Table of Contents

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

# FORM 40-F

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

**or**

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

**For the fiscal year ended February 26, 2011** **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**
**122 West John Carpenter Parkway, Suite 430**
**Irving, Texas 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:

þ Annual information form þ 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 523,868,644 Common Shares outstanding as at February 26, 2011

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 þ No o

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 þ No o

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**TABLE OF CONTENTS**

SIGNATURE
EXHIBIT INDEX
EX-1.1
EX-1.2
EX-1.3
EX-23.1
EX-31.1
EX-32.1

Table of Contents

**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 co-Chief Executive Officers 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 February 26, 2011, 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 February 26, 2011, 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 29, 2011, to the shareholders of the Registrant, which accompanies the Registrant's audited consolidated financial statements for the fiscal year ended February 26, 2011, 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 February 26, 2011, 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 February 26, 2011.

**F. Audit Committee Financial Expert**

The Registrant's Board of Directors has determined that each of Barbara Stymiest, 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.rim.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 February 26, 2011 and February 27, 2010, 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 $2,811,000 and $2,117,000, respectively.

***Audit-Related Fees***

The aggregate fees billed by EY for the fiscal years ended February 26, 2011 and February 27, 2010, 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 $65,000 and $86,000. 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 February 26, 2011 and February 27, 2010, respectively, for professional services rendered by EY for tax compliance, tax advice, tax planning and other services were $6,700 and $8,000 respectively. Tax services provided included international tax compliance engagements.

***All Other Fees***

There were no fees billed by EY for the fiscal years ended February 26, 2011 and February 27, 2010, 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 February 26, 2011, 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: Barbara Stymiest (Chair), David Kerr, John E. Richardson and Antonio Viana-Baptista. 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 February 26, 2011, 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, within 30 days, will submit to the Commission in Exhibit 101 of an amendment to this Form 40-F, and concurrently post on its corporate Web site, an Interactive Data File.

Table of Contents

## 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.

Table of Contents

**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 29, 2011

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

Table of Contents

## EXHIBIT INDEX

| Exhibit No. | Document |
|---|---|
| 1.1 | Annual Information Form for the fiscal year ended February 26, 2011, dated March 29, 2011. |
| 1.2 | Audited Consolidated Financial Statements for the fiscal year ended February 26, 2011, 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 February 26, 2011. |
| 23.1 | Consent of Ernst & Young LLP. |
| 31.1 | Certification of the co-Chief Executive Officers and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of the co-Chief Executive Officers and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101 | Interactive Data File.* |

* To be filed by amendment

**Exhibit 1.1**

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

**Annual Information Form**
For the fiscal year ended
February 26, 2011

DATE: March 29, 2011

TABLE OF CONTENTS


| | |
|---|---|
| **CORPORATE STRUCTURE** | **5** |
| The Company | 5 |
| Inter-corporate Relationships | 5 |
| **GENERAL DEVELOPMENT OF THE BUSINESS** | **5** |
| **NARRATIVE DESCRIPTION OF THE BUSINESS** | **7** |
| Overview | 7 |
| Industry Background | 9 |
| Success Factors | 11 |
| Strategy | 15 |
| Products and Services | 16 |
| Third Party Software Developers | 22 |
| Industry Associations | 23 |
| Sales, Marketing and Distribution | 24 |
| Customers | 24 |
| Competition | 25 |
| **PRODUCT DESIGN, ENGINEERING AND RESEARCH & DEVELOPMENT** | **25** |
| Intellectual Property | 27 |
| Production | 28 |
| Regulatory Matters | 29 |
| Corporate Responsibility | 29 |
| Environmental Regulations and Costs | 30 |
| Employees | 30 |
| Facilities | 30 |
| Legal Proceedings | 31 |
| **RISK FACTORS** | **38** |
| **DIVIDEND POLICY** | **64** |
| **DESCRIPTION OF SHARE CAPITAL** | **64** |
| Common Shares | 64 |
| Class A Common Shares | 65 |
| Preferred Shares | 65 |
| **MARKET FOR SECURITIES OF THE COMPANY** | **66** |
| **DIRECTORS AND OFFICERS** | **66** |
| **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS** | **72** |
| **TRANSFER AGENTS AND REGISTRARS** | **72** |
| **MATERIAL CONTRACTS** | **72** |
| **INTERESTS OF EXPERTS** | **72** |
| **ADDITIONAL INFORMATION & DOCUMENTS INCORPORATED BY REFERENCE** | **73** |
| **GLOSSARY** | **74** |
| **APPENDIX A** | **81** |
| **CHARTER OF THE AUDIT AND RISK MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS** | **81** |

**ANNUAL INFORMATION FORM**

**CERTAIN INTERPRETATION MATTERS**

*Unless the context otherwise requires, all references to the "Company" or "RIM" include Research In Motion Limited 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®, and related trademarks, names and logos are the property of Research In Motion Limited and are registered and/or used in the U.S. 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 the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws, including statements relating to:

- business trends;
- the Company's expectations with respect to the demand for wireless devices and services;
- the Company's expectations with respect to factors influencing the commercial success in the wireless solutions and services market;
- the Company's expectations regarding new product introductions;
- the Company's intentions with respect to its business strategy;
- competition and changes in the competitive landscape;
- the Company's management and protection of intellectual property and other proprietary rights;
- the Company's expectations regarding foreign sales;
- potential legal proceedings and the Company's potential liability under current legal proceedings; and
- the Company's dividend policy and sufficiency of its financial resources.

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 RIM in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that RIM believes are appropriate in the circumstances. Many factors could cause RIM'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, which are discussed in greater detail in the "Risk Factors" section of this AIF.

- third-party claims for infringement of intellectual property rights by RIM and the outcome of any litigation with respect thereto;

- RIM's ability to successfully obtain patent or other proprietary or statutory protection for its technologies and products;
- RIM's ability to obtain rights to use software or components supplied by third parties;
- potential impact of copyright levies in numerous countries;
- RIM's ability to enhance current products and services, or develop new products and services in a timely manner at competitive prices;
- intense competition within RIM's industry, including the possibility that strategic transactions by RIM's competitors or carrier partners could weaken RIM's competitive position or require RIM to reduce its prices to compete effectively;
- RIM's ability to establish new, and to build on existing relationships with its network carrier partners and distributors, and its dependence on a limited number of significant customers;
- RIM's reliance on its suppliers for functional components, and the risk that suppliers will not be able to supply components on a timely basis or in sufficient quantities;
- the efficient and uninterrupted operation of RIM's network operations center and the networks of its carrier partners, and the risk of other business interruptions;
- dependence on key personnel and RIM's ability to attract and retain key personnel;
- RIM's reliance on third-party manufacturers for certain products and its ability to manage its production processes;
- risks associated with RIM's expanding foreign operations;
- restrictions on import and use of RIM's products in certain countries due to encryption of the products and services;
- the occurrence or perception of a breach of RIM's security measures, or an inappropriate disclosure of confidential or personal information;
- the continued quality and reliability of RIM's products and services and the potential effect of defects in products and services;
- RIM's ability to manage inventory and asset risk;
- RIM's ability to successfully maintain and enhance its brand;
- RIM's ability to enter the tablet market;
- reliance on strategic alliances and relationships with third-party network infrastructure developers, software platform vendors and service platform vendors;
- effective management of growth and ongoing development of RIM's service and support operations;
- regulation, certification and health risks, and risks relating to the misuse of RIM's products;
- RIM's ability to expand and enhance BlackBerry App World™;
- government regulation of wireless spectrum and radio frequencies;
- reduced spending by customers due to the uncertainty of economic and geopolitical conditions;
- potential liabilities or costs related to the collection, storage, transmission, use and disclosure of user and personal information;
- risks associated with acquisitions, investments and other business initiatives;
- foreign exchange risks;
- tax liabilities, resulting from changes in tax laws or otherwise, associated with RIM's worldwide operations;
- general commercial litigation and other litigation claims as part of RIM's operations;

- changes in interest rates affecting RIM's investment portfolio and the creditworthiness of its investment portfolio; and
- difficulties in forecasting RIM's quarterly financial results.

These factors should be considered carefully, and readers should not place undue reliance on RIM's forward-looking statements. RIM has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## 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. RIM'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 three material subsidiaries, of which all are wholly owned, directly or indirectly, by RIM.

| 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. |

## GENERAL DEVELOPMENT OF THE BUSINESS

RIM 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, RIM provides platforms and solutions for seamless access to information, including email, voice, instant messaging, short message service (SMS), Internet and intranet-based applications and browsing. RIM 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.

RIM's portfolio of award-winning products, services and embedded technologies are used by thousands of organizations around the world and include the BlackBerry® wireless solution, the

RIM Wireless Handheld™ product line, software development tools and other software and hardware.

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 2011***

- Introduced BlackBerry 6®, a new operating system for BlackBerry smartphones that retains 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 (BEAM) ; 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 BlackBerry® Messenger (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, RIM's first professional-grade tablet, which will run 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® Tablet OS;
- Strong growth in international markets with approximately 54.6% of the BlackBerry users coming from outside of North America; and
- Ongoing strong adoption of BlackBerry service in prepaid markets around the world and BlackBerry smartphone 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.

***Fiscal 2010***

- The BlackBerry subscriber base increased to over 41 million users from approximately 25 million in the previous fiscal year;
- Launched a number of new devices, including the BlackBerry® Bold™ 9700, BlackBerry® Storm2™ 9520 and 9550, BlackBerry® Tour™, and the BlackBerry® Curve™ 8520 and 8530;
- Introduced BlackBerry® Enterprise Server (BES) 5.0 and BlackBerry Device Software 5.0 which offer extended capabilities to both end users and IT professionals;

- Added over 75 new carrier and distribution channel relationships for a total of approximately 550 carriers and distribution channels in 175 countries;
- Announced BlackBerry® Enterprise Server Express™ which offers basic BES features free of cost to most Microsoft Exchange users;
- BlackBerry® Internet Service (BIS) customers exceeded BES as a percentage of the subscriber base for the first time; and
- Common share repurchase of 12.3 million shares at a cost of $775 million during Q3.

***Fiscal 2009***

- The BlackBerry subscriber base increased to approximately 25 million users from over 14 million in the previous fiscal year;
- Launched a number of new devices including the BlackBerry ® Bold™ 9000, BlackBerry® Storm™ 9500 and 9530, BlackBerry ® Pearl Flip™ 8220 and 8230, and the BlackBerry® Curve™ 8350i and 8900;
- Introduced new user interface coupled with some of the highest quality screens in the industry, an improved browsing experience and intuitive controls;
- Added over 125 new carrier and distribution channel relationships for a total of over 475 carriers and distribution channels in over 160 countries;
- Announced BlackBerry App World for easy purchase and downloading of BlackBerry compatible applications; and
- Trial MVS programs at major customers were converted into production deployments.

**NARRATIVE DESCRIPTION OF THE BUSINESS**

**Overview**

RIM 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, RIM provides platforms and solutions for seamless access to information, including email, voice, instant messaging, short messaging service (SMS), Internet and intranet-based applications and browsing. RIM 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.

RIM'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, and other software and hardware. Founded in 1984 and based in Waterloo, Ontario, Canada, RIM operates offices in North America, Europe and Asia-Pacific. RIM common shares are listed on the Nasdaq Global Select Market (NASDAQ: RIMM) and the Toronto Stock Exchange (TSX: RIM).

RIM's primary revenue stream is generated by the BlackBerry wireless solution, which includes sales of BlackBerry wireless devices, software, and services. It can provide 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. When incorporating BlackBerry Enterprise Server, the BlackBerry wireless solution allows Microsoft® Exchange, IBM Lotus® Domino® and Novell GroupWise users to send and receive corporate email and instant messages securely. The BlackBerry wireless solution also enables the use of data functions such as calendar, address book, task and memo lists, and other functions associated with personal organizers. The BlackBerry® Mobile Data System (BlackBerry MDS) allows users to securely access data from enterprise applications and the Internet. The BlackBerry® Mobile Voice System (BlackBerry MVS) allows organizations to converge office desk phones and BlackBerry smartphones, so users can access standard enterprise voice features whether at their desks or on the go. BlackBerry® Internet Service allows the integration of up to 10 supported email accounts on the same BlackBerry smartphone. Both BlackBerry Enterprise Server and BlackBerry Internet Service allow Internet browsing and full phone functionality on the user's device. In addition, BlackBerry smartphones offer a range of multimedia capabilities. The BlackBerry wireless solution service is provided through a combination of RIM's Network Operations Center (NOC) and the wireless networks of RIM's carrier partners.

RIM currently markets various models of its smartphones, including BlackBerry Storm Series, BlackBerry Bold Series, BlackBerry Torch, BlackBerry Style, BlackBerry Tour, BlackBerry Curve Series, BlackBerry Pearl Flip Series, BlackBerry Pearl Series, BlackBerry 8800 Series, and BlackBerry 8700 Series. These products have been designed to accommodate the technical requirements of one of the HSPA, GSM®/GPRS/EDGE, CDMA/1xRTT/Ev-DO, UMTS or iDEN® protocols.

BlackBerry App World is an application storefront managed by RIM that provides an opportunity for developers to reach millions of BlackBerry users and offer users paid and free applications to enrich the user experience of the device.

RIM's sales and marketing efforts include collaboration with strategic partners and distribution channels to promote the sale of its products and services, as well as its own supporting sales and marketing teams.

RIM believes that the demand for wireless devices and services is being fuelled by several key global trends, including the following:

- commercial availability of high-speed wireless networks which allow for the delivery of both voice and data communications to a single wireless device;
- emergence of mobile access to corporate intranets and enterprise applications as a competitive necessity;
- broad acceptance of email as a reliable, secure, and indispensable means of communication;
- the growth of instant messaging as a business and personal communications tool;
- recognition by businesses of the productivity gains achieved through the wireless enablement of enterprise data applications beyond email;
- growing popularity of portable information devices;
- availability of smaller, lighter, and cheaper converged wireless devices, offering both

voice and data capabilities;

- introduction of lower data pricing models by wireless carriers;
- proliferation of the Internet;
- growth in popularity of different consumer-focused applications, such as social networking and instant messaging;
- growing reliance on data applications for personal communications; and
- the growing number of mobile workers around the world.

Participants in the wireless device and services market require significant technical expertise to meet the stringent demands of the market, which include the desire for devices to have a small size, reasonable battery life, connectivity, behind-the-firewall integration, security, extended functionality, multi-network support, global availability, and ease of use. Moreover, potential entrants must overcome other significant barriers to enter into the wireless marketplace. These include developing alliances with industry leading third parties (such as global wireless network service providers), securing specialized component suppliers, establishing adequate financial resources, and fostering relationships with software application developers.

Wireless devices and services are expected to play a significant role in the growing use of voice, Internet, corporate intranet, instant messaging, email, eCommerce applications and social media. The integration and focus of expert teams from various engineering disciplines have enabled RIM to develop products that possess significant benefits including advanced security features, single email inbox, push technology, and the network efficiency characteristics of RIM's two-way packet switched wireless solutions. In addition, BlackBerry products are flexible and support multiple network protocols. The scalability and adaptability allows RIM to develop close relationships with wireless carriers around the world, further enhancing the Company's position as a leading wireless solution supplier.

**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 third generation (3G) technologies that offer greater speeds and increased abilities to support subscriber concentration in the same and new RF spectrums. The migration path for GSM/GPRS/EDGE includes the addition of UMTS technologies such as HSPA (which is made up of HSDPA and HSUPA). The path for CDMA/EVDO includes the addition of WCDMA technologies. The rollout of these technologies is well underway and commercially available in many markets around the world.

Fiscal 2011 saw the first commercial introduction 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. Deployment of these networks remains sparse globally but more and more wireless operators are expected to move to these new networks in the coming years. U.S. wireless operators in particular have already deployed these technologies and have been aggressively messaging their advantages in market.

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. The majority of 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 through BlackBerry App World.

***Wireless Communications Industry Markets and Segments***

The wireless communications market is comprised of three markets that are organized based on who purchases the devices, services and software solutions. There is a degree of overlap between markets and RIM has introduced products to take advantage of this evolution in the market including BlackBerry Enterprise Server Express and BlackBerry Balance.

- The consumer market: which is characterized by end users who purchase devices themselves for personal use;
- The prosumer market: which is characterized by end users who purchase devices for business and some personal use; and
- The enterprise market: in which solutions are purchased predominantly by information technology (IT) and line of business managers for deployment to employees.

Products designed for the enterprise market typically include a device that is deployed in conjunction with a behind-the-firewall messaging server. Products designed for the prosumer market are typically hosted by either the vendor or wireless carrier, and range in their depth of features from email only to PIM and other data services such as social networking. Consumer market offerings tend to be hosted by the individual user and carrier and may be chosen based on an affinity for a certain capability such as browsing, multimedia or instant messaging.

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

- small size and light weight converged devices;
- reasonable battery life;
- intuitive interface and ease of use;
- extensive geographic coverage;
- competitive pricing;
- efficient bandwidth use;
- flexible architecture;

- end-to-end security;
- trusted brand;
- push-based outbound port architecture;
- extensive customer care capabilities;
- multi-network support;
- connectivity to enterprise email and applications;
- connectivity to personal messaging, social networking, multimedia and other applications;
- integration with corporate PBX;
- access to third party applications;
- compelling industrial design; and
- rich and efficient web-browsing experience.

RIM believes that there are significant barriers to entry to the wireless device and services market, which include the following:

- proprietary technology, including hardware and software expertise and intellectual property rights;
- existing strategic alliances and relationships;
- access to components and established supplier relationships;
- existing customer and channel relationships;
- scarcity of highly qualified personnel;
- significant development costs and time-to-market;
- manufacturing expertise;
- significant capital requirements;
- regulatory barriers, such as Federal Communications Commission approval and network certification; and
- market and brand recognition of industry leaders.

**Success Factors**

Through development of integrated hardware, software and services that support multiple wireless network standards, RIM provides end-to-end wireless solutions for seamless access to information, including email, voice, instant messaging, SMS, Internet and intranet-based browsing and applications. RIM's integration and focus of research and development teams in radio frequency, hardware and software design, antenna design, circuit board design, integrated circuit design, power management, industrial design, and manufacturing engineering result in cost-effective solutions that offer small size, efficient bandwidth use, lengthy battery usage, ease of use, robust security and a significant return on investment to customers.

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

- ***BlackBerry Architecture.*** The BlackBerry wireless solution uses a push-based architecture where the device is in constant connection with the network. BlackBerry users are provided with immediate message delivery, which has become the established

industry benchmark and has propelled BlackBerry Messenger to become a leading mobile instant communications platform. In addition, this push-based data delivery has been extended beyond email to other applications, so that the mobile application development community can take advantage of the push-based architecture inherent in the BlackBerry platform.

- ***Balancing IT and Consumer Demands.*** RIM has consistently developed products that balance end users' demand for features with the demands of IT managers for security and manageability. RIM's focus on business-grade solutions has won RIM 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.
- ***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. RIM continues to launch new IT administrator and end user features designed to lower the cost of buying, deploying and managing the solution. The network efficiency of the BlackBerry solution may also lead to lower data roaming charges for customers.
- ***Strength of the BlackBerry Brand and Market Awareness.*** BlackBerry is globally recognized as a best-in-class and trusted smartphone brand and continues to improve its ranking among the most valuable 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 over 595 wireless carriers and distribution partners in over 175 countries around the world, RIM 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, 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. RIM will continue to launch new products for next generation networks as the deployment scale and the economies around these networks are established.
- ***Intellectual Property Rights.*** RIM 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.

- ***Extensibility and Flexible Architecture.*** RIM has designed its device and server platform architecture to support open standards and tools, such as Eclipse, to make it attractive for other software developers to create custom applications for BlackBerry smartphones. The BlackBerry platform supports web and Java® development. The BlackBerry Independent Software Vendor (ISV) Alliance program is a well established and comprehensive program aimed at providing the resources, support and tools, software developers need to develop and sell innovative, market-driven applications for BlackBerry users. The program has thousands of developers participating and has produced tens of thousands of applications for both enterprise and individuals. In addition, RIM has added additional Application Programming Interfaces (APIs) to the BlackBerry® Java™ SDK to enable the next wave in mobile application development. The BlackBerry platform allows for deep, rich integration between applications and core BlackBerry features. Enterprise developers can quickly and easily design wireless applications and/or provide access to existing corporate application data wirelessly for their employees. Additionally, the push capabilities also allow content providers to push relevant and timely information to BlackBerry smartphones.

- ***Support of a Vibrant Developer Community.*** RIM has built a large network of commercial, independent and corporate software developers. The Company provides developers with a direct-to-consumer storefront — BlackBerry App World™, in addition to partnerships and established commercial channels with operators and other third-party stores, as a means of delivering their applications to BlackBerry users. RIM has also given its developer community the opportunity for increased funding through the BlackBerry Partner Fund, which was introduced in conjunction with outside funding sources. Additionally, new development environments and richer API's facilitate the writing of more sophisticated and productive software applications being written for the BlackBerry solution. An annual conference is also held by RIM to bring developers together for a series of keynotes, lectures and workshops and RIM has recently introduced a number of new software tools to allow application developers to more easily generate revenue from applications they develop for the BlackBerry platform including the BlackBerry Advertising Service and the BlackBerry Analytics Service.

- ***Spectral Efficiency.*** RIM has built a wireless infrastructure utilizing highly optimized wireless specific protocols and different methods of compression and rendering to efficiently send various types of data over the wireless carrier networks. In a limited bandwidth and capacity environment like that of wireless data, carriers benefit from spectral efficiencies including capital expenditures on wireless infrastructure, increased customer satisfaction and better capacity utilization. For the end customer, spectral efficiencies result in reduced latency, better battery life and the potential to take advantage of lower cost data plans where they are offered by the wireless carrier.

- ***Access to Key Corporate Data Stores.*** BlackBerry Enterprise Server provides corporations 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

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. Additionally, the deployment of over 250,000 BlackBerry Enterprise Servers around the world makes it more difficult for a new solution to gain a market foothold.

- ***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. RIM'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, RIM has developed a BlackBerry Smart Card Reader which further enhances the device security for a wide range of government users. BES 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 operating system.

- ***Manageability.*** Other features of the BlackBerry wireless solution include over-the-air distribution of applications, over-the-air calendar synchronization, over-the-air software updates, over-the-air folder management, wireless synchronization of deletes, enhanced IT manageability and personal organizer features such as contacts, tasks and memos. RIM also provides a robust corporate applications platform that masks the complexities of wireless application development by providing an integrated framework using web-services and object oriented programming tools that provide preconfigured support for end-to-end security and multiple data transport methods.

- ***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 network operations center offers a number of efficiency and security benefits to carriers and end-users. These benefits are outlined in detail under “Competition.”

- ***The BlackBerry Tablet OS and the BlackBerry PlayBook Tablet.*** RIM is launching the BlackBerry PlayBook tablet based on the BlackBerry Tablet OS in April 2011 which supports symmetric multiprocessing and is built upon the QNX NeutrinoÒ microkernel architecture. Together, the abundant processing power and highly sophisticated OS enable the BlackBerry PlayBook tablet to provide users with true multitasking and a highly-responsive and fluid touch screen experience for applications and content services for a professional grade tablet experience that RIM expects to redefine the possibilities for mobile computing.

**Strategy**

Key components of RIM’s business strategy include:

- ***Extend Technology Leadership.*** RIM is currently recognized as a leader in the wireless data communications industry for designing and developing the BlackBerry wireless solution. RIM intends to maintain its leadership by focusing on the further development of wireless network technologies, enabling compelling applications and services, protecting its intellectual property, encouraging the adoption of its platform by wireless network service providers globally and their customers, and licensing components of the BlackBerry platform to key handset and service vendors.
- ***Broaden Strategic Alliances and Relationships.*** RIM intends to continue to strengthen and develop its strategic alliances and relationships, and enter into similar relationships to affirm and enhance its 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 manufacturers and global systems integrators.
- ***Promote and Enhance Development of Third Party Software.*** RIM intends to continue to enhance software development tools, provide technical support and accommodate external software developers to further promote the development of software applications, content and services for the BlackBerry platform.
- ***Extend the Reach of BlackBerry® products into the Prosumer and Consumer Market.*** RIM has and intends to continue to undertake a number of initiatives aimed at expanding further into the prosumer and consumer market. These initiatives include leveraging the BlackBerry infrastructure and the success of applications such as BBM to grow the Company’s leadership position as a mobile social platform across multiple communities, types of communication, content, and e-commerce opportunities.
- ***Expand the Global Reach of the BlackBerry Platform***. RIM plans to continue to foster relationships with key carriers, distributors and customers to expand the addressable market for BlackBerry smartphones and build on the Company’s success in targeting pre-paid and entry-level markets around the world.
- ***Maintain Market Leadership in the Enterprise Market and Expand Customer Base.*** RIM 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, as well as utilizing indirect sales and marketing teams. In addition, RIM intends to continue to grow its leadership through focusing on developing and launching quality leading edge devices as well as enabling existing third-party enterprise and third party consumer applications.

- ***Enhance and Expand the BlackBerry Wireless Solution.*** RIM believes that the functionality of the BlackBerry wireless solution can be further enhanced for corporate, prosumer and consumer markets. RIM intends to focus on improving and enhancing its service, designing new, compelling form factors for different market segments including the high-end feature rich segment of the market, and enabling additional applications, content and features for the BlackBerry wireless solution either independently, through acquisitions or through partnerships. In addition, RIM intends to take advantage of opportunities to enable and seek new revenue streams for RIM and its partners by leveraging RIM's competitive advantages to deliver advanced intelligent network and mobile cloud services.
- ***Continue to Invest in Highly Qualified Personnel.*** RIM believes that the quality and skills of its senior management team and other personnel within the organization have been key factors in its progress to date. RIM intends to continue its recruiting strategies and operations worldwide in order to attract personnel to support its product development and growth strategies.
- ***Acquisition and Investment Strategy.*** RIM continues to evaluate and purchase companies and make investments in products that provide opportunities for growth or expansion. 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**

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

Other revenue includes accessories, non-warranty repairs, non-recurring engineering development contracts ("NRE"), BlackBerry App World and gains and losses on revenue hedge contracts.

The Company's revenue mix for fiscal years 2011 and 2010 is as follows:

| Revenue (U.S. millions) | February 26, 2011 | | February 27, 2010 | |
|---|---|---|---|---|
| Devices | $15,956 | 80.2% | $12,116 | 81.0% |
| Service | 3,197 | 16.1% | 2,158 | 14.4% |
| Software | 294 | 1.5% | 259 | 1.7% |
| Other | 460 | 2.2% | 420 | 2.9% |
| | $19,907 | 100% | 14,953 | 100% |

***BlackBerry Smartphones***

BlackBerry smartphones use wireless, push-based technology that delivers data to mobile users' business and consumer applications. BlackBerry smartphones integrate email, voice calling, browser, calendar, media player and numerous other applications, making it easy for customers to stay connected and entertained on the go.

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/UMTS, GSM/GPRS/EDGE, CDMA/Ev-DO, and iDEN.

RIM's BlackBerry smartphone portfolio includes:

- ***BlackBerry Bold series*** — The BlackBerry Bold series of smartphones are state-of-the-art, combining extensive high-end features with stylish, refined design. All models feature next-generation processors, highly-tactile full-QWERTY keyboards, built-in GPS and Wi-Fi, digital cameras and brilliant, high-resolution displays. With support for high-speed HSDPA networks, customers can quickly browse the web and download large attachments, in addition to making voice calls and accessing data at the same time. During fiscal 2011 RIM introduced the new Bold 9650 and the new Bold 9780 with the BlackBerry 6 operating system.
- ***The BlackBerry Torch —*** BlackBerry Torch smartphones are the first to feature BlackBerry 6 operating system and combine a slide-out BlackBerry keyboard with a full touch screen experience and support for landscape and portrait views. BlackBerry 6 features a redesigned interface that works with the touch screen and trackpad and integrates the new WebKit-based browser on the BlackBerry Torch that renders HTML web pages quickly for a great browsing experience.
- ***BlackBerry Curve series*** — The most recent additions to the BlackBerry Curve family of smartphones are the BlackBerry Curve 3G 9300 and BlackBerry Curve 3G 9330 smartphones. Slim, approachable and available in a variety of colors, these smartphones feature full-QWERTY keyboards, touch-sensitive trackpads for easy navigation and dedicated media keys for controlling music and videos. Other members of the

BlackBerry Curve series are the BlackBerry Curve 8520, BlackBerry Curve 8530 and the BlackBerry Curve 8350i smartphone, which uses iDEN technology to provide push-to-talk service.

- ***The BlackBerry Style*** — BlackBerry Style smartphones offer customers a flip- phone format with a full QWERTY keyboard and many advanced features including a 5MP camera with flash and support for video recording, built in GPS for location-based apps and geo-tagging, Wi-Fi for faster connectivity and extended data coverage, and an expandable memory slot for up to 32GB of additional storage. This smartphone also comes with an optical trackpad for fluid navigation and boasts internal and external color displays.
- ***BlackBerry Storm series*** — The BlackBerry Storm series offers users a large, high-resolution touchscreen display, support for landscape and portrait views, built-in GPS and Wi-Fi and 3.2 MP cameras. These smartphones operate on both CDMA and HSPA networks to offer users the ability to keep in touch almost anywhere in the world.
- ***The BlackBerry Tour —*** The BlackBerry Tour 9630 smartphone supports CDMA Rev A networks in North America and HSPA networks abroad, making it easy for customers to keep in touch at high-speed, wherever they roam. The BlackBerry Tour 9630 is a premium smartphone featuring a high-resolution screen, full-QWERTY keyboard for comfortable typing, 3.2 MP camera and built-in GPS.
- ***BlackBerry Pearl series*** — The most recent addition to the Pearl series is the 3.3 ounce BlackBerry Pearl 3G smartphone, which features 3G network support and comes in two models and a variety of colors. The BlackBerry Pearl 3G 9100 has a 20-key condensed QWERTY keyboard, while the BlackBerry Pearl 3G 9105 has a 14-key traditional phone keyboard. Both models include SureType software that can complete words as the user types, making texting fast and accurate.
- ***The BlackBerry PlayBook tablet*** — The Company recently announced its first product for the emerging mobile tablet marketplace, the BlackBerry Playbook tablet. The first version of the BlackBerry PlayBook tablet includes WiFi connectivity and is expected to launch in April 2011. 4G wireless enabled versions of the BlackBerry PlayBook tablet are expected to be launched later in the year. The BlackBerry PlayBook tablet features the new BlackBerry Tablet OS based on technology resulting from the Company's acquisition of QNX in fiscal 2011, a 7 inch high definition display, a dual core 1 GHZ processor, dual high definition cameras, true multitasking and a powerful and fast web browsing experience that supports Adobe Flash.

***BlackBerry Enterprise Solution***

- ***BlackBerry Enterprise Server*** — BlackBerry Enterprise Server is robust software that acts as the centralized link between BlackBerry smartphones, enterprise systems, business applications and wireless networks. The BlackBerry Enterprise Server integrates with enterprise messaging systems including Microsoft Exchange, IBM Lotus Domino and Novell GroupWise to wirelessly and securely synchronize with BlackBerry smartphones to provide mobile users with secure, push-based wireless access to email, calendar, contacts, notes and tasks. It also provides access to business applications and enterprise systems behind the firewall. Additionally it provides advanced security features and offers administrative tools that simplify management and centralize control. BlackBerry Enterprise Server is required for certain other enterprise solutions such as BlackBerry® Mobile Voice System (for bringing desk phone functionality to BlackBerry smartphones); BlackBerry® Clients for Microsoft® Office Communications Server, IBM® Lotus® Sametime® and Novell® GroupWise® Messenger (for enterprise instant messaging); IBM Lotus Connections (for enterprise social networking); IBM Lotus Quickr™ (for document sharing and collaboration); and Chalk® Pushcast Software (for corporate podcasting).
- ***BlackBerry Enterprise Server Express —*** BES Express is free server software that wirelessly and securely synchronizes BlackBerry smartphones with Microsoft® Exchange or Microsoft® Windows® Small Business Server. BlackBerry Enterprise Server Express works with Microsoft Exchange 2010, 2007 and 2003 and Microsoft Windows Small Business Server 2008 and 2003 to provide users with secure, push-based, wireless access to email, calendar, contacts, notes and tasks, as well as other business applications and enterprise systems behind the firewall. Importantly, the new server software utilizes the same robust security architecture found in BlackBerry Enterprise Server. The software offers economical advantages to small and medium enterprises (SMEs) that desire some of the enterprise-grade security and manageability options of BlackBerry Enterprise Server but don't require all of its advanced features. BlackBerry Enterprise Server Express software also provides a cost-effective solution that enables IT departments to meet the growing demand from employees to be able to connect their personal BlackBerry smartphones to their work email.
- ***BlackBerry Mobile Voice System (BlackBerry MVS)*** — BlackBerry MVS allows organizations to converge office desk phones and BlackBerry smartphones, so users can access standard enterprise voice features whether at their desks or on the go. BlackBerry MVS is comprised of three components: BlackBerry® MVS Client, BlackBerry® MVS Services, and BlackBerry® MVS Server. It unifies fixed and mobile voice communications so users can be reached at a single business phone number and access

enterprise voice features with an intuitive and integrated approach. BlackBerry MVS offers advanced security features and system management functionality that permits organizations to route mobile calls through the PBX, automatically authenticating BlackBerry smartphone users and enabling their phone calls to be logged or recorded for corporate or regulatory requirements.

- ***Hosted BlackBerry services*** — Hosted BlackBerry services combine trusted BlackBerry ® smartphone features, functionality, and advanced security capabilities in a package that is managed for end users. Hosted BlackBerry services are conveniently handled and supported by a BlackBerry certified partner from the BlackBerry® Alliance Program, giving SME enterprises the convenience they need.

***Service***

The Company generates revenues from BlackBerry service relating to monthly access billings charged to its carrier partners based on the BlackBerry subscriber account base. The Company's service revenue is generated by charging a monthly infrastructure access fee to a carrier or reseller, who in turn bills the end customer. Additionally, the low bandwidth nature of the BlackBerry wireless solution allows carriers to offer service packages to their customers at favourable rates compared to conventional usage of session-based networking over wireless networks. This network efficiency in turn permits the carriers to deploy many more BlackBerry smartphones in a finite amount of spectrum reducing the amount of investment a carrier needs to spend on network expansion. New consumer service plans are now being offered to carriers with very specific buckets of data at lower prices than previous BIS service bundles. In turn, RIM's share of these lower priced bundles will be less as well.

***Software***

An important part of the BlackBerry wireless solution is the software that is installed at the corporate or SME server level, and in some cases on personal computers. Software revenues include fees from licensed BlackBerry Enterprise Server software and BlackBerry® Client Access Licenses (CALs), BlackBerry Solution Services and upgrades. Additional revenues are generated from BlackBerry MVS. Consumer software offerings are included in the hardware purchase and are supplied at time of purchase or are downloaded from a carrier or RIM website.

***BlackBerry Technical Support Services***

BlackBerry Technical Support Services are a comprehensive suite of annual technical support and software maintenance programs. The programs are designed to meet the customer's unique BlackBerry support needs by offering a single point of contact for BlackBerry wireless solution technical support directly from RIM. Support can be provided for all BlackBerry software regardless of where it was initially purchased or downloaded. There are various support levels to satisfy different customers' specific support needs for the BlackBerry wireless solution.

***Non-Warranty Repairs***

RIM generates revenue from its repair and maintenance program for BlackBerry smartphones that are returned to RIM by the carrier, the reseller, or the customer for repair after the expiration of the contractual warranty period.

***Nonrecurring Engineering***

Occasionally RIM enters into engineering development contracts with certain customers to undertake the development of new or customized products for a fixed or variable fee. RIM also may earn NRE revenue from certain carriers for pre-launch activities. The NRE revenue is generally earned based upon the completion of specific contract milestones.

**Third Party Software Developers**

RIM 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, RIM 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, RIM 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, WebKit, HTML-5, Javascript®, Adobe® Flash® and Adobe® AIR®. RIM will also release a new Software Development Kit this year that will enable high-performance games and rich-media applications to be developed using Native C/C++ and OpenGL® ES development languages. RIM 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 Push Service, BlackBerry Payments Service, BlackBerry Advertising Service, BlackBerry Location Service and the BlackBerry Messenger Social Apps Platform. Using these services, developers can create applications that take advantage of push notifications, in-app payments and advertising, advanced location services and integrated social networking services.

For distribution and management of enterprise applications, RIM provides a suite of tools and technologies within the BlackBerry Enterprise Server to enable secure and managed provisioning of applications to enterprise employees. For distribution of personal and consumer applications, RIM provides wireless carriers with the ability to “virtually pre-load” select applications and also provides BlackBerry App World as a direct storefront to BlackBerry customers. With RIM’s virtual pre-load technology, wireless carriers are able to provision new applications to their BlackBerry customers dynamically (such as at time of purchase) by pushing down an icon to the user’s BlackBerry smartphone that offers a direct link to download the application.

BlackBerry App World is an application storefront managed by RIM that enables developers to reach tens of millions of BlackBerry users around the world. Since launching on April 1, 2009,

BlackBerry App World is now available in over 100 countries around the world and includes over 20,000 applications and games from thousands of developers. BlackBerry App World provides BlackBerry smartphone users with a comprehensive electronic catalogue that aids in the discovery and download/purchase of applications directly from their BlackBerry smartphone. Users can purchase applications using their personal PayPal® account, credit card and in some cases through their wireless bill. With select carriers around the world, users are able to purchase applications and have the charge applied directly to their wireless carrier bill. RIM is continuing to expand the reach and availability of its carrier billing service to many more carriers and customers around the world.

**Industry Associations**

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

- 4G Americas
- Alliance for Telecommunications Industry Solutions (ATIS)
- American Council of Independent Labs (ACIL)
- American National Standards Institute
- Association of Radio Industries and Businesses (Tokyo)
- Australian Mobile Telecommunication Association
- BITKOM
- Bluetooth SIG
- British Standards institute
- Canadian Business for Social Responsibility (CBSR)
- Canadian Manufacturers & Exporters
- Canadian Chamber of Commerce
- Canadian Wireless Telecom Association (CWTA)
- CDMA Development Group
- Cellular Telephony and Internet Association (CTIA)
- Consumer Electronics Association
- Digital Europe
- European Telecom Standards Institute
- GeSI (Global e-Sustainability Initiative)
- Global Platform
- GSM Association
- IEEE
- Industry Forum (UK)
- Information Technology Association of Canada
- Information Technology Industry Council (USA)
- Intellect (UK)
- International Imaging Industry Association (i3a)
- International Telecommunication Union (ITU)
- JEDEC
- Manufacturer’s Association for Information Technology (MAIT — India)
- MIDI

- MIPI: Mobile Industry Processor Interface
- ngmn (Germany)
- Open Mobile Alliance
- Organization for Economic Co-operation and Development (OECD)
- Rechargeable Battery Recycling Corp (RBRC)
- TechAmerica / TechAmerica Europe
- Telecommunications Industry Association (TIA)
- TIA 3rd Generation Partnership Project 2
- UPnP Forum (Universal Plug and Play)
- US Information Technology Office (USITO) (China)
- Wholesale Applications Community (WAC)
- Wi-Fi — Alliance
- WiMAX Forum
- Wireless World Research Forum
- World Wide Web Consortium (W3C participation)

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

**Sales, Marketing and Distribution**

RIM 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. RIM has a number of carrier-focused business units that support the sales and marketing efforts of RIM's carrier partners through training, technical account management and sales and marketing support. As of February 26, 2011, RIM's marketing, sales and business development, BlackBerry operations, customer support and technical support teams consisted of approximately 3,200 full time employees.

**Customers**

RIM is dependent on an increasing 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, one customer comprised 15% of accounts receivable as at February 26, 2011 (February 27, 2010 — one customer comprised 14%). Additionally, two customers comprised 11% each of the Company's fiscal 2011 revenue (fiscal 2010 revenue — three customers comprised 20%, 13% and 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, HSDPA 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 RIM's carrier partners. Software is licensed directly to end customers, although it is distributed by carriers, resellers and directly through RIM. The Company's BES supports multiple networks and devices, so that BlackBerry service from multiple carriers can be deployed within a company using the same BES software.

In fiscal 2011, 39.3% of the Company's revenues were derived from the United States, 7.1% were derived from Canada, 11.1% were derived from the United Kingdom and the remaining 42.5% were derived from other foreign jurisdictions.

**Competition**

The competitive environment for the wireless data communications industry is 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 uncertain. Strategic relationships in the wireless data communications industry are also evolving. Specific infrastructure manufacturers, network operators 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 RIM. It is unclear to what extent network infrastructure developers, enterprise software vendors, PC or PDA vendors, or key network operators will seek to provide integrated wireless solutions, including access devices developed internally or through captive suppliers.

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.; Dell, Inc.; Telefonaktiebolaget LM Ericsson; Fujitsu Limited; HandEra, Inc.; Garmin, Ltd.; General Dynamics Corporation; Good Technology Inc.; Google Inc.; Hewlett-Packard Development Company, L.P.; Hitachi America, Ltd.; HTC Corporation; Kyocera Corporation; LG Electronics Mobile Communications Company; Microsoft Corporation; Mitsubishi Corporation; Motorola Mobility Holdings, Inc.; NEC Casio Mobile Communications, Ltd.; NEC Corporation; Nokia Corporation; Novatel Wireless, Inc.; NTT DoCoMo Inc.; Option NV; Samsung Electronics Co., Ltd.; Sharp Corporation; Sierra Wireless Inc.; Sony Corporation; Sony Ericsson Mobile Communications AB; and ZTE Corporation among others. In addition, the Company may face competition from companies focused on providing middleware to facilitate end-to-end wireless messaging solutions. Companies in this category include IBM Corporation; Microsoft Corporation; Notify Technology Corporation; Openwave Systems Inc.; Seven Networks, Inc.; Sybase, Inc., and Good Technologies, among others.

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. RIM 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 is the case with RIM. Carriers typically include the NOC 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 significantly 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 strategy seeks to provide broad market applications for products derived from its technology base. As of February 26, 2011, RIM's research and development team consisted of approximately 6,200 full time employees. Research and development expense was approximately $1.35 billion in fiscal 2011, compared to $964.8 million in fiscal 2010.

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 RIM to customize its core proprietary hardware designs to address new applications, network protocols and transmission frequencies. RIM'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.

RIM has developed its own radio code stack and launched a new device platform incorporating this radio code stack as well as utilizing the Marvell PXAxxx, Freescale and Qualcomm processor families. Additionally this year QNX, a subsidiary of RIM, has developed a computing platform utilizing the unique micro kernel POSIX certified tablet OS. This will enable the first generation of professional grade BlackBerry PlayBook tablets, powered by the Texas Instruments OMAP 4 processor.

The development and support of RIM's products require several key areas of expertise within RIM to be closely integrated. RIM has recruited and developed teams with expertise in these required areas and the Company believes that the integration and focus of these teams provides RIM 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 |
|---|---|
| RF Engineering | High performance radio — low cost, small size, efficient battery consumption, better coverage |
| Analog RF & Digital ASIC | Integration — low cost, small size |
| Audio | Improve audio quality in all environments through hardware and signal processing design. Excellent multi-media capability |
| Display | High resolution bright displays with improved power characteristics |
| Intelligent Antennas | Effective radiated power — better coverage and efficient battery consumption |
| 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 |
| Product Design | Award winning products / outstanding customer experience through software and user interfaces |

One of the significant competitive advantages of RIM's radio design is that its proprietary technology can be extended through development efforts to other protocols and to emerging digital network standards.

The Company's research and development efforts are focused primarily on the following areas:

- 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;
- developing new devices for current and emerging wireless network technologies and market segments;
- revolutionizing the tablet through development of the BlackBerry PlayBook tablet and BlackBerry Tablet OS built upon the QNX Neutrino® microkernel architecture;
- building device software including compilers, Java Virtual Machine, radio code, and BlackBerry applications;
- developing server and desktop software for corporate, institutional and prosumer 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 professional grade tablets.

The Company also engages in longer term fundamental research both directly and by selective funding of university research projects. Product development research is funded in part by purchase commitments for a product or products under development. 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 large portion of its software investment to the overall BlackBerry wireless solution. This includes 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 provide 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 $46 million. The Company has recorded $4.9 million (CAD) on account of TPC royalty repayment expense with respect to TPC-2 obligation during fiscal 2011.

The Company also qualifies for investment tax credits (ITC) on eligible expenditures on account of Canadian scientific research and experimental development. In fiscal 2011 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. RIM believes that the rapid pace of technological change in the communications industry makes patent and trade secret protection important, but this protection must be supported by other means including the ability to attract and retain qualified personnel, new product introductions and frequent product enhancements.

RIM protects its technology through a combination of patents, designs, copyrights, trade secrets, confidentiality procedures and contractual arrangements. RIM seeks to patent key concepts, components, protocols, processes and other inventions that it considers to have commercial value or that will likely give RIM a technological advantage. Although RIM 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 RIM'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, RIM owns rights to an array of patented and patent pending technologies relating to wireless communication technology.

It is RIM'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.

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

***Production***

RIM operates a facility in Waterloo, Ontario that is approximately 242,000 square feet and is able to further leverage its commitment to excellence with a strategically located production facility that is in close proximity to the Company's research and development facilities and labs in Waterloo, Ontario. RIM outsources the majority of its manufacturing to specialized EMS (Electronic Manufacturing Services) companies who are positioned to meet the forecasted, scale, cost and quality requirements. RIM 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 RIM's demand, and these facilities are regularly audited by RIM personnel trained in this function.

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

RIM is well positioned in 2011 to continue its commitment to support the fulfillment requirements of carrier customers seeking a reliable supply of BlackBerry smartphones. It is expected this contribution will continue to be significant and will grow incrementally as RIM

pursues its objective to provide cost-effective and innovative access device solutions across the entire range of current wireless network standards.

RIM generally controls sourcing decisions for materials and services that are incorporated into RIM products. Outsourced manufacturing partners are responsible for transacting business on behalf of RIM with component suppliers, but RIM generally negotiates pricing of these materials and services. Depending on market conditions, RIM 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. See also “Risk Factors — The Company relies on its suppliers to supply functional components and is exposed to the risk that these suppliers will not be able to supply components on a timely basis”.

**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.

RIM’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.

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

At the present time, RIM 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, RIM 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**

RIM is committed to operating in a sustainable way that respects the environment, RIM employees, the communities in which the Company operates and RIM’s business partners around the world. Product sustainability efforts include material selection procedures, supply chain audits, packaging assessments as well as reduction programs and product sustainability programs. Additionally, RIM has formalized a number of policies to reflect the Company’s

commitment to responsible business practices and issued its first formal Corporate Responsibility (CR) report during fiscal 2011. The CR report as well as other documents and policies relating to RIM's efforts in this area can be viewed on RIM's website at http://www.rim.com/investors/governance/.

**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 RIM's business and may require the Company to incur substantial compliance costs.

**Employees**

As of February 26, 2011, RIM had approximately 17,500 full-time employees: approximately 6,200 in the product development area; approximately 1,600 in sales and marketing; approximately 1,500 in customer care and technical support; approximately 2,300 in manufacturing and supply chain; and approximately 5,900 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. RIM's operations are housed primarily in two campus-style developments; the facilities include 27 buildings, 16 of which are owned and 11 of which are leased. The central Waterloo campus houses engineering, manufacturing as well as research and development groups. RIM's corporate, administration and finance operations are based in the newly constructed campus in north Waterloo. Two additional buildings are expected to become active sites at the north campus in early 2011. Two facilities based in nearby Cambridge are used for various global logistics and repair services groups.

***Canada***

RIM owns and occupies a 158,000 square foot facility outside Ottawa, Ontario. Engineering, research and development operations are the focus of this centre and leased space has grown

substantially to an estimated 265,000 square feet, including the sub-lease of a large 147,000 square foot facility. In addition to two newly constructed buildings, Mississauga, Ontario is home to four leased facilities that account for 119,000 square feet of space. Also in the Maritimes, RIM also owns and occupies a 160,000 square foot customer service operations center, located in the greater Halifax area. In total, RIM occupies 935,000 square feet in Canada, outside the Waterloo-Cambridge, Ontario area.

***USA & Latin America***

The U.S. headquarters of RIM are composed of a campus style complex of six buildings totaling 398,000 square feet outside Dallas, Texas, housing certain sales, marketing, legal, research and development, customer service operations and administrative activities. Operations in Raleigh, North Carolina have increased to a total of 78,000 square feet represented by the addition of two locations in the CentreGreen campus. RIM leases an additional 615,000 square feet throughout the United States. Operations in Latin and South America have increased with the addition of small sales offices in Uruguay and Brazil. Including Mexico, locations in this area make up a total of 23,000 square feet.

***EMEA — Europe, Middle East & Africa***

The RIM operations in Europe are headquartered out of a 69,000 square foot leased facility in Slough, UK. RIM has expanded its operations to lease the entirety of an 84,000 square foot building. Operations in Germany are comprised of five leased facilities totaling 112,000 square feet used for research-development and sales. A number of other small offices are leased throughout Europe, totaling 99,000 square feet, which are used primarily for sales and marketing activities.

***Asia-Pacific***

In Asia-Pacific, RIM has continued to expand operations in China, leasing approximately 81,000 square feet, including space for research and development in Beijing. A number of small sales based offices are also located throughout China. In total, RIM operates 182,000 square feet in Australia, China, Hong Kong, India, Indonesia, Japan, Singapore and South Korea for sales and marketing activities and customer operations support.

Globally, RIM operates a number of leased and owned datacenters totaling approximately 974,000 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 may be subject to claims (including claims related to patent

infringement, purported class actions and derivative actions) either directly or through indemnities against these claims that it provides to certain of its partners. 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 that the Company is infringing patents or other intellectual property rights have any 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".

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.

On March 7, 2008, FlashPoint Technology Inc. ("FlashPoint") filed a patent infringement lawsuit against the Company and 14 other defendants in the U.S. District Court for the District of Delaware. The patents-in-suit include United States ("U.S.") Patent Nos. 6,118,480, 6,177,956, 6,222,538, 6,223,190 (the "'190 Patent"), 6,249,316, 6,486,914 and 6,504,575. These patents are generally directed to digital camera and imaging technologies. On May 31, 2008, FlashPoint dismissed its complaint as to 6 of the 7 patents-in-suit, leaving only the '190 Patent in the litigation against RIM. On February 6, 2009, FlashPoint filed an amended complaint adding Patent Nos. 5,903,309, 6,278,447 (the "'447 Patent") and 6,400,471 (the "'471 Patent"). Only the '447 Patent and the '471 Patent have been asserted against RIM. The complaint seeks an injunction and monetary damages. On December 17, 2009, the Court stayed the entire litigation pending completion of all re-examinations of the patents-in-suit.

On May 13, 2010, FlashPoint filed a complaint with the U.S. International Trade Commission ("ITC") against the Company, as well as three other defendants, alleging infringement of U.S. Patent Nos. 6,134,606; 6,163,816; and 6,262,769. These patents are generally directed to digital camera and imaging technologies. The ITC set the trial for April 7-13, 2011. The initial determination is expected to be provided on July 13, 2011 and the target date for completion of the investigation is November 14, 2011. Proceedings are ongoing.

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 U.S. District Court for 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. The court has set a trial date for September 7, 2010. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On November 16, 2010, St. Clair filed a second complaint against the Company and other defendants in the U.S. District Court for 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 monetary damages. Proceedings are ongoing.

On October 31, 2008, Mformation Technologies, Inc. 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. The complaint seeks an injunction and monetary damages. On February 26, 2010, the Court issued a claim construction order. No trial date has been set. Proceedings are ongoing.

On November 17, 2008, Spansion, Inc. and Spansion LLC ("Spansion") filed a complaint with the ITC against Samsung Electronics Co., Ltd. and other related Samsung companies (collectively "Samsung") and other proposed respondents, including the Company, who purchase flash memory chips from Samsung, alleging infringement of U.S. Patent Nos. 6,380,029 ("the '029 Patent"); 6,080,639 ("the '639 Patent"); 6,376,877 ("the '877 Patent") and 5,715,194 ("the '194 Patent"). The patents relate generally to flash memory chips. The complaint does not seek monetary damages, but requests that the ITC issue orders prohibiting RIM products containing certain flash memory chips made by Samsung from being imported into the U.S. and sold in the U.S. On March 16, 2010 and April 7, 2010, the administrative law judge ("ALJ") presiding over the case granted consent motions from Spansion to terminate the ITC investigation in part as to the '029 Patent and the '639 Patent, respectively, thereby leaving only two patents remaining in the case. From May 3, 2010 to May 14, 2010, a trial was held regarding the '877 Patent and the '194 Patent. On October 22, 2010, the ALJ issued his initial determination finding no violation. On December 23, 2010, the ITC Commission decided not to review the ALJ's initial determination, thereby letting stand the ALJ's finding of no violation. The investigation has been terminated.

On August 6, 2010, Spansion LLC filed a second complaint with the ITC against Samsung and other respondents, including the Company, which use Samsung flash memory, alleging infringement of U.S. Patent Nos. 7,018,922; 6,900,124; 6,369,416; and 6,459,625. All the patents-at-issue are generally directed to flash memory chips. The complaint does not seek monetary damages, but requests that the ITC issue orders prohibiting certain RIM products containing Samsung flash memory chips from being imported into the U.S. and sold in the U.S. The ALJ has set a trial date of June 20, 2011 and a target date for completion of the investigation of January 12, 2012. 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. The petitions for review were granted on March 25, 2011. Proceedings are ongoing.

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 RIM 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 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 RIM’s smartphones do not infringe the ‘218 Patent and that the only asserted claim is invalid as obvious. Kodak and the ITC Staff separately petitioned for Commission review on February 7, 2011. The Company also filed a contingent petition for review on February 7, 2011. The petitions for review filed by Kodak, the ITC Staff and the Company were granted on March 25, 2011. Proceedings are ongoing.

On May 5, 2009, Fractus, S.A. (“Fractus”) filed a lawsuit against the Company and eight other defendants in the U.S. District Court for the Eastern District of Texas alleging infringement of nine patents (U.S. Patent Nos. 7,015,868; 7,123,208; 7,148,850; 7,202,822; 7,312,762; 7,394,432; 7,397,431; 7,411,556; and 7,528,782). These patents generally relate to antennae technology. The complaint seeks an injunction and monetary damages. The Court issued a claim construction order on November 9, 2010. The jury selection for trial is scheduled for May 2, 2011. Proceedings are ongoing.

On August 21, 2009, Xpoint Technologies filed a lawsuit against the Company and twenty-eight other defendants, in the U.S. District Court for the District of Delaware alleging infringement of U.S. Patent No. 5,913,028. The patent is generally directed to data traffic delivery. The complaint seeks an injunction and monetary damages. The Court has set a trial date of May 7, 2012. Proceedings are ongoing.

On September 23, 2009, SimpleAir, Inc. filed a lawsuit against the Company and ten other defendants in the U.S. District Court for the Eastern District of Texas alleging infringement of U.S. Patent Nos. 6,021,433; 7,035,914; 6,735,614; and 6,167,426. The patents are generally directed to the generation, processing and/or delivery of content, notifications and updates for computing devices. The complaint seeks an injunction and monetary damages. The claim construction hearing is scheduled for June 15, 2011, and the trial is scheduled to begin on December 5, 2011. Proceedings are ongoing.

On November 23, 2009, Klausner Technologies Inc. (“Klausner”) filed a lawsuit against the

Company and one other defendant in the U.S. District Court for the Eastern District of Texas alleging infringement of U.S. Patent Nos. 5,572,576 and 5,283,818. The patents are generally directed to visual voice mail. The complaint seeks an injunction and monetary damages. Klausner served RIM on March 23, 2010. Proceedings are ongoing.

From time to time, the Company is involved in other claims in the normal course of business. The following additional patent suits were filed against the Company since the end of fiscal 2010:

On March 3, 2010, Smartphone Technologies LLC ("Smartphone") filed a lawsuit against the Company and 12 other defendants in the U.S. District Court for the Eastern District of Texas alleging infringement of U.S. Patent Nos. 6,950,645; 7,076,275; 5,742,905; 7,506,064; 6,533,342; 6,711,609 and RE40,459. On October 15, 2010, Smartphone amended its complaint alleging infringement of three additional patents U.S. Patent Nos. 6,505,215; 6,728,786 and 7,693,949. The patents are generally directed to phone features relating to dialing and background task management, device power management, telephonic and data networking, displaying Internet content, and synchronization. The complaint seeks an injunction and monetary damages. During a scheduling conference held on September 7, 2010, the Markman hearing was scheduled for September 8, 2011 and the jury selection for trial was set for March 5, 2012. Proceedings are ongoing.

On March 31, 2010, MobileMedia Ideas LLC 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 claim construction hearing is scheduled for January 11, 2012, and trial is scheduled to begin July 12, 2012. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On June 30, 2010, Bandspeed Inc. filed a lawsuit against the Company as well as 36 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. The claim construction hearing is scheduled for October 23, 2012, and trial is scheduled to begin July 1, 2013. Proceedings are ongoing.

On August 4, 2010, EON Corporation IP Holdings LLC ("EON") filed a lawsuit against the Company as well as 16 other defendants in the U.S. District Court for the Eastern District of Texas (Tyler Division) alleging infringement of U.S. Patent No. 5,592,491. The patent is generally directed to a two-way communication network and a method for communicating between subscriber units and a local base station repeater cell. The complaint seeks an injunction and monetary damages. The claim construction hearing is scheduled for January 5, 2012, and trial is scheduled to begin October 1, 2012. Proceedings are ongoing.

On September 2, 2010, Innovative Sonic Limited filed a 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 is scheduled for November 10, 2011, and trial is scheduled to begin June 4, 2012. Proceedings are ongoing.

On September 7, 2010, Wordcheck Tech LLC filed a lawsuit against the Company as well as over 40 other defendants in the U.S. District Court for Eastern District of Texas (Tyler Division) asserting infringement of U.S. Patent No. 6,782,510. The patent is generally directed to a word checking tool. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On September 8, 2010, Eatoni Ergonomics, Inc. ("Eatoni") filed a motion to vacate a June 8, 2010 arbitration award and a March 2007 arbitration award in the U.S. District Court for the Southern District of New York in a lawsuit filed on November 19, 2008 against the Company alleging that: RIM breached the March 2007 arbitration award; the license to RIM for Eatoni's U.S. Patent 6,885,317 (the "'317 Patent") is invalid; RIM infringed the '317 Patent; and RIM monopolized the reduced QWERTY market with its Sure Type line of devices. The original lawsuit to which this matter relates was filed on April 28, 2005 and settled on September 26, 2005 through mediation. A subsequent arbitration proceeding was held in February 2007 with an arbitration award issued in March 2007. An arbitration related to the current court action was held in December 2009 with an arbitration award issued on June 8, 2010. Proceedings are ongoing.

On September 23, 2010, EON filed a lawsuit in the U.S. District Court for the District of Delaware against the Company and 16 other defendants alleging infringement of U.S. Patent No. 5,663,757. This patent is generally directed to software controlled multi-mode interactive television. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On October 20, 2010, TQP Development LLC filed a lawsuit against the Company and ten other defendants in the U.S. District Court for the Eastern District of Texas (Marshall Division). The complaint alleges infringement of U.S. Patent No. 5,412,730. The patent generally relates to encryption technology. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On October 28, 2010, Alfred Levine amended his complaint to add the Company to a lawsuit filed in the U.S. District Court for the Eastern District of Texas (Marshall Division). Fourteen other defendants are named in the lawsuit. The complaint alleges infringement of U.S. Patents Nos. 6,243,030 and 6,140,943. The patents are generally directed to wireless navigation systems. The complaint seeks an injunction and monetary damages. The claim construction hearing is scheduled for December 21, 2011, and trial is scheduled to begin May 7, 2012. Proceedings are ongoing.

On January 5, 2011, Advanced Display Technologies of Texas, LLC filed a lawsuit against the

Company as well as over eight other defendants in the U.S. District Court for the Eastern District of Texas (Tyler Division), asserting infringement of U.S. Patent Nos. 5,739,931 and 6,261,664. These patents are generally directed to display technologies. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On February 23, 2011, Summit 6 LLC filed a lawsuit against the Company as well as five other defendants in the U.S. District Court for the Northern District of Texas (Dallas Division) asserting infringement of U.S. Patent Nos. 7,765,482 and 6,895,557. These patents are generally directed to web-based media submission tools. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On February 24, 2011, Golden Bridge Technology, Inc. filed a lawsuit against the Company as well as over 20 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. Proceedings are ongoing.

On March 11, 2011, OGMA, LLC filed a lawsuit against the Company as well as 13 other defendants in the U.S. District Court for the Eastern District of Texas (Marshall Division). The complaint asserts infringement of U.S. Patent No 6,150,947 generally directed to programmable motion-sensitive sound effect devices. The complaint seeks monetary damages and other relief the Court decides is just and appropriate. Proceedings are ongoing.

On March 15, 2011, Unified Messaging Solutions, LLC filed a lawsuit against the Company as well as 19 other defendants in the U.S. District Court for the Eastern District of Texas (Tyler Division). The complaint asserts infringement of U.S. Patent Nos. 6,857,074; 7,836,141; 7,895,306; and 7,895,313 generally directed to web-based messaging service technology. The complaint seeks monetary damages and further relief as the Court may deem just and appropriate. Proceedings are ongoing.

On March 16, 2011, MOSAID Technologies Inc. filed a lawsuit against the Company, as well as 20 other defendants in the U.S. District Court for the Eastern District of Texas (Marshall Division). The complaint asserts infringement of U.S. Patent Nos. 5,131,006; 5,151,920; 5,422,887; 5,706,428; 6,563,786; 6,563,786 and 6,992,972. The patents are generally directed to IEEE 802.11 technology. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On March 18, 2011, Content Delivery Solutions, LLC filed a complaint against the Company as well as nine other defendants in the U.S. District Court for the Western District of Texas (Austin) asserting infringement of U.S. Patent Nos. 6,058,418 and 6,393,471 which generally relate to marketing data delivery technology. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On March 18, 2011, Imperium (IP) Holdings, Inc., filed a complaint 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 and 6,838,715). The complaint seeks an injunction and monetary damages. 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 February 26, 2011. 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.*

**Risks Related to Intellectual Property**

**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**.** 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 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.

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 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 costly litigation;
- 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, operating results 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. In addition, the Company includes and promotes certain third-party applications and content with its products. The Company's support and promotion of third-party applications and content increase the risk of intellectual property litigation if such applications and content infringe on the patents or other intellectual property rights of others.

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

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 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.

**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.

## Risks Related to the Company's Business and its Industry

**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 rapid technological change, evolving industry standards, frequent new product introductions 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. The process of developing new technology is complex and uncertain, and if the Company fails to accurately predict emerging technological trends and the changing needs of customers and end-users, its business could be harmed.

The Company's business may be adversely affected if its products and services that are based on existing technologies or subsequent new technologically-advanced products and services do not achieve acceptance among customers. The Company has developed and is continuing to develop a number of products and services incorporating advanced technologies and it will pursue those products and services that the Company expects to have the best chance for success based on the Company's expectations of future market demand. 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.

The development and application of new technologies involve time, substantial costs and risks. The Company's inability, for technological or other reasons, 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, operating results and financial condition or could result in its products and services becoming obsolete. 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's ability to compete successfully will also depend on its ability to control the costs associated with the development of new technologies, including the manufacturing costs for new products.

**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 it may be required 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 many new market entrants, may implement new technologies before the Company does. In addition, the Company's competitors may deliver new products and solutions earlier, or provide more attractively priced, enhanced or better quality products and solutions than the Company does.

The Company also expects that additional competition will develop, both from existing businesses in the wireless data 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 or key network operators 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. 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. This is particularly the case in the tablet segment, which the Company is entering and many established computer or wireless communications industry participants with significantly greater experience, infrastructure and distribution channels have entered or are entering. There can be no assurance that the Company will be able to compete effectively with these companies.

In addition, to the extent that the Company licenses its technology to enable other device manufacturers to equip their devices with BlackBerry functionality, including RIM's push technology, such action may have the effect of impacting demand for RIM's products and services.

The intensely competitive market in which the Company conducts its business and the current economic uncertainty may require it to reduce its prices. The Company's competitors have in the past and may in the future offer deep discounts on certain products or services in an effort to recapture or gain market share, to reduce inventory levels or to sell other products and services. The Company may be required to lower prices or offer other favorable terms to compete successfully. Any such changes could reduce the Company's margins and could adversely affect the Company's operating results. The Company's recent entry into the consumer market may intensify this risk due to the broader choice of smartphones, tablets and other devices, products and services offered by multiple vendors in this market segment.

If two or more of the Company's competitors or carrier partners were to merge or partner, the change in the competitive landscape could adversely affect the Company's ability to compete effectively. The Company's competitors may also establish or strengthen co-operative relationships with its carrier partners, sales channel partners 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 recently announced partnership of Microsoft and Nokia, are examples of such strategic relationships. Disruptions in the Company's business caused by these events could reduce revenue and adversely affect the Company's operating results.

**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 and develop new relationships and to build on existing relationships with its network carrier partners, which the Company relies on to 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. 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. Any non-performance by the Company under its contracts with network carriers 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, RIM's business, operating results and financial condition could be materially adversely affected.

In addition, the Company's ability to expand its market reach is 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 where the Company depends on its distributors to assist the Company in establishing and expanding its presence.

Factors that are largely within the control of network carriers, which are important to the success of the BlackBerry solution 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 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 offer and promote competitive products and services;
- 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 the Company's products on their networks;
- network performance and required investments in upgrades;
- future investments in evolving network technologies, support for new software technologies and support for third party devices; and
- continued support and distribution of the Company's products and services if claims of patent infringement involving its products are filed against its carriers and licensees as well as against the Company.

Some network carriers also sell products and services of the Company's competitors. If the Company's competitors offer their products and services to the carriers on more favorable terms or have more products and services available to meet their needs, there may be pressure on the Company to reduce the price of its products and services or those carriers may stop carrying the Company's products or de-emphasize the sale of its products and services in favor of those RIM competitors, which would adversely impact the Company's business, operating results and financial condition. There can be no assurance that the network carriers will act in a manner that will promote the success of the Company's products and services.

The Company has an increasing 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 23% of revenue for fiscal 2011, compared to approximately 97.0% of revenue for fiscal 2010. If any significant customer discontinues its relationship with the Company for any reason, or reduces or postpones current or expected purchase commitments for its products and services, it could have a material adverse effect on the Company's business, operating results and financial condition.

One customer comprised 15% of accounts receivable as at February 26, 2011 (February 27, 2010 — one customer comprised 14%). Additionally, two customers comprised 11% each of the Company's fiscal 2011 revenue (fiscal 2010 revenue — three customers comprised 20%, 13% and 10%, respectively).

The Company's ability to replace or find new large customers is necessarily limited due to the limited number of wireless carriers in many territories, including the United States, which is the country where it generates the majority of its revenue and the highly competitive nature of the market place.

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, operating results and financial condition.

**The Company relies on its suppliers to supply functional components and is exposed to the risks that these suppliers will not be able to 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. 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, operating results and financial condition. For example, the recent earthquake and related events in Japan could have a direct adverse effect on the supply of Japanese components to the Company. The events could also indirectly affect the Company's supply of components and devices from suppliers and third party manufacturers in other countries that also rely on Japanese components.

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. As the number of different products manufactured by the Company and its outsourcing partners, increases, it is increasingly difficult to estimate component requirements. If the Company overestimates its component requirements, it may result in excess inventory, which would increase the risk of obsolescence. 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, operating results 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 Company may also have unused production capacity if its current volume projections are not met, increasing the Company's production cost per unit. In the future, as the Company establishes new pricing terms, its volume demand 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, operating results 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 applications 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, the threatened or actual suspension of BlackBerry service at the request of a government for alleged non-compliance with local laws or other events. The increased number of third party applications on the Company's network may also pose additional 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 upon completion of 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 continues to grow, additional strain will be 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 disruptions and, any 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, operating results and financial condition. As the Company moves to support more applications or services, the expense to establish and maintain a resilient network services capability may significantly increase.

In addition, poor performance in or disruptions of the services that the Company delivers to its customers could harm its reputation, delay market acceptance of its services and expose it to liabilities. The Company enters into 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. Failure to comply with SLAs may have a material adverse effect on RIM's business, operating results and financial condition.

**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 may not be able to attract or retain highly qualified personnel in the future. 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 loss of key employees could disrupt operations and impair the Company's ability to compete effectively.

**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. 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 the failure to meet scheduled production and delivery deadlines or the failure to manufacture products to meet the product quality requirements of the Company and its customers. In addition, the Company may not be able to obtain additional or substitute manufacturers when and if needed or on a cost-effective basis, which could materially impair the Company's ability to supply devices to its customers. The Company's reliance on outsourcing its manufacturing requirements to third parties may involve a number of other risks, including:

- inability to obtain adequate manufacturing capacity;
- concerns regarding quality control;
- risks relating to the use of third party manufacturers in foreign jurisdictions;
- reduced control over RIM's intellectual property;
- reduced control over delivery schedules and costs; and
- early termination of, or failure to renew, contractual arrangements.

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. 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, could have a material adverse effect on the Company's business, operating results and financial condition.

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 an increasing number of different products.

**The Company is subject to risks inherent in foreign operations.**

Sales outside North America represented approximately 53.6% of the Company's revenue in fiscal 2011. The Company intends to continue to pursue international market growth opportunities, which could result in a scenario where international sales continue to account for an increasing 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 Canada and the United States and outside of North America including in the United Kingdom, Japan, Hong Kong, France, India, Italy, Germany, Australia, Brazil, Singapore, Mexico, Spain and China**,** and expects to open additional offices in other countries. The Company has limited experience conducting business 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. International operations carry certain risks and associated costs, including:

- 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;
- 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 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.

Although the Company has implemented policies and procedures to address many of these risks, there can be no assurance the policies and procedures cover all of the risks or cover them adequately or 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, operating results and financial condition.

**The Company is subject to government restrictions and regulation, including on the sale of products and services that use encryption technology.**

Various countries have adopted controls, license 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 solution in certain markets or may require the Company to make changes to the encryption technology that is embedded in its products 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 the Company's carrier and distribution partners may dedicate to the Company's products.

Government regulations of the Company's products and services may provide opportunities for competitors or limit industry growth. For example, some of the Company's competitors do not have the same level of encryption in their technology and some foreign competitors may be subject to less stringent controls on the export, import, and use of encryption technologies in certain markets. 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 regulations concerning encryption technology could subject the Company to sanctions and penalties, including fines, and suspension or revocation of export or import privileges.

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

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

The BlackBerry service frequently involves the transmission of business-critical, proprietary, confidential and personal information of end users, and provides the Company with access to confidential or personal information and data. In addition, information stored in the Company's products and on the Company's network is subject to viruses and security breaches related to wireless data transmission. Unauthorized parties may attempt to breach security measures through the actions of outside parties, employee error, malfeasance, or otherwise, in an attempt to obtain access to Company data or the Company's users' or customers' data, including data stored on the Company's products. Additionally, outside parties may attempt to fraudulently induce employees, users, or customers to disclose sensitive information in order to gain access to Company data or the Company's users' or customers' data, including data on the Company's products. If the security measures that the Company or its partners have implemented are breached, or perceived to be breached, or if there is an inappropriate disclosure of confidential or personal information or data, including as a result of a security breach relating to hardware or software, the Company could be exposed to litigation, possible liability and statutory sanctions. Even if the Company was not held liable, a security breach or inappropriate disclosure of confidential or personal information and/or data could harm its reputation, and even the perception of security vulnerabilities in the Company's products 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 to protect itself against damages caused by these actual or perceived disruptions or security breaches in the future. 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, 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 Company offers and increases the number of countries where the Company operates.

**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 or errors that are difficult to detect and correct. Errors or defects may be found in new 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 errors or defects in a timely manner or at all. The occurrence of errors and failures in the Company's products or services could result in 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 errors and failures 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, the sale and support of these products may entail the risk of product liability or warranty claims based on damage to such networks and equipment. In addition, the failure of the Company's products or services to perform to customer expectations could give rise to product liability claims and warranty claims. The consequences of such errors, failures and claims could have a material adverse effect on the Company's business, operating results and financial condition.

In some cases, if design defects or errors 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 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. As the Company discontinues the manufacturing and sale of these older products and services, the Company must manage the liquidation of inventory, supplier commitments and customer expectations. If the Company is unable to manage properly the discontinuation of these older products and services, it could have a material adverse effect on the Company's business, operating results and financial condition.

The Company records a write-down for product and component inventories that have become obsolete 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. Although the Company believes its provisions related to inventory, other assets and purchase commitments are currently adequate, no assurance can be given that the Company will not incur additional related charges given the rapid and unpredictable pace of product obsolescence in the industries in which the Company competes. Such charges could materially adversely affect the Company's financial condition and operating results.

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 Company's financial condition and operating results have been in the past and could be in the future materially adversely affected by the Company's ability to manage its inventory levels and respond to short-term shifts in customer demand patterns.

**Our 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. The "BlackBerry" brand may be negatively impacted by a number of factors, including service outages, product malfunctions, and data privacy and security issues. 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, operating results, and financial condition will be materially and adversely affected. Maintaining and enhancing the "BlackBerry" brand will depend largely on the Company's ability to be a technology leader and continue to provide high-quality products and services, which the Company may not do successfully.

**The Company may not be successful in its attempt to enter the tablet market.**

The Company's sales and profitability have been, and continue to be, driven to a significant extent by its success in the traditional mobile device segment of the wireless communications industry. The wireless communications industry continues to undergo significant changes in response to the increasing maturity of the traditional mobile device market. One such significant change is the development of tablets. The Company has made significant investments aimed at entering the tablet market effectively, profitably and on a timely basis. However, the Company's past performance with smartphones does not guarantee its success with tablets.

Additionally, the Company's success in the tablet market will be driven by the following factors:

- the Company's ability to provide a rich user experience, which will depend on how well it integrates the hardware, software and services elements of its solutions in a seamless, reliable and stable manner;
- the Company's ability to develop and maintain the technological infrastructure to support a rich user experience;
- the Company's ability to develop and scale up its service offerings by expanding geographically and developing and maintaining relationships with carrier partners;

- the Company's ability to develop partnerships with application developers, content providers and industry leading technology providers seeking access to mobile consumers, which will depend on whether the Company can provide the necessary technologies, including software platforms and developments tools, that are compatible with other relevant technologies;
- the Company's ability to create profitable business models where its tablet devices and the services sold with them are preferred by consumers to less expensive or free alternatives; and
- the Company's success in positioning the "BlackBerry" brand as representing the same high quality and desirability in the tablet market as in the smartphone market.

The Company may have less experience and fewer resources available to it in the tablet market compared with its competitors and the Company may fail to reach adequate scale and profitability in the tablet market. The Company's success in the tablet market also depends on the acceptance by the market, including its network carrier partners, of the Company's expanding services and on the network carrier partners' strategies regarding their own offering of services. If the Company is not successful in entering the tablet market, its business will become increasingly dependent on its BlackBerry smartphones. If that occurs, and if current trends in the tablet continue, this could have a material adverse effect on the Company's growth and prospects.

The Company's entry into the tablet market has required and will continue to require significant investment to innovate and grow successfully. Such investment includes or may include research and development, licensing arrangements, acquisitions of businesses or technologies, the recruitment of specialized expertise and partnering with third parties. 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.

**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 may also depend 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, operating results 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, RIM's revenues from BlackBerry corporate customers could be materially adversely affected.

**The Company may not be able to manage growth and ongoing development of service and support operations.**

The Company has experienced a period of significant growth in sales and personnel. Revenues have increased to $19.91 billion in fiscal 2011, from $14.95 billion in fiscal 2010 and $11.07 billion in fiscal 2009.

The rapid growth of the Company's operations and the expansion of its product lines places a strain on managerial, financial and human resources, including product development personnel. The Company's ability to manage future growth will depend in large part upon a number of factors, including the Company's ability to:

- increase the number of network carrier partners to create new marketplaces for the Company's products and services;
- access and successfully manage entry into new and emerging markets and product lines;
- attract and retain qualified technical personnel in order to continue to develop reliable and flexible products and provide products and services that respond to evolving customer needs;
- develop support capacity for end-users and network carriers as sales increase, so that the Company can provide post-sales support without diverting resources from product development efforts; and
- expand the Company's internal management and financial controls, administrative processes, and compliance and governance policies and procedures, so that the Company can maintain control over its operations and provide support to other functional areas as the number of personnel and size of the Company increases, while ensuring that applicable laws and its internal policies and procedures are adhered to.

The Company's inability to achieve any of these objectives could have a material adverse effect on the Company's business, operating results and financial condition as well as its reputation.

Although sales of BlackBerry smartphones to network operators, strategic partners and corporate partners continue to generate significant revenue streams, the Company is earning an increasing amount of its revenues from recurring monthly access fees from BlackBerry service and the licensing of BlackBerry software (BES and CALS). The Company expects future additional

growth to come from its prosumer/consumer offerings through BIS. The growth in the Company's services and software licensing operations will require ongoing development of service and support operations, including hiring and training employees and developing corporate standards and systems. Management systems will need to be continually enhanced and upgraded as the Company continues to increase its BlackBerry customer base, and the Company will need to increase or re-allocate the number of employees and facilities dedicated to customer service, fulfillment, financial and non-financial reporting, billing and other administrative functions. There can be no assurance that the Company has made adequate allowances for the costs and risks associated with the expansion of these service offerings, that the systems, procedures or controls will be adequate to support its operations, or that the Company will be able to offer and expand its service offerings successfully. There can be no assurance that the Company will be able to manage its growth or its shift in business revenues effectively.

**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 proposed legislation relating to certain "conflict minerals" that are used in the wireless communications industry) will not adversely affect the Company's business, operating results or financial condition.

In addition to regulatory approvals, 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, operating results 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. Other 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.

In addition, alleged or actual non-compliance with local laws could result in the suspension of sales, importation licenses or services in certain jurisdictions where the Company's products are currently sold or used.

**The Company may not be successful in expanding its BlackBerry App World applications catalogue.**

BlackBerry App World, the Company's comprehensive electronic applications catalogue, is available to customers in over 100 markets globally, with other markets to follow. The continued expansion of the applications catalogue requires a substantial investment of internal resources for development of the infrastructure, improvement of developer and consumer interfaces and advertising costs. 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. Applications may also require an interface with third parties over which the Company has no control. If the Company is not able to successfully expand, support or market the applications catalogue, or if necessary third-party interfaces are not available to support the applications, the

Company may lose market share, and its business, operating results and financial condition may be adversely affected.

Decisions by customers to purchase the Company's products are becoming increasingly based on the availability of 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 those of its competitors. 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. 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, RIM's revenue from the sale of its products, particularly to consumers.

**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. This risk will become increasingly significant as the Company endeavours 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. Current and future conditions in the domestic and global economies remain uncertain. 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 RIM's business, operating results and financial condition.

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 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, operating results 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, operating results and financial condition.

**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. The interpretation of privacy and data protection laws, and their application to the Internet, 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 results of operations, operating cash flows and financial condition may be adversely affected.

The Company's network carriers or other customers 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. Further, any failure by the Company to protect end users' privacy and data could result in a loss of user confidence in the Company's services, impact the Company's reputation and ultimately result in a loss of users, which could adversely affect the Company's business.

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.

**Acquisitions, investments and other business initiatives may negatively affect the Company's operating results.**

The Company has acquired, and continues to seek out opportunities to acquire or invest in, businesses, 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, 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, or 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. The Company's inability to address these risks could adversely affect the Company's business, operating results 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 and Euros. 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 appreciates relative to the U.S. dollar, the Company's Euro denominated expenses will increase when translated to U.S. dollars for financial reporting purposes. Foreign exchange rate fluctuations may materially affect the Company's operating results 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 February 26, 2011.

**The Company's worldwide operations subject it to income and other taxes in many jurisdictions, and the Company must exercise significant judgment in order to estimate its worldwide financial provision for income 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 and other taxes in Canada and numerous foreign jurisdictions. Significant judgment is required in determining its worldwide liability for income and other taxes. 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 and other tax provisions and accruals. Should additional taxes 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.

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, and the timing of the release, if any, of the valuation allowance.

**The Company is subject to general commercial litigation 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 the improper use of personal data. 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, 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, operating results 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, operating results and financial condition.

**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 a total balance of cash, cash equivalents, short term investments and long-term investments of $2.70 billion as at February 26, 2011, compared to $2.87 billion as at February 27, 2010. The Company's investment income decreased by $20 million to $8 million in fiscal 2011 from $28 million in fiscal 2010. The decrease primarily reflects a change relating to the impairment of certain investments during the fiscal year, as well as the decrease in yields due to lower interest rates compared to the prior fiscal year. Cash equivalents, short term and other investments are invested in debt securities of varying maturities. Consequently, the Company is exposed to interest rate risk and its operating results may be materially 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 Condition and Results of Operations for fiscal 2011 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 Lehman Brothers International (Europe).

## Risks Related to the Company's Common Shares

**The market price of the Company's common shares may be 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, announcements by or results of RIM's competitors, results of existing or potential litigation, updates to forward-looking financial guidance, and announcements regarding new products and services.

The Company's financial results are difficult to forecast and such results and growth 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, such as the tablet market, 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 specific industry sectors, such as the financial, government and legal services sectors. 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 expenses 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, including the BlackBerry PlayBook tablet, 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, the Company relies on the individual carriers to instruct the Company to create subscriber accounts and determines whether the subscriber account should have an active status. That carrier is charged a service fee for each subscriber account each month. If a carrier instructs the Company to deactivate a subscriber account, then the Company no longer includes that subscriber account in its BlackBerry subscriber account base and 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 the growth rate 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, or 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 RIM 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

### Dividend Policy and Record (Canadian $000's)

With the exception of a capital dividend of $262 paid on October 27, 1997, RIM has not paid any cash dividends on its common shares to date. 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 "RIM" and are listed on the NASDAQ Global Select Market under the symbol "RIMM". 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 2010 | $71.28-$78.78 | 1,682,500 | $69.40-$76.95 | 14,256,500 |
| April 2010 | $67.30-$74.73 | 1,913,300 | $67.12-$74.94 | 16,595,000 |
| May 2010 | $62.25-$73.04 | 1,891,000 | $57.51-$72.19 | 11,916,400 |
| June 2010 | $52.10-$65.13 | 2,410,800 | $49.13-$62.91 | 15,005,700 |
| July 2010 | $50.06-$59.62 | 3,063,500 | $47.42-$58.00 | 14,974,200 |
| August 2010 | $43.36-$60.00 | 3,227,800 | $42.53-$58.64 | 20,418,900 |
| September 2010 | $44.94-$50.94 | 3,370,000 | $43.01-$49.67 | 21,651,900 |
| October 2010 | $47.73-$59.02 | 2,400,000 | $46.78-$57.95 | 16,751,500 |
| November 2010 | $55.04-$64.47 | 2,332,400 | $54.61-$62.90 | 16,021,800 |
| December 2010 | $57.46-$65.07 | 1,875,000 | $57.48-$63.94 | 10,986,000 |
| January 2011 | $58.41-$65.74 | 1,856,400 | $58.30-$66.48 | 12,024,400 |
| February 2011 | $58.57-$69.30 | 2,003,500 | $58.81-$70.54 | 10,624,400 |

## DIRECTORS AND EXECUTIVE OFFICERS

The Company currently has a board of directors comprised of eight persons. In accordance with the provisions of the OBCA, 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. 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.

| Name, Municipality of Residence and Present Principal Occupation | Director Since | Position(s) with the Company |
|---|---|---|
| Mike Lazaridis (3)<br>Waterloo, Ontario<br>President and Co-Chief Executive Officer, RIM | 1984 | Director, President, Co-Chief Executive Officer and Co-Chairman |
| James L. Balsillie (3)<br>Waterloo, Ontario<br>Co-Chief Executive Officer, RIM | 2010 | Director, Co-Chief Executive Officer and Co-Chairman |
| John Richardson, FCA (1) (2) (4)<br>Toronto, Ontario<br>Corporate Director | 2003 | Director |
| David Kerr (1) (2)<br>Toronto, Ontario<br>Managing Partner, Edper Financial Group<br>(private financial company) | 2007 | Director |
| Roger Martin (3)<br>Toronto, Ontario<br>Dean, The Rotman School of Management | 2007 | Director |
| Barbara Stymiest, FCA (1)<br>Toronto, Ontario<br>Group Head, Royal Bank of Canada | 2007 | Director |
| John Wetmore (2) (3)<br>Toronto, Ontario<br>Corporate Director | 2007 | Director |
| Antonio Viana-Baptista (1)<br>Madrid, Spain<br>Corporate Director | 2009 | Director |
| Brian Bidulka<br>Burlington, Ontario<br>Chief Financial Officer, RIM | N/A | Chief Financial Officer |
| Robin Bienfait<br>Norcross, Georgia<br>Chief Information Officer, RIM | N/A | Chief Information Officer |
| Don Morrison<br>Toronto, Ontario<br>Chief Operating Officer, BlackBerry , RIM | N/A | Chief Operating Officer, BlackBerry |
| David Yach<br>Waterloo, Ontario<br>Chief Technology Officer, Software, RIM | N/A | Chief Technology Officer, Software |

| Name, Municipality of Residence and Present Principal Occupation | Director Since | Position(s) with the Company |
|---|---|---|
| Thorsten Heins<br>Waterloo, Ontario<br>Chief Operating Officer, Product Engineering, RIM | N/A | Chief Operating Officer, Product Engineering |
| Jim Rowan<br>Toronto, Ontario<br>Chief Operating Officer, Manufacturing and Global Supply Chain, RIM | N/A | Chief Operating Officer, Manufacturing and Global Supply Chain |
| Karima Bawa<br>Vancouver, British Columbia<br>Chief Legal Officer, RIM | N/A | Chief Legal Officer |

**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 Lead Director of the Board of Directors

As at February 26, 2011, the above directors and executive officers of the Company beneficially owned, or controlled or directed, directly or indirectly, over 54 million common shares of the Company representing approximately 10% of the issued and outstanding common shares of the Company.

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. David Kerr who prior to August 2006 was Chairman of Falconbridge Ltd; Mr. John Wetmore who was Vice President, Contact Centre Development of IBM Americas and formerly President and Chief Executive Officer of IBM Canada; Antonio Viana-Baptista who prior to January of 2008 was CEO, Telefonica Espana, and prior to that Chairman and CEO, Telefonica Moviles, S.A.; Ms. Robin Bienfait who prior to January 2007 was Senior Vice President of AT&T Global Network Operations, Network Security and Disaster Recovery, previously Chief Compliance Officer, EH&S and prior to that was Vice President Service Assurance, E-Mtce & IP/Data Systems at AT&T Labs; Mr. Brian Bidulka who prior to December 2009 was Chief Accounting Officer of the Company and formerly was Vice President, Corporate Controller of the Company, previous to that he was Vice President, Corporate Finance at Molson Inc., and formerly Vice President, Finance-Operations at Molson Canada; Mr. David Yach who prior to January 2008 was Senior Vice President, Software and Vice President, Software of the Company; Mr. Thorsten Heins who prior to May 2010 was Senior Vice President, Handheld Business Unit of the Company, previous to that he was Chief Technology Officer of Siemens' Communications Division; Mr. Jim Rowan who prior to May 2010 was Senior Vice President, Global Manufacturing & Supply Chain of the Company, previous to that he was Executive Vice President of World Wide Operations for Celestica; and Ms. Karima Bawa who prior to December 2010 was Senior Vice-President, Legal of the Company.

The Company has an Audit and Risk Management Committee, Compensation Nomination and Governance Committee and Strategic Planning 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 RIM) 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.

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 RIM) 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 each of the directors and executive officers listed above (other than Messrs. Kerr, Viana-Baptista, Martin, Heins and Rowan) as well as certain of the other Company’s 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 RIM 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.

***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.

Ms. Stymiest, Mr. Richardson, Mr. Kerr and Mr. Viana-Baptista 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:

Barbara Stymiest, FCA (Chair) — 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. Ms. Stymiest has been a member of the senior leadership team of the Royal Bank of Canada since 2004 and serves as the Group Head. 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 Symcor Inc., the Canadian Bankers Association, the Toronto Rehabilitation Institute, the Canadian Institute for Advanced Research and the Royal Ontario Museum.

John Richardson, B. Comm., MBA, 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.

David Kerr, B.Sc., CA — 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.; Sustainable Developments Technology Canada; Sun Life Financial Corporation; the Toronto Rehabilitation Hospital Foundation; and the Special Olympics Canada Foundation. In the past five years, Mr. Kerr also served as a director of Shell Canada Limited.

Antonio Viana-Baptista, MA, MBA — Mr. Viana-Baptista is a Corporate Director and was appointed as a director of the Company in September 2009. Mr. Viana-Baptista has a Masters degree in Economics from the Universidade Catolica Lisbon, Portugal and a Masters of Business Administration, Honors and Distinction, from INSEAD. Prior to his retirement in January 2008, Mr. Viana-Baptista held various executive roles at Telefonica including General Manager, CEO, Telefonica Spain; Chairman and CEO, Telefonica Moviles and Telefonica International. Prior to joining Telefonica, he held positions with Banco Portugues de Investimento as Executive Director and with McKinsey & Company as Principal Partner, Madrid, Spain and Lisbon. Mr. Viana-Baptista is currently a director of the following public companies: Telesp, SA (Brazil), SEMAPA (Portugal) and NH Hoteles (Spain).

The Board has also determined that each of Ms. Stymiest, Mr. Richardson and Mr. Kerr 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 February 26, 2011 and February 27, 2010, 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 $2,811,000 and $2,117,000, respectively.

**Audit-Related Fees**

The aggregate fees billed by EY for the fiscal years ended February 26, 2011 and February 27, 2010, 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 $65,000 and $86,000. 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 February 26, 2011 and February 27, 2010, respectively, for professional services rendered by EY for tax compliance, tax advice, tax planning and other services were $6,700 and $8,000 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., 9 th 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 February 26, 2011 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 February 26, 2011, 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:

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| 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. |
| 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. |
| CAL | Client Access License. A Client Access License gives the user the right to access the services and software of a particular server. |
| CDMA | Code Division Multiple Access. A method for transmitting simultaneous signals over a shared portion of the spectrum. The foremost application of |

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| | 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. |
| DataTAC | A wireless packet-switched network which evolved from a network developed by IBM and Motorola for their repair crews. |
| 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). |
| Ev-DO | Evolution Data Only. Ev-DO is a high-speed network protocol used for wireless Internet data communications. It is one of the major Third Generation, or 3G, wireless standards. Some CDMA 1xRTT carriers are in the process of implementing this protocol on their networks. |
| 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 |

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| | 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. |
| HSDPA | High-Speed Downlink Packet Access. A 3G technology in the HSPA family that allows for faster data downloads of up to 14Mbps and improved data traffic handling. |
| HSUPA | High-Speed Uplink Packet Access. A 3G technology in the HSPA family that allows for faster upload connections up to 5.76Mbps. |
| 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 |

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| | (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 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 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. |
| J2ME | Java 2 Platform, Micro Edition. A version of Java 2 for small devices such as PDAs, phones and handhelds. The Connected Limited Device Configuration (CLDC) provides the programming interface for wireless applications. The Mobile Information Device Profile (MIDP) provides support for a graphical interface, networking and storage. J2ME uses the K Virtual Machine (KVM), a specialized virtual machine for devices with limited memory. |
| Java | An object-oriented programming language developed by Sun Microsystems, Inc. Java Ô 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. |
| Java Virtual Machine | Enables a set of computer software programs and/or data structures to use a virtual machine model for the execution of other computer programs and scripts. |
| MDS | Mobile Data Service. The BlackBerry® Mobile Data System is a flexible framework for application development that a person can use to add and manage applications their organization’s environment. As a component of the BlackBerry® Enterprise Server, the BlackBerry MDS offers security, wireless connectivity, and manageability options. |
| MMS | Multimedia Messaging Service. A standard for telephony messaging systems that allows sending messages that include multimedia objects. |

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| 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. |
| NOC | Network Operations Centre. A central location for network management. It functions as a control centre for network monitoring, analysis and accounting. |
| OEM | Original Equipment Manufacturer. A licensee or purchaser of a product who typically resells that product under another trade name, in different packaging, or combined with other products or services. OEM licensing arrangements are sometimes referred to as “private label” licensing. |
| OTA | Over The Air. The standard for the sending and receiving of applications or software without the need for tethering or downloading. Carriers and OEM’s are able to push applications to a mobile device without the end-user initiating any type of process. |
| 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.<br><br>BlackBerry Prosumer is a hosted wireless email solution for professional consumers that does not include access to the BlackBerry Enterprise Server solution. |

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| 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. |
| SureType | SureType technology, developed by Research In Motion ®, integrates a traditional phone keypad and a familiar QWERTY-style keyboard with intuitive software that "learns" as you type, recognizing word patterns and allowing you to easily enter information. This technology allows you to easily, quickly, and accurately enter words without having to get used to a non-QWERTY-based keyboard layout. SureType also has the ability to recognize character letter sequences that are common in the English language, such as "ing". |
| Thin and Thick Clients | A thin client is a computer or a computer program which depends heavily on some other computer to fulfill its traditional computational roles, whereas a thick client is a full featured computer that is fully functional regardless of being connected to a network or other device. |
| Triple DES | Triple Data Encryption Standard. A specification for encryption for computer data developed by IBM and adopted by the United States government. DES uses a 56-bit encryption key. Triple DES uses a more sophisticated 112-bit encryption key and is used by the American Banking Association. |
| UMA | Unlicensed Mobile Access. Unlicensed mobile Access provides a handover sequence between unlicensed spectrum technologies like Wi-Fi and Bluetooth and a carriers' cellular network. |

| | |
|---|---|
| UMTS | See 3G wireless. |
| VAR | Value Added Reseller. An entity that adds some feature or “value” to an existing product before sale to the end customer. |
| 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. |
| Widget | A stand alone application built using web technologies (HTML, Javascript, and CSS) which is capable of performing any and all actions on the device similar to RIM’s existing Java applications. |
| 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 MARCH 24, 2011**

**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 ("**Nasdaq**") 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. A majority of the members of the Committee shall be resident Canadians.

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**

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

To the Shareholders of **Research In Motion Limited**

We have audited **Research In Motion Limited's** [the "Company"] internal control over financial reporting as of February 26, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 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 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 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 February 26, 2011, 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 February 26, 2011 and February 27, 2010, and the consolidated statements of operations, shareholders' equity and cash flows for each of the years ended February 26, 2011, February 27, 2010 and February 28, 2009 of the Company and our report dated March 29, 2011 expressed an unqualified opinion thereon.

Ernst & Young LLP

Kitchener, Canada,
March 29, 2011.

Chartered Accountants
Licensed Public Accountants

**REPORT OF**
**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders of **Research In Motion Limited**

We have audited the accompanying consolidated financial statements of **Research In Motion Limited** [the "Company"], which comprise the consolidated balance sheets as at February 26, 2011 and February 27 2010, and the consolidated statements of operations, shareholders' equity, and cash flows for each of the years ended February 26, 2011, February 27, 2010 and February 28, 2009, 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 auditor considers 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes 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.

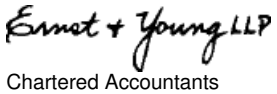
We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 26, 2011 and February 27, 2010, and the results of its operations and its cash flows for each of the years ended February 26, 2011, February 27, 2010 and February 28, 2009 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 February 26, 2011, 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 29, 2011 expressed an unqualified opinion on the Company's internal control over financial reporting.



Kitchener, Canada,
March 29, 2011.

Chartered Accountants
Licensed Public Accountants

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

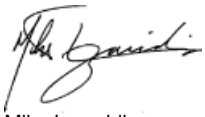
To the Shareholders of Research In Motion Limited

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 2011, fiscal 2010 and fiscal 2009 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).



Mike Lazaridis
President & Co-CEO



Jim Balsillie
Co-CEO

Waterloo, Ontario

March 29, 2011

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

**Consolidated Balance Sheets**

| | As at | |
|---|---|---|
| | February 26, 2011 | February 27, 2010 |
| **Assets** | | |
| **Current** | | |
| Cash and cash equivalents | $ 1,791 | $ 1,551 |
| Short-term investments | 330 | 361 |
| Accounts receivable, net | 3,955 | 2,594 |
| Other receivables | 324 | 206 |
| Inventories | 618 | 660 |
| Other current assets | 241 | 247 |
| Deferred income tax asset | 229 | 194 |
| | 7,488 | 5,813 |
| **Long-term investments** | 577 | 958 |
| **Property, plant and equipment, net** | 2,504 | 1,957 |
| **Intangible assets, net** | 1,798 | 1,326 |
| **Goodwill** | 508 | 151 |
| | $ 12,875 | $ 10,205 |
| **Liabilities** | | |
| **Current** | | |
| Accounts payable | $ 832 | $ 615 |
| Accrued liabilities | 2,511 | 1,638 |
| Income taxes payable | 179 | 96 |
| Deferred revenue | 108 | 68 |
| Deferred income tax liability | — | 15 |
| | 3,630 | 2,432 |
| **Deferred income tax liability** | 276 | 141 |
| **Income taxes payable** | 31 | 29 |
| | 3,937 | 2,602 |
| Commitments and contingencies | | |
| **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 — 523,868,644 voting common shares (February 27, 2010 — 557,328,394) | 2,359 | 2,372 |
| **Treasury stock** | | |
| February 26, 2011 — 2,752,890 (February 27, 2010 — 1,458,950) | (160) | (94) |
| **Retained earnings** | 6,749 | 5,274 |
| **Accumulated other comprehensive income (loss)** | (10) | 51 |
| | 8,938 | 7,603 |
| | $ 12,875 | $ 10,205 |

*See notes to consolidated financial statements.*

On behalf of the Board:

James L. Balsillie
Director

Mike Lazaridis
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 March 1, 2008 | $ 2,250 | $ — | $ 1,653 | $ 30 | $ 3,933 |
| Comprehensive income: | | | | | |
| Net income | — | — | 1,893 | — | 1,893 |
| Net change in unrealized losses on available-for-sale investments | — | — | — | (7) | (7) |
| Net change in fair value of derivatives designated as cash flow hedges during the year | — | — | — | (6) | (6) |
| Amounts reclassified to income during the year | — | — | — | (16) | (16) |
| Shares issued: | | | | | |
| Exercise of stock options | 27 | — | — | — | 27 |
| Stock-based compensation | 38 | — | — | — | 38 |
| Tax benefits related to stock-based compensation | 13 | — | — | — | 13 |
| Balance as at February 28, 2009 | $ 2,328 | $ — | $ 3,546 | $ 1 | $ 5,875 |
| Comprehensive income: | | | | | |
| Net income | — | — | 2,457 | — | 2,457 |
| Net change in unrealized gains on available-for-sale investments | — | — | — | 7 | 7 |
| Net change in fair value of derivatives designated as cash flow hedges during the year | — | — | — | 28 | 28 |
| Amounts reclassified to income during the year | — | — | — | 15 | 15 |
| Shares issued: | | | | | |
| Exercise of stock options | 30 | — | — | — | 30 |
| Stock-based compensation | 58 | — | — | — | 58 |
| Tax benefits related to stock-based compensation | 2 | — | — | — | 2 |
| Purchase of treasury stock | — | (94) | — | — | (94) |
| Common shares repurchased | (46) | — | (729) | — | (775) |
| Balance as at February 27, 2010 | $ 2,372 | $ (94) | $ 5,274 | $ 51 | $ 7,603 |
| Comprehensive income: | | | | | |
| Net income | — | — | 3,411 | — | 3,411 |
| Net change in unrealized losses on available-for-sale investments | — | — | — | (2) | (2) |
| Net change in fair value of derivatives designated as cash flow hedges during the year | — | — | — | (20) | (20) |
| Amounts reclassified to income during the year | — | — | — | (39) | (39) |
| 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 |

*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 | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| **Revenue** | | | |
| Hardware and other | $ 16,416 | $ 12,536 | $ 9,411 |
| Service and software | 3,491 | 2,417 | 1,654 |
| | 19,907 | 14,953 | 11,065 |
| **Cost of sales** | | | |
| Hardware and other | 10,516 | 7,979 | 5,718 |
| Service and software | 566 | 390 | 250 |
| | 11,082 | 8,369 | 5,968 |
| **Gross margin** | 8,825 | 6,584 | 5,097 |
| **Operating expenses** | | | |
| Research and development | 1,351 | 965 | 685 |
| Selling, marketing and administration | 2,400 | 1,907 | 1,495 |
| Amortization | 438 | 310 | 195 |
| Litigation | — | 164 | — |
| | 4,189 | 3,346 | 2,375 |
| **Income from operations** | 4,636 | 3,238 | 2,722 |
| Investment income, net | 8 | 28 | 79 |
| **Income before income taxes** | 4,644 | 3,266 | 2,801 |
| **Provision for income taxes** | 1,233 | 809 | 908 |
| **Net income** | $ 3,411 | $ 2,457 | $ 1,893 |
| **Earnings per share** | | | |
| Basic | $ 6.36 | $ 4.35 | $ 3.35 |
| Diluted | $ 6.34 | $ 4.31 | $ 3.30 |

*See notes to consolidated financial statements.*

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

**Consolidated Statements of Cash Flows**

| | For the Year Ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| **Cash flows from operating activities** | | | |
| Net income | $ 3,411 | $ 2,457 | $ 1,893 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Amortization | 927 | 616 | 328 |
| Deferred income taxes | 92 | 51 | (37) |
| Income taxes payable | 2 | 5 | (7) |
| Stock-based compensation | 72 | 58 | 38 |
| Other | 1 | 9 | 6 |
| Net changes in working capital items | (496) | (161) | (769) |
| **Net cash provided by operating activities** | 4,009 | 3,035 | 1,452 |
| **Cash flows from investing activities** | | | |
| Acquisition of long-term investments | (784) | (863) | (507) |
| Proceeds on sale or maturity of long-term investments | 893 | 473 | 432 |
| Acquisition of property, plant and equipment | (1,039) | (1,009) | (834) |
| Acquisition of intangible assets | (557) | (421) | (688) |
| Business acquisitions, net of cash acquired | (494) | (143) | (48) |
| Acquisition of short-term investments | (503) | (477) | (917) |
| Proceeds on sale or maturity of short-term investments | 786 | 970 | 739 |
| **Net cash used in investing activities** | (1,698) | (1,470) | (1,823) |
| **Cash flows from financing activities** | | | |
| Issuance of common shares | 67 | 30 | 27 |
| Tax benefits (deficiencies) related to stock-based compensation | (1) | 2 | 12 |
| Purchase of treasury stock | (76) | (94) | — |
| Common shares repurchased | (2,077) | (775) | — |
| Repayment of debt | — | (6) | (14) |
| **Net cash provided by (used in) financing activities** | (2,087) | (843) | 25 |
| **Effect of foreign exchange gain (loss) on cash and cash equivalents** | 16 | (6) | (3) |
| **Net increase (decrease) in cash and cash equivalents for the year** | 240 | 716 | (349) |
| **Cash and cash equivalents, beginning of year** | 1,551 | 835 | 1,184 |
| **Cash and cash equivalents, end of year** | $ 1,791 | $ 1,551 | $ 835 |

*See notes to consolidated financial statements.*

**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

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

Research In Motion Limited ("RIM" or 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, RIM provides platforms and solutions for seamless access to information, including email, voice, instant messaging, short message service (SMS), Internet and intranet-based applications and browsing. RIM 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. RIM'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 RIM Wireless Handheld™ product line, 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 "RIM" and on the NASDAQ Global Select Market under the symbol "RIMM".

### 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 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 ended February 26, 2011, February 27, 2010, and February 28, 2009 comprise 52 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, fair values of assets acquired and liabilities assumed in business combinations, royalties, amortization expense, implied fair value of goodwill, provision for income taxes, realization of deferred income tax assets and the related components of the valuation allowance, provisions for warranty 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 date and revenues and expenses 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), RIM 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 February 26, 2011 is $2 million (February 27, 2010 — $2 million).

While the Company sells its products and services to a variety of customers, there were two customers that comprised 11% each of the Company's revenue (February 27, 2010 — three customers comprised 20%, 13% and 10%; February 28, 2009 — three customers comprised 23%, 14% and 10%).

**Investments**

The Company's cash equivalents and investments, other than cost method investments of $15 million (February 27, 2010 — $3 million) and equity method investments of $11 million (February 27, 2010 — $4 million), consist of money market and other debt securities, and are classified as available-for-sale for accounting purposes. The Company does not exercise significant influence with respect to any of these investments.

Investments with maturities 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 determines the appropriate classification of investments at the time of purchase and subsequently reassesses the classification of such investments at each balance sheet date. Investments classified as available-for-sale are carried at fair value with unrealized gains and losses recorded in accumulated other comprehensive income (loss) 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.

The Company assesses individual investments 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 investments. 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 fair value of the investment then becomes the new cost basis of the investment.

Effective in the second quarter of fiscal 2010, 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 quoted currency spot rates and interest rates. 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.

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 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. The Company did not reclassify any significant gains (losses) from accumulated other comprehensive income into income as a result of the de-designation of any derivative instrument as a hedge during fiscal 2011.

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 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 is 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, leaseholds 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 |

**Intangible assets, net**

Intangible assets are stated at cost less accumulated amortization and are comprised of acquired technology, licenses, and patents. Acquired technology consists of purchased developed technology arising from the Company's business acquisitions. Licenses include licenses or agreements that the Company has negotiated with third parties upon use of third parties' technology. Patents comprise trademarks, internally developed patents, as well as individual patents or portfolios of patents acquired from third parties. Costs capitalized and subsequently amortized include all costs necessary to acquire intellectual property, such as patents and trademarks, as well as legal defense costs arising out of the assertion of any Company-owned patents.

Intangible assets are amortized as follows:

| | |
|---|---|
| Acquired technology | Straight-line over 2 to 5 years |
| Licenses | Straight-line over terms of the license agreements or on a per unit basis based upon the anticipated number of units sold during the terms, subject to a maximum of 5 years |
| Patents | Straight-line over 17 years or over estimated useful life |

**Goodwill**

Goodwill represents the excess of the purchase price of business acquisitions 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, or more frequently if events or changes in circumstances indicate the asset may be impaired.

The Company is organized and managed as a single reportable business segment (“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. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired, and the second step is unnecessary.

In the event that the fair value of the reporting unit, including goodwill, is less than the carrying value, 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 purchase price. When the carrying amount of the reporting unit 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.

**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.

**Income taxes**

The Company uses the liability method of tax allocation to account for income taxes. Deferred income tax assets and liabilities are recognized based upon temporary differences between the financial reporting and tax bases of assets and liabilities, and measured using enacted 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 required in evaluating the Company’s uncertain tax positions and provisions for income taxes. Liabilities for uncertain tax positions are recognized based on a two-step approach. The first step is to

evaluate whether a 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 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 tax payable and deferred 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 tax positions as interest expense that is 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 devices is recognized when title has transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. 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 and for customer incentive programs. The estimated cost of the incentive programs is accrued as a reduction to revenue based on historical experience, 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. Price protection is accrued as a reduction to revenue based on estimates of future price reductions, provided the price reduction can be reliably estimated and all other revenue recognition criteria have been met.

***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.

***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***

Revenue from the sale of accessories is recognized when title has transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. Revenue from repair and maintenance programs is recognized when the service is delivered, which is when the title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. Revenue for non-recurring engineering contracts is recognized as specific contract milestones are met. The attainment of milestones approximates actual performance.

***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 can't 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) handheld devices with services and (ii) software with technical support services.

For the Company's arrangements involving multiple deliverables of 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 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.

The Company determines BESP for a product or service by considering multiple factors including, but not limited to, 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.

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 regularly reviews VSOE, TPE and BESP, and maintains internal controls over the establishment and updates of these estimates. There were no material impacts to the amount of revenue recognized during the year, nor does the Company expect a material impact in the near term, from changes in VSOE, TPE or BESP.

**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 per share**

Earnings per share is calculated based on the weighted-average number of 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).

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 or in equal instalments 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 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 the 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. 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, 50% of each independent director's annual retainer will be satisfied in the form of DSUs. The director can elect to receive the remaining 50% 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 cost. 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 January 2010, the Financial Accounting Standards Board (the "FASB") issued authoritative guidance to improve disclosures about fair value measurements. The guidance amends previous literature to require an entity to provide a number of additional disclosures regarding fair value measurements including significant transfers between Level 1 and Level 2 on a gross basis and the reasons for such transfers, transfers in and out of Level 3 on a gross basis and the reasons for such transfers, the entity's policy for recognizing transfers between Levels and to disclose information regarding purchases, sales, issuances and settlements on a gross basis in the Level 3 reconciliation of recurring fair value measurements. The guidance also further clarifies existing guidance on disclosure requirements around disaggregation and valuation techniques for both recurring and non-recurring fair value measurements in either Level 2 or Level 3. The new authoritative guidance is effective for interim and annual periods beginning after December 15, 2009, except for the requirement to separately disclose purchases, sales, issuances, and settlements in the Level 3 reconciliation which is effective for interim and annual periods beginning after December 15, 2010. The Company adopted this authoritative guidance in the first quarter of fiscal 2011, with the exception of the requirement to separately disclose purchases, sales, issuances, and settlements, which the Company will adopt in the first quarter of fiscal 2012. The adoption did not have a material impact on the Company's results of operations, financial condition and the Company's disclosures. The adoption of the remaining guidance in the first quarter of fiscal 2012 is not expected to have a material impact on the Company's results of operations, financial condition and the Company's disclosures.

In October 2009, the FASB issued authoritative guidance on certain revenue arrangements that include software elements. The guidance amends previous literature to provide that software revenue recognition guidance should not be applied to tangible products containing software components and non-software components that function together to deliver the product's essential functionality. As a result of this guidance, revenue from most of the Company's devices and services, including its BlackBerry wireless devices, is no longer recognized using the industry-specific software revenue recognition guidance.

In October 2009, the FASB also issued authoritative guidance on revenue recognition for arrangements with multiple deliverables. The guidance amends previous literature to require an entity to use an estimated selling price when VSOE or TPE does not exist for products or services included in a multiple element arrangement. The arrangement consideration should be allocated among the products and services based upon their relative selling prices, thus eliminating the use of the residual method of allocation. The guidance also requires expanded qualitative and quantitative disclosures regarding significant judgments made and changes in applying the guidance.

The new authoritative guidance described above is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. The Company adopted this authoritative guidance in the first quarter of fiscal 2011 on a prospective basis for applicable transactions entered into or materially modified after February 27, 2010. The adoption did not have a material impact on the Company's results of operations and financial condition for the fiscal year ended February 26, 2011, and the Company does not expect the adoption to have a material effect on financial statements in future periods.

The Company has not significantly changed its view on units of accounting, allocation of arrangement consideration to the units of accounting or the timing of revenue recognition. Due to the new authoritative guidance implemented in the first quarter of fiscal 2011, the Company modified its revenue recognition accounting policy, which is described above.

In June 2009, the FASB issued authoritative guidance to amend the manner in which an enterprise performs an analysis to determine whether the enterprise's variable interest gives it a controlling interest in the variable interest entity ("VIE"). The guidance uses a qualitative risks and rewards approach by focusing on which enterprise has the power to direct the activities of the VIE, the obligation to absorb the entity's losses and rights to receive benefits from the entity. The guidance also requires enhanced disclosures related to the VIE. The Company adopted this authoritative guidance in the first quarter of fiscal 2011 and the adoption did not have material impact on the Company's results of operations and financial condition.

In June 2009, the FASB issued authoritative guidance amending the accounting for transfers of financial assets. The guidance, among other things, eliminates the exceptions for qualifying special-purpose entities from the consolidation guidance, clarifies the requirements for transferred financial assets that are eligible for sale accounting and requires enhanced disclosures about a transferor's continuing involvement with transferred financial assets. The Company adopted this authoritative guidance in the first quarter of fiscal 2011 and the adoption did not have a material impact on the Company's results of operations and financial condition.

## 3. RECENTLY ISSUED PRONOUNCEMENTS

In November 2008, the Securities Exchange Commission ("SEC") announced a proposed roadmap for comment regarding the potential use by U.S. issuers of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS is a comprehensive series of accounting standards published by the International Accounting Standards Board ("IASB"). On February 24, 2010, the SEC issued a statement describing its position regarding global accounting standards. Among other things, the SEC stated that it has directed its staff to execute a work plan which will include consideration of IFRS as it exists today and after completion of various "convergence" projects currently underway between U.S. and international accounting standards setters. On October 29, 2010, the SEC issued a progress report for its work plan considering the impact of incorporating IFRS on the U.S. financial reporting system. The SEC staff is currently using a sample of global jurisdictions to analyze how IFRS is being incorporated in other jurisdictions and to assess its potential impact on a variety of stakeholders including investors, regulators, and issuers. The Financial Accounting Standards Board, in conjunction with the IASB, have prioritized the completion of certain convergence projects, while certain other projects have been deferred beyond the original June 2011 target completion date. In 2011, assuming completion of certain projects and the SEC staff's work plan, the SEC is expected to decide whether to incorporate IFRS into the U.S. financial reporting system.

## 4. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

| | Cost Basis | Unrealized Gains | Unrealized Losses | Fair Value | Cash and Cash Equivalents | Short-term Investments | Long-term Investments |
|---|---|---|---|---|---|---|---|
| As at February 26, 2011 | | | | | | | |
| Bank balances | $ 288 | $ — | $ — | $ 288 | $ 288 | $ — | $ — |
| Money market fund | 20 | — | — | 20 | 20 | — | — |
| Bankers acceptances | 468 | — | — | 468 | 468 | — | — |
| Term deposits/certificates | 125 | — | — | 125 | 109 | 16 | — |
| Commercial paper | 416 | — | — | 416 | 369 | 47 | — |
| Non-U.S. treasury bills/notes | 509 | — | — | 509 | 509 | — | — |
| U.S. treasury bills/notes | 82 | — | — | 82 | — | 40 | 42 |
| U.S. government sponsored enterprise notes | 190 | 1 | — | 191 | 8 | 66 | 117 |
| Non-U.S. government sponsored enterprise notes | 26 | — | — | 26 | — | 10 | 16 |
| Corporate notes/bonds | 342 | 4 | — | 346 | 20 | 150 | 176 |
| Asset-backed securities | 141 | — | — | 141 | — | 1 | 140 |
| Auction-rate securities | 35 | — | — | 35 | — | — | 35 |
| Other investments | 51 | — | — | 51 | — | — | 51 |
| | $ 2,693 | $ 5 | $ — | $ 2,698 | $ 1,791 | $ 330 | $ 577 |
| As at February 27, 2010 | | | | | | | |
| Bank balances | $ 535 | $ — | $ — | $ 535 | $ 535 | $ — | $ — |
| Money market fund | 3 | — | — | 3 | 3 | — | — |
| Bankers acceptances | 297 | — | — | 297 | 297 | — | — |
| Term deposits/certificates | 80 | — | — | 80 | 80 | — | — |
| Commercial paper | 508 | — | — | 508 | 473 | 35 | — |
| Non-U.S. treasury bills/notes | 92 | — | — | 92 | 92 | — | — |
| U.S. treasury bills/notes | 111 | — | — | 111 | — | 51 | 60 |
| U.S. government sponsored enterprise notes | 442 | 4 | — | 446 | 71 | 71 | 304 |
| Non-U.S. government sponsored enterprise notes | 120 | 1 | — | 121 | — | 41 | 80 |
| Corporate notes/bonds | 347 | 7 | — | 354 | — | 152 | 202 |
| Asset-backed securities | 280 | 3 | — | 283 | — | 11 | 272 |
| Auction-rate securities | 41 | — | (8) | 33 | — | — | 33 |
| Other investments | 7 | — | — | 7 | — | — | 7 |
| | $ 2,863 | $ 15 | $ (8) | $ 2,870 | $ 1,551 | $ 361 | $ 958 |

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

| | For the year ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| Realized gains | $ 2 | $ — | $ — |
| Realized losses | — | — | (2) |
| Net realized gains (losses) | $ 2 | $ — | $ (2) |

The contractual maturities of available-for-sale investments at February 26, 2011 were as follows:

| | Cost Basis | Fair Value |
|---|---|---|
| Due in one year or less | $ 1,813 | $ 1,813 |
| Due in one to five years | 462 | 467 |
| Due after five years | 59 | 59 |
| No fixed maturity date | 45 | 45 |
| | $ 2,379 | $ 2,384 |

As at February 26, 2011, the Company had no investments with continuous unrealized losses. As at February 27, 2010, investments with continuous unrealized losses for less than 12 months and greater than 12 months and their related fair values were as follows:

| | Less than 12 months | | 12 months or greater | | Total | |
|---|---|---|---|---|---|---|
| As at February 27, 2010 | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| Auction-rate securities | $ — | $ — | $ 33 | $ 8 | $ 33 | $ 8 |
| | $ — | $ — | $ 33 | $ 8 | $ 33 | $ 8 |

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. 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 February 26, 2011.

During fiscal 2011, the Company also recognized an other-than-temporary impairment charge of $11 million against a portion of its claim on Lehman Brothers International (Europe) (“LBIE”) trust assets. These assets are represented by principal and interest payments from matured investments that were originally held at LBIE at the time of bankruptcy. The Company has classified $25 million of these holdings as other investments on the consolidated balance sheet as at February 26, 2011. Previously, these holdings were classified as bank balances on the consolidated balance sheet as at February 27, 2010. The classification change is represented in the

consolidated statement of cash flows for the year ended February 26, 2011 as an acquisition of long-term investments.

## 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, 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 corporate notes/bonds (other than those classified as Level 3), U.S. treasury bills/notes, non-U.S. treasury bills/notes, U.S. government sponsored enterprise notes, non-U.S. government sponsored enterprise notes 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 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 held by the Company are all issued by major banking organizations 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 all 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 financing or capital organizations 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 all 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 all 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 all 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 Freddie Mac and Fannie Mae 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 European or Latin American countries and all 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 different 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 via cash flow pricing methodology using unobservable inputs such as actual monthly interest and principal payments received, maturity rates of holdings, historical prices realized on sales, defaults experienced, maturity extension risk, pricing for similar securities, collateral value, and recovery value for similar securities. 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 includes an impairment charge of $4 million recognized in fiscal 2008.

The fair value of auction rate securities is estimated using a discounted cash flow model incorporating maturity dates, contractual terms and assumptions concerning liquidity and credit adjustments of the security sponsor to determine timing and amount of future cash flows. The fair value includes an impairment charge of $6 million recognized in fiscal 2011 as discussed in note 4.

The fair value of other investments is represented by the trust claim on LBIE bankruptcy assets and is estimated using unobservable inputs such as estimated recovery values and prices observed on market activity for similar LBIE bankruptcy claims. The fair value includes an impairment charge of $11 million recognized in fiscal 2011 as discussed in note 4.

The fair value of currency forward contracts and currency option contracts has been determined using notional and exercise values, transaction rates, market quoted currency spot rates 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.

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

| As at February 26, 2011 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Available-for-sale investments | | | | |
| Money market fund | $ 20 | $ — | $ — | $ 20 |
| Banker acceptances | — | 468 | — | 468 |
| Term deposits/certificates | — | 125 | — | 125 |
| Commercial paper | — | 416 | — | 416 |
| Non-U.S. treasury bills/notes | — | 509 | — | 509 |
| U.S. treasury bills/notes | — | 82 | — | 82 |
| U.S. government sponsored enterprise notes | — | 191 | — | 191 |
| Non-U.S. government sponsored enterprise notes | — | 26 | — | 26 |
| Corporate notes/bonds | — | 335 | 11 | 346 |
| Asset-backed securities | — | 141 | — | 141 |
| Auction-rate securities | — | — | 35 | 35 |
| Other investments | — | — | 25 | 25 |
| Total available-for-sale investments | $ 20 | $2,293 | $ 71 | $2,384 |
| Currency forward contracts | — | 63 | — | 63 |
| Currency options contracts | — | 1 | — | 1 |
| Total assets | $ 20 | $2,357 | $ 71 | $2,448 |
| | | | | |
| Liabilities | | | | |
| Currency forward contracts | $ — | $ 129 | $ — | $ 129 |
| Currency option contracts | — | 1 | — | 1 |
| Total liabilities | $ — | $ 130 | $ — | $ 130 |

| As at February 27, 2010 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Available-for-sale investments | | | | |
| Money market fund | $ 3 | $ — | $ — | $ 3 |
| Bankers acceptances | — | 297 | — | 297 |
| Term deposits/certificates | — | 80 | — | 80 |
| Commercial paper | — | 508 | — | 508 |
| Non-U.S. treasury bills/notes | — | 92 | — | 92 |
| U.S. treasury bills/notes | — | 111 | — | 111 |
| U.S. Government sponsored enterprise notes | — | 446 | — | 446 |
| Non-U.S. government sponsored enterprise notes | — | 121 | — | 121 |
| Corporate notes/bonds | — | 339 | 15 | 354 |
| Asset-backed securities | — | 283 | — | 283 |
| Auction-rate securities | — | — | 33 | 33 |
| Total available-for-sale investments | $ 3 | $2,277 | $ 48 | $2,328 |
| Currency forward contracts | — | 97 | — | 97 |
| Total assets | $ 3 | $2,374 | $ 48 | $2,425 |
| Liabilities | | | | |
| Currency forward contracts | $ — | $ 6 | $ — | $ 6 |
| Total liabilities | $ — | $ 6 | $ — | $ 6 |

The following table summarizes the changes in fair value of the Company's Level 3 assets for the year ended February 26, 2011:

| | Level 3 |
|---|---|
| Balance at February 28, 2009 | $ 52 |
| Transfers out of Level 3 | (4) |
| Balance at February 27, 2010 | 48 |
| Change in market values | 2 |
| Transfers out of Level 3 | (4) |
| Transfers into Level 3 | 25 |
| Balance at February 26, 2011 | $ 71 |

The Company recognizes transfers into 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 February 26, 2011, the Company transferred $25 million into Level 3 from bank balances representing the trust claim on LBIE bankruptcy assets. There were no other significant transfers in or out of Level 1, Level 2 or Level 3 during the year.

## 6. CONSOLIDATED BALANCE SHEETS DETAIL

***Inventories***

Inventories were comprised as follows:

| | As at | |
|---|---|---|
| | February 26, 2011 | February 27, 2010 |
| Raw materials | $ 552 | $ 490 |
| Work in process | 222 | 232 |
| Finished goods | 94 | 55 |
| Provision for excess and obsolete inventories | (250) | (117) |
| | $ 618 | $ 660 |

***Property, plant and equipment, net***

Property, plant and equipment were comprised of the following:

| | As at | |
|---|---|---|
| | February 26, 2011 | February 27, 2010 |
| Cost | | |
| Land | $ 128 | $ 97 |
| Buildings, leaseholds and other | 1,155 | 934 |
| BlackBerry operations and other information technology | 1,803 | 1,153 |
| Manufacturing equipment, research and development equipment, and tooling | 380 | 347 |
| Furniture and fixtures | 433 | 347 |
| | 3,899 | 2,878 |
| Accumulated amortization | 1,395 | 921 |
| Net book value | $ 2,504 | $ 1,957 |

As at February 26, 2011, the carrying amount of assets under construction was $296 million (February 27, 2010 — $254 million). Of this amount, $164 million (February 27, 2010 — $111 million) was included in buildings, leaseholds and other; $131 million (February 27, 2010 — $103 million) was included in BlackBerry operations and other information technology; and $1 million (February 27, 2010 — $41 million) was included in manufacturing equipment, research and development equipment, and tooling.

As at February 26, 2011, $32 million of land and building continues to be classified as an asset held for sale and accordingly remains classified as other current assets.

For the year ended February 26, 2011, amortization expense related to property, plant and equipment was $497 million (February 27, 2010 — $345 million; February 28, 2009 — $203 million).

***Intangible assets, net***

Intangible assets were comprised of the following:

| | As at February 26, 2011 | | |
|---|---|---|---|
| | Cost | Accumulated amortization | Net book value |
| Acquired technology | $ 321 | $ 125 | $ 196 |
| Licenses | 1,232 | 467 | 765 |
| Patents | 1,114 | 277 | 837 |
| | $2,667 | $ 869 | $1,798 |

| | As at February 27, 2010 | | |
|---|---|---|---|
| | Cost | Accumulated amortization | Net book value |
| Acquired technology | $ 166 | $ 71 | $ 95 |
| Licenses | 712 | 197 | 515 |
| Patents | 889 | 173 | 716 |
| | $1,767 | $ 441 | $1,326 |

During fiscal 2011, the additions to intangible assets primarily consisted of licenses acquired in relation to amended or renewed licensing agreements relating to 3G and 4G technologies, certain patents acquired as a result of patent assignment and transfer agreements, including one entered into by the Company and Motorola, Inc. as part of a Settlement and License Agreement entered into on June 10, 2010, which settled all outstanding worldwide litigation between the two companies, 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 2010, the additions to intangible assets primarily consisted of $104 million as part of a definitive agreement to settle all outstanding worldwide patent litigation (“the Visto Litigation”) with Visto Corporation (“Visto”) as described in note 10(c), agreements with third parties for the use of intellectual property, software, messaging services and other BlackBerry related features and intangible assets associated with the business acquisitions discussed in note 7.

For the year ended February 26, 2011, amortization expense related to intangible assets was $430 million (February 27, 2010 — $271 million; February 28, 2009 — $125 million). Total additions to intangible assets in fiscal 2011 were $906 million (2010 — $531 million).

Based on the carrying value of the identified intangible assets as at February 26, 2011 and assuming no subsequent impairment of the underlying assets, the annual amortization expense for the next five fiscal years is expected to be as follows: 2012 — $646 million; 2013 — $331 million; 2014 — $257 million; 2015 — $150 million; and 2016 — $94 million.

The weighted-average remaining useful life of the acquired technology is 3.5 years (2010 — 3.4 years).

***Accrued liabilities***

Accrued liabilities were comprised of the following:

| | As at | |
|---|---|---|
| | February 26, 2011 | February 27, 2010 |
| Marketing costs | $ 419 | $ 225 |
| Vendor inventory liabilities | 116 | 126 |
| Warranty | 459 | 252 |
| Royalties | 461 | 384 |
| Carrier liabilities | 308 | 146 |
| Other | 748 | 505 |
| | $ 2,511 | $ 1,638 |

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

**7. BUSINESS ACQUISITIONS**

During fiscal 2011, the Company purchased for cash consideration 100% of the shares of a company whose acquired technology is being incorporated through a BlackBerry application. The transaction closed on February 11, 2011.

During fiscal 2011, a wholly-owned subsidiary of the Company purchased for cash consideration 100% of the common shares of a subsidiary of TAT The Astonishing Tribe (“TAT”). TAT’s design expertise and technologies will be incorporated into the Company’s products to enhance the user interface and customer experience. The transaction closed on December 23, 2010.

During fiscal 2011, the Company purchased for cash consideration 100% of the shares of a company whose acquired technologies will enhance the Company’s ability to manage application store fronts and data collection. The transaction closed on August 20, 2010.

During fiscal 2011, the Company purchased for cash consideration certain assets of a company whose acquired technologies will enhance document access and handling capabilities. The transaction closed on July 12, 2010.

During fiscal 2011, the Company purchased for cash consideration 100% of the common shares of QNX Software Systems ("QNX") for $200 million. QNX's proprietary software has been incorporated into the Company's products. The transaction closed on June 1, 2010.

During fiscal 2011, the Company purchased for cash consideration 100% of the common shares of a company whose proprietary software will be incorporated into the Company's software. The transaction closed on March 26, 2010.

During fiscal 2010, the Company purchased for cash consideration certain assets of a company whose acquired technologies will be used in next generation wireless technologies. The transaction closed on February 9, 2010.

During fiscal 2010, the Company purchased for cash consideration 100% of the common shares of Torch Mobile Inc. ("Torch"). The transaction closed on August 21, 2009. Torch provides the Company with web browser based technology.

During fiscal 2010, the Company purchased for cash consideration 100% of the common shares of a company whose proprietary software will be incorporated into the Company's software. The transaction closed on May 22, 2009.

During fiscal 2010, the Company purchased 100% of the common shares of Certicom Corp. ("Certicom") at a price of CAD $3.00 for each common share of Certicom or approximately CAD $131 million. The transaction closed on March 23, 2009. Certicom is a leading provider of cryptography required by software vendors and device manufacturers looking to protect the value of content, applications and devices with government approved security using Elliptic Curve Cryptography.

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.

Effective fiscal 2010, the Company expenses: (a) all direct costs associated with the acquisitions as incurred; (b) compensation paid to employees for pre-combination services as part of the consideration paid; and (c) compensation paid to employees for post-combination services as operating expenses separate from the business combination. The Company no longer expenses in-process research and development; instead it is capitalized and amortized over its estimated useful life once it is ready for use. The Company recognizes the excess of the fair value of net assets acquired over consideration paid in income.

During fiscal 2009, the Company purchased 100% of the common shares of Chalk Media Corp ("Chalk"). The transaction closed on January 30, 2009. Chalk is the developer of Mobile chalkboard™, which enables the rapid creation and secure, tracked deployment of media-rich "Pushcasts"™ to BlackBerry smartphones.

During fiscal 2009, the Company purchased 100% of the common shares of a company whose proprietary software is being incorporated into the Company's software. The transaction closed on February 13, 2009.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition along with prior year's acquisition allocations:

| | For the year ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| **Assets purchased** | | | |
| Current assets | $ 11 | $ 19 | $ 1 |
| Property, plant and equipment | 5 | — | 1 |
| Deferred income tax asset | 1 | 26 | 3 |
| Acquired technology | 152 | 73 | 31 |
| In-process research and development | — | — | 2 |
| Patents | — | 37 | — |
| Goodwill(1) | 357 | 13 | 23 |
| | 526 | 168 | 61 |
| **Liabilities assumed** | 11 | 15 | 13 |
| **Deferred income tax liability** | 17 | 1 | — |
| | 28 | 16 | 13 |
| **Net non-cash assets acquired** | 498 | 152 | 48 |
| Cash acquired | 1 | 9 | 2 |
| **Net assets acquired** | 499 | 161 | 50 |
| Excess of net assets acquired over consideration paid (2) | — | (9) | — |
| **Purchase price** | $ 499 | $ 152 | $ 50 |
| | | | |
| **Consideration** | | | |
| Cash consideration | $ 494 | $ 152 | $ 50 |
| Contingent consideration(3) | 5 | — | — |
| | $ 499 | $ 152 | $ 50 |

(1) 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. Goodwill as a result of certain assets purchased is expected to be deductible for tax purposes in the amount of approximately $20 million.

(2) The Company recorded a gain of $9 million as a result of the excess of net assets acquired over consideration paid on one of the acquisitions. The excess of the fair value of net assets acquired over consideration paid resulted from the combination of the significant value attributed to the identifiable intangible assets and the Company's ability to utilize tax losses of an acquiree, which was generally not available to other market participants. The gain was recognized in selling, marketing and administration during fiscal 2010.

(3) The Company has agreed to additional consideration contingent upon the achievement of certain agreed upon technology and working capital milestones, and earnings targets.

During fiscal 2011, the Company expensed approximately $3 million of acquisition related costs due to the current period acquisitions. Acquisition related costs were recognized in selling, marketing and administration during the year.

The weighted average amortization period of the acquired technology related to the business acquisitions completed in fiscal 2011 is approximately 3.8 years (2010 — 3.7 years).

The weighted average amortization period of the patents related to the business acquisitions in fiscal 2011 and fiscal 2010 are nil and 18.1 years, respectively.

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 fsor income taxes and the amount computed by multiplying income before income taxes by the statutory Canadian tax rate is reconciled as follows:

| | For the year ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| Statutory Canadian tax rate | 30.5% | 32.8% | 33.4% |
| Expected income tax provision | $ 1,414 | $ 1,072 | $ 936 |
| Differences in income taxes resulting from: | | | |
| Impact of Canadian U.S. dollar functional currency election | — | (145) | — |
| Investment tax credits | (138) | (101) | (81) |
| Manufacturing and processing activities | (71) | (52) | (50) |
| Foreign tax rate differences | 15 | 5 | (16) |
| Adjustments to deferred tax balances for enacted changes in tax laws and rates | 15 | 8 | 1 |
| Non-deductible stock compensation | 7 | 10 | 10 |
| Foreign exchange | (1) | 3 | 100 |
| Other differences | (8) | 9 | 8 |
| | $ 1,233 | $ 809 | $ 908 |

| | For the year ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| Income before income taxes: | | | |
| Canadian | $ 4,279 | $ 2,999 | $ 2,584 |
| Foreign | 364 | 267 | 216 |
| | $ 4,643 | $ 3,266 | $ 2,800 |

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

| | For the year ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| Provision for (recovery of) income taxes: | | | |
| Current | | | |
| Canadian | $ 1,059 | $ 696 | $ 880 |
| Foreign | 83 | 62 | 69 |
| Deferred | | | |
| Canadian | 57 | 21 | (36) |
| Foreign | 34 | 30 | (5) |
| | $ 1,233 | $ 809 | $ 908 |

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

| | As at | |
|---|---|---|
| | February 26, 2011 | February 27, 2010 |
| Assets | | |
| Non-deductible reserves | $ 225 | $ 190 |
| Tax loss carryforwards | 36 | 35 |
| Unrealized losses on financial instruments | 5 | — |
| Other tax carryforwards | 18 | 13 |
| Net deferred income tax assets | 284 | 238 |
| Liabilities | | |
| Property, plant and equipment | (318) | (162) |
| Research and development | (13) | (21) |
| Unrealized gains on financial instruments | — | (17) |
| Net deferred income tax liabilities | (331) | (200) |
| Net deferred income tax asset (liability) | $ (47) | $ 38 |
| Deferred income tax asset — current | $ 229 | $ 194 |
| Deferred income tax liability — current | — | (15) |
| Deferred income tax asset — long term | — | — |
| Deferred income tax liability — long-term | (276) | (141) |
| | $ (47) | $ 38 |

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 February 26, 2011 (February 27, 2010 — 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.

The Company's total unrecognized income tax benefits as at February 26, 2011 and February 27, 2010 were $164 million and $161 million respectively. A reconciliation of the beginning and ending amount of unrecognized income tax benefits that, if recognized, would affect the Company's effective tax rate is as follows:

| | (in millions) |
|---|---|
| Unrecognized income tax benefits balance as at February 27, 2010 | $ 161 |
| Foreign exchange | 4 |
| Increase for tax positions of prior years | 8 |
| Settlement of tax positions | (2) |
| Other | (7) |
| Unrecognized income tax benefits balance as at February 26, 2011 | $ 164 |

As at February 26, 2011, the total unrecognized income tax benefits of $164 million include approximately $111 million of unrecognized income tax benefits that have been netted against related deferred income tax assets. The remaining $53 million is recorded within current taxes payable and other non-current taxes payable on the Company's consolidated balance sheet as of February 26, 2011.

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

| | |
|---|---|
| Canada(1) | Fiscal 2003 — 2011 |
| United States(1) | Fiscal 2008 — 2011 |
| United Kingdom | Fiscal 2009 — 2011 |

(1) Includes federal as well as provincial and state jurisdictions, as applicable.

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. The Canada Revenue Agency ("CRA") is currently examining the Company's fiscal 2006 to fiscal 2009 Canadian corporate tax filings. 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 believes it is reasonably possible that approximately $8 million of its gross unrecognized income tax benefit will decrease in the next twelve months.

The Company recognizes interest and penalties related to unrecognized income tax benefits as interest expense that is netted and reported within investment income. The amount of interest accrued as at February 26, 2011 was approximately $12 million (February 27, 2010 — approximately $9 million). The amount of penalties accrued as at February 26, 2011 was nil (February 27, 2010 — 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 February 26, 2011 and February 27, 2010, there were no Class A common shares or preferred shares outstanding.

The following details the changes in issued and outstanding common shares for the three years ended February 26, 2011:

| | Capital Stock and Additional Paid-In Capital | | Treasury Stock | |
|---|---|---|---|---|
| | Stock Outstanding (000's) | Amount | Stock Outstanding (000's) | Amount |
| Common shares outstanding as at March 1, 2008 | 562,652 | $ 2,250 | — | $ — |
| Exercise of stock options | 3,565 | 27 | — | — |
| Conversion of restricted share units | 2 | — | — | — |
| Stock-based compensation | — | 38 | — | — |
| Tax benefits related to stock-based compensation | — | 13 | — | — |
| Common shares outstanding as at February 28, 2009 | 566,219 | 2,328 | — | — |
| Exercise of stock options | 3,408 | 30 | — | — |
| Conversion of restricted share units | 2 | — | — | — |
| Stock-based compensation | — | 58 | — | — |
| Tax benefits related to stock-based compensation | — | 2 | — | — |
| Purchase of treasury stock | — | — | 1,459 | (94) |
| Common shares repurchased | (12,300) | (46) | — | — |
| 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) |

On November 4, 2009, the Company's Board of Directors authorized the repurchase of common shares up to an authorized limit of $1.2 billion (the "2010 Repurchase Program"). In the first quarter of fiscal 2011, the Company repurchased 5.9 million common shares at a cost of $410 million pursuant to the 2010 Repurchase Program. There was a reduction of approximately $23 million to capital stock and the amount paid in excess of the per share paid-in capital of the common shares of $387 million was charged to retained earnings. All common shares repurchased by the Company pursuant to the 2010 Repurchase Program have been cancelled. Under the 2010 Repurchase Program, the Company repurchased a total of 18.2 million common shares for an aggregate cost of $1.2 billion, resulting in the effective completion of the 2010 Repurchase Program.

On June 24, 2010, the Company's Board of Directors authorized a share repurchase program to purchase for cancellation up to approximately 31 million common shares (the "2011 Repurchase Program"). Under the 2011 Repurchase Program, the Company repurchased and cancelled 31.3 million common shares at a cost of $1.7

billion, resulting in the effective completion of the 2011 Repurchase Program. There was a reduction of approximately $119 million to capital stock and the amount paid in excess of the per share paid-in capital of the common shares of $1.6 billion was charged to retained earnings.

The approximately 31.3 million common shares purchased under the 2011 Repurchase Program together with the 18.2 million common shares purchased by the Company under the 2010 Repurchase Program, represent approximately 10% of the Company's public float of common shares.

The Company had 524 million voting common shares outstanding, options to purchase 5 million voting common shares, 3 million RSUs and 51,500 DSUs outstanding as at March 22, 2011.

**(b) Stock-based compensation**

***Stock Option Plan***

The Company recorded a charge to income and a credit to paid-in-capital of approximately $31 million in fiscal 2011 (fiscal 2010 — $37 million; fiscal 2009 — $38 million) in relation to stock-based compensation expense.

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

Stock options granted under the plan generally vest over a period of five years and are generally exercisable over a period of six years to a maximum of ten years from the grant date. The Company issues new shares to satisfy stock option exercises. There are 14 million stock options available for future grants under the stock option plan as at February 26, 2011.

In fiscal 2010, the Company completed the repricing to a higher exercise price of certain of its outstanding stock options. This repricing followed a voluntary internal review by the Company of its historical stock option granting practices. Repriced options in fiscal 2010, which were all done on a voluntary basis between the Company and the option holder, included 27 stock option grants to 25 individuals in respect of options to acquire 456,800 common shares (fiscal 2009 — 43 stock option grants to 40 individuals in respect of options to acquire 752,775 common shares). As the repricing of stock options reflects an increase in the exercise price of the option, there is no incremental stock compensation expense related to these repricing events.

As part of a settlement agreement reached with the Ontario Securities Commission ("OSC"), on February 5, 2009, Messrs. Balsillie, Lazaridis and Kavelman agreed to contribute, in aggregate, a total of approximately CAD $83 million to RIM, consisting of (i) a total of CAD $38 million to RIM in respect of the outstanding benefit arising from incorrectly priced stock options granted to all RIM employees from 1996 to 2006, and (ii) a total of CAD $45 million to RIM (CAD $15 million of which had previously been paid) to defray costs incurred by RIM in the investigation and remediation of stock options, granting practices and related governance practices at RIM. These contributions are being made through Messrs. Balsillie, Lazaridis and Kavelman undertaking not to exercise certain vested RIM options to acquire an aggregate of 1,160,129 common shares of RIM. These options have a fair value equal to the aggregate contribution amounts determined using a Black-Scholes-Merton ("BSM") calculation based on the last trading day prior to the day the OSC issued a notice of hearing in respect of the matters giving rise to the settlement. In the first quarter of fiscal 2010, options to acquire an aggregate of 758,837 common shares of RIM, and in the fourth quarter of fiscal 2011, options to acquire an aggregate of 391,292 common shares of RIM, expired in satisfaction of the undertakings not to exercise options. The remaining 10,000 options subject to an undertaking are shown as outstanding, vested and exercisable as at February 26, 2011 in the table below and expire on March 31, 2011.

A summary of option activity since March 1, 2008 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 March 1, 2008 | 16,466 | $ 28.66 | | |
| Exercised during the year | (3,565) | 7.60 | | |
| Forfeited/cancelled/expired during the year | (170) | 60.25 | | |
| Balance as at February 28, 2009 | 12,731 | $ 27.51 | | |
| Granted during the year | 559 | 64.14 | | |
| Exercised during the year | (3,408) | 8.87 | | |
| Forfeited/cancelled/expired during the year | (859) | 15.03 | | |
| 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 | 2.55 | $ 65 |
| Vested and expected to vest as at February 26, 2011 | 4,496 | $ 70.06 | 2.53 | $ 64 |
| Exercisable as at February 26, 2011 | 3,093 | $ 64.56 | 2.26 | $ 55 |

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 February 26, 2011 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 February 26, 2011. The intrinsic value of stock options exercised during fiscal 2011, calculated using the average market price during the year, was approximately $42 per share.

A summary of unvested stock options since February 27, 2010 is shown below:

| | Options Outstanding | |
|---|---|---|
| | Number (000's) | Weighted Average Grant Date Fair Value |
| Balance as at February 27, 2010 | 3,056 | $ 32.44 |
| Vested during the period | (1,352) | 26.30 |
| Forfeited during the period | (187) | 34.69 |
| Balance as at February 26, 2011 | 1,517 | $ 37.63 |

As at February 26, 2011, there was $44 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 1.5 years. The total fair value of stock options vested during the year ended February 26, 2011 was $36 million.

Cash received from the stock options exercised for the year ended February 26, 2011 was $67 million (February 27, 2010 — $30 million). Tax deficiencies incurred by the Company related to the stock options exercised was $1 million (February 27, 2010 — tax benefits realized of $2 million; February 28, 2009 — tax benefits realized of $13 million).

During the years ended February 26, 2011 and February 28, 2009, there were no stock options granted, respectively. During the year ended February 27, 2010, there were approximately 559 thousand stock options granted. The weighted-average fair values of stock options granted during fiscal 2010 were calculated using the BSM option-pricing model with the following assumptions:

| | February 27, 2010 |
|---|---|
| Number of options granted (000's) | 559 |
| Weighted-average grant date fair value of stock options granted during the year | $ 33.02 |
| Assumptions: | |
| Risk-free interest rate | 1.8% |
| Expected life in years | 4.2 |
| Expected dividend yield | 0% |
| Volatility | 65% |

At the time the stock options were granted, the Company had no current expectation of paying cash dividends on its common shares and the risk-free interest rates utilized during the life of the stock options was based on a U.S.

Treasury security for an equivalent period. In addition, the Company estimated 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 was a better indicator of expected volatility going forward. Finally, the expected life of stock options granted under the plan was based on historical exercise patterns, which the Company believes were representative of future exercise patterns.

***Restricted Share Unit Plan***

The Company recorded compensation expense with respect to RSUs of approximately $42 million in the year ended February 26, 2011 (February 27, 2010 — $21 million; February 28, 2009 — $196 thousand).

During fiscal 2011, a trustee selected by the Company purchased 1,470,703 common shares for total consideration of approximately $76 million to comply with its obligations to deliver shares upon vesting (2010 — 1,458,950 common shares were purchased for total cash consideration of approximately $94 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 sheet.

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

| | RSUs Outstanding | | | |
|---|---|---|---|---|
| | Number (000's) | Weighted Average Grant Date Fair Value | Average Remaining Contractual Life in Years | Aggregate Instrinsic Value (millions) |
| Balance as at February 27, 2010 | 1,449 | $ 66.09 | | |
| Granted during the period | 1,532 | 50.45 | | |
| Vested during the period | (177) | 67.64 | | |
| Cancelled during the period | (101) | 58.34 | | |
| Balance as at February 26, 2011 | 2,703 | $ 57.40 | 1.88 | $ 178 |
| Vested and expected to vest at February 26, 2011 | 2,543 | $ 57.50 | 1.87 | $ 168 |

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 February 26, 2011) that would have been received by RSU holders if all RSUs had been redeemed on February 26, 2011.

As of February 26, 2011, there was $95 million of unrecognized compensation expense related to RSUs which will be expensed over the vesting period, which, on a weighted-average basis, results in a period of approximately 1.6 years.

***Deferred Share Unit Plan***

The Company issued 16,699 DSUs in the year ended February 26, 2011. There are 51,500 DSUs outstanding as at February 26, 2011 (February 27, 2010 — 34,801). The Company had a liability of $3 million in relation to the DSU plan as at February 26, 2011 (February 27, 2010 — $3 million).

## 10. COMMITMENTS AND CONTINGENCIES

### (a) Credit Facility

The Company has $150 million in unsecured demand credit facilities (the "Facilities") to support and secure operating and financing requirements. As at February 26, 2011, the Company has utilized $9 million of the Facilities for outstanding letters of credit and $141 million of the Facilities are unused.

### (b) Lease commitments

The Company is committed to future minimum annual lease payments under operating leases as follows:

| | Real Estate | Equipment and Other | Total |
|---|---|---|---|
| For the years ending | | | |
| 2012 | $ 40 | $ 1 | $ 41 |
| 2013 | 39 | 1 | 40 |
| 2014 | 37 | — | 37 |
| 2015 | 30 | — | 30 |
| 2016 | 25 | — | 25 |
| Thereafter | 71 | — | 71 |
| | $ 242 | $ 2 | $244 |

For the year ended February 26, 2011, the Company incurred rental expense of $68 million (February 27, 2010 — $40 million; February 28, 2009 — $23 million).

### (c) Litigation

On July 23, 2009, the Company settled the Visto Litigation. The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $268 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $164 million was expensed as a litigation charge in the second quarter of fiscal 2010. The remainder of the payment was recorded as intangible assets.

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. 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 these claims that it provides to certain of it partners. 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 that the Company is infringing patents or other intellectual property rights have any 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 other effects.

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.

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 RIM's Annual Information Form for additional unaudited information regarding the Company's legal proceedings, which is included in RIM's Annual Report on Form 40-F and "Legal Proceedings" in the Management's Discussion and Analysis ("MD&A") of financial condition and results of operations for fiscal 2011.

## 11. PRODUCT WARRANTY

The Company estimates its warranty costs at the time of revenue recognition based on historical warranty claims experience and records the expense in cost of sales. 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 change in the Company's warranty expense and actual warranty experience from March 1, 2008 to February 26, 2011 as well as the accrued warranty obligations as at February 26, 2011 are set forth in the following table:

| | |
|---|---|
| Accrued warranty obligations as at March 1, 2008 | $ 85 |
| Actual warranty experience during fiscal 2009 | (147) |
| Fiscal 2009 warranty provision | 259 |
| Adjustments for changes in estimate | (13) |
| Accrued warranty obligations as at February 28, 2009 | 184 |
| Actual warranty experience during fiscal 2010 | (416) |
| Fiscal 2010 warranty provision | 463 |
| Adjustments for changes in estimate | 21 |
| 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 |

## 12. EARNINGS PER SHARE

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

| | For the year ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| Net income for basic and diluted earnings per share available to common shareholders | $ 3,411 | $ 2,457 | $ 1,893 |
| Weighted-average number of shares outstanding (000's) — basic | 535,986 | 564,492 | 565,059 |
| Effect of dilutive securities (000's) - stock-based compensation | 2,344 | 5,267 | 9,097 |
| Weighted-average number of shares and assumed conversions (000's) — diluted | 538,330 | 569,759 | 574,156 |
| Earnings per share — reported | | | |
| Basic | $ 6.36 | $ 4.35 | $ 3.35 |
| Diluted | $ 6.34 | $ 4.31 | $ 3.30 |

## 13. COMPREHENSIVE INCOME

The components of comprehensive income are shown in the following table:

| | For the year ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| Net income | $ 3,411 | $ 2,457 | $ 1,893 |
| Net change in unrealized gains (losses) on available-for-sale investments | (2) | 7 | (7) |
| Net change in fair value of derivatives designated as cash flow hedges during the year, net of income tax recovery of $7 (February 27, 2010 — income taxes of $13; February 28, 2009 — tax recovery of $9) | (20) | 28 | (6) |
| Amounts reclassified to earnings during the year, net of income taxes of $16 (February 27, 2010 — tax recovery of $6; February 28, 2009 — income taxes of $5) | (39) | 15 | (16) |
| Comprehensive income | $ 3,350 | $ 2,507 | $ 1,864 |

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

| | As at | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| Accumulated net unrealized gains on available-for-sale investments | $ 5 | $ 7 | $ — |
| Accumulated net unrealized gains (losses) on derivative instruments designated as cash flow hedges | (15) | 44 | 1 |
| Total accumulated other comprehensive income (loss) | $ (10) | $ 51 | $ 1 |

The components of unrealized gains (losses) on derivative instruments are as follows:

| | As at | |
|---|---|---|
| | February 26, 2011 | February 27, 2010 |
| Unrealized gains included in other current assets | $ 64 | $ 97 |
| Unrealized losses included in accrued liabilities | (130) | (6) |
| Net fair value of unrealized gains (losses) on derivative instruments | $ (66) | $ 91 |

**14. SUPPLEMENTAL INFORMATION**

(a) Cash flows resulting from net changes in working capital items are as follows:

| | For the year ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| Accounts receivable | $ (1,352) | $ (481) | $ (937) |
| Other receivables | (117) | (45) | (83) |
| Inventories | 42 | 48 | (296) |
| Other current assets | 54 | (40) | (40) |
| Accounts payable | 216 | 167 | 177 |
| Accrued liabilities | 539 | 442 | 507 |
| Income taxes payable | 82 | (266) | (114) |
| Deferred revenue | 40 | 14 | 17 |
| | $ (496) | $ (161) | $ (769) |

(b) Certain statement of cash flow information related to interest and income taxes paid is summarized as follows:

| | For the year ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| Interest paid during the year | $ — | $ — | $ 1 |
| Income taxes paid during the year | $ 1,053 | $ 1,082 | $ 946 |

(c) Additional information

Advertising expense, which includes media, agency and promotional expenses totalling $1.1 billion (February 27, 2010 — $791 million; February 28, 2009 — $719 million) is included in selling, marketing and administration expense for the fiscal year ended February 26, 2011.

Selling, marketing and administration expense for the fiscal year ended February 26, 2011 included $5 million with respect to foreign exchange losses (February 27, 2010 — loss of $58 million; February 28, 2009 — loss of $6 million). For the year ended February 27, 2010, the Company recorded a $54 million charge primarily relating to the reversal of foreign exchange gains previously recorded in fiscal 2009 on the revaluation of Canadian dollar denominated tax liability balances. Throughout fiscal 2009, foreign exchange gains were offset by foreign exchange losses incurred as a part of the Company's risk management foreign currency hedging program. With the enactment of changes to the functional currency tax legislation by the Government of Canada in the first quarter of fiscal 2010, the Company changed the basis for calculating its income tax provision for its Canadian operations from Canadian dollars, to the U.S. dollar, its reporting currency with an effective date being the beginning of fiscal 2009. The gains realized on the revaluation of these tax liabilities previously denominated in Canadian dollars throughout fiscal 2009 were reversed upon enactment of the changes to the rules in the first quarter of fiscal 2010.

## 15. DERIVATIVE FINANCIAL INSTRUMENTS

Values of financial instruments outstanding were as follows:

| | As at February 26, 2011 | |
|---|---|---|
| **Assets (Liabilities)** | Notional Amount | Estimated Fair Value |
| Currency forward contracts — asset | $ 1,622 | $ 63 |
| Currency option contracts — asset | $ 156 | $ 1 |
| Currency forward contracts — liability | $ 4,848 | $ (129) |
| Currency option contracts — liability | $ 180 | $ (1) |

| | As at February 27, 2010 | |
|---|---|---|
| **Assets (Liabilities)** | Notional Amount | Estimated Fair Value |
| Currency forward contracts — asset | $ 2,630 | $ 97 |
| Currency forward contracts — liability | $ 575 | $ (6) |

***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 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. 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 in fiscal 2011 are 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 February 26, 2011 approximately 59% of cash and cash equivalents, 25% of accounts receivables and 8% of accounts payable and accrued liabilities are denominated in foreign currencies (February 27, 2010 — 38%, 22% and 7%, respectively).

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. As at February 26, 2011 and February 27, 2010, the derivatives designated as cash flow hedges were considered to be fully effective with no resulting portions being designated as ineffective. The maturity dates of these instruments range from March 2011 to April 2013. As at February 26, 2011, the net unrealized losses on these forward and option contracts was $20 million (February 27, 2010 — net unrealized gains of $62 million; February 28, 2009 — net unrealized losses of $3 million). Unrealized gains associated with these contracts were recorded in other current assets and accumulated other comprehensive income. Unrealized losses were recorded in accrued liabilities and accumulated other comprehensive income. In fiscal 2012, $32 million of net unrealized losses on these forward contracts will be reclassified to income.

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

| | As at | | | |
|---|---|---|---|---|
| | February 26, 2011 | | February 27, 2010 | |
| | Balance Sheet Classification | Fair Value | Balance Sheet Classification | Fair Value |
| Currency forward contracts — asset | Other current assets | $ 57 | Other current assets | $ 66 |
| Currency option contracts — asset | Other current assets | $ 1 | Other current assets | $ — |
| Currency forward contracts — liability | Accrued liabilities | $ 77 | Accrued liabilities | $ 4 |
| Currency option contracts — liability | Accrued liabilities | $ 1 | Accrued liabilities | $ — |

The following table show the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations for the year ended February 26, 2011:

| | Amount of Gain (Loss) Recognized in OCI on Derivative Instruments (Effective Portion) | Location of Gain Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain Reclassified from Accumulated OCI into Income (Effective Portion) |
|---|---|---|---|
| Currency Forward Contracts | $ (73) | Revenue | $ 17 |
| Currency Option Contracts | $ (1) | Revenue | $ — |
| Currency Forward Contracts | $ 13 | Cost of sales | $ 10 |
| Currency Forward Contracts | $ 17 | Selling, marketing and administration | $ 13 |
| Currency Forward Contracts | $ 23 | Research and development | $ 16 |

The following table show the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations for the year ended February 27, 2010:

| | Amount of Gain 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 | $ 52 | Revenue | $ (34) |
| Currency Forward Contracts | $ 3 | Cost of sales | $ 5 |
| Currency Forward Contracts | $ 2 | Selling, marketing and administration | $ 3 |
| Currency Forward Contracts | $ 5 | Research and development | $ 6 |

As part of its 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 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 2011 to May 2011. As at February 26, 2011, net unrealized losses of $46 million were recorded in respect of these instruments (February 27, 2010 — net unrealized

gains of $29 million; February 28, 2009 — net unrealized gains of $16 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.

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

| | As at | | | |
|---|---|---|---|---|
| | February 26, 2011 | | February 27, 2010 | |
| | Balance Sheet Classification | Fair Value | Balance Sheet Classification | Fair Value |
| Currency forward contracts — asset | Other current assets | $ 6 | Other current assets | $ 31 |
| Currency forward contracts — liability | Accrued liabilities | $ 52 | Accrued liabilities | $ 2 |

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 February 26, 2011:

| | 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 | $ (40) |
| Currency Option Contracts | Selling, marketing and administration | $ 1 |

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 February 27, 2010:

| | Location of Loss Recognized in Income on Derivative Instruments | Amount of Loss in Income on Derivative Instruments |
|---|---|---|
| Currency Forward Contracts | Selling, marketing and administration | $ (55) |

***Credit***

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 February 26, 2011, 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 59% (February 27, 2010 — 24%; February 28, 2009 — 60%).

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 February 26, 2011, no single issuer represented more than 19% of the total cash, cash equivalents

and investments (February 27, 2010, no single issuer represented more than 8% of the total cash, cash equivalents and investments).

***Interest Rate***

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 in its investment portfolio.

## 16. SEGMENT DISCLOSURES

The Company is organized and managed as a single reportable business segment. The Company's operations are substantially all related to the research, design, manufacture and sales of wireless communications products, services and software.

Revenue, classified by major geographic segments in which our customers are located, was as follows:

| | For the year ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| Revenue | | | |
| Canada | $ 1,408 | $ 844 | $ 887 |
| United States | 7,823 | 8,620 | 6,968 |
| United Kingdom | 2,218 | 1,447 | 711 |
| Other | 8,458 | 4,042 | 2,499 |
| | $19,907 | $14,953 | $11,065 |
| Revenue | | | |
| Canada | 7.1% | 5.6% | 8.0% |
| United States | 39.3% | 57.7% | 63.0% |
| United Kingdom | 11.1% | 9.7% | 6.4% |
| Other | 42.5% | 27.0% | 22.6% |
| | 100.0% | 100.0% | 100.0% |

| | For the year ended | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | February 28, 2009 |
| Revenue mix | | | |
| Devices | $ 15,956 | $ 12,116 | $ 9,090 |
| Service | 3,197 | 2,158 | 1,402 |
| Software | 294 | 259 | 252 |
| Other | 460 | 420 | 321 |
| | $ 19,907 | $ 14,953 | $ 11,065 |

| | As at | |
|---|---|---|
| | February 26, 2011 | February 27, 2010 |
| Property, plant and equipment, intangible assets and goodwill | | |
| Canada | $ 3,787 | $ 2,605 |
| United States | 707 | 683 |
| United Kingdom | 41 | 46 |
| Other | 275 | 100 |
| | $ 4,810 | $ 3,434 |
| Total assets | | |
| Canada | $ 6,935 | $ 4,503 |
| United States | 3,390 | 4,059 |
| United Kingdom | 1,594 | 1,196 |
| Other | 956 | 447 |
| | $ 12,875 | $ 10,205 |

**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 FEBRUARY 26, 2011**

March 29, 2011

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 ("RIM" or the "Company") for the fiscal year ended February 26, 2011. 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.

RIM 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 requirements are different from those of the United States. This MD&A provides information for the fiscal year ended February 26, 2011 and up to and including March 29, 2011.

Additional information about the Company, including the Company's Annual Information Form, which is included in RIM'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 the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws, including statements relating to:

- assumptions and expectations described in the Company's critical accounting policies and estimates;
- the Company's expectations regarding the adoption and impact of certain accounting pronouncements;
- the Company's expectations regarding new product introductions;
- the Company's estimates regarding its effective tax rate;
- the Company's estimates of purchase obligations and other contractual commitments;
- the Company's expectations with respect to the sufficiency of its financial resources; and
- the Company's expectations regarding gross margin.

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 RIM in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that RIM believes are appropriate in the circumstances. Many factors could cause RIM'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, which are discussed in greater detail in the "Risk Factors" section of RIM's Annual Information Form, which is included in RIM's Annual Report on Form 40-F:

- third-party claims for infringement of intellectual property rights by RIM and the outcome of any litigation with respect thereto;
- RIM's ability to successfully obtain patent or other proprietary or statutory protection for its technologies and products;
- RIM's ability to obtain rights to use software or components supplied by third parties;
- potential impact of copyright levies in numerous countries;
- RIM's ability to enhance current products and services, or develop new products and services in a timely manner at competitive prices;
- intense competition within RIM's industry, including the possibility that strategic transactions by RIM's competitors or carrier partners could weaken RIM's competitive position or require RIM to reduce its prices to compete effectively;
- RIM's ability to establish new, and to build on existing relationships with its network carrier partners and distributors, and its dependence on a limited number of significant customers;
- RIM's reliance on its suppliers for functional components, and the risk that suppliers will not be able to supply components on a timely basis or in sufficient quantities;
- the efficient and uninterrupted operation of RIM's network operations center and the networks of its carrier partners, and the risk of other business interruptions;
- dependence on key personnel and RIM's ability to attract and retain key personnel;
- RIM's reliance on third-party manufacturers for certain products and its ability to manage its production process;
- risks associated with RIM's expanding foreign operations;
- restrictions on import and use of RIM's products in certain countries due to encryption of the products and services;
- the occurrence or perception of a breach of RIM's security measures, or an inappropriate disclosure of confidential or personal information;
- the continued quality and reliability of RIM's products and services and the potential effect of defects in products and services;
- RIM's ability to manage inventory and asset risk;
- RIM's ability to successfully maintain and enhance its brand;
- RIM's ability to enter the tablet market;
- reliance on strategic alliances and relationships with third-party network infrastructure developers, software platform vendors and service platform vendors;
- effective management of growth and ongoing development of RIM's service and support operations;
- regulation, certification and health risks, and risks relating to the misuse of RIM's products;
- RIM's ability to expand and enhance BlackBerry App World™;
- government regulation of wireless spectrum and radio frequencies;
- reduced spending by customers due to the uncertainty of economic and geopolitical conditions;
- potential liabilities or costs related to the collection, storage, transmission, use and disclosure of user and personal information;
- risks associated with acquisitions, investments and other business initiatives;
- foreign exchange risks;

- tax liabilities, resulting from changes in tax laws or otherwise, associated with RIM's worldwide operations;
- general commercial litigation and other litigation claims as part of RIM's operations;
- changes in interest rates affecting RIM's investment portfolio and the creditworthiness of its investment portfolio; and
- difficulties in forecasting RIM's quarterly financial results.

These factors should be considered carefully, and readers should not place undue reliance on RIM's forward-looking statements. RIM has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**Overview**

RIM 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, RIM provides platforms and solutions for seamless access to information, including email, voice, instant messaging, short message service (SMS), Internet and intranet-based applications and browsing. RIM 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. RIM'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 RIM Wireless Handheld ™ product line, 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.

***Sources of Revenue***

RIM's primary revenue stream is generated by the BlackBerry wireless solution, which includes sales of BlackBerry wireless devices, software and services. 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.

RIM generates hardware revenues from sales, primarily to carriers, of BlackBerry wireless devices, which provide users with the ability to send and receive wireless messages and data. RIM's BlackBerry wireless devices also incorporate a mobile phone, web-browsing capability and enable the use of data functions such as calendar, address book, task and memo lists and other functions associated with personal organizers. Certain BlackBerry devices also include multimedia capabilities.

RIM generates service revenues from billings to its BlackBerry subscriber account base primarily from a monthly infrastructure access fee charged to a carrier or reseller, which the carrier or reseller in turn bills the BlackBerry subscriber. The BlackBerry subscriber account base is the total of all subscriber accounts that have an active status at the end of a reporting period. Each carrier instructs RIM to create subscriber accounts and determines whether each subscriber account should have an active status. Each carrier is charged a service fee for each 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 instructs RIM to deactivate a subscriber account, then RIM no longer includes that subscriber account in its BlackBerry subscriber account base and ceases billing the carrier with respect to such account from the date of notification of its deactivation. On a quarterly basis, RIM 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 RIM. The number of subscriber accounts is a non-financial metric and is intended to highlight the change in RIM's subscriber base and should not be relied upon as an indicator of RIM's financial performance. The number of subscriber accounts does not have any standardized meaning prescribed by U.S. GAAP and may not be comparable to similar metrics presented by other companies.

An important part of RIM'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 RIM's BlackBerry® Enterprise Server™ ("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, sales of accessories and non-recurring engineering development contracts ("NRE").

On September 27, 2010, the Company announced its development of the WiFi enabled BlackBerry ® PlayBook™ tablet. RIM has also announced that it intends to offer models incorporating wide area mobile connectivity in the future. As is common practice in the wireless communications industry, as part of the PlayBook offering, the Company plans to provide users with the right to receive unspecified software upgrades in addition to the hardware and therefore has two deliverables, at a minimum, in arrangements for the sale of each unit. The first deliverable is the physical PlayBook unit along with the software that is essential to its functionality. The second deliverable is the right to receive unspecified software upgrades, on a "when-and-if-available" basis. The Company will be required to allocate revenue between these two deliverables using the relative selling price method and will not recognize all revenue at the time of the initial sale of the product into the channel as it does with the BlackBerry smartphone products. The revenue associated with the unspecified upgrades will be deferred and recognized over the period in which the rights to receive these upgrades are available to users. The Company expects the proportional amount allocated to the unspecified software upgrades and the corresponding recognition period to be similar to other vendors within the industry. Other factors, contractual arrangements and bundled offerings associated with PlayBook may also affect the timing of revenue recognition.

The Company recently announced April 2011 as the anticipated launch date for the BlackBerry® PlayBook™ tablet in North America through a broad network of channel partners, including availability in over 20,000 retail outlets. The first version of the BlackBerry PlayBook tablet includes WiFi connectivity. Subsequent versions of the BlackBerry PlayBook are currently expected to be available later in fiscal 2012. The BlackBerry PlayBook tablet features the new BlackBerry Tablet Operating System based on technology resulting from the Company's acquisition of QNX Software Systems in fiscal 2011, a seven inch high definition display, a dual core 1 GHZ processor, dual high definition cameras and other high performance multimedia capabilities, true multitasking and a powerful and fast web browsing experience that supports Adobe Flash.

**Fiscal 2011 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 February 26, 2011, February 27, 2010 and February 28, 2009, which is expressed in millions of dollars.

| | As at and for the Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | Change 2011/2010 | February 28, 2009 | Change 2010/2009 |
| | (in millions, except for share and per share amounts) | | | | |
| Revenue | $ 19,907 | $ 14,953 | $ 4,954 | $ 11,065 | $ 3,888 |
| Cost of sales | 11,082 | 8,369 | 2,713 | 5,968 | 2,401 |
| Gross margin | 8,825 | 6,584 | 2,241 | 5,097 | 1,487 |
| Operating expenses | | | | | |
| Research and development | 1,351 | 965 | 386 | 685 | 280 |
| Selling, marketing and administration (1) | 2,400 | 1,907 | 493 | 1,495 | 412 |
| Amortization | 438 | 310 | 128 | 195 | 115 |
| Litigation (2) | — | 164 | (164) | — | 164 |
| | 4,189 | 3,346 | 843 | 2,375 | 971 |
| Income from operations | 4,636 | 3,238 | 1,398 | 2,722 | 516 |
| Investment income | 8 | 28 | (20) | 79 | (51) |
| Income before income taxes | 4,644 | 3,266 | 1,378 | 2,801 | 465 |
| Provision for income taxes (1) | 1,233 | 809 | 424 | 908 | (99) |
| Net income | $ 3,411 | $ 2,457 | $ 954 | $ 1,893 | $ 564 |
| Earnings per share | | | | | |
| Basic | $ 6.36 | $ 4.35 | $ 2.01 | $ 3.35 | $ 1.00 |
| Diluted | $ 6.34 | $ 4.31 | $ 2.03 | $ 3.30 | $ 1.01 |
| Weighted-average number of shares outstanding (000's) | | | | | |
| Basic | 535,986 | 564,492 | | 565,059 | |
| Diluted | 538,330 | 569,759 | | 574,156 | |
| Total assets | $ 12,875 | $ 10,205 | $ 2,670 | $ 8,101 | $ 2,104 |
| Total liabilities | $ 3,937 | $ 2,602 | $ 1,335 | $ 2,227 | $ 375 |
| Total long-term liabilities | $ 307 | $ 170 | $ 137 | $ 112 | $ 58 |
| Shareholders' equity | $ 8,938 | $ 7,603 | $ 1,335 | $ 5,874 | $ 1,729 |

(1) Selling, marketing and administration in fiscal 2010 included unusual charges of $96 million and provision for income taxes included a benefit of $175 million. The unusual charges related to a charge for the payment on account of certain employee tax liabilities related to certain previously-exercised

stock options with measurement date issues that were exercised during certain time periods and the foreign exchange impact of the enactment of functional currency tax legislation in Canada. See "Results of Operations — Selling, Marketing and Administration Expenses" for the fiscal year ended February 26, 2011.

(2) In fiscal 2010, the Company settled all Visto Corporation ("Visto") outstanding worldwide patent litigation (the "Visto Litigation"). The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $268 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $164 million was expensed as a litigation charge in fiscal 2010. The remainder of the payment was recorded as intangible assets. See "Results of Operations — Litigation Expense" for the fiscal year ended February 26, 2011.

The following table sets forth certain consolidated statement of operations data expressed as a percentage of revenue for the periods indicated:

| | For the Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | Change 2011/2010 | February 28, 2009 | Change 2010/2009 |
| Revenue | 100.0% | 100.0% | — | 100.0% | — |
| Cost of sales | 55.7% | 56.0% | (0.3%) | 53.9% | 2.1% |
| Gross margin | 44.3% | 44.0% | 0.3% | 46.1% | (2.1%) |
| Operating expenses | | | | | |
| Research and development | 6.8% | 6.5% | 0.3% | 6.2% | 0.3% |
| Selling, marketing and administration | 12.1% | 12.8% | (0.7%) | 13.5% | (0.7%) |
| Amortization | 2.2% | 2.1% | 0.1% | 1.8% | 0.3% |
| Litigation | — | 1.1% | (1.1%) | — | 1.1% |
| | 21.1% | 22.5% | (1.4%) | 21.5% | 1.0% |
| Income from operations | 23.2% | 21.5% | 1.7% | 24.6% | (3.1%) |
| Investment income | 0.0% | 0.2% | (0.2%) | 0.7% | (0.5%) |
| Income before income taxes | 23.2% | 21.7% | 1.5% | 25.3% | (3.6%) |
| Provision for income taxes | 6.2% | 5.4% | 0.8% | 8.2% | (2.8%) |
| Net income | 17.0% | 16.3% | 0.7% | 17.1% | (0.8%) |

Revenue for fiscal 2011 was $19.9 billion, an increase of $4.9 billion, or 33.1%, from $15.0 billion in fiscal 2010. The number of BlackBerry devices sold increased by approximately 15.6 million, or 43%, to approximately 52.3 million in fiscal 2011, compared to approximately 36.7 million in fiscal 2010. Device revenue increased by $3.8 billion, or 31.7%, to $16.0 billion, reflecting primarily the higher number of devices sold. Service revenue increased by $1.0 billion, or 48.1% to $3.2 billion, reflecting the increase in net new BlackBerry subscriber accounts since the end of fiscal 2010. Software revenue increased by $35 million to $294 million in fiscal 2011 and other revenue increased by $40 million to $460 million in fiscal 2011.

The Company's net income for fiscal 2011 was $3.4 billion, an increase of $954 million, or 38.8%, compared to net income of $2.5 billion in fiscal 2010. The $954 million increase in net income in fiscal 2011 primarily reflects an increase in gross margin in the amount of $2.2 billion, resulting primarily from the increased

number of device shipments, an increase in service revenues as a result of additional subscriber accounts, as well as an increase of consolidated gross margin percentage, which was partially offset by an increase of $843 million in the Company's operating expenses and an increase of $424 million in the provision for income taxes.

Basic earnings per share ("basic EPS") was $6.36 and diluted earnings per share ("diluted EPS") was $6.34 in fiscal 2011 compared to $4.35 basic EPS and $4.31 diluted EPS in fiscal 2010, a 47.1% increase in diluted EPS compared to fiscal 2010.

A more comprehensive analysis of these factors is contained in "Results of Operations".

On November 4, 2009, the Company's Board of Directors authorized the repurchase of common shares up to an authorized limit of $1.2 billion (the "2010 Repurchase Program"). Under the 2010 Repurchase Program, the Company repurchased a total of 18.2 million common shares for an aggregate cost of $1.2 billion, resulting in the effective completion of the 2010 Repurchase Program. The Company repurchased approximately 5.9 million of the 18.2 million common shares at a cost of $410 million during the first three months of fiscal 2011. All common shares repurchased by the Company pursuant to the 2010 Repurchase Program have been cancelled.

On June 24, 2010, the Company's Board of Directors authorized a share repurchase program to purchase for cancellation up to approximately 31 million common shares (the "2011 Repurchase Program"). Under the 2011 Repurchase Program, the Company has repurchased a total of 31.3 million common shares for an aggregate cost of $1.7 billion, resulting in the effective completion of the 2011 Repurchase Program. All common shares repurchased by the Company pursuant to the 2011 Repurchase program have been cancelled.

**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 significantly from these estimates.

The Company's critical accounting policies and estimates have been reviewed and discussed with the Company's Audit and 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 devices is recognized when title has transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. 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 and for customer incentive programs. The estimated cost of the incentive programs is accrued as a reduction to revenue based on historical experience, 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. Price protection is accrued as a reduction to revenue based on estimates of future price reductions, provided the price reduction can be reliably estimated and all other revenue recognition criteria have been met.

***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.

***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***

Revenue from the sale of accessories is recognized when title has transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. Revenue from repair and maintenance programs is recognized when the service is delivered, which is when the title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. Revenue for non-recurring engineering contracts is recognized as specific contract milestones are met. The attainment of milestones approximates actual performance.

***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 can't 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) handheld devices with services and (ii) software with technical support services.

For the Company's arrangements involving multiple deliverables of 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 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.

The Company determines BESP for a product or service by considering multiple factors including, but not limited to, 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.

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 regularly reviews VSOE, TPE and BESP, and maintains internal controls over the establishment and updates of these estimates. There were no material impacts to the amount of revenue recognized during the quarter, nor does the Company expect a material impact in the near term, from changes in VSOE, TPE or BESP.

***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), RIM 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 RIM 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.

Furthermore, the Company records an accrual for estimated fees and vendor inventory liabilities related to non-cancelable purchase commitments with contract manufacturers and suppliers for quantities in excess of future demand forecasts.

For further details on the carrying value of inventory as at February 26, 2011 and on the vendor inventory liabilities, refer to Note 6 to the Consolidated Financial Statements.

**Intangible Assets and Goodwill**

Intangible assets are stated at cost less accumulated amortization and are comprised of acquired technology, licenses and patents.

In connection with business acquisitions completed by the Company, the Company identifies and estimates

the fair value of (i) acquired technology, which is subsequently amortized straight-line over two to five years and, (ii) net assets acquired, including certain identifiable intangible assets other than goodwill and liabilities assumed in the acquisitions. Any excess of the purchase price over the estimated fair value of the net assets acquired is assigned to goodwill.

Under certain license agreements, the Company is committed to current and future royalty payments based on the sales of products using certain licensed technologies. License agreements involving up-front lump sum payments are capitalized as part of intangible assets and are then amortized straight-line over the terms of the license agreements or on a per unit basis based upon the anticipated number of units sold during the terms, subject to a maximum of five years.

Patents include trademarks, internally developed patents, as well as individual patents or portfolios of patents acquired from third parties or through the acquisition of third parties. Costs capitalized and subsequently amortized include all costs necessary to acquire intellectual property, as well as legal costs arising out of the defense of any Company-owned patents. Patents are amortized straight-line over 17 years or over their estimated useful life.

The Company assesses the impairment of intangible assets and goodwill whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In addition, goodwill is assessed for impairment on an annual basis. Unforeseen and adverse events, changes in circumstances and market conditions and adverse legal factors are potential indicators that the carrying amount of intangible assets and goodwill may not be recoverable and may require an impairment charge.

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.

The Company has concluded that no impairment relating to intangible assets and goodwill exists as of February 26, 2011.

For further details on the intangible assets and goodwill, refer to Notes 6 and 7 to the Consolidated Financial Statements.

**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 these claims that it provides to certain of it 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" and see "Results of Operations — Litigation Expense" 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, RIM 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 cost. To the extent that the Company experiences changes in warranty activity, or changes to costs associated with servicing those obligations, revisions to the estimated warranty liability would be required. For further details on the Company's warranty expense experience and estimates for fiscal 2011, refer to Note 11 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 February 26, 2011, would have resulted in adjustments to warranty expense and pre-tax income of approximately $46 million, or 1.3% of consolidated annual net income.

**Investments**

The Company's cash equivalents and investments, other than cost method investments of $15 million and equity method investments of $11 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.
- 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 February 26, 2011, the Company had approximately 96% 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 tax allocation to account for income taxes. Under this method, deferred income tax assets and liabilities are recognized based upon differences between the financial reporting and tax bases of assets and liabilities, and measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company's deferred income tax asset balance represents temporary differences between the financial reporting and tax basis of assets and liabilities, including research and development costs and incentives, capital assets, non-deductible reserves and operating loss carryforwards, net of valuation allowances. The Company records a valuation allowance to reduce deferred income tax assets to the amount management considers to be 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. If the Company determines that it is more likely than not that it will not be able to realize all or part of its deferred income tax assets in future fiscal periods, the valuation allowance would be increased, resulting in a decrease to net income in the reporting periods when such determinations are made.

Significant judgment is required in evaluating the Company's uncertain tax positions and provision for income taxes. The Company uses a two-step process in assessing its uncertain tax positions. The two-step process separates recognition from measurement. The first step is determining whether a 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 measuring a tax position that has met the recognition threshold as the largest amount of benefit 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 tax payable and deferred 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 tax positions as interest expense that is netted and reported within investment income. For further details, refer to Note 8 to the Consolidated Financial Statements.

The Company uses the flow-through method to account for investment tax credits ("ITCs") earned on eligible scientific research and experimental development expenditures. The Company applies judgement in determining which expenditures are eligible to be claimed. 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, 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 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 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 an incentive stock option plan for officers and employees of the Company or its subsidiaries.

The Company estimates stock-based compensation expense for stock options 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, forfeiture rates and expected option life. If any of the assumptions used in the BSM model change significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period.

In connection with its stock option review and the restatement of prior year financial statements, the Company applied judgment in choosing whether to revise measurement dates for prior option grants. While the Company believes it made appropriate judgments in determining the correct measurement dates for its stock option grants in connection with the restatement, the issues surrounding past stock option grants and financial statement restatements are complex and guidance in these areas may continue to evolve. If new guidance imposes additional or different requirements or if the SEC or the Ontario Securities Commission ("OSC") disagrees with the manner in which the Company has accounted for and reported the financial impact, there is a risk the Company may have to further restate its prior financial statements, amend its filings with the SEC or the OSC (including the Consolidated Financial Statements and this MD&A), or take other actions not currently contemplated.

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. The RSU Plan was approved at the Company's Annual General Meeting on July 18, 2005 and received regulatory approval in August 2005. 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 compensation expense is calculated based on the fair value of the equity award as determined by the closing value of the Company's common shares on the business day of the grant and the amount is recognized over the vesting period of the RSU.

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, 50% of each independent director's annual retainer will be satisfied in the form of DSUs. Each director can elect to receive the remaining 50% 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 common 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 common 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 grant, and remeasured at each reporting period, until settlement.

For further details on the Company's stock-based compensation, refer to Note 9 to the Consolidated Financial Statements.

**Impact of Accounting Pronouncements Not Yet Implemented**

In November 2008, the SEC announced a proposed roadmap for comment regarding the potential use by U.S. issuers of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS is a comprehensive series of accounting standards published by the International Accounting Standards Board ("IASB"). On February 24, 2010, the SEC issued a statement describing its position regarding global accounting standards. Among other things, the SEC stated that it has directed its staff to execute a work plan which will include consideration of IFRS as it exists today and after completion of various "convergence" projects currently underway between U.S. and international accounting standards setters. On October 29, 2010, the SEC issued a progress report for its work plan considering the impact of incorporating IFRS on the U.S. financial reporting system. The SEC staff is currently using a sample of global jurisdictions to analyze how IFRS is being incorporated in other jurisdictions and to assess its potential impact on a variety of stakeholders including investors, regulators, and issuers. The Financial Accounting Standards Board, in conjunction with the IASB, have prioritized the completion of certain convergence projects, while certain other projects have been deferred beyond the original June 2011 target completion date. In 2011, assuming completion of certain projects and the SEC staff's work plan, the SEC is expected to decide whether to incorporate IFRS into the U.S. financial reporting system.

**Independent Governance Review**

As discussed under "Restatement of Previously Issued Financial Statements — OSC Settlement" in the Company's MD&A for the fiscal year ended February 28, 2009, on February 5, 2009, a panel of Commissioners of the Ontario Securities Commission ("OSC") approved a settlement agreement (the "OSC Settlement Agreement") with the Company and certain of its officers and directors, including its Co-Chief Executive Officers ("Co-CEOs"), relating to the previously disclosed OSC investigation of the Company's historical stock option granting practices.

As discussed under "Restatement of Previously Issued Financial Statements — SEC Settlements" in the Company's MD&A for the fiscal year ended February 28, 2009, on February 17, 2009, the Company and certain of its officers, including its Co-CEOs, entered into settlements with the SEC that resolved the previously disclosed SEC investigation of the Company's historical stock option granting practices.

As part of the OSC Settlement Agreement, the Company agreed to enter into an agreement with an independent consultant to conduct a comprehensive examination and review of the Company and report to the Company's board of directors and the staff of the OSC on the Company's governance practices and procedures and its internal control over financial reporting. The Company retained Protiviti Co. ("Protiviti")

to carry out this engagement. See "Independent Governance Assessment" and Appendix A in the Company's MD&A for the fiscal year ended February 27, 2010 for a further description of Protiviti's engagement, its recommendations and the Company's responses to such recommendations. A copy of Protiviti's recommendations is also available on the website of the OSC.

Under the terms of the OSC Settlement Agreement, Protiviti was to review the implementation of its recommendations in its final report to the Company that the Company agreed to implement and provide a report to the Board of Directors, the Audit and Risk Management Committee and to staff of the OSC concerning the progress of the implementation. That report has been completed and Protiviti and staff of the OSC have advised the Company that all recommendations of Protiviti have been addressed by the Company in a manner satisfactory to them. As a result, Protiviti's independent governance review has now been completed.

**Results of Operations — Fiscal 2011 Compared to Fiscal 2010 and Fiscal 2009**

***Fiscal year ended February 26, 2011 compared to fiscal year ended February 27, 2010***

**Revenue**

Revenue for fiscal 2011 was $19.9 billion, an increase of $4.9 billion, or 33.1%, from $15.0 billion in fiscal 2010.

A comparative breakdown of the significant revenue streams is set forth in the following table:

| | For the Fiscal Year Ended | | | | | |
|---|---|---|---|---|---|---|
| | February 26, 2011 | | February 27, 2010 | | Change 2011/2010 | |
| Millions of devices sold | 52.3 | | 36.7 | | 15.6 | 43% |
| ***Revenue*** *(in millions)* | | | | | | |
| Devices | $15,956 | 80.2% | $12,116 | 81.0% | $ 3,840 | 31.7% |
| Service | 3,197 | 16.1% | 2,158 | 14.4% | 1,039 | 48.1% |
| Software | 294 | 1.5% | 259 | 1.7% | 35 | 13.5% |
| Other | 460 | 2.2% | 420 | 2.9% | 40 | 9.5% |
| | $19,907 | 100.0% | $14,953 | 100.0% | $ 4,954 | 33.1% |

Device revenue increased by $3.8 billion, or 31.7%, to $16.0 billion, or 80.2% of consolidated revenue, in fiscal 2011 compared to $12.1 billion, or 81.0%, of consolidated revenue in fiscal 2010. This increase in device revenue over the prior year was primarily attributable to a volume increase of approximately 15.6 million units, or 43%, to approximately 52.3 million devices in fiscal 2011 compared to approximately 36.7 million devices in fiscal 2010.

Service revenue increased by $1.0 billion, or 48.1%, to $3.2 billion or 16.1% of consolidated revenue in fiscal 2011, compared to $2.2 billion, or 14.4% of consolidated revenue in fiscal 2010, reflecting the Company's increase in net new BlackBerry subscriber accounts since the end of fiscal 2010.

Software revenue includes fees from licensed BES software, CALs, technical support, maintenance and upgrades. Software revenue increased $35 million, or 13.5%, to $294 million in fiscal 2011 from $259 million in fiscal 2010. The increase was primarily attributable to software revenue earned from a recent business acquisition in the second quarter of fiscal 2011, as well as an increase in technical support, partially offset by a decrease in BES and CALs.

Other revenue, which includes non-warranty repairs, accessories, NRE and gains and losses on revenue hedging instruments, increased by $40 million to $460 million in fiscal 2011 compared to $420 million in fiscal 2010. The majority of the increase was attributable to gains realized from revenue hedging instruments partially offset by decreases in non-warranty repairs and freight revenue when compared to fiscal 2010. See "Market Risk of Financial Instruments — Foreign Exchange" for additional information on the Company's hedging instruments.

**Gross Margin**

Consolidated gross margin increased by $2.2 billion, or 34.0%, to $8.8 billion, or 44.3% of revenue, in fiscal 2011, compared to $6.6 billion, or 44.0% of revenue, in fiscal 2010. The increase in consolidated gross margin was primarily due to an increase in the number of device shipments and an increase in service revenues as a result of additional subscriber accounts, which comprised 16.1% of the total revenue mix for fiscal 2011 compared to 14.4% in fiscal 2010, partially offset by a lower percentage of revenue from device shipments which comprised 80.2% of total revenue mix in fiscal 2011 compared to 81.0% in the same period in fiscal 2010. Gross margin percentage for devices is 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 2011 compared to fiscal 2010.

| | For the Fiscal Year Ended *(in millions)* | | | | | |
|---|---|---|---|---|---|---|
| | February 26, 2011 | | February 27, 2010 | | Change 2011/2010 | |
| | | % of Revenue | | % of Revenue | | % of Change |
| **Revenue** | $19,907 | | $14,953 | | $4,954 | 33.1% |
| **Operating expenses** | | | | | | |
| Research and development | $ 1,351 | 6.8% | $ 965 | 6.5% | $ 386 | 40.0% |
| Selling, marketing and administration (1) | 2,400 | 12.1% | 1,907 | 12.8% | 493 | 25.9% |
| Amortization | 438 | 2.2% | 310 | 2.1% | 128 | 41.3% |
| Litigation(2) | — | — | 164 | 1.1% | (164) | -100.0% |
| **Total** | $ 4,189 | 21.1% | $ 3,346 | 22.5% | $ 843 | 25.2% |

(1) Selling, marketing and administration in fiscal 2010 included unusual charges of $96 million recognized in the first quarter of fiscal 2010. The unusual charges related to a charge for the payment on account of certain employee tax liabilities related to certain previously-exercised stock options with measurement date issues that were exercised during certain time periods and the foreign exchange impact of the enactment of functional currency tax legislation in Canada. See "Results of Operations — Selling, Marketing and Administration Expenses" for the fiscal year ended February 26, 2011.

(2) In fiscal 2010, the Company settled the Visto Litigation. The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $268 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $164 million was expensed as a litigation charge in the second quarter of fiscal 2010. The remainder of the payment was recorded as intangible assets. See "Results of Operations — Litigation Expense" for the fiscal year ended February 26, 2011.

Total operating expenses for fiscal 2011 as a percentage of revenue decreased by 1.4% to 21.1% of revenue compared to fiscal 2010.

**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 $386 million to $1.4 billion, or 6.8% of revenue, in

fiscal 2011, compared to $965 million, or 6.5% of revenue, in fiscal 2010. The majority of the increase during fiscal 2011 compared to fiscal 2010 was attributable to salaries and benefits due to an increase in the headcount associated with research and development activities, as well as increased materials usage.

**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 increased by $493 million to $2.4 billion for fiscal 2011 compared to $1.9 billion for fiscal 2010. As a percentage of revenue, selling, marketing and administration expenses decreased to 12.1% in fiscal 2011 versus 12.8% in fiscal 2010. Excluding the impact of $96 million of unusual charges during fiscal 2010, selling, marketing and administration expenses increased by $589 million. The majority of this increase was primarily attributable to increased expenditures for marketing, advertising and promotion, increased salary and benefits expenses primarily as a result of increased personnel as well as information technology costs, which was partially offset by reduced facilities expenditures in the current year primarily due to the one-time charge recognized in the prior year in relation to the enactment of changes to the functional currency tax legislation discussed further below, and reduced facilities expenditures.

With the enactment of changes to the functional currency tax legislation by the Government of Canada in the first quarter of fiscal 2010, the Company changed the basis of calculating its income tax provision for its Canadian operations from Canadian dollars to the U.S. dollar, its reporting currency, with the effective date being the beginning of fiscal 2010. Gains realized on the revaluation of these tax liabilities previously denominated in Canadian dollars throughout 2009 were reversed upon enactment of the changes to the rules in the first quarter of fiscal 2010. Included in the total selling, marketing and administration for fiscal 2010 is a $54 million charge primarily relating to the reversal of foreign exchange gains previously recorded in fiscal 2009 on the revaluation of Canadian dollar denominated tax liability balances. Throughout fiscal 2009, foreign exchange gains were offset by foreign exchange losses incurred as a part of the Company's foreign currency hedging program. See "Results of Operations — Income Taxes" for the fiscal year ended February 27, 2011 for further details on the changes to the functional currency tax legislation in Canada, and "Market Risk of Financial Instruments — Foreign Exchange" for additional information on the Company's hedging instruments.

Selling, marketing and administration expenses for fiscal 2010 also included a charge of $42 million for the payment on account of certain employee tax liabilities related to certain previously-exercised stock options with measurement date issues that were exercised during certain time periods. The Company's Board of Directors approved the payment on account of certain incremental personal tax liabilities of certain employees, excluding RIM's Co-CEOs, related to the exercise of certain stock options issued by the Company.

**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 2011 compared to fiscal 2010. Intangible assets are comprised of acquired technology, licenses and patents.

| | For the Fiscal Year Ended *(in millions)* | | | | | |
|---|---|---|---|---|---|---|
| | **Included in Amortization** | | | **Included in Cost of sales** | | |
| | February 26, 2011 | February 27, 2010 | Change | February 26, 2011 | February 27, 2010 | Change |
| Property, plant and equipment | $ 272 | $ 185 | $ 87 | $ 225 | $ 160 | $ 65 |
| Intangible assets | 166 | 125 | 41 | 264 | 146 | 118 |
| **Total** | $ 438 | $ 310 | $ 128 | $ 489 | $ 306 | $ 183 |

***Amortization***

Amortization expense relating to certain property, plant and equipment and certain intangible assets increased by $128 million to $438 million for fiscal 2011 compared to $310 million for fiscal 2010, which primarily reflects the impact of certain property, plant and equipment and intangible asset additions made during fiscal 2011.

***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 increased by $183 million to $489 million for fiscal 2011 compared to $306 million for fiscal 2010, which primarily reflects the impact of certain property, plant and equipment and intangible asset additions made during fiscal 2011.

**Litigation Expense**

In fiscal 2010, the Company settled the Visto Litigation. The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $268 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $164 million was expensed as a litigation charge in the second quarter of fiscal 2010. The remainder of the payment was recorded as intangible assets.

**Investment Income**

Investment income decreased by $20 million to $8 million in fiscal 2011 from $28 million in fiscal 2010. The decrease primarily reflects impairment charges recognized in the third quarter of fiscal 2011 of $17 million. The decrease was also partially attributed to slight decreases in yields due to lower interest rates when

compared to the prior fiscal year. See "Financial Condition — Liquidity and Capital Resources", "Financial Condition — Lehman Brothers International (Europe)" and "Financial Condition — Auction Rate Securities".

**Income Taxes**

For fiscal 2011, the Company's income tax expense was $1,233 million, resulting in an effective tax rate of 26.6% compared to income tax expense of $809 million and an effective tax rate of 24.8% for the same period last year. The Company's effective tax rate reflects the geographic mix of earnings in jurisdictions with different tax rates.

On March 12, 2009, the Government of Canada enacted changes to the Income Tax Act (Canada) that allowed the Company to calculate its fiscal 2009 and subsequent fiscal year Canadian income tax expense based on the U.S. dollar (the Company's functional currency). As such, the Company recorded tax benefits of $145 million related to the enactment of the functional currency rules in the first quarter of fiscal 2010, resulting in the lower effective rate in fiscal 2010.

Management anticipates that the Company's effective tax rate for fiscal 2012 will be approximately 25%.

The Company has not provided for Canadian income taxes or foreign withholding taxes that would apply on the distribution of income of its non-Canadian subsidiaries, as this income is intended to be reinvested indefinitely by these subsidiaries.

**Net Income**

Net income was $3.4 billion in fiscal 2011 compared to net income of $2.5 billion in the prior fiscal year. The $954 million increase in net income in fiscal 2011 primarily reflects an increase in gross margin in the amount of $2.2 billion, as well as an increase in consolidated gross margin percentage, resulting primarily from the increased number of device shipments as well as an increase in service revenue as a result of additional subscriber accounts, which was partially offset by an increase of $843 million in the Company's operating expenses, and an increase of $424 million in the provision for income taxes. Included in net income in fiscal 2010 was the impact of unusual charges of $96 million, a $175 million income tax benefit, which related to the foreign exchange impact of the enactment of functional currency tax legislation in Canada, and a $164 million litigation charge, which related to the settlement of the Visto Litigation. See "Results of Operations — Selling, Marketing, and Administration Expenses" for the fiscal year ended February 26, 2011, "Results of Operations — Income Taxes" for the fiscal year ended February 26, 2011 and "Results of Operations — Litigation Expenses" for the fiscal year ended February 26, 2011.

Basic EPS was $6.36 and diluted EPS was $6.34 in fiscal 2011, an increase of 46.2% and 47.1%, respectively, compared to $4.35 basic EPS and $4.31 diluted EPS in fiscal 2010. Diluted EPS of $4.31 for fiscal 2010 included approximately $0.06 from the impact of unusual charges of $96 million, an income tax benefit of $175 million recognized during the first quarter of fiscal 2010 and a litigation charge of $164 million recognized during the second quarter of fiscal 2010.

The weighted average number of common shares outstanding was 536 million common shares for basic EPS and 538 million common shares for diluted EPS for the fiscal year ended February 26, 2011 compared to 565

million common shares for basic EPS and 570 million common shares for diluted EPS for the fiscal year ended February 27, 2010.

**Common Shares Outstanding**

On March 22, 2011, there were 524 million common shares, options to purchase 5 million common shares, 3 million restricted share units and 51,500 deferred share units outstanding.

The Company has not paid any cash dividends during the last three fiscal years.

Pursuant to the 2010 Repurchase Program, the Company repurchased and cancelled 12.3 million common shares at a cost of $775 million during fiscal 2010. In the first three months of fiscal 2011, the Company repurchased and cancelled 5.9 million common shares at a cost of $410 million. There was a reduction of approximately $23 million to capital stock and the amount paid in excess of the per share paid-in capital of the common shares of $387 million was charged to retained earnings. Under the 2010 Repurchase Program, the Company repurchased and cancelled a total of 18.2 million common shares for an aggregate cost of $1.2 billion, resulting in the effective completion of the 2010 Repurchase Program.

Pursuant to the 2011 Repurchase Program, the Company repurchased and cancelled 31.3 million common shares at a cost of $1.7 billion during the first nine months of fiscal 2011, resulting in the effective completion of the 2011 Repurchase Program. As a result of the repurchase and cancellation, there was a reduction of approximately $119 million to capital stock and the amount paid in excess of the per share paid-in capital of the common shares of $1.6 billion was charged to retained earnings.

The 31.3 million common shares purchased under the 2011 Repurchase Program together with the 18.2 million common shares purchased by the Company under the 2010 Repurchase Program, represent approximately 10% of the Company's public float of common shares.

***Fiscal year end February 27, 2010 compared to fiscal year ended February 28, 2009***

**Revenue**

Revenue for fiscal 2010 was $15.0 billion, an increase of $3.9 billion, or 35.1%, from $11.1 billion in fiscal 2009.

A comparative breakdown of the significant revenue streams is set forth in the following table:

| | For the Fiscal Year Ended | | | | | |
|---|---|---|---|---|---|---|
| | February 27, 2010 | | February 28, 2009 | | Change 2010/2009 | |
| Millions of devices sold | 36.7 | | 26.0 | | 10.7 | 41% |
| ***Revenue*** *(in millions)* | | | | | | |
| Devices | $12,116 | 81.0% | $ 9,090 | 82.1% | $ 3,026 | 33.3% |
| Service | 2,158 | 14.4% | 1,402 | 12.7% | 756 | 53.9% |
| Software | 259 | 1.7% | 252 | 2.3% | 7 | 2.7% |
| Other | 420 | 2.9% | 321 | 2.9% | 99 | 30.9% |
| | $14,953 | 100.0% | $11,065 | 100.0% | $ 3,888 | 35.1% |

Device revenue increased by $3.0 billion, or 33.3%, to $12.1 billion, or 81.0% of consolidated revenue, in fiscal 2010 compared to $9.1 billion, or 82.1%, of consolidated revenue in fiscal 2009. This increase in device revenue over the prior year was primarily attributable to a volume increase of approximately 10.7 million units, or 41%, to approximately 36.7 million devices in fiscal 2010 compared to approximately 26.0 million devices in fiscal 2009.

Service revenue increased by $756 million, or 53.9%, to $2.2 billion or 14.4% of consolidated revenue in fiscal 2010, compared to $1.4 billion, or 12.7% of consolidated revenue in fiscal 2009, reflecting the Company's increase in BlackBerry subscriber accounts since the end of fiscal 2009. The percentage of the subscriber account base outside of North America at the end of fiscal 2010 was approximately 38%.

Software revenue increased $7 million, or 2.7%, to $259 million in fiscal 2010 from $252 million in fiscal 2009. The majority of the increase was attributable to technical support and other software revenues, partially offset by a decrease in CALs.

Other revenue increased by $99 million to $420 million in fiscal 2010 compared to $321 million in fiscal 2009. The majority of the increase was attributable to increases in non-warranty repair and sales of accessories offset partially by losses realized from revenue hedging instruments. See "Market Risk of Financial Instruments — Foreign Exchange" for additional information on the Company's hedging instruments.

**Gross Margin**

Consolidated gross margin increased by $1.5 billion, or 29.2%, to $6.6 billion, or 44.0% of revenue, in fiscal 2010, compared to $5.1 billion, or 46.1% of revenue, in fiscal 2009. The decrease of 2.1% in consolidated gross margin percentage was primarily due to a decrease in the blended device margins driven by shifts in product mix, the transition to new device platforms, the introduction of feature rich products to address broader market segments, and a decrease in device average selling prices ("ASPs") compared to fiscal 2009. This decrease in gross margin was partially offset by higher service revenue which comprised 14.4% of total

revenue mix in fiscal 2010 compared to 12.7% in the same period of fiscal 2009 along with a lower percentage of revenue from device shipments which comprised 81.0% of total revenue mix in fiscal 2010 compared to 82.1% in the same period of fiscal 2009. Gross margin percentage for devices is 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 2010 compared to fiscal 2009.

| | For the Fiscal Year Ended *(in millions)* | | | | | |
|---|---|---|---|---|---|---|
| | February 27, 2010 | | February 28, 2009 | | Change 2010/2009 | |
| | | % of Revenue | | % of Revenue | | % of Change |
| **Revenue** | $14,953 | | $11,065 | | $3,888 | 35.1% |
| **Operating expenses** | | | | | | |
| Research and development | $ 965 | 6.5% | $ 685 | 6.2% | $ 280 | 40.9% |
| Selling, marketing and administration (1) | 1,907 | 12.8% | 1,495 | 13.5% | 412 | 27.5% |
| Amortization | 310 | 2.1% | 195 | 1.8% | 115 | 59.3% |
| Litigation(2) | 164 | 1.1% | — | — | 164 | — |
| **Total** | $ 3,346 | 22.5% | $ 2,375 | 21.5% | $ 971 | 40.9% |

(1) Selling, marketing and administration in fiscal 2010 included unusual charges of $96 million recognized in the first quarter of fiscal 2010. The unusual charges related to a charge for the payment on account of certain employee tax liabilities related to certain previously-exercised stock options with measurement date issues that were exercised during certain time periods and the foreign exchange impact of the enactment of functional currency tax legislation in Canada. See "Results of Operations — Selling, Marketing and Administrative Expenses" for the fiscal year ended February 27, 2010.

(2) In fiscal 2010, the Company settled the Visto Litigation. The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $268 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $164 million was expensed as a litigation charge in the second quarter of fiscal 2010. The remainder of the payment was recorded as intangible assets. See "Results of Operations — Litigation Expense" for the fiscal year ended February 27, 2010.

Total operating expenses for fiscal 2010 as a percentage of revenue increased by 1.0% to 22.5% of revenue compared to fiscal 2009.

**Research and Development Expenses**

Research and development expenditures increased by $280 million to $965 million, or 6.5% of revenue, in fiscal 2010, compared to $685 million, or 6.2% of revenue, in fiscal 2009. The majority of the increases during fiscal 2010 compared to fiscal 2009 were attributable to salaries and benefits due to an increase in the headcount associated with research and development activities, new product development costs and office and building infrastructure costs.

**Selling, Marketing and Administration Expenses**

Selling, marketing and administration expenses increased by $412 million to $1.9 billion for fiscal 2010 compared to $1.5 billion for fiscal 2009. As a percentage of revenue, selling, marketing and administration expenses decreased to 12.8% in fiscal 2010 versus 13.5% in fiscal 2009. The net increase of $412 million was primarily attributable to increased expenditures for marketing, advertising and promotion, including additional programs to support new product launches, increased salary and benefits expenses primarily as a result of increased personnel, external advisory fees and information technology costs.

With the enactment of changes to the functional currency tax legislation by the Government of Canada in the first quarter of fiscal 2010, the Company changed the basis for calculating its income tax provision for its Canadian operations from Canadian dollars to the U.S. dollar, its reporting currency, with the effective date being the beginning of fiscal 2009. Gains realized on the revaluation of these tax liabilities previously denominated in Canadian dollars throughout 2009 were reversed upon enactment of the changes to the rules in the first quarter of fiscal 2010. Included in the total selling, marketing and administration for fiscal 2010 is a $54 million charge primarily relating to the reversal of foreign exchange gains previously recorded in fiscal 2009 on the revaluation of Canadian dollar denominated tax liability balances. Throughout fiscal 2009, foreign exchange gains were offset by foreign exchange losses incurred as a part of the Company's foreign currency hedging program. See "Income Taxes" for the fiscal year ended February 27, 2010 for further details on the changes to the functional currency tax legislation in Canada, and "Market Risk of Financial Instruments — Foreign Exchange" for additional information on the Company's hedging instruments.

Selling, marketing and administration expenses for fiscal 2010 also included a charge of $42 million for the payment on account of certain employee tax liabilities related to certain previously-exercised stock options with measurement date issues that were exercised during certain time periods. The Company's Board of Directors approved the payment on account of certain incremental personal tax liabilities of certain employees, excluding RIM's Co-CEOs, related to the exercise of certain stock options issued by the Company.

**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 2010 compared to fiscal 2009. Intangible assets are comprised of acquired technology, licenses and patents.

| | For the Fiscal Year Ended *(in millions)* | | | | | |
|---|---|---|---|---|---|---|
| | **Included in Amortization** | | | **Included in Cost of sales** | | |
| | February 27, 2010 | February 28, 2009 | Change | February 27, 2010 | February 28, 2009 | Change |
| Property, plant and equipment | $ 185 | $ 119 | $ 66 | $ 160 | $ 84 | $ 76 |
| Intangible assets | 125 | 76 | 49 | 146 | 49 | 97 |
| **Total** | $ 310 | $ 195 | $ 115 | $ 306 | $ 133 | $ 173 |

***Amortization***

Amortization expense relating to certain property, plant and equipment and certain intangible assets increased by $115 million to $310 million for fiscal 2010 compared to $195 million for fiscal 2009, which primarily reflects the impact of certain property, plant and equipment and intangible asset additions made during fiscal 2010.

***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 increased by $173 million to $306 million in fiscal 2010 compared to $133 million for fiscal 2009, which primarily reflects the impact of certain intangible assets and property, plant and equipment additions made during fiscal 2010.

**Litigation Expense**

In fiscal 2010, the Company settled the Visto Litigation. The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $268 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $164 million was expensed as a litigation charge in the second quarter of fiscal 2010. The remainder of the payment was recorded as intangible assets.

**Investment Income**

Investment income decreased by $51 million to $28 million in fiscal 2010 from $79 million in fiscal 2009. The decrease primarily reflects the decrease in yields on investments due to lower interest rates when compared to the same period in fiscal 2009, offset partially by an increase in the Company's average cash, cash equivalents, and investment balances throughout fiscal 2010 compared to the prior fiscal year and the gain on sale of investments in fiscal 2009. See "Financial Condition — Liquidity and Capital Resources".

**Income Taxes**

For fiscal 2010, the Company's income tax expense was $809 million, resulting in an effective tax rate of 24.8% compared to income tax expense of $908 million and an effective tax rate of 32.4% for the same period last year. The Company's effective tax rate reflects the geographic mix of earnings in jurisdictions with different tax rates.

In the first quarter of fiscal 2010, the Government of Canada enacted changes to its income tax legislation which allows the Company the option to elect, on an annual basis, to determine its Canadian income tax based on its functional currency (the U.S. dollar) rather than the Canadian dollar. While the Company had elected for Canadian tax purposes to adopt these rules in the third quarter of fiscal 2009, the Company could not recognize the related income tax benefit of electing to adopt these rules under U.S. GAAP until the first quarter of fiscal 2010. As a result of the enactment of the changes to the legislation and the Company's election, the Company was able to recalculate its fiscal 2009 Canadian income tax liability based on its functional currency (the U.S. dollar) and record an incremental income tax benefit of approximately $145 million to net income in fiscal 2010.

The Company's effective tax rate in fiscal 2010 was lower due to the $145 million incremental tax benefit related to fiscal 2009 that resulted from the Company opting to elect to determine its Canadian income tax results on its functional currency (the U.S. dollar). The Company's adjusted tax rate for fiscal 2010 was approximately 29.4%, which was in line with management's estimate of 29% — 30%. The Company's effective tax rate in fiscal 2009 was higher primarily due to the significant depreciation of the Canadian dollar relative to the U.S. dollar in the third quarter of fiscal 2009 and its effect on the Company's U.S. dollar denominated assets and liabilities held by the Company's Canadian operating companies that are subject to tax in Canadian dollars. The incremental tax expense in fiscal 2009 resulting from the significant depreciation of the Canadian dollar relative to the U.S. dollar was $100 million resulting in an adjusted tax rate for fiscal 2009 of 28.9%.

The Company has not provided for Canadian income taxes or foreign withholding taxes that would apply on the distribution of income of its non-Canadian subsidiaries, as this income is intended to be reinvested indefinitely by these subsidiaries.

**Net Income**

Net income was $2.5 billion in fiscal 2010 compared to net income of $1.9 billion in the prior fiscal year. The $564 million increase in net income in fiscal 2010 reflects primarily an increase in gross margin in the amount of $1.5 billion, resulting primarily from the increased number of device shipments, additional subscriber accounts and a decrease in the provision of income taxes of $98 million, which included a benefit of $145 million, which was partially offset by the decrease in consolidated gross margin percentage, as well as an increase of $971 million in the Company's operating expenses, which included a litigation charge of $164 million relating to the Visto Litigation and unusual charges of $96 million. See "Results of Operations — Selling, Marketing and Administration Expenses", "Results of Operations — Litigation" and "Results of Operations — Income Taxes" for the year ended February 27, 2010.

Basic EPS was $4.35 and diluted EPS was $4.31 in fiscal 2010, an increase of 29.9% and 30.6%, respectively, compared to $3.35 basic EPS and $3.30 diluted EPS in fiscal 2009. The common shares repurchased by the

Company in the third quarter of fiscal 2010 had an impact on the basic and diluted EPS amounts of $0.03 per share for fiscal 2010.

The weighted average number of shares outstanding was 565 million common shares for basic EPS and 570 million common shares for diluted EPS for the fiscal year ended February 27, 2010 compared to 565 million common shares for basic EPS and 574 million common shares for diluted EPS for the fiscal year ended February 28, 2009.

**Common Shares Outstanding**

On March 30, 2010, there were 557 million common shares, options to purchase 9 million common shares, one million restricted share units and 34,801 deferred share units outstanding.

The Company has not paid any cash dividends during the last three fiscal years.

On November 4, 2009, the Company's Board of Directors authorized the 2010 Repurchase Program for the repurchase and cancellation through the facilities of the NASDAQ Stock Market, common shares having an aggregate purchase price of up to $1.2 billion, or approximately 21 million common shares based on trading prices at the time of the authorization. This represented approximately 3.6% of the outstanding common shares of the Company at the time of the authorization. In the third quarter of fiscal 2010, the Company repurchased 12 million common shares at a cost of $775 million pursuant to the 2010 Repurchase Program. There was a reduction of $47 million to capital stock in the third quarter of fiscal 2010 and the amounts paid in excess of the per share paid-in capital of the common shares of $728 million were charged to retained earnings. All common shares repurchased by the Company pursuant to the 2010 Repurchase Program have been cancelled.

Repurchases made in fiscal 2011 pursuant to the 2010 Repurchase Program resulted in its effective completion. See "Results of Operations — Common Shares Outstanding" for the fiscal year ended February 26, 2011 for further details.

**Summary Results of Operations**

***Three months ended February 26, 2011 compared to the three months ended February 27, 2010***

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 February 26, 2011 and February 27, 2010:

| | For the Three Months Ended | | | | |
|---|---|---|---|---|---|
| | February 26, 2011 | | February 27, 2010 | | Change Q4 Fiscal 2011/2010 |
| | (in millions, except for share and per share amounts) | | | | |
| Revenue | $ 5,556 | 100.0% | $ 4,080 | 100.0% | $ 1,476 |
| Cost of sales | 3,103 | 55.8% | 2,217 | 54.3% | 886 |
| Gross margin | 2,453 | 44.2% | 1,863 | 45.7% | 590 |
| Operating expenses | | | | | |
| Research and development | 383 | 6.9% | 267 | 6.5% | 116 |
| Selling, marketing and administration | 705 | 12.7% | 498 | 12.2% | 207 |
| Amortization | 125 | 2.2% | 86 | 2.1% | 39 |
| | 1,213 | 21.8% | 851 | 20.8% | 362 |
| Income from operations | 1,240 | 22.3% | 1,012 | 24.8% | 228 |
| Investment income | 3 | 0.1% | 5 | 0.1% | (2) |
| Income before income taxes | 1,243 | 22.4% | 1,017 | 24.9% | 226 |
| Provision for income taxes | 309 | 5.6% | 307 | 7.5% | 2 |
| Net income | $ 934 | 16.8% | $ 710 | 17.4% | $ 224 |
| Earnings per share | | | | | |
| Basic | $ 1.79 | | $ 1.27 | | $ 0.52 |
| Diluted | $ 1.78 | | $ 1.27 | | $ 0.51 |
| Weighted-average number of shares outstanding (000's) | | | | | |
| Basic | 522,764 | | 557,114 | | |
| Diluted | 524,334 | | 561,130 | | |

**Revenue**

Revenue for the fourth quarter of fiscal 2011 was $5.6 billion, an increase of $1.5 billion, or 36.2%, from $4.1 billion in the fourth quarter of fiscal 2010.

A comparative breakdown of the significant revenue streams is set forth in the following table:

| | For the Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | February 26, 2011 | | February 27, 2010 | | Change Q4 Fiscal 2011/2010 | |
| Millions of devices sold | 14.9 | | 10.5 | | 4.4 | 42% |
| ***Revenue*** *(in millions)* | | | | | | |
| Devices | $ 4,481 | 80.7% | $ 3,254 | 79.8% | $ 1,227 | 37.7% |
| Service | 898 | 16.2% | 641 | 15.7% | 257 | 40.1% |
| Software | 81 | 1.5% | 69 | 1.7% | 12 | 17.4% |
| Other | 96 | 1.6% | 116 | 2.8% | (20) | (17.2%) |
| | $ 5,556 | 100.0% | $ 4,080 | 100.0% | $ 1,476 | 36.2% |

Device revenue increased by $1.2 billion, or 37.7%, to $4.5 billion, or 80.7% of consolidated revenue, in the fourth quarter of fiscal 2011 compared to $3.3 billion, or 79.8%, of consolidated revenue in the fourth quarter of fiscal 2010. This increase in device revenue over the same period in the prior year was primarily attributable to a volume increase of approximately 4.4 million units, or 42%, to approximately 14.9 million devices in the fourth quarter of fiscal 2011 compared to approximately 10.5 million devices in the fourth quarter of fiscal 2010, partially offset by a decrease in device ASP compared to the same period in fiscal 2010.

Service revenue increased by $257 million, or 40.1%, to $898 million, or 16.2% of consolidated revenue in the fourth quarter of fiscal 2011, compared to $641 million, or 15.7% of consolidated revenue, in the fourth quarter of fiscal 2010, primarily reflecting the Company's increase in BlackBerry subscriber accounts since the fourth quarter of fiscal 2010.

Software revenue increased by $12 million, or 17.4%, to $81 million in the fourth quarter of fiscal 2011 from $69 million in the fourth quarter of fiscal 2010. This increase was primarily attributable to software revenues earned from a recent business acquisition in the second quarter of fiscal 2011, partially offset by a decrease in revenue from BES.

Other revenue decreased by $20 million to $96 million in the fourth quarter of fiscal 2011 compared to $116 million in the fourth quarter of fiscal 2010. The majority of the decrease was attributable to losses realized from revenue hedging instruments as well as a decrease in non-warranty repairs revenue. See "Market Risk of Financial Instruments — Foreign Exchange" for additional information on the Company's hedging instruments.

**Gross Margin**

Consolidated gross margin increased by $590 million, or 31.7%, to $2.5 billion, or 44.2% of revenue, in the fourth quarter of fiscal 2011, compared to $1.9 billion, or 45.7% of revenue, in the fourth quarter of fiscal 2010. The decrease in consolidated gross margin percentage was primarily due to a decrease in the blended device margins driven by shifts in product mix and a higer percentage of revenue from device shipments, which comprised 80.7% of total revenue mix in the fourth quarter of fiscal 2011 compared to 79.8% in the same period of fiscal 2010, partially offset by higher service revenue as a result of additional subscriber accounts, which comprised 16.2% of total revenue mix in fiscal 2011 compared to 15.7% in fiscal 2010. As noted above, gross margin percentage for devices is generally lower than the Company's consolidated gross margin percentage.

The Company expects consolidated gross margin to be approximately 41.5% in the first quarter of fiscal 2012, primarily as a result of the product mix shifting towards lower priced handsets to support growth in prepaid and entry level markets as well as the late stage of the product life cycle for the Company's current portfolio of smartphones as the Company anticipates the planned launch of next generation versions of smartphones in the second quarter and beyond. The Company currently expects that its smartphone and related software and services business gross margin will remain consistent throughout fiscal 2012, but as the BlackBerry PlayBook increases as a percentage of the product mix, the Company expects consolidated gross margin to decrease from current levels as the BlackBerry PlayBook has a lower than corporate average gross margin, but on a higher revenue base.

The Company also expects that the impact of the earthquake in Japan will have minimal impact on its smartphone supply chain for the first quarter of fiscal 2012 based on the current expected mix and feedback from our suppliers, and the Company does not expect a material impact on the BlackBerry PlayBook component supply in the first quarter of fiscal 2012. However, the Company will continue to monitor developments in Japan.

**Operating Expenses**

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expenses for the quarter ended February 26, 2011, compared to the quarter ended November 27, 2010 and the quarter ended February 27, 2010. The Company believes that it is meaningful to also provide a comparison between the fourth quarter of fiscal 2011 and the third quarter of fiscal 2011 given that RIM's quarterly operating results vary substantially.

| | For the Three Months Ended *(in millions)* | | | | | |
|---|---|---|---|---|---|---|
| | February 26, 2011 | | November 27, 2010 | | February 27, 2010 | |
| | | % of Revenue | | % of Revenue | | % of Revenue |
| **Revenue** | $5,556 | | $5,495 | | $4,080 | |
| **Operating expenses** | | | | | | |
| Research and development | $ 383 | 6.9% | $ 357 | 6.5% | $ 267 | 6.5% |
| Selling, marketing and administration | 705 | 12.7% | 666 | 12.1% | 498 | 12.2% |
| Amortization | 125 | 2.2% | 115 | 2.1% | 86 | 2.1% |
| **Total** | $1,213 | 21.8% | $1,138 | 20.7% | $ 851 | 20.8% |

Total operating expenses for the fourth quarter of fiscal 2011 as a percentage of revenue increased by 1.1% to 21.8% of revenues when compared to the third quarter of fiscal 2011.

**Research and Development Expense**

Research and development expenditures increased by $26 million to $383 million, or 6.9% of revenue, in the fourth quarter of fiscal 2011, compared to $357 million, or 6.5% of revenue, in the third quarter of fiscal 2011. The majority of the increase was attributable to salaries and benefits due to an increase in the headcount associated with research and development activities, as well as increased materials usage.

**Selling, Marketing and Administration Expenses**

Selling, marketing and administration expenses increased by $39 million to $705 million for the fourth quarter of fiscal 2011 compared to $666 million for the third quarter of fiscal 2011. As a percentage of revenue, selling, marketing and administration expenses increased to 12.7% in the fourth quarter of fiscal 2011 compared to 12.1% in the third quarter of fiscal 2011. The net increase of $39 million was primarily attributable to increases in expenditures for marketing, advertising and promotion, as well as increases in salary and benefits expenses primarily incurred as a result of increased personnel, which was partially offset by a decrease in other consulting expenditures when compared to the same period in the prior year.

**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 February 26, 2011 compared to the quarter ended February 27, 2010. Intangible assets are comprised of acquired technology, licenses and patents.

| | For the Three Months Ended *(in millions)* | | | | | |
|---|---|---|---|---|---|---|
| | **Included in Amortization** | | | **Included in Cost of sales** | | |
| | February 26, 2011 | February 27, 2010 | Change | February 26, 2011 | February 27, 2010 | Change |
| Property, plant and equipment | $ 78 | $ 53 | $ 25 | $ 66 | $ 51 | $ 15 |
| Intangible assets | 47 | 33 | 14 | 120 | 43 | 77 |
| **Total** | $ 125 | $ 86 | $ 39 | $ 186 | $ 94 | $ 92 |

***Amortization***

Amortization expense relating to certain property, plant and equipment and certain intangible assets increased by $39 million to $125 million for the fourth quarter of fiscal 2011 compared to $86 million for the comparable period in fiscal 2010, which primarily reflects the impact of certain property, plant and equipment and intangible asset additions made during fiscal 2011.

***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 increased by $92 million to $186 million for the fourth quarter of fiscal 2011 compared to $94 million for the comparable period in fiscal 2010, which primarily reflects the impact of certain property, plant and equipment and intangible asset additions made during fiscal 2011.

**Investment Income**

Investment income decreased by $2 million to $3 million in the fourth quarter of fiscal 2011 from $5 million in the fourth quarter of fiscal 2010. The decrease primarily reflects an increase in interest expense when compared to the same period in fiscal 2010. See "Liquidity and Capital Resources".

**Income Taxes**

For the fourth quarter of fiscal 2011, the Company's income tax expense was $309 million, resulting in an effective tax rate of 24.8% compared to income tax expense of $307 million and an effective tax rate of 30.2% for the same period last year. The Company's effective tax rate reflects the geographic mix of income in jurisdictions with different tax rates. The lower effective tax rate in the fourth quarter of fiscal 2011 is primarily a result of recent enacted tax changes.

**Net Income**

The Company's net income for the fourth quarter of fiscal 2011 was $934 million, an increase of $224 million, or 31.5%, compared to net income of $710 million in the fourth quarter of fiscal 2010. The increase in net income in the fourth quarter of fiscal 2011 in the amount of $224 million from the fourth quarter of fiscal 2010 primarily reflects an increase in gross margin in the amount of $590 million, resulting primarily from the increased number of device shipments, as well as an increase in service revenue as a result of additional subscriber accounts, which was partially offset by the decrease of consolidated gross margin percentage, as well as an increase of $362 million in operating expenses.

Basic EPS was $1.79 and diluted EPS was $1.78 in the fourth quarter of fiscal 2011 compared to $1.27 basic EPS and $1.27 diluted EPS in the fourth quarter of fiscal 2010, a 40.2% increase in diluted EPS when compared to fiscal 2010.

The weighted average number of shares outstanding was 523 million common shares for basic EPS and 524 million common shares for diluted EPS for the quarter ended February 26, 2011 compared to 557 million common shares for basic EPS and 561 million common shares for diluted EPS for the same period last fiscal year.

**Selected Quarterly Financial Data**

The following table sets forth RIM's unaudited quarterly consolidated results of operations data for each of the eight most recent quarters, including the quarter ended February 26, 2011. The information in the table

below has been derived from RIM'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. RIM'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 2011 | | | | Fiscal Year 2010 | | | |
|---|---|---|---|---|---|---|---|---|
| | Fourth Quarter | Third Quarter | Second Quarter | First Quarter | Fourth Quarter | Third Quarter | Second Quarter | First Quarter |
| | (in millions, except per share data) | | | | | | | |
| Revenue | $5,556 | $5,495 | $4,621 | $4,235 | $4,080 | $3,924 | $3,526 | $3,423 |
| Gross margin | $2,453 | $2,394 | $2,055 | $1,923 | $1,863 | $1,675 | $1,554 | $1,492 |
| Operating expenses (1) (2) | 1,213 | 1,138 | 973 | 865 | 851 | 791 | 903 | 801 |
| Investment income (loss), net | 3 | (11) | 6 | 10 | 5 | 6 | 8 | 9 |
| Income before income taxes | 1,243 | 1,245 | 1,088 | 1,068 | 1,017 | 890 | 659 | 700 |
| Provision for income taxes (1) | 309 | 334 | 291 | 299 | 307 | 262 | 184 | 56 |
| Net income | $ 934 | $ 911 | $ 797 | $ 769 | $ 710 | $ 628 | $ 475 | $ 644 |
| Earnings per share | | | | | | | | |
| Basic | $ 1.79 | $ 1.74 | $ 1.46 | $ 1.39 | $ 1.27 | $ 1.11 | $ 0.84 | $ 1.13 |
| Diluted | $ 1.78 | $ 1.74 | $ 1.46 | $ 1.38 | $ 1.27 | $ 1.10 | $ 0.83 | $ 1.12 |
| Research and development | $ 383 | $ 357 | $ 323 | $ 288 | $ 267 | $ 242 | $ 236 | $ 220 |
| Selling, marketing and administration (1) | 705 | 666 | 546 | 483 | 498 | 466 | 430 | 514 |
| Amortization | 125 | 115 | 104 | 94 | 86 | 83 | 73 | 67 |
| Litigation (2) | — | — | — | — | — | — | 164 | — |
| Operating expenses | $1,213 | $1,138 | $ 973 | $ 865 | $ 851 | $ 791 | $ 903 | $ 801 |

(1) Selling, marketing and administration in the first quarter of fiscal 2010 included unusual charges of $96 million and provision for income taxes included a benefit of $175 million. The unusual charges related to a charge for the payment on account of certain employee tax liabilities related to certain previously exercised stock options with measurement date issues that were exercised during certain time periods and the foreign exchange impact of the enactment of functional currency tax legislation in Canada. See "Results of Operations — Selling, Marketing and Administration Expenses" for the fiscal year ended February 26, 2011.

(2) In the second quarter of fiscal 2010, the Company settled the Visto Litigation. The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $268 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $164 million was expensed as a litigation charge in the second quarter of fiscal 2010. The remainder of the payment was recorded as intangible assets. See "Results of Operations — Litigation Expense" for the fiscal year ended February 26, 2011.

**Financial Condition**

***Liquidity and Capital Resources***

Cash, cash equivalents, and investments decreased by $172 million to $2.7 billion as at February 26, 2011 from $2.9 billion as at February 27, 2010.

A comparative summary of cash, cash equivalents, and investments is set out below:

| | As at *(in millions)* | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | Change |
| Cash and cash equivalents | $ 1,791 | $ 1,551 | $ 240 |
| Short-term investments | 330 | 361 | (31) |
| Long-term investments | 577 | 958 | (381) |
| Cash, cash equivalents, and investments | $ 2,698 | $ 2,870 | $(172) |

The decrease in cash, cash equivalents, and investments is primarily due to net cash flows used in financing activities and investing activities, which were partially offset by net cash flows provided by operating activities, as set out below:

| | For the Fiscal Year Ended *(in millions)* | |
|---|---|---|
| | February 26, 2011 | February 27, 2010 |
| Net cash flows provided by (used in): | | |
| Operating activities | $ 4,009 | $ 3,035 |
| Investing activities | (1,698) | (1,470) |
| Financing activities | (2,087) | (843) |
| Effect of foreign exchange gain (loss) on cash and cash equivalents | 16 | (6) |
| Net increase in cash and cash equivalents | $ 240 | $ 716 |

***Cash flows for the fiscal year ended February 26, 2011***

***Operating Activities***

Net cash flows provided by operating activities were $4.0 billion for fiscal 2011, primarily reflecting higher net income compared to fiscal 2010, which was partially offset by an increase in accounts receivable in fiscal 2011 compared to fiscal 2010.

The table below summarizes the current assets, current liabilities, and working capital of the Company:

| | As at (in millions) | | |
|---|---|---|---|
| | February 26, 2011 | February 27, 2010 | Change |
| Current assets | $ 7,488 | $ 5,813 | $1,675 |
| Current liabilities | 3,630 | 2,432 | 1,198 |
| Working capital | $ 3,858 | $ 3,381 | $ 477 |

The increase in current assets of $1.7 billion at the end of fiscal 2011 from the end of fiscal 2010 was primarily due to an increase in accounts receivable of $1.4 billion and cash and cash equivalents of $240 million. At the end of fiscal 2011, accounts receivable was approximately $4.0 billion, an increase of $1.4 billion from the end of fiscal 2010. The increase is primarily due to increased revenues and the increasing international mix of business where payment terms tend to be longer as well as the timing of shipments in the quarter. Days sales outstanding increased to 65 days in the fourth quarter of fiscal 2011 from 58 days at the end of fiscal 2010.

The increase in current liabilities of $1.2 billion at the end of fiscal 2011 from the end of fiscal 2010 was primarily due to increases in accrued liabilities, accounts payable and income taxes payable. As at February 26, 2011, accrued liabilities was approximately $2.5 billion, an increase of $873 million from the end of fiscal 2010 primarily due to increases in accrued warranties and accrued rebates, as well as an increase in derivative liabilities. The increase in accounts payable of $217 million was primarily due to the timing of purchases during the fourth quarter of fiscal 2011 compared to the fourth quarter of fiscal 2010. Income taxes payable increased by $83 million when compared to the same period in the prior year due to the Company's increased profitability as well as the timing of income tax installment payments.

***Investing Activities***

During the fiscal year ended February 26, 2011, cash flows used in investing activities were $1.7 billion and included property, plant and equipment additions of $1.0 billion, intangible asset additions of $557 million and business acquisitions of $494 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 $392 million. For the same period of the prior fiscal year, cash flows used in investing activities were $1.5 billion and included property, plant and equipment additions of $1.0 billion, intangible asset additions of $421 million, and business acquisitions of $143 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 $103 million.

Property, plant and equipment additions for the fiscal year ended February 26, 2011 were comparable to the fiscal year ended February 27, 2010 as the level of investment in building expansion, renovations to existing facilities, and manufacturing equipment continued. During the fiscal year ended February 26, 2011, the additions to intangible assets primary consisted of licenses acquired in relation to amended or renewed licensing agreements relating to 3G and 4G technologies, certain patents acquired as a result of patent assignment and transfer agreements, including one entered into by the Company and Motorola, Inc. as part of a Settlement and License Agreement entered into on June 10, 2010, which settled all outstanding worldwide

litigation between the two companies, 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. Business acquisitions during fiscal 2011 related to the purchase of a company whose acquired technology is being incorporated through a BlackBerry application, a subsidiary of TAT The Astonishing Tribe, QNX Software Systems, as well as the purchase of a company whose proprietary software will be incorporated into the Company's software, the purchase of a company whose acquired technologies will enhance document access and handling capacities, and the purchase of a company whose acquired technologies will enhance the Company's ability to manage application store fronts and data collection. Investments in intangible assets during fiscal 2010 were primarily associated with the settlement of the Visto Litigation, agreements with third parties for use of intellectual property and business acquisitions. All acquired patents were recorded as intangible assets and are being amortized over their estimated useful lives. Business acquisitions during fiscal 2010 related to the purchase of Certicom Corp., Torch Mobile Inc. and the purchase of a company whose proprietary software will be incorporated into the Company's software.

***Financing Activities***

Cash flows used in financing activities were $2.1 billion for fiscal 2011 and were primarily attributable to the common share repurchase programs described above in the amount of $2.1 billion, as well as 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 $76 million, partially offset by proceeds from the issuance of common shares in the amount of $67 million. Cash flows used in financing activities were $843 million for fiscal 2010 and were primarily attributable to the 2010 Repurchase Program described above in the amount of $775 million, purchases of common shares on the open market by a trustee selected by the Company in connection with its Restricted Share Unit Plan, which were classified on the consolidated balance sheet for accounting purposes as treasury stock in the amount of $94 million, the repayment of debt acquired through acquisitions in the amount of $6 million, offset partially by the proceeds from the exercise of stock options in the amount of $30 million and tax benefits from the exercise of stock options.

***Auction Rate Securities***

Auction rate securities are debt instruments with long-term nominal maturity dates for which the interest rates are reset through a dutch auction process, typically every 7, 28 or 35 days. Interest is paid at the end of each auction period, and the auction normally serves as the mechanism for securities holders to sell their existing positions to interested buyers. As at February 26, 2011, the Company held $41 million in face value of investment grade auction rate securities for which auctions are not taking place. The interest rate for these securities has been set at the maximum rate specified in the program documents and interest continues to be paid every 28 days as scheduled. As a result of the continuing lack of liquidity in these securities, the Company recognized through investment income, in the third quarter of fiscal 2011, an other-than-temporary impairment charge of $6 million. The Company used a multi-year investment horizon to value these securities 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 return to normal levels or a solution to the liquidity of the securities is determined, and does not consider the principal or interest amounts on these securities to be materially at risk at this time. The auction rate securities are classified as long-term investments on the balance sheet given the uncertainty as to when market liquidity for auction rate securities will return to normal.

***Lehman Brothers International (Europe)***

Since March 1, 2005, the Company has maintained an investment account with Lehman Brothers International (Europe) ("LBIE"). As of September 30, 2008, the date of the last account statement received by the Company, the Company held in the account $81 million in combined cash and aggregate principal amount of fixed-income securities issued by third parties unrelated to LBIE or any other affiliate of Lehman Brothers Holdings Inc ("LBHI"). Due to the insolvency proceedings instituted by LBHI and its affiliates, including LBIE, commencing on September 15, 2008, the Company's regular access to information regarding the account has been disrupted. Following the appointment of the Administrators to LBIE the Company has asserted a trust claim in specie (the "Trust Claim") over the assets held for it by LBIE for the return of those assets in accordance with the insolvency procedure in the United Kingdom. In the first quarter of fiscal 2010, the Company received a Letter of Return (the "Letter") from the Administrators of LBIE relating to the Trust Claim. The Letter noted that, based on the work performed to date, the Administrators had identified certain assets belonging to the Company within the records of LBIE and that they are continuing to investigate the records for the remaining assets included in the Trust Claims: an additional asset was identified as belonging to the Company in the fourth quarter of fiscal 2010. In the fourth quarter of fiscal 2010, the Company signed the 'Form of Acceptance' and 'Claim Resolution Agreement', which are the necessary steps to have the identified assets returned. On June 8, 2010, the Company received a Claim Amount Notice from LBIE identifying amounts to be paid out in respect to certain identified assets. On August 10, 2010, the Company received a payment net of fees in the amount of $38 million representing monies for three of the identified assets listed in the Claim Amount Notice. The Company currently has trust claims filed with the Administrators totalling $47 million for unreturned assets and continues to maintain it has a valid trust claim on those assets. Based on communications with the Administrators, publicly available information published by the Administrators, as well as the passage of time and the uncertainty associated with the Administrator not having specifically identified these funds as trust funds, the Company recorded an other-than-temporary impairment charge to investment income in the amount of $11 million during the third quarter of fiscal 2011.

As at February 26, 2011, the carrying value of the Company's claim on LBIE assets is $36 million. The Company continues to work with the Administrators for the return of the remaining assets, identified or not specifically identified, along with the past interest accrued on these assets since LBIE began its administration proceedings. The Company will continue to take all actions it deems appropriate to defend its rights to these holdings.

***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 February 26, 2011:

| | *(in millions)* | | | | |
|---|---|---|---|---|---|
| | Total | Less than One Year | One to Three Years | Four to Five Years | Greater than Five Years |
| Operating lease obligations | $ 244 | $ 41 | $ 77 | $ 55 | $ 71 |
| Purchase obligations and commitments | 10,843 | 9,643 | 1,200 | — | — |
| Total | $11,087 | $ 9,684 | $ 1,277 | $ 55 | $ 71 |

Purchase obligations and commitments amounted to approximately $10.8 billion as of February 26, 2011, with purchase orders with contract manufacturers representing approximately $8.5 billion of the total. The Company also has commitments on account of capital expenditures of approximately $144 million included in this total, primarily for manufacturing, facilities 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. The expected timing of payment of these purchase obligations and commitments is estimated based upon current information. The timing of payments and actual amounts paid may be different depending upon the time of receipt of goods and services, changes to agreed-upon amounts for some obligations or payment terms.

The Company has obligations payable in the first quarter of fiscal 2012 of approximately $224 million for the payment of income taxes related to fiscal 2011. The Company paid approximately $135 million in the first quarter of fiscal 2011 for income taxes related to fiscal 2010. The amounts have been included as current liabilities in income taxes payable as of February 26, 2011 and February 27, 2010 respectively, and the Company intends to fund its fiscal 2011 tax obligations from existing financial resources and cash flows.

The Company has not paid any cash dividends in the last three fiscal years.

Cash, cash equivalents, and investments were $2.7 billion as at February 26, 2011. The Company believes its financial resources, together with expected future income, are sufficient to meet funding requirements for current financial commitments, for future operating and capital expenditures not yet committed, and also provide the necessary financial capacity to meet current and future growth expectations.

The Company has $150 million in unsecured demand credit facilities (the "Facilities") to support and secure operating and financing requirements. As at February 26, 2011, the Company has utilized $9 million of the Facilities for outstanding letters of credit, and $141 million of the Facilities are unused.

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 (the "U.S. Exchange Act") and 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 may be subject to claims (including claims related to patent infringement, purported class actions and derivative actions) either directly or through indemnities against these claims that it provides to certain of its partners. 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 that the Company is infringing patents or other intellectual property rights have any 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" in RIM's Annual Information Form, which is included in RIM'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 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.

On March 7, 2008, FlashPoint Technology Inc. ("FlashPoint") filed a patent infringement lawsuit against the Company and 14 other defendants in the District of Delaware. The patents-in-suit include United States ("U.S.") Patent Nos. 6,118,480, 6,177,956, 6,222,538, 6,223,190 (the "'190 Patent"), 6,249,316, 6,486,914 and 6,504,575. These patents are generally directed to digital camera and imaging technologies. On May 31, 2008, FlashPoint dismissed its complaint as to 6 of the 7 patents-in-suit, leaving only the '190 Patent in the litigation against RIM. On February 6, 2009, FlashPoint filed an amended complaint adding Patent Nos. 5,903,309, 6,278,447 (the "'447 Patent") and 6,400,471 (the "'471 Patent"). Only the '447 Patent and the '471 Patent have been asserted against RIM. The complaint seeks an injunction and monetary damages. On December 17, 2009, the Court stayed the entire litigation pending completion of all re-examinations of the patents-in-suit.

On May 13, 2010, FlashPoint filed a complaint with the U.S. International Trade Commission ("ITC") against the Company, as well as three other defendants, alleging infringement of U.S. Patent Nos. 6,134,606; 6,163,816; and 6,262,769. These patents are generally directed to digital camera and imaging technologies. The ITC set the trial for April 7-13, 2011. The initial determination is expected to be provided on July 13, 2011 and the target date for completion of the investigation is November 14, 2011. Proceedings are ongoing.

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 U.S. District Court for 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. The court has set a trial date for September 7, 2010. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On November 16, 2010, St. Clair filed a second complaint against the Company and other defendants in the U.S. District Court for 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 monetary damages. Proceedings are ongoing.

On October 31, 2008, Mformation Technologies, Inc. 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. The complaint seeks an injunction and monetary damages. On February 26, 2010, the Court issued a claim construction order. No trial date has been set. Proceedings are ongoing.

On November 17, 2008, Spansion, Inc. and Spansion LLC ("Spansion") filed a complaint with the ITC against Samsung Electronics Co., Ltd. and other related Samsung companies (collectively "Samsung") and other proposed respondents, including the Company, who purchase flash memory chips from Samsung, alleging infringement of U.S. Patent Nos. 6,380,029 ("the '029 Patent"); 6,080,639 ("the '639 Patent"); 6,376,877 ("the '877 Patent") and 5,715,194 ("the '194 Patent"). The patents relate generally to flash memory chips. The complaint does not seek monetary damages, but requests that the ITC issue orders prohibiting RIM products containing certain flash memory chips made by Samsung from being imported into the U.S. and sold in the U.S. On March 16, 2010 and April 7, 2010, the administrative law judge ("ALJ") presiding over the case granted consent motions from Spansion to terminate the ITC investigation in part as to the '029 Patent and the '639 Patent, respectively, thereby leaving only two patents remaining in the case. From May 3, 2010 to May 14, 2010, a trial was held regarding the '877 Patent and the '194 Patent. On October 22, 2010, the ALJ issued his initial determination finding no violation. On December 23, 2010, the ITC Commission decided not to review the ALJ's initial determination, thereby letting stand the ALJ's finding of no violation. The investigation has been terminated.

On August 6, 2010, Spansion LLC filed a second complaint with the ITC against Samsung and other respondents, including the Company, which use Samsung flash memory, alleging infringement of U.S. Patent Nos. 7,018,922; 6,900,124; 6,369,416; and 6,459,625. All the patents-at-issue are generally directed to flash memory chips. The complaint does not seek monetary damages, but requests that the ITC issue orders prohibiting certain RIM products containing Samsung flash memory chips from being imported into the U.S. and sold in the U.S. The ALJ has set a trial date of June 20, 2011 and a target date for completion of the investigation of January 12, 2012. 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. The petitions for review were granted on March 25, 2011. Proceedings are ongoing.

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 RIM 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 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 RIM's smartphones do not infringe the '218 Patent and that the only asserted claim is invalid as obvious. Kodak and the ITC Staff separately petitioned for Commission review on February 7, 2011. The Company also filed a contingent petition for review on February 7, 2011. The petitions for review filed by Kodak, the ITC Staff and the Company were granted on March 25, 2011. Proceedings are ongoing.

On May 5, 2009, Fractus, S.A. ("Fractus") filed a lawsuit against the Company and eight other defendants in the U.S. District Court for the Eastern District of Texas alleging infringement of nine patents (U.S. Patent Nos. 7,015,868; 7,123,208; 7,148,850; 7,202,822; 7,312,762; 7,394,432; 7,397,431; 7,411,556; and 7,528,782). These patents generally relate to antennae technology. The complaint seeks an injunction and monetary damages. The Court issued a claim construction order on November 9, 2010. The jury selection for trial is scheduled for May 2, 2011. Proceedings are ongoing.

On August 21, 2009, Xpoint Technologies filed a lawsuit against the Company and twenty-eight other defendants, in the U.S. District Court for the District of Delaware alleging infringement of U.S. Patent No. 5,913,028. The patent is generally directed to data traffic delivery. The complaint seeks an injunction and monetary damages. The Court has set a trial date of May 7, 2012. Proceedings are ongoing.

On September 23, 2009, SimpleAir, Inc. filed a lawsuit against the Company and ten other defendants in the U.S. District Court for the Eastern District of Texas alleging infringement of U.S. Patent Nos. 6,021,433; 7,035,914; 6,735,614; and 6,167,426. The patents are generally directed to the generation, processing and/or delivery of content, notifications and updates for computing devices. The complaint seeks an injunction and monetary damages. The claim construction hearing is scheduled for June 15, 2011, and the trial is scheduled to begin on December 5, 2011. Proceedings are ongoing.

On November 23, 2009, Klausner Technologies Inc. ("Klausner") filed a lawsuit against the Company and one other defendant in the U.S. District Court for the Eastern District of Texas alleging infringement of U.S. Patent Nos. 5,572,576 and 5,283,818. The patents are generally directed to visual voice mail. The complaint seeks an injunction and monetary damages. Klausner served RIM on March 23, 2010. Proceedings are ongoing.

From time to time, the Company is involved in other claims in the normal course of business. The following additional patent suits were filed against the Company since the end of fiscal 2010:

On March 3, 2010, Smartphone Technologies LLC ("Smartphone") filed a lawsuit against the Company and 12 other defendants in the U.S. District Court for the Eastern District of Texas alleging infringement of U.S. Patent Nos. 6,950,645; 7,076,275; 5,742,905; 7,506,064; 6,533,342; 6,711,609 and RE40,459. On October 15, 2010, Smartphone amended its complaint alleging infringement of three additional patents U.S. Patent Nos. 6,505,215; 6,728,786 and 7,693,949. The patents are generally directed to phone features relating to dialing and background task management, device power management, telephonic and data networking, displaying Internet content, and synchronization. The complaint seeks an injunction and monetary damages. During a scheduling conference held on September 7, 2010, the Markman hearing was scheduled for September 8, 2011 and the jury selection for trial was set for March 5, 2012. Proceedings are ongoing.

On March 31, 2010, MobileMedia Ideas LLC 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 claim construction hearing is scheduled for January 11, 2012, and trial is scheduled to begin July 12, 2012. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On June 30, 2010, Bandspeed Inc. filed a lawsuit against the Company as well as 36 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. The claim construction hearing is scheduled for October 23, 2012, and trial is scheduled to begin July 1, 2013. Proceedings are ongoing.

On August 4, 2010, EON Corporation IP Holdings LLC ("EON") filed a lawsuit against the Company as well as 16 other defendants in the U.S. District Court for the Eastern District of Texas (Tyler Division) alleging infringement of U.S. Patent No. 5,592,491. The patent is generally directed to a two-way communication network and a method for communicating between subscriber units and a local base station repeater cell. The complaint seeks an injunction and monetary damages. The claim construction hearing is scheduled for January 5, 2012, and trial is scheduled to begin October 1, 2012. Proceedings are ongoing.

On September 2, 2010, Innovative Sonic Limited filed suit 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 is scheduled for November 10, 2011, and trial is scheduled to begin June 4, 2012. Proceedings are ongoing.

On September 7, 2010, Wordcheck Tech LLC filed a lawsuit against the Company as well as over 40 other defendants in the U.S. District Court for Eastern District of Texas (Tyler Division) asserting infringement of U.S. Patent No. 6,782,510. The patent is generally directed to a word checking tool. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On September 8, 2010, Eatoni Ergonomics, Inc. ("Eatoni") filed a motion to vacate a June 8, 2010 arbitration award and a March 2007 arbitration award in the Southern District of New York in a lawsuit filed on November 19, 2008 against the Company alleging that: RIM breached the March 2007 arbitration award; the license to RIM for Eatoni's U.S. Patent 6,885,317 (the "'317 Patent") is invalid; RIM infringed the '317 Patent; and RIM monopolized the reduced QWERTY market with its Sure Type line of devices. The original lawsuit to which this matter relates was filed on April 28, 2005 and settled on September 26, 2005 through mediation. A subsequent arbitration proceeding was held in February 2007 with an arbitration award issued in March 2007. An arbitration related to the current court action was held in December 2009 with an arbitration award issued on June 8, 2010. Proceedings are ongoing.

On September 23, 2010, EON filed suit in the U.S. District Court for the District of Delaware against the Company and 16 other defendants alleging infringement of U.S. Patent No. 5,663,757. This patent is generally directed to software controlled multi-mode interactive television. The Complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On October 20, 2010, TQP Development LLC filed a lawsuit against the Company and ten other defendants in the U.S. District Court for the Eastern District of Texas (Marshall Division). The complaint alleges infringement of U.S. Patent No. 5,412,730. The patent generally relates to encryption technology. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On October 28, 2010, Alfred Levine amended his complaint to add the Company to a suit filed in the U.S. District Court for the Eastern District of Texas (Marshall Division). Fourteen other defendants are named in the suit. The complaint alleges infringement of U.S. Patents Nos. 6,243,030 and 6,140,943. The patents are generally directed to wireless navigation systems. The complaint seeks an injunction and monetary damages. The claim construction hearing is scheduled for December 21, 2011, and trial is scheduled to begin May 7, 2012. Proceedings are ongoing.

On January 5, 2011, Advanced Display Technologies of Texas, LLC filed a lawsuit against the Company as well as over eight other defendants in the U.S. District Court for the Eastern District of Texas (Tyler Division), asserting infringement of U.S. Patent Nos. 5,739,931 and 6,261,664. These patents are generally directed to display technologies. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On February 23, 2011, Summit 6 LLC filed a lawsuit against the Company as well as five other defendants in the U.S. District Court for the Northern District of Texas (Dallas Division) asserting infringement of U.S. Patent Nos. 7,765,482 and 6,895,557. These patents are generally directed to web-based media submission tools. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On February 24, 2011, Golden Bridge Technology, Inc. filed a lawsuit against the Company as well as over 20 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. Proceedings are ongoing.

On March 11, 2011, OGMA, LLC filed a lawsuit against the Company as well as 13 other defendants in the U.S. District Court for the Eastern District of Texas (Marshall Division). The complaint asserts infringement of U.S. Patent No 6,150,947 generally directed to programmable motion-sensitive sound effect devices. The complaint seeks monetary damages and other relief the Court decides is just and appropriate. Proceedings are ongoing.

On March 15, 2011, Unified Messaging Solutions, LLC filed a lawsuit against the Company as well as 19 other defendants in the U.S. District Court for the Eastern District of Texas (Tyler Division). The complaint asserts infringement of U.S. Patent Nos. 6,857,074; 7,836,141; 7,895,306; and 7,895,313 generally directed to web-based messaging service technology. The complaint seeks monetary damages and further relief as the Court may deem just and appropriate. Proceedings are ongoing.

On March 16, 2011, MOSAID Technologies Inc. filed a lawsuit against the Company, as well as 20 other defendants in the U.S. District Court for the Eastern District of Texas (Marshall Division). The complaint asserts infringement of U.S. Patent Nos. 5,131,006; 5,151,920; 5,422,887; 5,706,428; 6,563,786; 6,563,786 and 6,992,972. The patents are generally directed to IEEE 802.11 technology. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On March 18, 2011, Content Delivery Solutions, LLC filed a complaint against the Company as well as nine other defendants in the U.S. District Court for the Western District of Texas (Austin) asserting infringement of U.S. Patent Nos. 6,058,418 and 6,393,471 which generally relate to marketing data delivery technology. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On March 18, 2011, Imperium (IP) Holdings, Inc., filed a complaint 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 and 6,838,715). The complaint seeks an injunction and monetary damages. 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 2011 were 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 of the majority of salaries, certain operating costs and manufacturing overhead are incurred primarily in Canadian dollars. At February 26, 2011, approximately 59% of cash and cash equivalents, 25% of accounts receivables and 8% of accounts payable are denominated in foreign currencies (February 27, 2010 — 38%, 22% and 7%, 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 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 when the hedged exposure affects income. Any ineffective portion of the derivative's gain or loss is recognized in current period income. The cash flow hedges were fully effective at February 26, 2011. As at February 26, 2011, the net unrealized losses on these forward contracts was approximately $20 million (February 27, 2010 — net unrealized gains of $62 million). Unrealized gains associated with these contracts 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 February 26, 2011, net unrealized losses of $46 million were recorded in respect of this amount (February 27, 2010 — net unrealized gains of $29 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 continues to experience significant sales growth, resulting in the growth in its carrier customer base in terms of numbers, sales and account receivables 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 February 26, 2011 is $2 million (February 27, 2010 — $2 million). The Company also places insurance coverage for a portion of its accounts receivable balances. While the Company sells to a variety of customers, one customer comprised 15% of accounts receivable as at February 26, 2011 (February 27, 2010 — one customer comprised 14%). Additionally, two customers comprised 11% each of the Company's fiscal 2011 revenue (fiscal 2010 revenue — three customers comprised 20%, 13% and 10%).

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 February 26, 2011, 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 59% (February 27, 2010 — 24%).

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 February 26, 2011, no single issuer represented more than 19% of the total cash, cash equivalents and investments (February 27, 2010 — no single issuer represented more than 8% 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. During fiscal 2011, the Company recorded an other-than-temporary impairment charge on its auction rate securities in the amount

of $6 million. In addition, the Company recorded an other-than-temporary impairment charge on its LBIE bankruptcy trust claim in the amount of $11 million.

**Disclosure Controls and Procedures and Internal Controls**

***Disclosure Controls and Procedures***

As of February 26, 2011, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Co-CEOs 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 Co-CEOs 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 February 26, 2011. 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 February 26, 2011, 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 February 26, 2011, 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 February 26, 2011 of our reports dated March 29, 2011 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 and 333-150470] pertaining to the Company's stock option plans of our reports dated March 29, 2011 with respect to the consolidated financial statements of the Company included herein, and the effectiveness of internal control over financial reporting.

Kitchener, Canada,
March 29, 2011.

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

**Exhibit 31.1**

**Certification**
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, James L. Balsillie, 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 29, 2011

/s/ JAMES L. BALSILLIE
Name: James L. Balsillie
Title: Co-Chief Executive Officer

I, Mike Lazaridis, 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 29, 2011

/s/ Mike Lazaridis

Name: Mike Lazaridis
Title: President and Co-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 29, 2011

/s/ Brian Bidulka

Name: Brian Bidulka
Title: Chief Financial Officer

**Exhibit 32.1**

**Certification of co-CEOs 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 February 26, 2011, as filed with the Commission on the date hereof (the "Report"), James L. Balsillie, as co-Chief Executive Officer of the Registrant, Mike Lazaridis, as President and co-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/ James L. Balsillie
Name: James L. Balsillie
Title: Co-Chief Executive Officer
Date: March 29, 2011

/s/ Mike Lazaridis
Name: Mike Lazaridis
Title: President and Co-Chief Executive Officer
Date: March 29, 2011

/s/ Brian Bidulka
Name: Brian Bidulka
Title: Chief Financial Officer
Date: March 29, 2011

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.