014. The Company and GPNE settled all outstanding litigation on January 31, 2013 for an amount immaterial to the Consolidated Financial Statements. The court dismissed the case with prejudice on March 13, 2013.

On August 1, 2011, Tahir Mahmood ("Mahmood") filed a lawsuit against the Company in the U.S. District Court for the Southern District of New York seeking correction of inventorship of U.S. Patent No. 6,219,694, which is generally directed to the Company's redirector technology; and, claims for conversion, unfair competition, and unjust enrichment. The complaint seeks correction of inventorship, an injunction, monetary damages, punitive damages and other relief that the court may deem proper under the circumstances. On May 16, 2012, the court granted the Company's motion to dismiss the case with prejudice. The case was dismissed on June 7, 2012. On July 6, 2012, Mahmood filed a Notice of Appeal to the U.S. Court of Appeals for the Federal Circuit. The parties completed briefing the appeal on November 13, 2012.

On February 3, 2012, Mahmood filed a new lawsuit against the Company in the U.S. District Court for the Southern District of New York seeking correction of inventorship of U.S. Patent Nos. 7,386,588; 6,463,464; and, 6,389,457, as well as "such other RIM patents the court may deem proper;" and, claims for fraud, breach of fiduciary duty, conversion, unfair competition and unjust enrichment. The complaint seeks correction of inventorship, injunctive relief, monetary damages, punitive damages and other relief that the court may deem proper under the circumstances. On June 14, 2012, the Company filed a motion to dismiss the complaint. On October 25, 2012, the court granted the Company's motion to dismiss the case with prejudice. On October 26, 2012, Mahmood filed a Notice of Appeal to the U.S. Court of Appeals for the Federal Circuit. On January 3, 2013, the Federal Circuit consolidated both cases. The parties completed briefing the appeal on February 22, 2013. Proceedings are ongoing.

On August 26, 2011, Synchronoss Technologies, Inc. ("Synchronoss") filed a lawsuit against NewBay Software, Ltd and NewBay Software, Inc. (together, "NewBay") in the U.S. District Court for the District of New Jersey. Synchronoss alleges that NewBay infringes U.S. Patent Nos. 6,671,757; 7,505,762; and, 7,587,446. The patents are generally directed to data synchronization and transfer for mobile devices. The complaint seeks an injunction, monetary damages and other relief that the court may deem proper under the circumstances. On April 27, 2012, Synchronoss filed an amended complaint, alleging infringement of two additional patents: U.S. Patent Nos. 6,757,696 and 7,643,824. The amended complaint sought an injunction, monetary damages and other relief that the court may deem proper under the circumstances. In December 2012 Synchronoss and the Company reached an agreement that settled the claims in the lawsuit. On December 28, 2012 the Court dismissed the case with prejudice. The Company and Synchronoss resolved all outstanding litigation on December 21, 2012 for an amount immaterial to the Consolidated Financial Statements.

On August 31, 2011, Openwave Systems Inc. ("Openwave") filed a request that the ITC commence an investigation of alleged unlawful importation by the Company and that the ITC issue orders prohibiting certain of the Company's products from being imported into the U.S. and sold in the U.S. Openwave alleges that the Company infringes U.S. Patents Nos. 6,233,608; 6,289,212; 6,405,037; 6,430,409; and 6,625,447. The patents are generally related to wireless data management. The claim construction hearing was held on July 25-26, 2012. Trial has been set for October 15, 2012 and the target date is March 12, 2013. On May 29, 2012, the ALJ re-set the initial determination date to be February 6, 2013 and re-set the target date for June 6, 2013. On October 12, 2012, Openwave filed an unopposed motion to terminate the investigation in its entirety. That same day, the court issued an initial determination terminating the investigation. On November 13, 2012, the investigation was terminated. Openwave also filed a companion complaint in the U.S. District Court for the District of Delaware regarding the same patents. On October 17, 2011 the Delaware court stayed the case pending the ITC investigation. On December 28, 2012, the Delaware court issued an order lifting the stay. The court has yet to issue a schedule. Proceedings are ongoing.

On September 7, 2011, Negotiated Data Solutions Inc. ("NData") filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Texas (Marshall Division) along with five other defendants asserting infringement of U.S. Patent Nos. 5,361,261; 5,533,018; 5,566,169; and 5,594,734, which are generally directed to isochronous capability or frame based transmission of data. The complaint seeks an injunction and monetary damages. A claim construction hearing occurred on December 5, 2012 and the trial is set for July 1, 2013. The Company and NData settled all outstanding litigation on February 4, 2013 for an amount immaterial to the Consolidated Financial Statements. The court dismissed the case with prejudice on February 19, 2013.

On September 12, 2011, WiAV Networks, LLC filed a lawsuit against the Company and one other defendant in the U.S. District Court for the Northern District of Texas alleging infringement of U.S. Patent Nos. 6,480,497 and 5,400,338. The patents are generally directed to coordinate-based roaming node and a packet radio mesh network. The complaint seeks an injunction and monetary damages. The Company answered the complaint on October 27, 2011. The claim construction hearing occurred on October 10, 2012, and trial is scheduled to begin September 23, 2013. The court issued its claim construction Order on October 30, 2012. The Company and WiAV Networks, LLC settled all outstanding litigation on January 11, 2013 for an amount immaterial to the Consolidated Financial Statements. The court dismissed the case with prejudice on January 22, 2013.

On October 7, 2011, GrafTech International Holdings, Inc. ("GTI") filed a lawsuit against the Company in the U.S. District Court for the Northern District of Texas (Dallas Division). GTI alleges that the Company infringes U.S. Patent Nos. 6,482,520 and 6,982,874 generally directed to exfoliated graphite sheets for heat dissipation. The Company filed its Answer on February 27, 2012. The complaint seeks an injunction and monetary damages. On September 17, 2012, the court granted the parties joint motion to administratively close the case. Either party may request the court to reopen the case if it feels that settlement negotiations have hit an impasse.

On November 17, 2011, Graphics Properties Holdings, Inc. ("GPH") filed a complaint with the ITC against the Company along with twelve other defendants. GPH alleges that the Company infringes U.S. Patent Nos., 6,650,327 (the "'327 Patent") and 6,816,145 (the "'145 Patent") generally relating to display technology. GPH also alleges that the Company infringes U.S. Patent No. 5,717,881 (the "'881 Patent") generally relating to data processing. The complaint seeks orders prohibiting certain of the Company's products from being imported into the U.S. and sold in the U.S. Proceedings are ongoing. GPH withdrew the complaint and filed a new one to correct deficiencies on March 5, 2012. Trial has been set for January 17, 2013, the initial determination is scheduled to be completed by May 10, 2013 and the target date is September 10, 2013. On March 1, 2013, the ITC terminated the investigation.

On November 23, 2011, GPH filed a lawsuit against the Company in the U.S. District Court for the District of Delaware, alleging infringement of the '327, '145, and '881 Patents. The complaint seeks an injunction and monetary damages. On May 11, 2012, the court issued an order staying the action against the Company pending the outcome of the ITC proceedings. On December 21, 2012, the Company obtained a license grant for an amount immaterial to the Consolidated Financial Statements. The court dismissed the case with prejudice on January 30, 2013.

On December 6, 2011, Advanced Video Technologies LLC ("AVT") filed a lawsuit against the Company in the U.S. District Court for the Southern District of New York. AVT alleges that the Company infringes U.S. Patent No. 5,781,788 generally directed to a single-chip video codec. The complaint seeks an injunction, monetary damages and other relief that the court may deem proper under the circumstances. A claim construction order was issued on February 1, 2013. No trial date is currently set. Proceedings are ongoing.

On January 20, 2012, WI-LAN USA, Inc. and WI-LAN, Inc. (together, "WI-LAN") filed a lawsuit against the Company in the U.S. District Court for the Southern District of Florida alleging infringement of U.S. Patent Nos. 5,515,369 and 6,232,969. The patents are generally directed to Bluetooth and character selection display interface. The complaint seeks an injunction and monetary damages. On February 21, 2012, WI-LAN filed an amendment to the complaint, alleging infringement of U.S. Patent No. 6,240,088. The patent is generally directed to a message review feature. The Company's answer was due on March 19, 2012 and was filed on March 19, 2012. For this suit, the court has set a trial date for February 24, 2014. A claim construction hearing will be rescheduled for late July or early August 2013. Proceedings are ongoing. On December 11, 2012, Wi-LAN filed a second complaint against the Company. Wi-LAN asserted that the Company infringes U.S. Patent No. 6,260,168 generally directed to Bluetooth technology. The complaint seeks an injunction and monetary damages. For this suit, the court has set a trial date for November 11, 2013. Proceedings are ongoing.

On March 9, 2012, Iswitch, LLC ("Iswitch") filed a complaint against the Company in the U.S. District Court for the Eastern District of Texas. Iswitch alleges that the Company infringes U.S. Patent No. 7,225,334 generally directed to voice over IP technology. The complaint seeks monetary damages and all other relief to which the court may deem the Plaintiff be entitled. The court scheduled a claim construction hearing for August 29, 2013 and trial is set to begin on November 10, 2014. Proceedings are ongoing.

On March 15, 2012 Varia Holdings LLC ("Varia") filed a lawsuit against the Company in the U.S. District Court for the District of Delaware. The complaint alleges infringement of U.S. Patent No 7,167,731 generally directed to emoticon input technologies. The complaint seeks monetary damages and any and all other relief to which Varia may be entitled. The Company answered the complaint on June 18, 2012. The court scheduled a claim construction hearing for November 22, 2013. The court has stayed proceedings while the parties negotiate settlement.

On March 30, 2012 Unifi Scientific Batteries, LLC ("USB") sued the Company in the US District Court for the Eastern District of Texas (Tyler Division), along with four other defendant groups including Samsung and Texas Instruments. USB asserted that the Company infringes U.S. Patent 6,791,298 generally directed to battery charging technology. The complaint seeks money damages, an injunction, and other relief that the court deems just and proper. The Company filed its answer on June 11, 2012. The Court scheduled a claim construction hearing for January 9, 2014 and trial is set to begin on February 9, 2015. Proceedings are ongoing.

On April 2, 2012, NXP B.V. ("NXP") filed a lawsuit against the Company in the U.S. District Court for the Middle District of Florida (Orlando Division). NXP asserted that the Company infringes U.S. Patent Nos. 7,330,455; 6,434,654; 6,501,420; 5,597,668; 5,639,697; and 5,763,955. NXP alleges that its patents are generally directed to certain wireless technologies including 802.11 and GPS, as well as certain methods of manufacture for semiconductor devices. The complaint seeks monetary damages, an injunction, and other relief that the court deems just and proper. The Company's answer was due on May 30, 2012 and was filed on May 30, 2012. The court set trial for March 2014. Proceedings are ongoing.

On April 11, 2012, Touchscreen Gestures LLC ("Touchscreen") filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Texas (Tyler Division). Touchscreen asserted that the Company infringes US Patent Nos. 7,184,031; 7,180,506; 7,190,356; and 7,319,457 generally directed towards touchscreen technology. The complaint seeks monetary damages, an injunction, and other relief that the court deems just and proper. The court scheduled a claim construction hearing for December 5, 2013 and trial is set to begin on April 6, 2015. On February 11, 2013, Touchscreen served amended infringement contentions where it added US Patent No. 8,164,575 and did not include previously asserted US Patent No. 7,319,457. Proceedings are ongoing.

On April 25, 2012, Potter Voice Technologies LLC ("Potter") filed a lawsuit against the Company in the U.S. District Court for the District of Colorado, along with 14 other defendants. Potter alleged that the Company infringes U.S. Patent 5,729,659 allegedly directed to voice command technology. The complaint seeks an injunction and monetary damages. A claim construction hearing has been scheduled for April 5, 2013. No trial date is currently set. Proceedings are ongoing.

On May 3, 2012, Hunts Point Ventures, Inc. ("Hunts Point") filed a lawsuit against the Company in the U.S. District Court for the Western District of Wisconsin alleging infringement of U.S. Patent No. 7,667,123, which generally relates to playlist technology. The complaint seeks an injunction and monetary damages. Trial had been set for November 4, 2013. On November 27, 2012, the case was transferred from the Western District of Wisconsin to the Northern District of Texas (Dallas Division). The court dismissed the case without prejudice on March 12, 2013 as no local counsel had filed an appearance for Hunts Point.

On May 29, 2012, Mobile Telecommunications Technologies LLC ("MTEL") filed a lawsuit against the Company in the U.S. District Court for the Northern District of Texas (Dallas Division) alleging infringement of U.S. Patent Nos. 5,809,428; 5,754,946; 5,559,862; 5,894,506 and 5,581,804, some of which allegedly relate to certain aspects of handling failed delivery of wireless messages and others allegedly relate to certain methods of transmitting large volumes of email messages. The complaint seeks an injunction and monetary damages. The Company answered the complaint on August 22, 2012. A claim construction hearing has been scheduled for October 3, 2013 and trial has been set for June 9, 2014. Proceedings are ongoing.

On October 29, 2012, Softvault Systems, Inc. ("Softvault") filed a lawsuit against the Company in the U.S. District Court for the Northern District of California (San Jose Division). Softvault asserted that the Company infringes U.S. Patent Nos. 6,249,868 and 6,594,765 generally directed to a system for disabling devices to prevent unauthorized use. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper. The Company and Softvault settled all outstanding litigation on February 12, 2013 for an amount immaterial to the Consolidated Financial Statements. The court dismissed the case with prejudice on March 13, 2013.

On November 12, 2012, NovelPoint Tracking LLC ("NPT") filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Texas (Marshall Division). The complaint asserts that the Company infringes U.S. Patent No. 6,442,485, allegedly directed to automatic vehicle location, collision notification and synthetic voice technologies. The complaint seeks an injunction and monetary damages. The Company filed an answer on February 27, 2013. Proceedings are ongoing.

On November 29, 2012, Arendi S.A.R.L. ("Arendi") filed a lawsuit against the Company in the U.S. District Court for the District of Delaware. The complaint alleges patent infringement of U.S. Patent Nos. 7,917,843 ("the '843 patent"), 7,496,854 ("the '854 patent") and 8,306,993 ("the '993 patent"). Both the '843 patent and the '854 patent are entitled "Method, System and Computer Readable Medium for Addressing Handling from a Computer Program," and the '993 patent is entitled "Method, System and Computer Readable Medium for Addressing Handling from an Operating System." The complaint seeks damages, an injunction, costs and fees and any other just relief. A scheduling conference has not been scheduled. Proceedings are ongoing.

On December 21, 2012, Mers Kutt filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Virginia (Alexandria). Mr. Kutt asserted that the Company infringes U.S. Patent No. 5,506,981 generally directed to an accelerator board for enhancing computer system performance. The pro se complaint sought monetary damages and other relief that the court deemed just and proper. On February 20, 2013 the court dismissed the case without prejudice for lack of standing.

On December 28, 2012, Callwave Communications, LLC. ("Callwave") filed a lawsuit against the Company in the U.S. District Court for the District of Delaware. Callwave asserted that the Company infringes U.S. Patent Nos. 6,771,970 and 7,907,933 generally directed to locating mobile devices and processing a payment over a network, respectively. The complaint seeks monetary damages and other relief that the court deems just and proper. A scheduling conference has not been scheduled. Proceedings are ongoing.

On January 4, 2013, Steelhead Licensing LLC ("Steelhead") filed a lawsuit against the Company in the U.S. District Court for the District of Delaware. Steelhead asserted that the Company infringes U.S. Patent No. 5.491,834 generally directed to determining the manner for performing a handover between base stations in a network. The complaint seeks monetary damages, an injunction, and other relief that the court deems just and proper. On February 11, 2013 Plaintiff filed an amended complaint adding an allegation of inducement. A scheduling conference has not been scheduled. Proceedings are ongoing.

On February 22, 2013, Maz Encryption Technologies LLC ("Maz") filed a lawsuit against the Company in the U.S. District Court for the District of Delaware. Maz asserted that the Company infringes U.S. Patent No. 6,185,681 generally directed to encryption for an electronic document management system. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper. A scheduling conference has not been scheduled. Proceedings are ongoing.

On March 15, 2013, Rembrandt Wireless Technologies, LP ("Rembrandt") filed a lawsuit against the Company in the U.S. District Court for the Eastern District of Texas (Marshall Division). Rembrandt asserted that the Company infringes U.S. Patent No. 8,023,580 generally directed to communication using at least two modulation methods. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper.

Between May and August 2011, several purported class action lawsuits were filed against the Company and certain of its present or former officers in the U.S. District Court for the Southern District of New York, two of which have been voluntarily dismissed. On January 6, 2012, Judge Richard S. Sullivan consolidated the remaining three actions and appointed both lead plaintiff and counsel. On April 5, 2012, plaintiff filed the Consolidated Amended Class Action Complaint, alleging that during the period from December 16, 2010 through June 16, 2011, the Company and certain of its officers made materially false and misleading statements regarding the Company's financial condition and business prospects, and seek unspecified damages. Defendants have brought a motion to dismiss the claim with prejudice, and filed its materials on June 4, 2012. Plaintiff filed its responding brief on August 3, 2012. Defendants filed their reply brief on September 4, 2012. The Company's motion to dismiss was argued on October 25, 2012 with judgment reserved. Proceedings are ongoing.

As of October 2011, several purported class action lawsuits were filed against the Company in various jurisdictions alleging that subscribers to BlackBerry services had suffered losses during fiscal 2012 Service Interruption, one of which has been voluntarily dismissed on May 29, 2012. The Company believes that class action proceedings in these circumstances are without merit and intends to vigorously defend itself. In two of the cases the Company has negotiated a joint defence agreement with the co-defendants. In all cases, proceedings are ongoing.

In July 2012, Meta4Hand Inc. ("M4HI") filed a lawsuit against the Company in the Court of Queen's Bench, Alberta. The claim alleges that the Company has used and continues to use M4HI's trade secrets. The claim is seeking damages and other remedies. The Company believes the claim has no merit and will vigorously defend itself. M4HI has not yet responded to the Company's request for more particulars. Proceedings are ongoing.

Market Risk of Financial Instruments

The Company is engaged in operating and financing activities that generate risk in three primary areas:

Foreign Exchange

The Company is exposed to foreign exchange risk as a result of transactions in currencies other than its functional currency, the U.S. dollar. The majority of the Company's revenues in fiscal 2013 are transacted in U.S. dollars. Portions of the revenues are denominated in Canadian dollars, Euros and British Pounds. Purchases of raw materials are primarily transacted in U.S. dollars. Other expenses, consisting mainly of salaries, certain operating costs and manufacturing overhead are incurred primarily in Canadian dollars. At March 2, 2013, approximately 19% of cash and cash equivalents, 29% of accounts receivables and 5% of accounts payable are denominated in foreign currencies (March 3, 2012 – 38%, 30% and 11%, respectively). These foreign currencies primarily include the Canadian dollar, Euro and British Pound. As part of its risk management strategy, the Company maintains net monetary asset and/or liability balances in foreign currencies and engages in foreign currency hedging activities using derivative financial instruments, including currency forward contracts and currency options. The Company does not use derivative instruments for speculative purposes. The principal currencies hedged include the Canadian dollar, Euro and British Pound.

The Company enters into forward and option contracts to hedge exposures relating to anticipated foreign currency transactions. These contracts have been designated as cash flow hedges with the effective portion of the change in fair value initially recorded in accumulated other comprehensive income and subsequently reclassified to income when the hedged exposure affects income. Any ineffective portion of the derivative's gain or loss is recognized in current period income. For the fiscal year ended March 2, 2013, there was $8 million in realized gains on forward contracts which were ineffective upon maturity (March 3, 2012 – nil). As at March 2, 2013 and March 3, 2012, the outstanding derivatives designated as cash flow hedges were considered to be fully effective. As at March 2, 2013, the net unrealized losses on these forward and option contracts were approximately $8 million (March 3, 2012 – net unrealized gains of $51 million) and were recorded in other current assets and accumulated other comprehensive income. Unrealized losses were recorded in accrued liabilities and accumulated other comprehensive income.

The Company enters into forward and option contracts to hedge certain monetary assets and liabilities that are exposed to foreign currency risk. The principal currencies hedged include the Canadian dollar, Euro and British Pound. These contracts are not subject to hedge accounting; as a result, gains or losses are recognized in income each period, generally offsetting the change in the U.S. dollar value of the hedged asset or liability. As at March 2, 2013, net unrealized gains of $29 million were recorded (March 3, 2012 – net unrealized losses of $14 million). Unrealized gains associated with these contracts were recorded in other current assets and selling, marketing and administration. Unrealized losses were recorded in accrued liabilities and selling, marketing and administration.

Interest Rate

Cash, cash equivalents and investments are invested in certain instruments of varying maturities. Consequently, the Company is exposed to interest rate risk as a result of holding investments of varying maturities. The fair value of investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates. The Company does not currently use interest rate derivative financial instruments in its investment portfolio.

Credit and Customer Concentration

The Company has historically been dependent on an increasing number of significant telecommunication carriers and distribution partners and on larger more complex contracts with respect to sales of the majority of its products and services. The Company has experienced significant sales growth in the past, resulting in the growth in its carrier customer base in terms of numbers, sales and accounts receivable volumes, and in some instances, new or significantly increased credit limits. The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers, historical trends and economic circumstances. The allowance as at March 2, 2013 was $17 million (March 3, 2012 - $16 million). The Company also places insurance coverage for a portion of its accounts receivable balances. There was one customer that comprised 8.2% of accounts receivable as at March 2, 2013 (March 3, 2012 – one customer comprised 13%). Additionally, there were no customers that comprised 10% of the Company's fiscal 2013 revenue (fiscal 2012 revenue – no customer comprised 10% or greater).

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations. The Company mitigates this risk by limiting counterparties to highly rated financial institutions and by continuously monitoring their creditworthiness. The Company's exposure to credit loss and market risk will vary over time as a function of currency exchange rates. The Company measures its counterparty credit exposure as a percentage of the total fair value of the applicable derivative instruments. Where the net fair value of derivative instruments with any counterparty is negative, the Company deems the credit exposure to that counterparty to be nil. As at March 2, 2013, the maximum credit exposure to a single counterparty, measured as a percentage of the total fair value of derivative instruments with net unrealized gains was 29% (March 3, 2012 – 30%).

The Company is exposed to market price and credit risk on its investment portfolio. The Company reduces this risk by investing in liquid, investment grade securities and by limiting exposure to any one entity or group of related entities. As at March 2, 2013, no single issuer represented more than 22% of the total cash, cash equivalents and investments (March 3, 2012 – no single issuer represented more than 9% of the total cash, cash equivalents and investments).

Market values are determined for each individual security in the investment portfolio. The Company assesses declines in the value of individual investments for impairment to determine whether the decline is other-than-temporary. The Company makes this assessment by considering available evidence including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition, the near-term prospects of the individual investment and the Company's ability and intent to hold the debt securities to maturity. The Company did not record any other-than-temporary impairment charges for the fiscal year ended March 2, 2013.

Disclosure Controls and Procedures and Internal Controls

Disclosure Controls and Procedures

As of March 2, 2013, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and its Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13(a)-15(e) and 15(d)-15(e) under the U.S. Exchange Act. Based on that evaluation, the

Chief Executive Officer and the Chief Financial Officer have concluded that, as of such date, the Company's disclosure controls and procedures were effective to give reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits under the U.S. Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13(a)-15(f) and 15(d)-15(f) under the U.S. Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisitions, use or dispositions of the Company's assets that could have a material affect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of March 2, 2013. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, management believes that, as of March 2, 2013, the Company's internal control over financial reporting was effective.

The Company's independent auditors have issued an audit report on the Company's internal control over financial reporting. This report is included with the Consolidated Financial Statements.

Changes in Internal Control Over Financial Reporting

During the fiscal year ended March 2, 2013, no changes were made to the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Exhibit 23.1

CONSENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Annual Report [Form 40-F] of **Research In Motion Limited** [the "Company"] for the year ended March 2, 2013 of our reports dated March 28, 2013 with respect to the consolidated financial statements of the Company included herein, and the effectiveness of internal control over financial reporting.

We also consent to the incorporation by reference in the Registration Statements [Form S-8 Nos. 333-85294, 333-100684, 333-150470 and 333-177149] pertaining to the Company's stock option plans of our reports dated March 28, 2013 with respect to the consolidated financial statements of the Company included herein, and the effectiveness of internal control over financial reporting.

/s/ Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Kitchener, Canada,
March 28, 2013.

Exhibit 31.1

Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Thorsten Heins, certify that:

1. I have reviewed this annual report on Form 40-F of Research In Motion Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 28, 2013

/s/ Thorsten Heins
Name: Thorsten Heins
Title: Chief Executive Officer

I, Brian Bidulka, certify that:

1. I have reviewed this annual report on Form 40-F of Research In Motion Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 28, 2013

/s/ Brian Bidulka
Name: Brian Bidulka
Title: Chief Financial Officer

Exhibit 32.1

Certification of CEO and CFO
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Research In Motion Limited (the “Registrant”) on Form 40-F for the year ended March 2, 2013, as filed with the Commission on the date hereof (the “Report”), Thorsten Heins, as Chief Executive Officer of the Registrant, and Brian Bidulka, as Chief Financial Officer of the Registrant, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Thorsten Heins
Name: Thorsten Heins
Title: Chief Executive Officer
Date: March 28, 2013

/s/ Brian Bidulka
Name: Brian Bidulka
Title: Chief Financial Officer
Date: March 28, 2013

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Registrant for purposes of §18 of the Securities Exchange Act of 1934, as amended.