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

FORM 40-F

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

or

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

For the fiscal year ended February 29, 2016 **Commission File Number 0-29898**

BlackBerry 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)

2200 University Ave East
Waterloo, Ontario, Canada,
N2K 0A7
(519) 888-7465
(Address and telephone number of Registrant's principal executive offices)

BlackBerry Corporation
6700 Koll Center Parkway, 2nd Floor
Pleasanton, California, USA 94566
(925) 931-6060
(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:

Title of each class	Name of each exchange where registered
Common Shares, without par value	Toronto Stock Exchange
Common Shares, without par value	NASDAQ Stock Market, LLC

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:

x Annual information form x 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 521,172,271 Common Shares outstanding as at February 29, 2016.

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 x No ¨

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

Yes x No ¨

A. Disclosure Controls and Procedures

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

The Registrant's Chief Executive Officer and Chief Financial Officer have evaluated the Registrant's disclosure controls and procedures as of the end of the period covered by this Annual Report and have determined that such disclosure controls and procedures were effective. A discussion of the Registrant's disclosure controls and procedures can be found in its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended February 29, 2016, included in Exhibit 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

On October 30, 2015 and September 22, 2015, the Registrant completed the acquisition of Good Technology Corporation and AtHoc, Inc., respectively, which are included in the fiscal 2016 consolidated financial statements of the Registrant and constituted 19% and 23% of total and net assets, respectively, as of February 29, 2016, and 3% and 13% of revenues and net income before tax, respectively, for the year then ended. In conducting their evaluation of the effectiveness of the Registrant's internal controls over financial reporting (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), management has excluded Good Technology Corporation and AtHoc, Inc. from its assessment of internal controls over financial reporting as of February 29, 2016 because they were acquired by the Registrant during fiscal 2016.

See Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended February 29, 2016, included in Exhibit 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 April 1, 2016, to the shareholders of the Registrant, which accompanies the Registrant's audited consolidated financial statements for the fiscal year ended February 29, 2016, filed as Exhibit 1.2 to this Annual Report. EY's audit of internal control over financial reporting of the Registrant also did not include an evaluation of the internal control over financial reporting of Good Technology Corporation and AtHoc, Inc.

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 29, 2016, included in Exhibit 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 29, 2016.

F. Audit Committee Financial Expert

The Registrant's Board of Directors has determined that Barbara Stymiest, an individual 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)(b) of Form 40-F.

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

designation or affect the duties, obligations or liability of any other member of the Audit and Risk Management Committee or Board of Directors.

G. Code of Ethics

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

H. Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed by EY, the Company's independent auditor, for the fiscal years ended February 29, 2016 and February 28, 2015, 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 $2,567,933 and $3,458,051, respectively.

Audit-Related Fees

The aggregate fees billed by EY for the fiscal years ended February 29, 2016 and February 28, 2015, respectively, for assurance and related services rendered by EY that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported above as audit fees were $13,042 and $33,785, respectively. 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 29, 2016 and February 28, 2015, respectively, for professional services rendered by EY for tax compliance, tax advice, tax planning and other services were $36,180 and $9,432, respectively. Tax services provided included international tax compliance engagements.

All Other Fees

The aggregate fees billed by EY for the fiscal years ended February 29, 2016 and February 28, 2015, respectively, for professional services rendered by EY for acquisition related due diligence were $422,200 and nil, respectively.

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 29, 2016, 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), Timothy Dattels, Dr. Laurie Smaldone Alsup and the Hon. Wayne Wouters. 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 Estimates

A discussion of the Registrant's critical accounting estimates can be found in its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended February 29, 2016, included in Exhibit No. 1.3 to this Annual Report, under the heading "Accounting Policies and Critical Accounting Estimates - Critical Accounting Estimates".

M. Nasdaq Exemptions

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

N. Interactive Data File

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

O. Mine Safety

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

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

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

B. Consent to Service of Process

The Registrant has previously filed with the Commission a Form F-X in connection with its Common Shares, as amended on Form F-X/A filed with the Commission on June 1, 2015.

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.

BLACKBERRY LIMITED

Date: April 1, 2016

By: /s/ James Yersh

Name: James Yersh

Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Document
1.1	Annual Information Form for the fiscal year ended February 29, 2016, dated April 1, 2016.
1.2	Audited Consolidated Financial Statements for the fiscal year ended February 29, 2016, 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 29, 2016.
23.1	Consent of Ernst & Young LLP.
31.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data File.

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BLACKBERRY LIMITED
2200 University Avenue East
Waterloo, Ontario
Canada
N2K 0A7

Annual Information Form
For the fiscal year ended
February 29, 2016

DATE: April 1, 2016

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ANNUAL INFORMATION FORM

CERTAIN INTERPRETATION MATTERS

Unless the context otherwise requires, all references to the "Company" and "BlackBerry" include BlackBerry Limited (formerly, Research In Motion Limited) and its subsidiaries. All dollar references, unless otherwise noted, are in United States dollars.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- the Company's plans, strategies and objectives, including the anticipated benefits of its strategic initiatives described below, and the anticipated opportunities and challenges for the Company in fiscal 2017;
- the Company's expectations regarding anticipated demand for, and the timing of, new product and service offerings, and the Company's plans and expectations relating to its existing and new product and service offerings, including BlackBerry Enterprise Service ("BES") 12, the Good® Secure EMM Suites, BlackBerry smartphones, and the cloud-based BlackBerry Internet of Things platform (the "BlackBerry IoT Platform"), including software products offered by the Company's wholly-owned subsidiary, QNX Software Systems Limited ("QNX");
- the Company's expectations regarding the generation of revenue from its software, services and other technologies, including subscription-based licensing, as well as its expectations regarding the ability of such revenues to offset declining service access fees; and
- the Company's expectations regarding implementing a new enterprise resource planning software system.

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

Any statements that are forward-looking statements are intended to enable the Company's shareholders to view the anticipated performance and prospects of the Company from management's perspective at the time such statements are made, and they are subject to the risks that are inherent in all forward-looking statements, as described above. These forward-looking statements are made by the Company in light of its experience, its perception of historical and anticipated business trends, existing conditions in the business at the time and anticipated future developments, including competition and new product initiatives and expected timing, as well as the Company's current assessments of the risk factors that affect its business, including those identified in this AIF, and the likely success of mitigation strategies relating to such factors. These forward-looking statements are subject to the inherent risk of difficulties in forecasting the Company's financial results and performance for future periods, particularly over longer periods, given the ongoing transition in the Company's business strategy and the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the mobile communications industry. These difficulties in forecasting the Company's financial results and performance are magnified at the present time given the uncertainties related to the strategic initiatives described in this AIF. These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

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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 through the filing of articles of amalgamation under the OBCA on November 4, 2013. The Company's registered and principal business office is 2200 University Avenue East, Waterloo, Ontario, Canada N2K 0A7, telephone: (519) 888-7465, fax: (519) 888-6906.

Inter-corporate Relationships

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

Name of Subsidiary	Jurisdiction of Incorporation or Organization
BlackBerry Corporation	Delaware, U.S.A.
BlackBerry UK Limited	England and Wales
BlackBerry Singapore Pte. Limited	Singapore
Good Technology Corporation	Delaware, U.S.A.
QNX Software Systems Limited	Ontario, Canada

GENERAL DEVELOPMENT OF THE BUSINESS

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 2016:

Significant Acquisition

- On October 30, 2015, the Company, through its wholly-owned subsidiary, BlackBerry Corporation, acquired all of the issued and outstanding shares of Good Technology Corporation ("Good"), a provider of secure mobility solutions, including secure applications and containerization that protects end user privacy. The aggregate consideration paid by the Company was approximately $417 million and consisted of (i) the payment of approximately $328.4 million in cash to existing shareholders of Good, and (ii) the payment of approximately $88.6 million to existing debtholders of Good. The Company financed the acquisition from its own cash and investment balances. The Company filed a Business Acquisition Report (on Form 51-102F4) in respect of this acquisition.

Other Acquisitions

- Acquired AtHoc, Inc. ("AtHoc"), a provider of secure, networked crisis communications;
- Acquired WatchDox Ltd. ("WatchDox"), a data security company offering secure enterprise file-sync-and-share ("EFSS") solutions; and
- Acquired Encription Holdings Limited and Encription Ireland Limited ("Encription"), a cybersecurity consulting firm providing industry-leading assessments in penetration testing and security training services.

Products, Services and Approvals

- Launched the PRIV smartphone, running on the Android™ operating system;
- Announced the new Good Secure EMM Suites by BlackBerry, a comprehensive set of mobile security, management, productivity and collaboration offerings;
- Announced the launch of a new Professional Cybersecurity Services practice that will further expand the Company's security portfolio;
- Announced the new voice encryption solution SecuSUITE for Enterprise;
- Announced BES12 Cloud, a cloud-based enterprise mobility management ("EMM") solution that offers easy management of cross-platform devices;
- Obtained the approval of the United States Department of Defense ("DoD") for the use of Public Key Infrastructure credentials on BlackBerry OS and BlackBerry 10 smartphones;
- Unveiled a new QNX software platform to enable automotive companies to build a full range of secured automated driving systems and in-car acoustics; and
- Showcased at the Consumer Electronics Show an IoT over-the-air software platform, as well as BlackBerry Radar, an asset tracking device and software interface.

Joint Ventures, Partnerships and Other Agreements
- Entered into a long-term patent cross-licensing agreement with Cisco;
- Entered into a joint development and manufacturing agreement with Wistron Corporation;
- Announced a new partnership with T-Mobile US, Inc. to bring the BlackBerry Classic to T-Mobile's network;
- Announced the planned integration of Samsung KNOX™ with WorkLife by BlackBerry and SecuSUITE; and
- Announced the availability of the Company's multi-OS EMM platform in the Microsoft Azure Marketplace, allowing customers full access to their BES12 licenses while benefiting from the Microsoft cloud architecture.

Financial Highlights
- Achieved positive free cash flow and positive adjusted EBITDA in each of the quarters in fiscal 2016;
- Achieved non-GAAP revenue of approximately $527 million from software and services for the year;
- Commenced a normal course issuer bid to purchase up to 27 million common shares of the Company; and
- Commenced the resource alignment program (the "Resource Alignment Program") with the objectives of reallocating Company resources to capitalize on growth opportunities, providing the operational ability to better leverage contract research and development services relating to its handheld devices, and reaching sustainable profitability.

Director and Executive Officer Appointments
- Appointed the Honourable Wayne G. Wouters, PC, an executive leader in government relations, strategic leadership, international trade and economic policy, to the board of directors of the Company (the "Board");
- Appointed Laurie Smaldone Alsup, M.D., an executive leader in drug development, regulatory strategy, and regulatory approvals in the pharmaceutical and biotechnology industries, to the Board; and
- Appointed Carl Wiese as President of Global Sales of the Company.

Fiscal 2015:

Acquisitions
- Acquired Secusmart GmbH ("Secusmart"), a leader in high-security voice and data encryption and anti-eavesdropping solutions; and
- Acquired Movirtu Limited ("Movirtu"), a provider of virtual identity solutions for mobile operators.

Products, Services and Approvals
- Launched BES12, a cross-platform EMM solution by BlackBerry;
- Launched four new BlackBerry 10 smartphones, including the Classic, Passport, Z3 and the Porsche Design P'9983;
- Unveiled the BlackBerry IoT Platform, initially targeting the automotive and asset tracking industries, by combining technology from QNX, with BlackBerry's secure network infrastructure and device lifecycle management software;
- Announced new value-added enterprise solutions, including BlackBerry Blend, WorkLife by BlackBerry, Enterprise Identity by BlackBerry and VPN Authentication by BlackBerry;
- Launched BBM Protected;
- Launched a substantial software update for BlackBerry 10 smartphones (version 10.3.1);
- Announced that BES10 and BES12 would be available as a hosted service through third-party partners worldwide;
- Received Security Technical Implementation Guide approval from the U.S. Defense Information Systems Agency ("DISA") for Secure Work Space for iOS® and Android; and
- Provided for mobile device management ("MDM") companies to directly manage devices with the BlackBerry 10 operating system.

Joint Ventures, Partnerships and Other Agreements
- Announced a partnership with Amazon making approximately 240,000 Android applications available to BlackBerry users through the Amazon.com Inc. ("Amazon") Appstore;
- Announced that the Company is working with Google Inc. ("Google") to enable BES12 to manage devices equipped with Android for Work™;
- Announced a strategic partnership with Samsung Electronics Co., Ltd. ("Samsung") to provide an end-to-end secure solution that brings together BES12 with Samsung KNOX; and
- Announced an investment in healthcare information technology leader NantHealth LLC and collaboration on the development of integrated clinical systems that facilitate the delivery of medical care.

Financial Highlights
- Achieved the Company's target of break-even cash flow results in the third quarter of fiscal 2015, one quarter sooner than anticipated;
- Completed the divestiture of the majority of the Company's real estate holdings in Canada; and

- Completed the Cost Optimization and Resource Efficiency program in the fourth quarter of fiscal 2015.

Director and Executive Officer Appointments

- Appointed Mike Daniels, a leading expert in cyber security with extensive experience in the U.S. government and the private sector, to the Board; and
- Appointed Dr. Sandeep Chennakeshu as President of the Business Technology Solutions ("BTS") unit, Marty Beard as Chief Operating Officer; Nita White-Ivy as Executive Vice President, Human Resources and Billy Ho as Executive Vice President, Enterprise Products and Value Added Solutions.

Fiscal 2014:

Strategic Review Process, Debenture Financing, Business Transition and Organizational Changes

- Announced on August 12, 2013, the formation of a Special Committee by the Board to explore strategic alternatives to enhance value and increase scale to accelerate BlackBerry 10 deployment;
- Announced on September 23, 2013, that the Company had signed a letter of intent (the "LOI") with Fairfax Financial Holdings Limited ("Fairfax"), a Canadian company founded by V. Prem Watsa, under which a consortium to be led by Fairfax proposed to acquire the Company;
- Announced on November 4, 2013, that in lieu of the transaction contemplated by the LOI, the Company had entered into an agreement pursuant to which Fairfax and other institutional investors would subscribe for $1 billion aggregate principal amount of 6% unsecured subordinated convertible debentures due 2020, with an option to purchase an additional $250 million principal amount of debentures (collectively, the "Debentures"). The announcement of this financing marked the conclusion of the strategic review process previously announced by the Board. The initial $1 billion investment of Debentures was completed on November 13, 2013, and the option to purchase the additional $250 million of Debentures was completed on January 16, 2014 (collectively, the "Debenture Financing");
- The Debenture Financing resulted in the following changes to the Board and management team:
    - appointment of John Chen as Executive Chair of the Board and Interim Chief Executive Officer,
    - appointment of V. Prem Watsa as Lead Director of the Board and Chair of the Compensation, Nomination and Governance Committee, and
    - resignations of Thorsten Heins as Chief Executive Officer and a director, and David Kerr as a director;
- Announced the Company's plan to transition the business to focus on four areas: the Devices business, Enterprise Services, the QNX Embedded business (now part of the BTS unit) and Messaging; and
- Announced further management and Board changes as part of the reorganization of BlackBerry including:
    - appointment of James Yersh as Chief Financial Officer (replacing Brian Bidulka),
    - appointment of Eric Johnson as President, Global Sales,
    - appointment of Ron Louks as President, Devices and Emerging Solutions,
    - appointment of James S. Mackey as Executive Vice President, Corporate Development and Strategic Planning,
    - appointment of John Sims as President, Global Enterprise Services,
    - resignations of Kristian Tear as Chief Operating Officer and Frank Boulben as Chief Marketing Officer, and
    - resignation of Roger Martin from the Board.

Joint Ventures, Partnerships and Other Agreements

- Announced a joint device development and manufacturing agreement with Foxconn Technology Group ("Foxconn").

Products, Services and Approvals

- Announced a new BES pricing and licensing structure (Silver and Gold) and a new EZ pass program that enabled customers to move from BES and competitors' MDM programs to BES10 or BES12 at the Silver level of service for free (the program ceased at the end of December 2014);
- Launched updates to BES10 (versions 10.1 and 10.2) and launched software updates for BlackBerry 10 smartphones (versions 10.1, 10.2 and 10.2.1);
- Delivered four BlackBerry 10 smartphones, including the Q10, Q5, Z30 and the Porsche Design P'9982, as well as the 9720 to support the BlackBerry 7 market;
- Launched BlackBerry Messenger ("BBM") and BBM Voice for Android and iOS smartphones;
- Launched BBM Channels for the BlackBerry 10 platform, and subsequently for Android and iOS;
- Announced that DISA had given BlackBerry Z10 and Q10 smartphones with BES10 the Authority to Operate ("ATO") on DoD networks, being the first MDM provider to obtain an ATO and announced that BlackBerry had become the first mobility solution to receive Full Operational Capability ("FOC") to run on DoD networks; and
- Launched Secure Work Space for iOS and Android.

Other
- Announced the change of the Company's name from Research In Motion Limited to BlackBerry Limited.

NARRATIVE DESCRIPTION OF THE BUSINESS

Overview

The Company is securing a connected world, delivering innovative solutions across the entire mobile ecosystem and beyond. The Company secures the world's most sensitive data across all endpoints – from cars to smartphones – making the mobile-first enterprise vision a reality. Founded in 1984 and based in Waterloo, Ontario, the Company operates offices in North America, Europe, Middle East and Africa, Asia Pacific and Latin America. The Company's common shares are listed on the NASDAQ Global Select Market ("NASDAQ") (NASDAQ: BBRY) and the Toronto Stock Exchange ("TSX") (TSX: BB), and its Debentures are listed on the TSX (TSX: BB.DB.U).

The Mobile Communications Industry

Improvements in wireless network infrastructure and the rapid proliferation of mobile devices and applications in recent years are transforming the way that enterprises and individuals communicate and collaborate. In the enterprise, the mobile platform is becoming the primary computing platform and users now expect to be as productive on their mobile devices as they are on their desktop and laptop computers, with secure, reliable access to their data, applications and services. Enterprises are increasingly embracing mobility strategies by deploying devices internally and by enabling mobile-first interactions with external business partners and customers. In implementing these mobility strategies, organizations demand solutions that deliver a rich, flexible user experience without compromising on centralized management or enterprise-grade security.

Security is increasingly important in the mobile environment, with cybercriminals developing ever more sophisticated methods of gaining access to sensitive intellectual property and personal information. Recent data breaches have exposed the potential for hacking to cause significant financial and reputational damage and even to threaten national security. Enterprises, and governments in particular, require hardware and software that can protect their data, ensure privacy and demonstrate compliance with applicable security regulations.

From a hardware perspective, the enterprise market for smartphones has become increasingly characterized by a combination of enterprise-deployed devices and devices that are purchased by consumers and also used in the enterprise environment, commonly referred to as the Bring Your Own Device or BYOD model. Consumer device offerings are chosen by the individual user based on cost and an affinity for a certain user interface, form factor, and specific supported software features or capabilities, including third-party applications. These consumer devices are supported in the enterprise environment by information technology ("IT") departments for access to corporate messaging and applications. As the market has evolved, IT departments now look for enterprise mobility solutions that can handle a variety of devices and a range of deployment models.

From a software perspective, EMM software solutions designed for centralized administration by enterprise IT departments typically include on-premise software products or cloud-based services that are deployed in conjunction with corporate messaging and application services. These products are used to manage and secure both company-issued and personally-owned devices within the enterprise environment. As this market continues to mature, these solutions have expanded beyond device management to include enhanced mobile enterprise applications and secure collaboration features.

Recently the "Internet of Things" or "IoT" has also emerged as a driving force for the expansion of new wireless applications, with many mobile communications industry participants establishing relationships, practices and partnerships focused around communication between devices. As the IoT continues to develop, companies enabling these connected devices will be faced with many of the same challanges faced by enterprises enabling devices in their workplaces.

Strategy

The Company's operating unit organizational structure consists of the Devices business, Enterprise Solutions and Services (which includes the Company's newest practice, Professional Cybersecurity Services), BTS, and Messaging. Across all businesses, BlackBerry products and services are widely recognized in the market for productivity and security, and the Company believes that it delivers the most secure end-to-end mobile enterprise solutions in the market. With these core strengths, the Company's broad portfolio of products and services is focused on serving enterprise customers, particularly in regulated industries and select vertical markets, including government, financial services, legal and healthcare.

The Company has been executing a strategy to leverage its strengths in mobility management and security to refocus its business in the Enterprise Solutions and Services space, while maintaining a presence in the highly competitive smartphone and devices market. This strategy includes increasing the Company's product and service offerings through strategic acquisitions and targeted growth in internal investments. The Company's goal is to maintain its market leadership in the enterprise mobility

segment by continuing to extend the functionality of its enterprise software infrastructure beyond EMM, to offer the most comprehensive and secure mobile platform and, on top of this extensive foundation, deliver vertical solutions and endpoint management in the IoT.

BlackBerry has aligned its businesses and operations around the following areas to drive greater efficiency and speed in bringing new offerings to market, while optimizing assets and capabilities across all businesses in support of the Company's overall strategy and financial objectives.

Devices

Although the Company is refocusing its business on Enterprise Solutions and Services, the Devices business has historically been the focus of the Company's operations, with the innovative and secure range of BlackBerry smartphones and other devices. The BlackBerry brand, design, security and other product features continue to have significant appeal to a wide range of smartphone users, particularly in the enterprise space. The Company's Devices business strategy is focused on delivering smartphones that meet the needs of the modern user, including protecting personal privacy while enabling the user to securely conduct business. In support of this strategy, in fiscal 2016 the Company launched the PRIV, an Android-based device with strong security and privacy features and support of the full Android application ecosystem. The Company also offers and supports devices using the BlackBerry 10 operating system, the gold standard for mobile security, including the Classic, Passport and Leap.

Enterprise Solutions and Services

Security, reliability, productivity and collaboration are hallmark strengths of the Company's platform and are instrumental to the Company's success in the enterprise market. The Company intends to continue to strategically focus on regulated industries that rely on stringent security needs, as well as on the government market where the Company is the only MDM provider to obtain both ATO and FOC status with the DoD. The Company also intends to maintain and strengthen its position as an EMM leader by continuing to enhance its enterprise software offerings and long-term product strategy.

With the acquisitions of Good and Watchdox in fiscal 2016, the Company has expanded its ability to offer a unified, secure mobility platform with applications and services for any mobile device on any operating system, supported by security that has been certified by governments around the world, embedded in every component of the mobility infrastructure. The Good Dynamics platform and Good Work are being integrated with BES12. The initial integrated offering is now available to customers through the Good Secure EMM Suites. This offering provides support for both mobile and desktop operating system devices including BBOS and BlackBerry 10, iOS, Android OS and Windows. As a result of the combination of the BlackBerry and Good platforms, the Company believes it has the largest installed base in the EMM market.

In addition, the Company has expanded its enterprise software portfolio through the internal development of identity management and authentication solutions, as well as through acquisitions of companies focused on security and productivity, including Movirtu and WatchDox.

The acquisition of Encription in February 2016 led to the announcement of the Company's new Professional Cybersecurity Services practice, which will further expand the Company's security portfolio. The Company's new cybersecurity consulting services and tools, combined with the Company's existing security solutions, will help customers identify the latest cybersecurity threats, develop risk appropriate mitigation strategies, implement and maintain IT security standards and techniques and defend against the risk of future attacks. This new practice will address strategic security, technical security, automotive and IoT security and detection, testing and analysis.

The acquisition of Secusmart in fiscal 2015 supported the Company's continued focus on the government market and regulated industries. With this acquisition, the Company strengthened its secure enterprise mobility portfolio by adding a leading secure voice and text messaging solution with Secusmart's advanced encryption and anti-eavesdropping capabilities.

The Company plans to focus on additional value-added services to further enhance its enterprise offerings.

BlackBerry Technology Solutions

The BTS business is comprised of five units: QNX, Certicom, Paratek, the BlackBerry IoT Platform, and Intellectual Property and Patent Licensing ("IPPL"). The BTS unit was created to position BlackBerry's technology licensing businesses together under one leadership umbrella with a view to creating new revenue streams and enhancing value from the Company's technology.

The largest BTS business unit is QNX. QNX is a global provider of operating systems, development tools, and middleware for the automotive, medical, industrial, consumer, networking, and defense markets. QNX is the recognized leader in software for automotive electronics, with products deployed in digital instrument clusters and in the infotainment and telematics systems of more than 60 million vehicles worldwide. Over 40 automotive original equipment manufacturers ("OEMs") use QNX technology, in brands such as Audi, Bentley, BMW, Buick, Chevrolet, Chrysler, Ford, GMC, Honda, Hyundai, Jaguar, Kia,

Land Rover, Maserati, Mercedes-Benz, Porsche, Toyota, and Volkswagen. With its field-proven technology and suite of safety and security certifications, QNX is also a preferred supplier for companies building medical devices, train-control systems, industrial robots, hardware security modules, building automation systems, green energy solutions, and other mission-critical and safety-critical applications. QNX continues to attract new business through a growing portfolio of innovative products, including, an operating system for automotive safety, a platform for advanced driver assistance systems ("ADAS") and automated driving, a comprehensive in-car acoustics solution, hypervisor software that manages safety-critical systems in real-time, and a wireless framework that enables customers to upgrade their cellular and Wi-Fi hardware without having to recode or modify applications.

Certicom specializes in applied cryptography and key management, offering both software components and end-to-end security solutions targeted at bandwidth and resource-constrained applications. Certicom's asset management technology is deployed in over 400 million high value ASICs (application specific integrated circuit customized for a particular use) and its certificates are used in over 100 million IoT devices.

Paratek designs, develops and licenses its adaptive radio frequency ("RF") antenna tuning technology. With the growth of RF bands to be covered and stringent performance requirements imposed, RF antenna tuning is becoming a key differentiator to improve the antenna performance of smartphones. Paratek technology has been adopted by numerous OEMs and has many handset design wins.

The BlackBerry IoT Platform connects data generators with data consumers via an intelligent platform and application service modules, all hosted on a global, scalable, multi-tenant network protected by BlackBerry's recognized security features. The BlackBerry IoT Platform intends to focus initially on applications for asset tracking, such as BlackBerry Radar, a device and software interface for tracking trucks and containers, for reporting locations and sensor data, and for enabling custom alerts and fleet management applications.

The IPPL unit manages the Company's extensive patent portfolio, which includes both standards-essential patents and implementation patents and has an average and median remaining life of over 11 years. The Company is monetizing its patent portfolio through an outbound licensing program, including, for example, through its patent cross-licensing agreement with Cisco entered into in fiscal 2016.

Messaging

In fiscal 2016, the Company expanded its focus and footprint in the messaging business with the acquisition of AtHoc, a secure, networked crisis communications solutions market leader. The acquisition of AtHoc enhances the Company's mission to provide secure communication solutions and complements the Company's enterprise portfolio of cross-platform solutions and trusted global network to enable new capabilities for safety, security and mission-critical business communications.

The Company has expanded the features and functionality of BBM through platform enhancements and innovative services. The Company monetizes the BBM platform through in-app advertising, a virtual goods store, and the subscription-based BBM Protected offering for secure enterprise messaging.

Strategic objectives

The following objectives are important to the success of the Company's strategy in all areas of its business:

- **Seeking strategic alliances and relationships.** BlackBerry intends to continue developing new and existing strategic alliances, which may involve closer collaboration with other technology leaders to maintain and enhance the Company's competitive position. Potential 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, OEMs, microchip and other manufacturers, and global systems integrators.
- **Targeted acquisition and investment strategy.** BlackBerry will continue to evaluate potential acquisitions and make investments in products that provide opportunities for growth or expansion of the BlackBerry value proposition. These may include acquisitions and investments related to software, wireless solutions, security and applications, among others. The Company also intends to continue to acquire rights in intellectual property in various forms and technologies when appropriate opportunities arise.
- **Expanding distribution.** The Company's ability to grow its service and software revenue is dependent on its ability to expand its distribution capability, including by developing and expanding relationships with indirect partners, resellers and carriers. The Company is also focusing on building its direct enterprise sales force.
- **Achieving best in class operational metrics.** The Company has significantly improved its operational metrics through the Resource Alignment Program and its previous cost and management initiatives. BlackBerry intends to further simplify business processes and target areas of the business where greater efficiencies can be achieved. The Company is focused on

driving best-in-class operational metrics across all of its businesses, with the goal of continuing to reduce organizational complexity while increasing individual and business unit accountability and aligning employees behind the BlackBerry vision, mission and values.

- **Continuing to invest in highly qualified personnel.** BlackBerry believes that the quality and skills of its employees are key factors in achieving success. The Company intends to continue its recruiting strategies and operations worldwide to support its product development and growth strategies and ensure the needed strategic capabilities are in place. BlackBerry intends to retain, attract and develop talented employees to drive organizational performance and foster an environment of innovation, learning and development within a cost effective organization.

Products and Services

Revenue

The Company primarily generates revenue from the sale of smartphones and enterprise software and services. The Company also generates revenue from the embedded market through licensing QNX software products and providing professional services to support customers in developing their products. Revenue is also generated from its secure messaging products and services sold by AtHoc, Secusmart and through its BBM service. Finally, the Company generates other revenue from technology licensing, accessories, non-warranty repairs, BlackBerry World and gains and losses on revenue hedge contracts.

The Company intends to continue to increase the proportion of its enterprise software and services revenues that it generates from subscription-based licensing.

For revenue and other financial information on the two most recently completed fiscal years, see the Company's Management Discussion and Analysis ("MD&A") for the fiscal year ended February 29, 2016, in the section entitled "Results of Operations - Fiscal year ended February 29, 2016 compared to fiscal year ended February 28, 2015 - Revenue".

Enterprise Solutions and Services

The Company is a leader in EMM and mobile security and offers a broad portfolio of enterprise software solutions and services that can be deployed across a range of ecosystems and devices, including the following:

BES12 and Good Platforms

BES12 continues to be the core of BlackBerry's enterprise software offerings, allowing organizations to manage enterprise mobility across iOS, Android and BlackBerry devices, as well as Windows, and Mac OS X. In fiscal 2016, the Company introduced version 12.4 of BES12, including new cross-platform support and connectivity capabilities. The acquisition of Good further expanded BlackBerry's ability to offer a unified, secure mobility platform with applications for any mobile device on any mobile operating system. In January 2016, the Company launched the new Good Secure EMM Suites by BlackBerry, a comprehensive set of mobile security, management, productivity and collaboration offerings including best-in-class app security and containerization, identity and access management ("IAM"), and EFSS with file level data protection. The Good Secure EMM Suites integrate the BES12 and Good Dynamics platforms and provide significant enhancements, including enhanced multi-platform support, an enhanced architecture for on-premise and cloud deployments, and backwards compatibility allowing unification of prior versions of BES. These platforms allow businesses to manage the growing IT trend of securely supporting multiple devices and operating systems, as well as employees' personal devices, within a single corporate IT infrastructure.

BES12 Cloud

In fiscal 2016, the Company launched BES12 Cloud, a new cross-platform EMM Cloud solution for enterprises and small-to-medium sized businesses. BES12 Cloud allows organizations to manage enterprise mobility across iOS, Android, Windows Phone® and BlackBerry 10 devices, as well as a wide range of Samsung KNOX and Android for Work devices. Built on BlackBerry's trusted, global network, BES12 Cloud makes managing enterprise mobility efficient and secure.

EFSS

The acquisition of WatchDox in fiscal 2016 expanded the security offerings of the Company to include a full EFSS solution with digital rights management ("DRM"). The Company also introduced a new WatchDox application for BlackBerry 10 devices providing secure anytime online access to content and expanding support to devices with Samsung Knox, Android for Work and Secure Work Space for iOS and Android. WatchDox technology is unique because it allows security to travel with shared files on both mobile and desktop devices to give organizations full visibility and control over how files are edited, copied, printed or forwarded. This market leading solution allows enterprises to share data inside and outside of their organization with DRM controls and the ability to revoke access to the data after the data has been shared.

Secusmart; SecuSUITE for Enterprise

The acquisition of Secusmart in fiscal 2015 strengthened the Company's secure enterprise mobility portfolio by adding a leading secure voice and text messaging solution with Secusmart's advanced encryption and anti-eavesdropping capabilities. Secusmart product offerings have since been expanded to include a software-only solution that can be hosted to allow for rapid deployment, in addition to the original hardware-based solution in use by security-conscious enterprises, including for heads of governments.

In November 2015, the Company announced SecuSUITE for Enterprise, a multi-OS (iOS, Android and BlackBerry 10) voice encryption software solution that protects mobile calls with a maximum level of security. By using SecuSUITE for Enterprise, employees are able to conduct secure conversations worldwide and, if required, over a Wi-Fi connection only, and are also able to send encrypted text messages of any length. Voice and text messages are encrypted with 128-bit Advanced Encryption Standard on the individual device level, meaning that even when the other party cannot be reached, the message is stored on the receiver´s smartphone and only sent to the recipient when they are available. SecuSUITE for Enterprise comes with a user-friendly, cloud-based portal that enables administrators to enroll or deactivate users and adjust settings without the need to set up additional IT infrastructure.

ESBL

In fiscal 2016, BlackBerry also announced that certain mobile operators from around the world would offer BES12 Enhanced SIM-Based Licensing ("ESBL") for enterprise customers, being the only EMM provider able to offer this service. ESBL allows mobile operators to provide customers with one monthly bill to subscribe to BlackBerry EMM services and BES. This ESBL offering supports iOS, Android, Windows Phone and BlackBerry 10 smartphones.

WorkLife by BlackBerry

Following the acquisition of Movirtu in fiscal 2015, the Company introduced the WorkLife by BlackBerry solution, which provides a virtual SIM allowing the only true carrier grade split billing solution for mobile devices and complements BlackBerry's Secure Work Space and BlackBerry Balance offerings. WorkLife by BlackBerry distinguishes between work use and personal use of a smartphone by assigning a separate work number on a BYOD device and splitting the cost of voice minutes, SMS and data used for work versus personal use.

Professional Cybersecurity Services

In February 2016, the Company announced its new Professional Cybersecurity Services practice, which will further expand BlackBerry's security portfolio. Through this practice, the Company intends to provide services relating to:

- Strategic security – best practices in IT operation ranging across enterprise mobility management and cloud services.
- Technical security – technical assistance for infrastructure and product development lifecycle.
- Automotive and IoT security – security consulting services as the rapid commercialization of IoT solutions makes security and privacy a top priority.
- Detection, testing and analysis – threat detection and mitigation penetration testing, vulnerability assessment and incident response analysis. This includes forensic services, business security status via IT health checks, training, regulatory compliance and security breach management through incident response.

To support the launch of the new Professional Cybersecurity Services practice, the Company acquired Encription, a cybersecurity consulting firm providing industry-leading assessments in penetration testing and security training services.

Devices

During fiscal 2016, the Company developed smartphones powered by the BlackBerry 10 OS and introduced its first smartphone powered by Android OS, the PRIV. The Company also continues to offer BlackBerry 10 smartphones, including the Classic and Passport.

In fiscal 2016, the Company launched the following new smartphones:

- *PRIV by BlackBerry* – the first BlackBerry smartphone powered by Android, giving users access to more than one million Google Play apps alongside BlackBerry security and productivity features, including support for Android for Work. PRIV offers both a slide out physical keyboard and a touch screen experience. PRIV also features a 5.4" display and a 3410 mAh battery with enough power for up to 22.5 hours of use. The DTEK app, which is unique to PRIV, lets users know when their privacy is at risk.

- *BlackBerry Leap* – an affordable all-touch smartphone for 4G LTE networks with an edge-to-edge 5" HD display, BlackBerry 10.3.1 OS and a 2800 mAh battery for up to 25 hours of heavy use.

- *BlackBerry Porsche Design P'9983 Graphite* – a luxury BlackBerry 10 smartphone featuring exclusive graphite-metallic colored elements and the finest, hand-wrapped leather on the back door cover. An exclusive Porsche Design

PIN ID group - 2AAXXXXX, sets users apart and makes them instantly recognized among other Porsche Design users. It includes an elegant QWERTY keyboard and a 2100 mAh battery.

BlackBerry Technology Solutions

The BTS business encompasses many of BlackBerry's technology assets, including QNX (embedded software), Certicom (cryptography applications), and Paratek (RF antenna tuning), as well as BlackBerry's extensive patent portfolio.

The BTS business is also responsible for the BlackBerry IoT Platform. Initially targeting the asset tracking industry, the BlackBerry IoT Platform leverages BlackBerry's extensive technology portfolio, extending its best-in-class security and reliability to emerging IoT applications.

The QNX unit of BTS offers operating systems, middleware, development tools, and professional services for connected embedded systems, primarily in the automotive, medical and industrial automation markets. Its software is deployed in more than 60 million vehicles worldwide.

During fiscal 2016, QNX made the following product announcements:

- QNX Platform for ADAS – designed to help automotive companies build a wide range of safety and ADAS for semi-autonomous or autonomous vehicles. The platform includes reference implementations for building multi-camera vision systems and V2X applications (vehicle-to-vehicle and vehicle-to-infrastructure communications).
- QNX Acoustics Management Platform – a comprehensive software solution designed to provide unified management of all acoustics in the car, enabling automotive manufacturers to reduce the cost, complexity, and time-to-production of audio signal-processing systems.
- QNX OS for Safety – designed for systems that must meet stringent functional safety requirements in a variety of markets, including automotive, industrial automation, energy generation, and railway transportation. This product complies with two functional safety standards.

Certicom specializes in applied cryptography and key management, offering both software components and end-to-end security solutions targeted at bandwith and resource-constrained applications. During fiscal 2016, Certicom launched Certicom Managed Certificate Service, which is designed to help device manufacturers and service providers secure their IoT networks and ecosystems, ensuring that the devices they connect are known and trusted. The service puts security certificates under Certicom's management, enabling customers to focus more on their core business and less on security infrastructure and management.

Messaging

AtHoc

In fiscal 2016, the Company expanded its focus and footprint in the messaging business with the acquisition of AtHoc. The AtHoc software platform enables people, devices and organizations to exchange critical information in real time during business continuity and life safety operations. The platform securely connects with a diverse set of endpoints, including mobile devices running iOS and Android, PC and Mac desktops, digital displays, radios, IP phones, sirens, fire panels and speakers to facilitate collaboration and enhance situational awareness.

BBM

With BBM, the Company offers a rich messaging experience with features such as free voice calling over Wi-Fi, one-click sharing of files and photos, Dropbox integration, location sharing and BBM Channels. BBM Channels extends the popular BBM experience to brands, artists, businesses and communities, connecting consumers and groups in real-time. BBM is available on iOS, Android and Windows Phone platforms, Android Wear and Apple Watch, in addition to BBOS and BlackBerry 10. The BBM platform has been expanded with in-app advertising and a virtual goods store that includes subscription offers for content, customization and privacy. For enterprise customers, the Company offers BBM Protected for secure enterprise communications.

In fiscal 2016, the Company introduced several new customization features for BBM for Android, iOS and BlackBerry10, including custom BBM PINs, support for Android Wear and Password Protection for iOS users.

Sales, Marketing, Distribution and Customers

The Company markets and sells its BlackBerry smartphone products to both enterprise and consumer end users primarily through global wireless communications carriers as well as through third party distribution channels. The Company has a sales and marketing team that supports its partners through training, technical account management and field marketing initiatives. In certain markets, BlackBerry 10 and Android smartphones are also available directly from the Company through direct sales, including on ShopBlackBerry.com and through third party online retailers.

The Company licenses cross-platform (Android, iOS, Windows and BlackBerry 10) enterprise mobile software and services, including Good Secure EMM Suites, BES12, Good Work, WatchDox, AtHoc and complementary third-party applications via its direct sales force and value added resellers. The Company also licenses cross-platform enterprise mobile software and services via global wireless communications carriers and other distribution partners throughout the world.

The Company licenses QNX, Certicom and Paratek technology and provides professional engineering services to OEM customers in the automotive, mobile and other embedded software markets via a direct sales force and indirectly through channel partnerships. The licenses are monetized as royalties on units shipped and through project development, tools and maintenance fees.

The Company maintains a geographically-dispersed salesforce that is organized regionally and by channel.

For revenues by geographic region for the two most recently completed fiscal years, see the Company's MD&A for the fiscal year ended February 29, 2016, in the section entitled "Results of Operations - Fiscal year ended February 29, 2016 compared to fiscal year ended February 28, 2015 - Revenue - Revenue by Geography".

For customer concentration information during the two most recently completed fiscal years, see the Company's MD&A for the fiscal year ended February 29, 2016, in the section entitled "Market Risk of Financial Instruments - Credit and Customer Concentration."

Competition

The Company is engaged in markets that are highly competitive and rapidly evolving. Frequent new product introductions and changes to mobile devices, operating systems, applications, security threats, industry standards and the overall technology landscape result in continuously evolving customer requirements for mobile solutions. Today, the Company competes with a broad range of vendors in each of its businesses. Key competitive factors important to the Company across its businesses include product features (including security features), relative price and performance, product quality and reliability, compatibility across ecosystems, service and support, and corporate reputation.

The Company has seen both its global smartphone market share and its share in many international markets decline significantly in recent years relative to companies such as Apple Inc. ("Apple") with its iOS ecosystem, and companies that build smartphones based on the Android ecosystem, such as Samsung, LG and Lenovo. This decline has been due to a variety of factors, including consumer preferences for devices with access to the broadest range of applications, such as those available in the iOS and Android platforms, and by the BYOD trend in the enterprise market. In fiscal 2016, the Company introduced its own smartphone based on the Android platform, PRIV by BlackBerry, differentiated by its slide out touch-enabled physical keyboard and built-in BlackBerry security features to enhance the Company's competitive position.

Providers of enterprise software solutions that compete with the Company's enterprise solutions and services offerings include VMware Inc., Microsoft Corporation ("Microsoft"), MobileIron Inc., Citrix Systems, Inc., SOTI Inc., SAP SE, and IBM Corporation.

Manufacturers of mobile devices that compete with the Company's device offerings include Apple, Samsung, Microsoft, HTC Corporation, LG Electronics, Huawei Technologies, Lenovo, ZTE Corporation, and Xiaomi, Inc.

Providers of major mobile operating system platforms that compete with the Company's BlackBerry platform include Apple (iOS), Google (Android) and Microsoft (Windows 10 Mobile).

Products that compete with the Company's BBM service include Facebook's WhatsApp, Facebook Messenger, Microsoft's Skype, Line Corporation, Apple's iMessage, Tencent's WeChat, Viber, Kik, KakaoTalk, Telegram and Snapchat.

Competitors of the BlackBerry IoT platform include Microsoft, IBM, GE, Cumulocity, and Jasper. Other vertical player competitors may also emerge as the Company enters into new vertical applications markets with its platform.

Providers of embedded software that compete with the Company's QNX automotive business include Microsoft, which offers its Windows Embedded platform for automotive infotainment applications. Android and Linux operating systems also compete in the embedded computing space. Both Apple and Google have also demonstrated interest in the automotive sector. Apple's CarPlay™ software is resident on the iPhone® and enables its own infotainment user experience onto the screen in an automobile. Google has launched an Android application programming interface, Android Auto, for Android automobile applications. Other competitors of the Company's QNX business include Green Hills Software, Intel Corporation, MontaVista Software, Mentor Graphics Corporation, and Sysgo AG.

See also the Risk Factor entitled "The Company faces intense competition".

Competitive Strengths

The Company's competitive strengths include the following:

Enterprise Solutions and Services

The Company's enterprise portfolio offers leading mobility management, secure business productivity, application containerization, secure collaboration and DRM capabilities. The Company is recognized for attaining the highest levels of security certifications and approvals for many of its solutions, including Common Criteria Evaluation Assurance Level 4 Augmented (EAL4+) for its Good Powered by BlackBerry solutions. The inclusion of a sophisticated network operations centre in the BlackBerry infrastructure is also a key differentiator. The Company pioneered the use of this architecture for the routing of messages to and from mobile devices, and over time has expanded capabilities to enable end-to-end secure communications between mobile devices and applications and enterprise networks. The key benefits of the BlackBerry infrastructure include network and data security, reliability, and efficiency.

Devices

The Company's smartphones are designed with a unique focus on security and privacy, beginning with the manufacturing process that embeds security at the hardware level (hardware root of trust) and continues through every layer of the device. BlackBerry 10 smartphones are widely used by governments and regulated industry customers with high security requirements. The upcoming version of the BlackBerry 10 operating system (10.3.3) will be certified for NIAP (National Information Assurance Partnership) compliance. The Company's first smartphone based on the Android platform, the PRIV, extends the Company's security model and expertise to Android. PRIV is differentiated by its slide out touch-enabled physical keyboard, integrated messaging experience and built-in BlackBerry security features designed to protect personal privacy and business-critical data.

BTS

The Company's competitive strengths in its BTS business are rooted in the Company's proprietary technology, including QNX's POSIX compliant micro-kernel architecture for embedded software applications, Certicom's cryptography applications, and Paratek's adaptive RF antenna tuning technology. In addition, QNX, as a trusted and recognized leader in software for automotive electronics, brings decades of accumulated knowledge and proven reliability to the embedded software market.

Messaging

AtHoc is a leader in network-centric, interactive crisis communication and is the leading provider of such solutions to the DoD, the U.S. Department of Homeland Security, and leading healthcare, industrial and commercial organizations. The AtHoc platform has been certified by the Department of Homeland Security for its security, integrates with legacy systems, is mobile, and supports on-premise and cloud-based deployments.

BBM leverages the BlackBerry infrastructure to offer a rich messaging experience for iPhone, Android and BlackBerry users with features such as free voice calling over Wi-Fi, one-click sharing of files and photos, Dropbox integration, location sharing and BBM Channels. BBM Protected provides full end-to-end message encryption (using FIPS 140-2 validated cryptographic libraries) for enterprise customers, with no separate hardware required.

Product Design, Engineering and Research and Development

The Company's research and development ("R&D") strategy seeks to provide broad market applications for products derived from its technology base.

The Company dedicates a major portion of its R&D investments to the development of software products and services that meet the needs of both enterprise IT departments and individual customers. This includes enterprise solutions and services in mobile security, management, productivity and collaboration offerings, app security and containerization, IAM, and EFSS with file level data protection. Solutions include leading security capabilities at each level of the platform in order to address the needs of customers for securing devices, applications, content and work data - at rest and in transit.

The Company creates innovative and robust hardware designs through complex mechanical stack up, board layout and component integration, combined with proprietary software and firmware features. These tightly integrated solutions allow the Company to customize its core proprietary technical solutions to address new applications, network protocols, and evolving transmission frequencies. The Company's tunable closed loop radio transceiver technology can be adapted to support multiple protocols in the wireless data communications market. The Company has developed its own radio code stack, which it incorporates into the processors that are deployed in BlackBerry smartphones.

The Company develops software and services to support BlackBerry smartphones, including the BlackBerry 10 operating system and Android operating system enhancements, such as advanced privacy controls, verified boot and secure bootchain, and Android kernel hardening.

Additionally, QNX has developed an embedded computing platform utilizing its unique micro-kernel operating system, multimedia and infotainment platform-specific middleware, as well as acoustic processing products. This QNX Neutrino operating system is the basis for BlackBerry 10 smartphones and supports the integration of all hardware components and security features.

The Company engages in longer term fundamental research both directly and by selective funding of university research projects and also endeavors to take advantage of specific government and academic financial assistance programs to support its research activities where available. The Company also qualifies for investment tax credits on eligible expenditures on account of Canadian scientific research and experimental development.

Third Party Software Developers

The Company provides a feature-rich open standards-based development platform, which allows third party commercial and enterprise software developers to build and deploy custom applications to run on BlackBerry smartphones. To facilitate this, the Company provides a number of products and technologies to third party developers, wireless carriers and enterprise customers to enable them to develop, distribute and manage these applications. For application development, the Company provides a suite of software development tools for BlackBerry smartphones, enabling applications to be developed using technologies such as Java, HTML5, Javascript®, and Native C/C++/Qt with OpenGL® ES support. BlackBerry 10 will run most Android JellyBean 4.3 applications without any code changes.

BlackBerry 10.3 preloads the Amazon Appstore with access to over 200,000 apps. Developers are encouraged to distribute their business and productivity apps through BlackBerry World and consumer apps through Amazon Appstore. However, developers have the choice of which store they use to distribute their applications.

QNX CAR Platform for Infotainment 2.1, based on the QNX 6.6 Software Development Platform, has the ability to run most Android Jellybean 4.2.2 applications without any code changes.

For distribution and management of enterprise applications, the Company provides a suite of tools and technologies within BES12 and the Good Dynamics Secure Mobility Platform to enable secure and managed provisioning of applications to enterprise employees. This includes capabilities for both commercial packaged applications and in-house corporate applications.

The Good Dynamics Secure Mobility Platform integrates app containerization using the Good Dynamics SDK, mobile application management, an enterprise app store, MDM and more, simplifying the creation of mobile apps and the management of apps, data, and devices.

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

Intellectual Property

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

The Company believes that its patent portfolio continues to provide a competitive advantage in its core product areas as well as provide leverage in the development of future technologies. The Company does not believe that it is dependent upon a single patent or even a few patents. Rather, the Company's success depends more upon its extensive know-how, innovative culture, and technical leadership. The Company does not rely primarily on patents or other intellectual property rights to protect or establish its market position; however, it is prepared to enforce its intellectual property rights in certain technologies when attempts to negotiate mutually agreeable licenses are not successful.

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

pending technologies relating to wireless communication technology. As of February 29, 2016, the Company owned approximately 40,000 worldwide patents and applications.

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

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

Production

The Company outsources the majority of its manufacturing to specialized global electronic manufacturing services and joint development manufacturing companies who are positioned to meet the volumes, scale, cost and quality requirements of the Company. The Company strives to reduce its risk and dependency on these companies by having various partners located in key geographical locations, thereby increasing leverage on cost, quality and operational performance. Constant and immediate access to each manufacturing facility is available upon the Company's demand, and these facilities are regularly audited by Company personnel trained in this function.

The Company expects to continue to evolve its supply chain model through partnerships with key suppliers like Foxconn. Devices manufactured by Foxconn are purchased and resold by BlackBerry. The Company's hardware model also strives to provide a supply chain with speed advantages in designing for faster product life cycles, as well as to leverage scale and manufacturing strength beyond current volumes.

The Company generally controls sourcing decisions for materials and services that are incorporated into Company products. Outsourced manufacturing partners are responsible for transacting business on behalf of the Company with component suppliers, but the Company generally negotiates pricing of these materials and services. Depending on market conditions, the Company may order more or less of a particular material or service and when possible, attempts to source components from at least two suppliers with a view to avoiding different types of supply disruption. Component availability and pricing of components may also be affected by the volumes the Company generates, compared to the volumes a competitor may require. See also the Risk Factor entitled "The Company relies on its suppliers to supply functional components on a timely basis and in sufficient quantities".

Industry Associations

The Company is an active participant in numerous industry associations and standards bodies. The Company's involvement with leading associations includes standards development, government advocacy, joint marketing, participation in conferences and trade shows, training, technology licensing by the Company and business development.

Regulatory Matters

In addition to the regulatory requirements applicable to any business, a wireless device manufacturer must obtain certification from the radio/telecommunications regulatory authorities in most jurisdictions before commencing commercial sale of its products in those jurisdictions.

The Company's smartphones must be approved by the Federal Communications Commission ("FCC") before they can be used in commercial quantities in the United States. In Canada, the relevant regulatory authority is Industry Canada/Innovation, Science and Economic Development Canada ("IC/ISED"). The European Union ("EU") defines requirements within the Radio and Telecommunications Terminal Equipment ("R&TTE") Directive for making wireless devices available in EU member states. Regulatory requirements are similar in other jurisdictions. All regulators require wireless devices to meet various standards, including limits with respect to interference with other electronic equipment and safety standards with respect to human exposure to electromagnetic radiation.

The Company's smartphones, which are made commercially available by the Company across multiple markets, meet FCC, IC/ISED, and R&TTE requirements. In addition, Company smartphones have obtained regulatory approvals required by other countries where such products are made commercially available by the Company. As BlackBerry has started to design and market smartphones in selected regions only, not every device will meet FCC, Industry Canada and R&TTE requirements.

In addition, the Company's products and services have received various security certifications and approvals, including from the DoD.

Environmental Regulations and Costs

Some of the Company's operations, principally in its Devices business, are subject to regulation under various provincial, state, federal and international laws relating to environmental protection and the proliferation of hazardous substances. In parts of Europe, North America, Asia-Pacific and Latin 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 or energy efficiency requirements, as well as product take-back obligations in other jurisdictions that would make the Company responsible for recycling and/or disposing of products the Company has sold. These and other environmental laws may become more stringent over time, may be required in more places of the Company's business and may require the Company to incur substantial compliance costs.

Corporate Responsibility

The Company is committed to operating in a sustainable way that respects the environment, Company employees, the communities in which the Company operates and the Company's business partners around the world. Product sustainability efforts include implementing design for environment principles, material selection processes, energy efficiency and packaging assessments, as well as product take-back programs. In addition, the Company engages with its suppliers to conduct due diligence into the source and chain of custody of the so-called "conflict minerals" (which currently include the minerals from which gold, tantalum, tin, and tungsten are derived) that are necessary to the functionality or production of the Company's hardware products.

The Company has formalized a number of policies to reflect the Company's commitment to responsible business practices, including a Responsible Minerals Policy, and periodically issues a Corporate Responsibility report. This report and other documents and policies relating to the Company's corporate responsibility initiatives can be viewed on the Company's website at http://ca.blackberry.com/company/about-us/corporate-responsibility.html and are not incorporated by reference in this AIF.

Employees

As of February 29, 2016, the Company had 4,534 full-time employees.

Facilities

The Company's headquarters are located in Waterloo, Ontario, Canada. The Company's main campus in Waterloo consists of three leased buildings. The Company also operates facilities in the United States, Latin America, Asia-Pacific, Europe, Middle East and Africa.

LEGAL PROCEEDINGS

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. The Company is subject to a variety of claims (including claims related to patent infringement, purported class actions and other claims in the normal course of business) and may be subject to additional claims either directly or through indemnities against claims that it provides to certain of its partners and customers. In particular, the industry in which the Company competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. The Company has received, and may receive in the future, assertions and claims from third parties that the Company's products infringe on their patents or other intellectual property rights. Litigation has been, and will likely continue to be, necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company's proprietary rights. Regardless of whether claims against the Company have merit, those claims could be time-consuming to evaluate and defend, result in costly litigation, divert management's attention and resources, subject the Company to significant liabilities and could have the other effects that are described in greater detail under "Risk Factors" in this AIF, including the risk factors entitled "Litigation against the Company may result in adverse outcomes" and "The Company could be found to have infringed on the intellectual property rights of others".

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 a potential loss is considered probable and the amount is reasonably estimable, provisions for loss are made based on management's assessment of the likely outcome. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum amount in the range. The Company does not provide for claims for which the outcome is not determinable or claims for which the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

As of February 29, 2016, there are no claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable, therefore no accrual has been made. Further, there are claims outstanding for which the Company has assessed the potential loss as reasonably possible to result, however an estimate of the amount of loss

cannot reasonably be made. There are many reasons that the Company cannot make these assessments, including, among others, one or more of the following: the early stages of a proceeding does not require the claimant to specifically identify the patent that has allegedly been infringed; damages sought are unspecified, unsupportable, unexplained or uncertain; discovery has not been started or is incomplete; the facts that are in dispute are highly complex (e.g., once a patent is identified, the analysis of the patent and a comparison to the activities of the Company is a labour-intensive and highly technical process); the difficulty of assessing novel claims; the parties have not engaged in any meaningful settlement discussions; the possibility that other parties may share in any ultimate liability; and the often slow pace of litigation.

Though they do not meet the test for accrual described above, the Company has included the following summaries of certain of its legal proceedings that it believes may be of interest to its investors.

Between October and December 2013, several purported class action lawsuits and one individual lawsuit were filed against the Company and certain of its former officers in various jurisdictions alleging that during the period from September 27, 2012 through September 20, 2013, the Company and certain of its officers made materially false and misleading statements regarding the Company's financial condition and business prospects and that certain of the Company's financial statements contain material misstatements. The individual lawsuit was voluntarily dismissed. In respect of the putative U.S. class actions, four motions for the appointment of lead plaintiff were filed. On March 14, 2014, the Judge consolidated the proceedings in the U.S. District Court for the Southern District of New York. On May 27, 2014, the Consolidated Amended Class Action Complaint was filed. The Company filed a motion to dismiss the complaint. On March 13, 2015, the court issued an order granting the Company's motion to dismiss. The plaintiffs filed a motion for reconsideration and for leave to file an amended complaint, which was denied by the court on November 13, 2015. The plaintiffs filed a notice of appeal on December 11, 2015 and filed their opening brief on February 24, 2016. The Company filed its opposition brief on March 30, 2016. In respect of the putative Ontario class action, the plaintiffs filed a motion for certification and leave to pursue statutory misrepresentation claims. On November 16, 2015, the Ontario Superior Court of Justice issued an order granting the plaintiffs' motion for leave to file a statutory claim for misrepresentation. On December 2, 2015, the Company filed a notice of motion seeking leave to appeal this ruling. On January 22, 2016, the court postponed the hearing on the plaintiffs' certification motion to an undetermined date after asking the Company to file a motion to dismiss the claims of the U.S. plaintiffs for *forum non conveniens*. Proceedings are ongoing.

On October 12, 2015, a group of Good's institutional investors filed a putative class action lawsuit on behalf of Good's common shareholders against members of Good's former board of directors (the "GTC Directors") related to the Company's acquisition of Good (the "GTC Lawsuit"). The plaintiffs allege that the GTC Directors breached their fiduciary duty by engaging in a self-interested transaction that benefited the preferred shareholders at the expense of the common shareholders. The plaintiffs are seeking monetary damages, as well as rescission of the merger agreement between Good and the Company. While neither Good nor the Company are parties to the GTC Lawsuit, Good has certain obligations to indemnify the defendants and is providing a defense. On October 29, 2015, Good filed a complaint alleging that the plaintiffs breached their contractual obligations under a voting agreement providing that, in the event of a sale transaction that was approved by both the GTC Directors and a majority of the Good preferred shareholders, the plaintiffs were required to vote their shares in favour of the transaction and refrain from exercising any appraisal or dissenter rights. Good alleges that the filing of the GTC Lawsuit was a breach of the voting agreement. On December 31, 2015, several Good shareholders filed a petition seeking appraisal against Good. Proceedings are ongoing.

ENTERPRISE RISK MANAGEMENT

The Company has defined and implemented an approach to manage its exposure to risk, consisting of: (i) a risk management framework to regularly identify, assess, treat, monitor and report on current and potential risks, and (ii) a governance structure that clearly defines the responsibilities of the Board, the senior leadership team, employees and other stakeholders to support the risk management framework. This approach to enterprise risk management is integral to the Company's business activities and is designed to:

- promote effective corporate governance and decision-making by enabling the consistent evaluation of risk on a consolidated basis;
- ensure that risks are managed responsibly in the context of the Company's strategy and objectives;
- support the development of internal controls;
- facilitate the reliability and transparency of financial and operational reporting;
- assist in compliance with laws, regulations, policies, and contracts; and
- reduce harm to financial performance and safeguard the Company's assets.

Risk Management Framework Policy and Risk Appetite

The Company's risk management framework policy defines responsibilities for the identification, assessment, management and reporting of risks, and sets out expectations for ownership, resource assignment and compliance. The scope of the framework embraces internal functions as well as those activities for which the Company engages support from third parties.

To support the risk management framework and risk oversight activities, the Company maintains a risk appetite statement that defines, by category of risk, the Company's tolerance for risk-taking having regard to potential rewards and overall business strategies and objectives. The Company risk profile is regularly assessed against the risk appetite statement. The risk appetite statement is reviewed and updated as the Company's business strategy and operating environment evolves.

Risk Governance and Oversight

The Company utilizes a "three lines of defense" governance structure to clearly define how the responsibility for risk management activities is assigned:

- The first line of defense for managing risks resides with the management of each business unit. Risk exposures are identified and mitigated at a granular level through various ongoing management activities including business planning, operations management, reporting, and process improvement projects.
- Oversight of business unit management is provided by the second line of defense, the Security Risk and Compliance Committee ("SRCC"), which meets at least quarterly and is supported by various compliance, security and control functions. The SRCC is composed of manager representatives from each major business group and provides strategic direction by defining key policies, identifying emerging risk trends, and sponsoring training.
- The risk performance and audit group comprises the third line of defense, providing independent assurance to assess the effectiveness of the Company's risk management program including the governance, risk and internal control activities conducted by the first two lines of defense.

Additional governance and oversight is provided by t he risk management and compliance council ("RMCC"), a council of internal senior leaders which oversee the risk management activities undertaken by business group management and the SRCC. The RMCC meets at least quarterly with the Chief Risk Officer serving as the Chair. The RMCC reviews the Company's risk profile, risk criteria and limits, and monitors remediation activities to address gaps. The RMCC also approves the risk appetite statement and promotes a culture of risk management and compliance across the Company.

In addition, the Audit and Risk Management Committee of the Board, pursuant to its charter, is responsible for overseeing all aspects of risk management at the Company, including the annual risk management plan, risk compliance, the risk performance and audit function and the controls, processes and policies used to manage the Company's Risk. The Chief Risk Officer provides regular reporting to the Board and the Audit and Risk Management Committee on the Company's risk profile and the activities overseen by the RMCC.

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 in the Company's MD&A for the fiscal year ended February 29, 2016. If any of the following risks actually occurs, the Company's business could be materially harmed. The risks and uncertainties described below are not the only ones the Company faces. Additional risks and uncertainties, including those of which the Company is currently unaware or the Company currently deems immaterial, may also have a material adverse effect on the Company's business.

The Company may not be able to attract new enterprise customers or maintain its existing relationships with its enterprise customers, or transition them to the Company's latest enterprise software platforms and deploy BlackBerry smartphones.

The Company's current focus is on serving enterprise customers, particularly in regulated industries, including financial services, government and healthcare. In fiscal 2016, the Company undertook numerous initiatives to enhance its enterprise product and service offerings, including the strategic acquisitions of Good, AtHoc and Watchdox, the launch of the PRIV, the introduction of BES12 Cloud, and the integration of Samsung KNOX with WorkLife by BlackBerry and SecuSUITE with BlackBerry enterprise solutions offered through Samsung Business Services. If the Company's new products and services, including the Good Secure EMM Suites, are not competitive, do not align with customers' needs, are not launched as per announced timelines or if they experience quality or performance issues, results of operations could be materially impacted. While the Company expects these initiatives to improve and enhance its strength in enterprise solutions, there can be no assurance that new enterprise customers will be attracted or existing ones maintained.

Sales to large enterprise customers involve risks that may not be present (or that are present to a lesser extent) with sales to smaller entities. These risks include:

- more complicated infrastructure requirements, which result in more difficult and time-consuming implementation processes;
- complex IT systems, mobile environments and data privacy and security requirements;
- budget constraints, multiple approvals, lengthy contract negotiations, and unplanned administrative, processing and other delays;
- increased purchasing power and leverage held by large customers in negotiating contractual arrangements with the Company, including more pressure for discounts and other customer-favourable contractual terms;
- longer sales cycles, making it difficult to predict whether and when a sale will be completed, and the associated risk that substantial time and resources may be spent on a potential customer that ultimately elects not to purchase the Company's products or services, or purchases fewer products or services than expected;
- customer deferral of purchasing decisions pending adoption of technology by others or pending potential consolidation in the market;
- closer relationships with, and dependence upon, large technology companies that offer competitive solutions; and
- more intense and time-consuming customer support practices.

In addition, the Company has encountered challenges due to the impact of BYOD strategies and other flexible mobile deployment models adopted by its enterprise customers. To address this evolution of the market, the Company has introduced new cross-platform solutions and new, more competitive BlackBerry smartphones, as described in this AIF. There can be no assurance that these new product and service offerings will enable the Company to successfully address the challenges it faces from the trend toward flexible deployment models in the enterprise space, either with existing or new customers.

The Company spends substantial time, money and effort on its sales activities without any assurance that its efforts will produce any sales. If the Company is unable to increase sales of the Company's products and services to large enterprises while mitigating the risks associated with serving such customers, the Company's results of operations could be materially impacted.

The Company may not be able to develop, market and distribute an integrated software and services offering, or otherwise monetize its technologies, to grow revenue, achieve sustained profitability, or offset the decline in the Company's service access fees.

The Company is increasingly focusing its strategy on software and services to grow revenue and generate sustainable profitability.

For the Company to increase its software and services revenues, it must continually grow its customer base by attracting new customers or, in the case of existing customers, deploying software and services on more devices or attracting additional users in such existing customers' businesses. The Company also needs to sell additional software and services over time to the same customers, or have customers upgrade their level of service. If the Company's efforts to sell or upsell software or services as described above are not successful, its results of operations could be materially impacted.

Existing customers that purchase the Company's software and services have no contractual obligation to renew their annual subscriptions or purchase additional solutions after the initial subscription or contract period. The Company's customers' expansion and renewal rates may decline or fluctuate as a result of a number of factors, including the perceived need for such additional software and services, the level of satisfaction with the Company's software and services, features or functionality, the perceived reliability of the Company's software and services, the Company's customer support, customer budgets and other competitive factors, such as pricing and competitors' offerings. For smaller or simpler deployments, the switching costs and time are relatively minor compared to traditional enterprise software deployments and such a customer may more easily decide not to renew with the Company and switch to a competitor's offerings. Accordingly, the Company must invest significant time and resources in providing ongoing value to these customers. If these efforts fail, or if the Company's customers do not renew for other reasons, or if they renew on terms less favourable to the Company, the Company's revenue may decline and its results of operations could be materially impacted.

The Company's ability to grow software and service revenue is also dependent on its ability to expand its distribution capabilities with indirect partners, resellers and carriers, as well as building a direct sales force, which requires significant time and resources, including investment in systems and training. There can be no assurance that the Company will be successful in implementing its distribution strategy. See also the Risk Factor entitled "The Company's success depends on its relationships with network carriers and distributors ".

For the past few years, the Company has experienced continued significant erosion of service revenue from service access fees ("SAF") charged to subscribers using BlackBerry 7 and prior BlackBerry operating systems. While the Company expects that these subscribers will continue to generate service revenue, the amount of those revenues is expected to continue to decline in the coming quarters, particularly as users of BlackBerry Bold and BlackBerry Curve smartphones upgrade to BlackBerry devices (such as the Classic and PRIV) that do not generate service access fees, or to a competitor's smartphone. The Company

cannot predict the rate of this anticipated decline with any degree of certainty as it depends on a number of factors, including the rate at which current BlackBerry 6 and BlackBerry 7 customers migrate to BlackBerry 10 or the PRIV and use only standard BlackBerry services, the Company's ability to continue charging SAF for its BlackBerry 6 and BlackBerry 7 products, and the Company's ability to further develop a compelling integrated services and software offering that generates new service and software revenues.

The Company expects the generation of revenue from software and services and its other technologies to mitigate the impact of declining service access fees. If the Company is unable to develop, deliver and support a compelling integrated software and services offering that will mitigate the decline of service access fee revenue in the manner described above and enable the Company to recover the costs associated with its network infrastructure, this could have a material adverse effect on the Company's business, results of operations and financial condition.

Finally, while the Company is increasingly focused on growing its software and services revenue, the BlackBerry brand has historically been strongly associated with devices. Any decision by the Company to discontinue its involvement in the Devices business may impair the value of the BlackBerry brand and may adversely affect the Company's ability to sell software products and services.

The Company may not be able to enhance its current products and services, or develop new products and services, in a timely manner, at competitive prices, or to meet customer requirements, or accurately predict emerging technological trends.

The industries in which the Company competes are characterized by increasingly rapid technological change, evolving industry standards, frequent new product introductions, frequent market price reductions, constant improvements in performance characteristics and short product life cycles. The Company's future success depends upon its ability to enhance its current products and services and provide for their compatibility with evolving industry standards and operating systems, 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 involves time, substantial costs and risks, which are further magnified when the development process involves multiple operating platforms. The Company may be required to commit significant resources to developing new products, software and services before knowing whether such investment will result in products, software or services the market will accept. These risks are greater in the mobile communications market because the Company's software is compatible with devices that run on different operating systems such as iOS, Android and Windows Phone, which change frequently in response to consumer demand. As a result, the Company may need to release new software updates at a much greater pace than a traditional enterprise software company that supports only a single platform.

The Company's inability, for technological or other reasons, some of which may be beyond the Company's control, to enhance, develop, introduce and monetize products and services in a timely manner, or at all, in response to changing market conditions or customer requirements could have a material adverse effect on the Company's business, results of operations and financial condition or could result in its products and services not achieving market acceptance or becoming obsolete. In addition, if the Company fails to deliver a compelling customer experience or accurately predict emerging technological trends and the changing needs of customers and end users, or if the features of its new products and services do not meet the demands of its customers, the Company's business, results of operations and financial condition could be materially harmed.

The Company may not be able to successfully market and distribute the PRIV device.

The Company's latest device is the PRIV, the Company's first ever BlackBerry smartphone powered by the Android operating system, with both a touch and physical keyboard. The PRIV combines BlackBerry's productivity, security and privacy features with the expansive mobile application system available on the Android platform.

The future success of the Company's hardware business is primarily dependent on the successful marketing and distribution of the PRIV. The Company is spending substantial time, money and effort on its marketing and sales activities and is highlighting its core strengths of enterprise and security to differentiate the PRIV from other competing products. There is no assurance that the Company's efforts will produce broad market acceptance of the PRIV or that revenue and profitability generated from the device will be sufficient to support the continuation of the Company's involvement in the devices business.

In addition, the Company believes that maintaining and enhancing the BlackBerry brand, built on the Company's core strengths of enterprise, security and a physical keyboard, is critical to its relationship with current and potential customers. There is a risk that the Company's adoption of the Android operating system as the preferred operating system for future BlackBerry smartphones in lieu of the BlackBerry 10 operating system, may erode the BlackBerry brand and impair the value of the BlackBerry 10 platform.

The Company faces intense competition.

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 mobile communication, messaging or machine-to-machine communication. Accordingly, both the nature of the competition and the scope of the business opportunities afforded by the market in which the Company competes are uncertain.

The Company's competitors, including new market entrants, may implement new technologies before the Company does, deliver new products and services earlier, or provide more attractively priced, enhanced or better quality products and services than the Company does, making it more difficult for the Company to win or preserve market share. Customers may also question the Company's ability to compete or remain viable as a provider of mobile communications solutions over the longer term and could decide to replace the Company's products and services with those of its competitors.

Some of the Company's competitors have greater name recognition, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources than the Company does, and such competitors have increased their market share at the expense of the Company in recent years. In particular, some of the Company's competitors have increased their focus on marketing and product development efforts in the enterprise market. In addition, competition may intensify as the Company's competitors enter into business combinations or alliances and established companies in other market segments expand to become competitive with the Company's business.

The impact of the competition described above could result in fewer customer orders, loss of market share, reduced revenue and reduced gross and operating margins. Intense competition may also require the Company to reduce its prices, which may result in the recording of inventory provisions by the Company. If the Company is unable to compete successfully, there could be a material adverse effect on the Company's business, results of operations and financial condition.

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

Attempts by outside parties to access confidential or personal information of companies or their customers have, unfortunately, become commonplace. Unauthorized parties can attempt to breach a company's security measures through the actions of outside parties (e.g., hacking or malware) or employee action (e.g., error, malfeasance, or otherwise), in an attempt to obtain access to confidential or personal information. Additionally, outside parties may attempt to fraudulently induce employees, users, partners or customers to disclose sensitive information to gain access to confidential or personal information.

BlackBerry products and services frequently involve the transmission of business-critical, proprietary, confidential and personal information of end users, and can include on-premise and cloud deployments. The Company may be required to invest additional resources or change its products, services or network operations to protect itself or its end users against damage caused by actual or perceived disruptions or security breaches in the future. These actions may have a detrimental impact on cost, the user experience or compatibility with third party products and services. Since the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, or may not be identified until a later time, the Company may not be able to anticipate these techniques, to implement adequate preventative measures or to remedy them in a timely manner. The risk that these types of events could seriously harm the Company's business may increase as the Company expands the number of web-based products and services that it offers, increases the number of countries where the Company operates, and expands its ecosystem to offer third party products and services in conjunction with its own. Third party applications that are downloaded by a user on their BlackBerry smartphone could also increase the risk of a potential unauthorized access, misuse or misdirection of confidential or personal information because some applications require access to such information.

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

The Company's products and services are dependent upon interoperability with rapidly changing systems provided by third parties.

The Company's platform depends on interoperability with operating systems, such as those provided by Apple, Google and Microsoft, as well as device manufacturers. Because mobile operating systems are released frequently and the Company typically has limited advance notice of changes in features and functionality of operating systems and mobile devices, the Company may be forced to divert resources from its preexisting product roadmap to accommodate these changes. In addition, if the Company fails to enable IT departments to support operating system upgrades upon release, the Company's business and

reputation could suffer. This could further disrupt the Company's product roadmap and cause it to delay introduction of planned products and services, features and functionality, which could harm the Company's business.

Operating system providers have included, and may continue to include, features and functionality in their operating systems that are comparable to elements of the Company's products and services, thereby making the Company's platform less valuable. The inclusion of, or the announcement of an intent to include, functionality perceived to be similar to that offered by the Company's products and services in mobile operating systems may have an adverse effect on the Company's ability to market and sell its products and services. Furthermore, some of the features and functionality in the Company's products and services require interoperability with operating system application programming interfaces ("APIs"), and if operating system providers decide to restrict the Company's access to their APIs, that functionality would be lost and the Company's business could be impaired.

The Company's success depends on its continuing ability to attract new personnel and retain existing key personnel.

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. Competition for highly skilled management, technical, research and development and other employees is intense and increasing in the mobile communications and embedded software industries. The Company's recent restructuring activities, as well as the Company's loss of market share, share price performance (particularly for those employees for whom equity-based compensation has been a key element of their total compensation) and perceived future prospects, among other factors, may impact the Company's ability to attract new, and retain existing, employees. None of the Company's executive officers or key employees is bound by an employment agreement for any specific term. The Company does not maintain key-person life insurance policies on any of its employees.

If the Company is unable to successfully execute its current strategies and realize the anticipated benefits of those strategies, it may be unable to attract and retain key employees, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's success depends on its relationships with network carriers and distributors .

The Company is dependent on its ability to establish, maintain and develop new relationships, and to build on existing relationships, with its network carrier partners. The Company relies on these partners to promote and deliver the Company's current and future products and services and to grow its user base, particularly in the United States, Canada and Europe, where the Company is dependent on a limited number of network carriers. In addition, the Company's ability to establish, maintain and expand its market reach is increasingly dependent on establishing and maintaining distribution relationships with third party and indirect distributors. This is particularly the case in emerging and growth markets such as the Middle East, Asia and Latin America.

Factors, some of which are largely within the control of network carriers and distributors, that are important to the success of adoption of BlackBerry products and services, future revenue of the Company, and the growth of the Company's user base, include:

- the quality and coverage area of voice and data services offered by the carriers;
- the degree to which carriers and distributors actively promote or subsidize the Company's products and the size of the user base to which these efforts are directed;
- the extent to which carriers and distributors offer and promote competitive products and services;
- activations of BlackBerry user accounts, as well as retention of existing ones;
- the carriers' interest in testing, and certifying in a timely manner, the Company's products on their networks;
- network performance and required investments in upgrades;
- support for new software technologies; and
- continued support and distribution of the Company's products and services if claims involving its products are filed against its carriers and licensees as well as against the Company.

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

There can be no assurance that the Company will be successful in establishing new relationships, or maintaining or enhancing its existing relationships, with network carriers and distributors. If any significant network carrier or distributor discontinues its

relationship with the Company for any reason, reduces or postpones current or expected purchase commitments for products and services, or promotes the products and services of a competitor over those of the Company, the Company's business, results of operations and financial condition could be materially adversely affected. The Company's ability to replace or find new large customers is necessarily limited due to the limited number of wireless carriers and distributors in many territories.

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

The Company has acquired, and continues to seek out opportunities to acquire or invest in, businesses, assets, products, services and technologies that expand, complement or are otherwise related to the Company's business or provide opportunities for growth. For example, in fiscal 2016, the Company acquired Encription, Good, AtHoc and WatchDox (see "General Development of the Business - Fiscal 2016" in this AIF). In addition, the Company is increasingly collaborating and partnering with third parties to develop technologies, products and services, as well as seek new revenue through partnering arrangements.

These activities involve significant challenges and risks, including: that they may not advance the Company's strategic objectives or generate a satisfactory return on investment; that the Company may have difficulty integrating and managing new employees, business systems, and technology; the potential loss of key employees of an 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. Acquisitions, investments or other strategic collaborations or partnerships may involve significant commitments of financial and other resources of the Company. If these fail to perform as expected, or if the Company fails to enter into and execute the transactions or arrangements needed to succeed, the Company may not be able to bring its products, services or technologies to market successfully or in a timely manner, or its operations could be affected adversely.

Furthermore, an acquisition may have an adverse effect on the Company's cash position if all or a portion of the purchase price is paid in cash, and common shares issuable in an acquisition would dilute the percentage ownership of the Company's existing shareholders. Any such activity may not be successful in generating revenue, income or other returns to the Company, and the financial or other resources committed to such activities would 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, which are not covered by the indemnity or escrow provisions, if any, of the relevant acquisition agreements.

As business circumstances dictate, the Company may also decide to divest itself of assets or businesses. The Company may not be successful in identifying or managing the risks involved in any divestiture, including its ability to obtain a reasonable purchase price for the assets, potential liabilities that may continue to apply to the Company following the divestiture, potential tax implications, employee issues or other matters. The Company's inability to address these risks could adversely affect the Company's business, results of operations and financial condition.

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

BlackBerry services are provided through the Company's network operations, often together with 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, including by fire, earthquake, power loss, telecommunications or computer systems failure, cyber attack, human error, terrorist acts, war, and the threatened or actual suspension of BlackBerry services at the request of a government for alleged noncompliance with local laws or other events. The increased number of third party applications on the Company's network may also enhance the risk of network disruption or cyber attack for the Company. There may also be system or network interruptions if new or upgraded systems are defective or not installed properly.

The Company has experienced network events in the past, and any future outage in a network or system or other unanticipated problem that leads to an interruption or disruption of BlackBerry services could have a material adverse effect on the Company's business, results of operations and financial condition, and could adversely affect the Company's longstanding reputation for reliability, thereby resulting in end users purchasing products offered by its competitors. As the Company moves to handle increased data traffic and support more applications or services, the risk of disruption and the expense of maintaining a resilient and secure network services capability may significantly increase.

In fiscal 2017, the Company expects to implement a new enterprise resource planning ("ERP") software system. Any disruptions impacting the Company's operations during the implementation period could adversely affect the Company's business in a number of respects. Even if adverse effects are not encountered, the implementation of the ERP system may be much more costly than anticipated. If the Company is unable to successfully implement the ERP system as planned, its business, results of operations and financial condition could be negatively impacted.

Failure to protect the Company's intellectual property could harm its ability to compete effectively and the Company may not earn the revenues it expects from intellectual property rights.

The Company's commercial success is highly dependent upon its ability to protect its proprietary technology. The Company relies on a combination of patents, copyrights, trademarks, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights, all of which offer only limited protection. Despite the Company's efforts, the steps taken to protect its proprietary rights may not be adequate to preclude misappropriation of its proprietary information or infringement of its intellectual property rights, and the Company's ability to police such misappropriation or infringement is uncertain. The laws of certain countries in which the Company's products and services are sold or licensed do not protect intellectual property rights to the same extent as the laws of Canada or the United States.

With respect to patent rights, the Company cannot be certain whether any of its pending patent applications will result in the issuance of patents or whether the examination process will require the Company to narrow its claims. Furthermore, any patents issued could be challenged, invalidated or circumvented and may not provide proprietary protection or a competitive advantage. In addition, 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 relevant patent applications at any particular time. 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.

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 honoured;
- 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.

In addition, the Company expends significant resources to patent and manage the intellectual property it creates with the expectation that it will generate revenues by incorporating that intellectual property in its products or services. The Company is also monetizing its patent portfolio through outbound patent licensing. Changes in the law may weaken the Company's ability to collect royalty revenue for licensing its patents. Similarly, licensees of the Company's patents may fail to satisfy their obligations to pay royalties, or may contest the scope and extent of their obligations. Finally, the royalties the Company can obtain to monetize its intellectual property may decline because of the evolution of technology, changes in the selling price of products using licensed patents, or the difficulty of discovering infringements.

Detecting and protecting against the unauthorized use of the Company's products, technology proprietary rights, and intellectual property rights is expensive, difficult and, in some cases, impossible. Litigation may be necessary in the future to enforce or defend the Company's intellectual property rights and could result in substantial costs and diversion of management resources, either of which could harm the Company's business, financial condition and results of operations, and there is no assurance that the Company will be successful.

The Company relies on its suppliers to supply functional components on a timely basis and in sufficient quantities.

The Company's direct and outsourced 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.

The Company must order components for its products and build inventory in advance of product announcements and shipments. If the Company overestimates its component requirements, it may result in excess inventory. This would increase the risk of obsolescence or financial penalties based on failure to satisfy minimum volume commitments, which would increase the manufacturing costs per unit of the Company's products. If the Company underestimates component requirements, it may have inadequate inventory, which could interrupt manufacturing operations and delay delivery of products.

Some components are subject to price fluctuations and supply constraints, in part due to the continuing convergence of the mobile communication and computer industries, and increased competition. Some of the Company's competitors may receive preferential treatment from suppliers through allocations of scarce components or lower pricing. A supplier could also increase pricing, discontinue, or restrict supplying components or licensing software to the Company with or without penalty, resulting in product manufacturing and delivery delays. A supplier could also file for bankruptcy or experience damage or interruption in its operations due to fire, earthquake, power loss, labour disruptions, telecommunications or computer systems failure, the effects of global or regional economic conditions, human error, terrorist acts, war or other events. Alternative sources of supply are not always available.

If the Company cannot manufacture and supply products due to a lack of components for any of the above reasons, or is unable to redesign products using other components in a timely manner, the Company's sales and operating results could be adversely affected.

Moreover, the Company depends on, but has limited control over, the quality and reliability of the products supplied or licensed to the Company. If a component supplier failed to meet 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.

The Company has negotiated volume-based pricing terms with many of its suppliers and 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. In addition, some contracts require the Company to agree to a flat fee regardless of volumes, which can result in higher unit costs than anticipated if demand is lower than anticipated. Any of these outcomes may result in the Company's products being more costly to manufacture and less competitive, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Sales to customers in highly regulated industries and governmental entities can be highly competitive and require compliance with stringent regulation.

Many of the Company's enterprise customers are either in highly regulated industries or are governmental entities and may be required to comply with more stringent regulations in connection with the implementation and use of the Company's products and services. Highly regulated and governmental entities often require contract terms that differ from the Company's standard arrangements and impose compliance requirements that are complicated, require preferential pricing or "most favoured nation" terms and conditions, or are otherwise time-consuming and expensive to satisfy. Government demand and payment for the Company's products and services may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for the Company's products and services. The additional costs associated with providing the Company's products and services to governmental entities and highly regulated customers could harm the Company's margins. Moreover, changes in the underlying regulatory conditions that affect these types of customers

could harm the Company's ability to efficiently provide BlackBerry products and services to them and to grow or maintain the Company's customer base.

The Company relies on third parties to manufacture and repair its products.

The Company outsources the majority of the manufacturing and repair of its products to third parties. The resources devoted by these third parties to meet the Company's manufacturing and repair requirements are not within the Company's control and there can be no assurance that manufacturing or repair problems will not occur in the future.

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

- failure to satisfy the Company's manufacturing and supply requirements on a timely basis, including by failing to meet scheduled production and delivery deadlines;
- reduced ability to ensure product quality, and to monitor and manage quality controls;
- reduced control over costs;
- an inability to obtain additional or substitute manufacturers when and if needed, and on a cost-effective basis;
- reduced control over the Company's intellectual property;
- increased risk of counterfeit and fraudulent activities giving rise to the availability of unauthorized devices; and
- early termination of, or failure to renew, contractual arrangements.

If the Company's partners fail to meet the Company's manufacturing and supply requirements on a timely basis, it could have a material adverse effect on the Company's cost, supply or quality of finished goods and its results of operations could be materially impacted.

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

Many of the Company's products, including software and components, include intellectual property which must be licensed from third parties. The termination of any of these licenses, or the failure of such third parties to adequately maintain, protect

or update their software or intellectual property rights, could delay the Company's ability to offer its products while the Company seeks to implement alternative technology offered by other sources (which may not be available on commercially reasonable terms) or develop such technology internally (which would require significant unplanned investment on the Company's part).

The Company also enables access to the Amazon Appstore to users of the BlackBerry 10.3 operating system through a licensing agreement with Amazon, and enables access to the Google Play store to PRIV users through a licensing agreement with Google. The termination of either of these licenses would significantly reduce access to popular applications and games to BlackBerry smartphone customers and may adversely affect sales of the Company's smartphones.

In addition, certain software that the Company uses may be subject to open source licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that the Company make available source code for modifications or derivative works created by the Company based upon the type of open source software used. If the Company combines its proprietary solutions with open source software in a certain manner, the Company could, under certain of the open source licenses, be required to release the source code of the Company's proprietary solutions to the public or offer the Company's solutions to users at no cost. This could allow the Company's competitors to create similar solutions with lower development effort and time and ultimately could result in a loss of revenue to the Company.

The terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on the Company's ability to commercialize its products and services. In such an event, the Company could be required to obtain licenses from third parties in order to continue offering its products and services, to re-engineer the Company's products or services, or to discontinue the sale of its products and services in the event re-engineering cannot be accomplished on a timely basis, any of which could materially and adversely affect the Company's business and operating results.

The Company faces substantial inventory and other asset risk, including the potential for charges related to its inventory and long-lived assets.

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. The Company may decide, or may be required to, discontinue sales of certain products or services, or not pursue the development of certain products or services, as a result of such factors including expected demand, lower than expected sales, litigation or government action. As the Company discontinues the manufacturing and sale of these products and services, the Company must manage the liquidation of inventory, supplier commitments and customer expectations. In addition, the Company records a write-down for product and component inventories that have become obsolete, can no longer be sold or exceed anticipated demand or net realizable value, and accrues necessary cancellation fee reserves for orders of excess products and components. Because the Company's markets are volatile, competitive and subject to rapid technology and price changes, there is also a risk the Company will forecast incorrectly and order or produce excess or insufficient inventories of components or products, which risk is exacerbated when making forecasts related to the introduction of new technology platforms. See also the Risk Factor entitled "The Company relies on its suppliers to supply functional components on a timely basis and in sufficient quantities ".

The Company's business, results of operations and financial condition could be materially adversely affected in the future by the Company's ability to manage its inventory levels and respond to short-term shifts in customer demand patterns. No assurance can be given that the Company will not incur related charges with respect to its existing or future products given the rapid and unpredictable pace of product obsolescence in the industries in which the Company competes.

Under generally accepted accounting principles in the United States, the Company reviews its long-lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. As at February 29, 2016, the Company's long-lived assets had a carrying value of approximately $1.6 billion. The assets represent items such as the Company's network infrastructure, owned data centres and certain intellectual property, among others. The Company cannot be certain of its ability to generate sufficient cash flows to fully recover the current carrying value of these assets. If it is determined that sufficient future cash flows do not exist to support the current carrying value, the Company will be required to record an impairment charge for long-lived assets in order to adjust the value of these assets to the newly established estimated value.

The Company's ability to maintain or increase its liquidity could be adversely affected by its ability to generate cash flow.

As of the end of fiscal 2016, the Company had cash, cash equivalents and investments of approximately $2.6 billion with $1.25 billion in indebtedness as a result of the Debenture Financing. The Company generates cash from sales of its products and services and from investment income to fund its operations and investments. The Company's working capital requirements and cash flows historically have been, and are expected to continue to be, subject to quarterly and yearly fluctuations, depending on

such factors as timing and success of new product introductions, levels of sales, returns on the Company's investment portfolio, timing of deliveries and collection of receivables, inventory levels, capital expenditures, operating expenses, and customer and supplier terms and conditions.

The Company's ability to maintain or increase its cash flow and working capital could be adversely affected if it is unable to successfully drive adoption of its new products and services or exploit other opportunities for revenue growth. In addition, if the Company fails to accurately predict emerging technological trends and the changing needs of customers and end users, or the features of its new products and services do not meet the expectations or achieve acceptance of its customers, its cash flow, liquidity and financial condition could be materially harmed.

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

The Company has incurred significant indebtedness, which could adversely affect its operating flexibility and financial condition.

The Company has, and may from time to time in the future have, third-party debt service obligations pursuant to its outstanding indebtedness, which currently includes $1.25 billion aggregate principal amount of Debentures. The degree to which the Company is leveraged could have important consequences, including:

- the Company's ability to obtain additional debt financing for working capital, capital expenditures, strategic initiatives or other business purposes in the future may be limited;
- a portion of the Company's cash flow from operations or other capital resources will be dedicated to the payment of the principal of, and/or interest on, indebtedness, thereby reducing funds available for working capital, capital expenditures, strategic initiatives or other business purposes;
- the Company may be more vulnerable to adverse economic and industry conditions as a result of its debt service obligations, including as a result of borrowings at variable rates of interest, which exposes the Company to the risk of increased interest rates; and
- the Company's flexibility in planning for, or reacting to changes in, its business and industry may be limited.

The Company's ability to make scheduled payments of interest on its indebtedness will depend upon its future operating performance and cash flow, which are subject to prevailing economic conditions and financial, competitive, business and other factors, many of which are beyond the Company's control. If the Company does not have sufficient cash flow from operations, it could result in its inability to pay amounts due under its outstanding indebtedness or to fund other liquidity needs and it may be required to refinance all or part of its then existing indebtedness (including the Debentures), sell assets, reduce or delay capital expenditures or seek to raise additional capital, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Debentures are subject to restrictive and other covenants that may limit the discretion of the Company and its subsidiaries with respect to certain business matters. These covenants place restrictions upon, among other things, the Company's ability to incur additional indebtedness or provide guarantees in respect of obligations, create liens or other encumbrances, pay dividends, merge or consolidate with another entity and enter into any speculative hedging transaction. A breach of any of these covenants could result in a default under the Company's outstanding indebtedness, which would have a material adverse effect on the Company's business, results of operations and financial condition. In addition, certain of the Company's competitors may operate on a less leveraged basis, or without such restrictive covenants, and therefore could have greater generating and financing flexibility than the Company.

There can be no assurance that the Company will be able to repay, restructure or refinance its indebtedness, including the Debentures, as principal amounts become due, or that it will be able to do so on terms as favourable as those currently in place. Any refinancing of the Company's indebtedness could be at higher interest rates and may require the Company to comply with more onerous covenants, which could further restrict its operations. In addition, the terms of existing or future debt agreements, including the Indenture (as defined below in "Description of Capital Structure - Convertible Debentures"), may restrict the Company from adopting any of these alternatives. Further, upon the occurrence of a Change of Control (as defined in the Indenture), the Company would be obliged to make an offer to purchase the outstanding Debentures at a premium, which may require the Company to secure capital. If the Company is unable to refinance its indebtedness, or is only able to refinance

indebtedness on less favourable terms, this may have a material adverse effect on the Company's business, results of operations and financial condition.

The Company could be found to have infringed on the intellectual property rights of others .

Companies in the software and technology industries, including some of the Company's current and potential competitors, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. Although the Company believes that third-party software included in the Company's products is licensed from the entity holding the intellectual property rights and that its products do not infringe on the rights of third parties, third parties have and will continue to assert infringement claims against the Company in the future. The Company may be subject to these types of claims either directly or indirectly through indemnities that it provides to certain of its customers, partners and suppliers against these claims**.** As the Company continues to develop software products and expand its portfolio using new technology and innovation, its exposure to threats of infringement may increase.

Many intellectual property infringement claims are brought by entities whose business model is to obtain patent-licensing revenues from operating companies such as the Company. Because such entities do not typically generate their own products or services, the Company cannot deter their claims based on counterclaims that they infringe patents in the Company's portfolio or by entering into cross-licensing arrangements.

Regardless of whether patent or other intellectual property infringement claims against the Company have any merit, they could:

- adversely affect the Company's relationships with its customers;
- be time-consuming and expensive to evaluate and defend, including in litigation or other proceedings;
- result in negative publicity for the Company;
- divert management's attention and resources;
- cause product and software shipment delays or stoppages;
- subject the Company to significant liabilities;
- require the Company to 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, any such claim may require the Company to enter into costly royalty agreements or obtain a license for the intellectual property rights of third parties. Such licenses may not be available or they may not be available on commercially reasonable terms.

Any of the foregoing infringement claims and related litigation could have a significant adverse impact on the Company's business and operating results, as well as the Company's ability to generate future revenues and profits. See also "Legal Proceedings" in this AIF.

Litigation against the Company may result in adverse outcomes.

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, including product liability and warranty claims, employment claims and other litigation claims, which may potentially include claims relating to improper use of, or access to, personal data.

In addition, the Company is subject to potential litigation claims arising from its disclosure practices. The Company is committed to providing a high level of disclosure and transparency and provides commentary that highlights the trends and uncertainties that the Company anticipates. Given the highly competitive and rapidly evolving mobile communications industry and the ongoing transition in the Company's business strategy, the Company's financial results may not follow any past trends, making it difficult to predict the Company's financial results. Consequently, actual results may differ materially from those expressed or implied by the Company's forward-looking statements and may not meet the expectations of analysts or investors, which can contribute to the volatility of the market price of the Company's common shares. Despite the Company's cautions in each earnings release, earnings conference call and securities filings that contain forward-looking statements, the Company may nevertheless be subject to potential securities litigation or enforcement actions.

Litigation resulting from these claims could be costly and time-consuming and could divert the attention of management and key personnel from the Company's business operations. The complexity of the technology involved and the inherent uncertainty of commercial, class action, securities, employment and other litigation increases these risks. In recognition of these considerations, the Company may enter into settlements resulting in material expenditures, the payment of which could have a material adverse effect on the Company's business, results of operation and financial condition. If the Company is unsuccessful in its defense of material litigation claims or is unable to settle the claims, the Company may be faced with significant monetary damages or injunctive relief against it that could have a material adverse effect on the Company's business, BlackBerry brand, results of operations and financial condition. Administrative or regulatory actions against the

Company or its employees could also have a material adverse effect on the Company's business, BlackBerry brand, results of operations and financial condition. See also "Legal Proceedings" in this AIF.

Government regulations applicable to the Company's products and services, including products containing encryption capabilities, could negatively impact the Company's business.

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

Various countries have enacted laws and regulations, adopted controls, license or permit requirements, and restrictions on the export, import, and use of products or services that contain encryption technology. In addition, from time to time, governmental agencies have proposed additional regulations relating to encryption technology, such as requiring certification, notifications, review of source code, or the escrow and governmental recovery of private encryption keys. Governmental regulation of encryption technology, including the regulation of imports or exports, could harm the Company's sales in one or more jurisdictions and adversely affect the Company's revenues. Complying with such regulations could also require the Company to devote additional research and development resources to change the Company's software or services or alter the methods by which the Company makes them available, which could be costly. In addition, failure to comply with such regulations could result in penalties, costs and restrictions on import or export privileges or adversely affect sales to government agencies or government funded projects.

Some of the Company's competitors do not have the same level of encryption in their technology and some competitors may be subject to less stringent controls on the export, import, and use of encryption technologies in certain markets. Also, several countries have adopted legislation authorizing the circumvention of encryption measures in limited circumstances. These legislative provisions could potentially be used by competitors to attempt to reverse engineer or find vulnerabilities in the Company's products and services. As a result, these competitors may be able to compete more effectively than the Company can in those markets.

The use and disclosure of user data and personal information could give rise to liabilities as a result of legal, carrier and other customer requirements.

The Company transmits and stores a large volume of data, including personal information, in the course of supporting its products and services. 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 and mobile communications in a number of jurisdictions, is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from country to country and in a manner that is not consistent with the Company's current data protection practices. Complying with these varying international requirements could cause the Company to incur additional costs and change the Company's business practices. In addition, because the Company's services are accessible worldwide, certain foreign jurisdictions may claim that the Company is required to comply with their laws, even where the Company has no local entity, employees, or infrastructure. Non-compliance could result in penalties or significant legal liability and the Company's business, results of operations and financial condition may be adversely affected.

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

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

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

An expansion of the Company's online commercial presence may also require significant additional investment in security measures to protect the transmission of confidential data, including payment information, and to augment protection for the Company's servers and network. Any failure by the Company to implement adequate measures around security of payments, or security of confidential or personal information of the end users of the Company's products, could result in regulatory enforcement or potential litigation and have a detrimental impact on the BlackBerry brand and the Company's reputation.

The Company's business is subject to risks inherent in foreign operations, including fluctuations in foreign currencies.

Sales outside of North America account for a significant portion of the Company's revenue. The Company maintains offices in a number of foreign jurisdictions and intends to continue to pursue international market growth opportunities. The Company has limited experience conducting business in some of these jurisdictions and it may not be aware of all the factors that may affect its business in these jurisdictions. The Company is subject to a number of risks associated with its foreign operations that may increase liability and costs, lengthen sales cycles and require significant management attention. These risks include:

- compliance with the laws of the United States, Canada and other countries that apply to the Company's international operations, including import and export legislation, lawful access, privacy laws and anti-corruption laws;
- increased reliance on third parties to establish and maintain foreign operations;
- 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 exchange controls and cash repatriation restrictions (such as those recently experienced by the Company in Venezuela and Argentina);
- tariffs and other trade barriers;
- increased credit risk and 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;
- cultural and language differences; and
- difficulty in managing a geographically dispersed workforce in compliance with local laws and customs that vary from country to country.

In addition, the Company is exposed to foreign exchange risk as a result of transactions in currencies other than its U.S. dollar functional currency. The majority of the Company's revenue and purchases of raw materials are denominated in U.S. dollars. However, some revenue, a substantial portion of operating costs, including salaries and manufacturing overhead, as well as capital expenditures, are incurred in other currencies, primarily Canadian dollars, Euros and British Pounds. If the Canadian dollar appreciates relative to the U.S. dollar, the Company's Canadian dollar denominated expenses will increase when converted to U.S. dollars for financial reporting purposes. If the Euro depreciates relative to the U.S. dollar, the Company's Euro denominated revenues will decrease when translated to U.S. dollars for financial reporting purposes. Foreign exchange rate fluctuations may materially affect the Company's results of operations in future periods. For more details, please refer to the discussion of foreign exchange and income taxes in the Company's MD&A for the fiscal year ended February 29, 2016.

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

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

The Company's products and services are highly complex and sophisticated and may contain design defects, errors or security vulnerabilities that are difficult to detect and correct. Errors may be found in new products or services or improvements to existing products or services after delivery to the Company's customers. If these defects are discovered, the Company may not be able to successfully correct them in a timely manner or at all. The occurrence of defects, errors or vulnerabilities in the

Company's products or services could result in the delay or the denial of their market acceptance and may harm the Company's reputation, and correcting such defects, errors or vulnerabilities could require significant expenditures by the Company. In addition, the failure of the Company's products or services to perform to end user expectations could give rise to product liability and warranty claims. The consequences of any such defects, errors, vulnerabilities and claims could have a material adverse effect on the Company's business, results of operations and financial condition.

In some cases, if design defects, errors or vulnerabilities affect a product's safety or regulatory compliance, then such product may need to be recalled. Depending on the nature of the defect and the number of products, the Company may be forced to incur substantial recall costs, in addition to the costs associated with the potential loss of future orders and the damage to the Company's reputation. Recalls involving regulatory agencies could also result in fines and additional costs. Recalls could also 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's business could be negatively affected as a result of actions of activist shareholders.

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

The Company may not be successful in supplementing or managing its catalogue of third-party applications.

The Company believes decisions by customers to purchase its hardware products depend in part on the availability and compatibility of software applications and services that are developed and maintained by third-party software developers. The Company may not be able to convince developers to develop and maintain native applications for BlackBerry 10 smartphones without valuable incentives from the Company, or at all. The loss of, or inability to maintain these relationships may affect the desirability of the Company's products and, hence, the Company's revenue from the sale of its products, particularly to consumers. If the Company is unable to successfully manage its applications catalogue, the success of the Company's BlackBerry smartphones and future products and services may be materially and adversely affected.

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

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

The Company is subject to risks related to health and safety and hazardous materials usage regulations, and to network certification risks.

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. 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 hardware products so that the products comply with the many requirements applicable to them. There can be no assurance that the costs of complying with and the liabilities arising from current and future health and safety, environmental (including climate change regulation) and other laws, standards and regulatory requirements (including legislation relating to certain minerals that are used in the mobile communications industry) will not adversely affect the Company's business, results of operations or financial condition.

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

There are costs and other burdens associated with regulations regarding conflict minerals.

In fiscal 2015, the SEC adopted new disclosure requirements implementing Section 1502 of the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010* for manufacturers of products containing certain minerals that are mined from the Democratic Republic of Congo and adjoining countries. These so-called "conflict minerals" are commonly found in metals used in the manufacture of certain of the Company's products. The disclosure requirements may limit the sourcing and availability, or may increase the costs, of some of the metals used in the manufacture of the Company's products. The effect may also reduce the number of suppliers who provide conflict-free metals, and may affect the Company's ability to obtain products in sufficient quantities or at competitive prices. Also, since the Company's supply chain is complex, the Company may face reputational challenges if it is unable to sufficiently verify, through its due diligence procedures, the origins for all metals used in its products or if it discloses that it is unable to determine whether "conflict minerals" are contained in its products.

The Company may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses.

As a foreign private issuer, as defined in Rule 3b-4 under the Exchange Act, the Company is currently exempt from certain of the provisions of the U.S. federal securities laws. For example, the U.S. proxy rules and the Section 16 reporting and "short swing" profit rules do not apply to foreign private issuers. To be considered a foreign private issuer, a company must satisfy a United States shareholder test (less than 50% of the voting securities of a company must be held by residents of the United States) or a three part business contacts test. A substantial number of the outstanding voting securities of the Company are directly or indirectly held of record by residents of the United States. If the Company loses its status as a foreign private issuer, these regulations would apply and it would also be required to commence reporting on forms required of U.S. domestic companies, such as Forms 10-K, 10-Q and 8-K, rather than the forms currently available to the Company, such as Forms 40-F and 6-K. Compliance with the additional disclosure and timing requirements under these securities laws would likely result in increased expenses and would require the Company's management to devote substantial time and resources to comply with new regulatory requirements. The Company would also no longer be able to utilize the significant benefits afforded by the U.S./Canada multijurisdictional disclosure system, which generally permits eligible Canadian companies to use Canadian disclosure documents to satisfy continuous reporting requirements in both Canada and the United States, and allows Canadian companies to make offers and sales of securities to the public in the United States using a Canadian prospectus that is subject to review by the principal Canadian regulator, thereby avoiding the costs and delays associated with duplicative and sometimes conflicting regulatory requirements. In addition, the Company would not be able to benefit from certain exemptions available to foreign private issuers that it has used in the past, including its ability to comply with the rules of the TSX in lieu of certain NASDAQ listing requirements.

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

Tax provision changes, the adoption of new tax legislation or exposure to additional tax liabilities could materially impact the Company's financial condition.

The Company is subject to income, indirect (such as sales tax, sales and use tax and value-added tax) and other taxes in Canada and numerous foreign jurisdictions. Significant judgment is required in determining its worldwide liability for income, indirect

and other taxes, as well as potential penalties and interest. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although the Company believes that its tax estimates are reasonable, there can be no assurance that the final determination of any tax audits will not be materially different from that which is reflected in historical income, indirect and other tax provisions and accruals. Should additional taxes or penalties and interest be assessed as a result of an audit, litigation or changes in tax laws, there could be a material adverse effect on the Company's current and future results and financial condition. In addition, there is a risk of recoverability of future deferred tax assets.

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

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

The market price of the Company's outstanding common shares has been and continues to be volatile, due in part to uncertainty relating to the Company's ability to implement and realize the benefits of its ongoing strategic initiatives. The market price of the Company's shares may fluctuate significantly in response to the risks described elsewhere in these Risk Factors, as well as numerous other factors, many of which are beyond the Company's control, including: (i) announcements by the Company or its competitors of new products and services, acquisitions, customer wins or strategic partnerships; (ii) forward-looking financial guidance provided by the Company, any updates to this guidance, or the Company's failure to meet this guidance; (iii) quarterly and annual variations in operating results, which are difficult to forecast, and the Company's financial results not meeting the expectations of analysts or investors; (iv) recommendations by securities analysts or changes in earnings estimates; (v) the performance of other technology companies or the increasing market share of such companies; (vi) results of existing or potential litigation; (vii) trading volume; or (viii) market rumours.

In addition, broad market and industry factors may decrease the market price of the Company's common shares, regardless of the Company's operating performance. The stock market in general, and the securities of technology companies in particular, have often experienced extreme price and volume fluctuations. Periods of volatility in the overall market and in the market price of the Company's securities may prompt securities class action litigation against the Company which, if not resolved swiftly, can result in substantial costs and a diversion of management's attention and resources. See also the Risk Factor entitled "Litigation against the Company may result in adverse outcomes" and the "Legal Proceedings" section in this AIF.

Adverse economic and geopolitical conditions may negatively affect the Company.

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 Company's target vertical markets, could substantially reduce the demand for the Company's products and services and adversely affect the Company's business, results of operations and financial condition.

Current and future conditions in the domestic and global economies remain uncertain, and it is difficult to estimate the level of economic activity for the economy as a whole. It is even more difficult to estimate growth in various parts of the economy, including the markets in which the Company participates. Because all components of the Company's budgeting and forecasting are dependent upon estimates of economic activity in the markets that the Company serves and demand for its products and services, economic uncertainties make it difficult to estimate future income and expenditures.

Economic or geopolitical uncertainties may cause end users to reduce their IT budgets or reduce or cancel orders for the Company's products and services. Network carriers may further reduce device subsidies that they offer to end users or attempt to extend the periods of contracts that obligate end users to use a certain device. Any such developments could have a material adverse impact on the Company's business, results of operations and financial condition.

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

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

The Company had total cash, cash equivalents and investments of $2.6 billion as at February 29, 2016, compared to $3.3 billion as at February 28, 2015. Cash equivalents, short term and other investments are invested primarily in debt securities of varying maturities. Consequently, the Company is exposed to interest rate risk and its results of operations may be adversely affected by changes in interest rates. The fair value of short term and other investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates.

Additionally, the Company is exposed to 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 "Market Risk of Financial Instruments" in the

Company's MD&A for the fiscal year ended February 29, 2016 for a discussion of credit risk related to the Company's investment portfolio.

The Company expects its quarterly revenue and operating results to fluctuate.

The Company's profit margins vary across its products and distribution channels. Gross margins on the Company's products vary across product lines and can change over time as a result of product transitions, pricing and configuration changes, and component, warranty, and other cost fluctuations. In addition, the Company's gross margin and operating margin percentages, as well as overall profitability, may be materially adversely impacted as a result of a shift in product, geographic or channel mix, component cost increases, price competition, or the introduction of new products, including those that have higher cost structures with flat or reduced pricing.

New product introductions can significantly impact net sales, product costs and operating expenses. The Company could also be subject to unexpected developments late in a quarter, such as lower-than-anticipated demand for the Company's products, issues with new product introductions, an internal systems failure, or failure of one of the Company's logistics, components supply, or manufacturing partners.

Future issuances of common shares by the Company, including upon any conversion of the Debentures, will be dilutive to existing shareholders.

The Company is authorized to issue an unlimited number of voting common shares, an unlimited number of non-voting Class A common shares and an unlimited number of preferred shares issuable in series on terms and conditions established by the Board, generally without the approval of shareholders. Existing shareholders have no pre-emptive rights in connection with such further issues. During fiscal 2014, the Company issued $1.25 billion aggregate principal amount of Debentures, which may be converted at the holders' option for up to 125,000,000 common shares (subject to adjustment in certain circumstances). If the Debentures were converted in full as at February 29, 2016, the common shares issued would represent approximately 19.3% of the Company's then outstanding common shares. Subject to TSX and NASDAQ rules requiring shareholder approval, the Company may make future acquisitions or enter into financings or other transactions involving the issuance of common shares or securities convertible into common shares, which may be dilutive to existing shareholders. Sales or issuances of substantial numbers of common shares, or the perception that such sales could occur, may adversely affect prevailing market pricing for the Company's common shares.

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

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

DIVIDEND POLICY AND RECORD

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

DESCRIPTION OF CAPITAL STRUCTURE

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. Dividends which the Board determines 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 common shares and class A common shares, holders of common shares and class A 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 common shares and the class A common shares without preference or distinction. Subject to the rights of holders of any class of share ranking prior to the common shares and class A common shares, in the event that the Company is liquidated, dissolved or wound-up, holders of common shares and class A common shares are entitled to receive the remaining assets ratably on a per share basis 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 this time, the Company has no plans to issue further class A common shares.

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 Board 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.

Convertible Debentures

The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the terms of the Indenture (as defined below). Reference is made to the Indenture, which has been filed on SEDAR at www.sedar.com and with the SEC at www.sec.gov, for complete descriptions of the Debentures.

General

The Debentures are direct, unsecured debt obligations of the Company and are issued under an indenture (the "Trust Indenture") dated as of November 13, 2013 between the Company, as issuer, BlackBerry Corporation, BlackBerry UK Limited, BlackBerry Finance, LLC and BlackBerry Singapore Pte. Limited, as guarantors (collectively, the "Guarantors") and Computershare Trust Company of Canada, as trustee (the "Trustee"), as supplemented by a supplemental indenture dated as of December 12, 2013 between the same parties (the "First Supplemental Indenture") and a second supplemental indenture dated as of April 30, 2014 between the same parties (the "Second Supplemental Indenture", and together with the First Supplemental Indenture and the Trust Indenture, the "Indenture"). The Debentures are limited in the aggregate principal amount of $1,250,000,000.

The Debentures have a maturity date of November 13, 2020 (the "Maturity Date"), subject to the prior conversion, redemption or payment thereof as provided by the Indenture.

Each of the Guarantors has separately guaranteed the payment of principal, premium (if any) and interest and other amounts due under the Debentures, and the performance of all other obligations of the Company under the Indenture (the "Guarantees"). Other significant subsidiaries of the Company may be required to provide such Guarantees where they satisfy certain financial tests.

Interest

The Debentures bear interest at a rate of 6% per annum, payable in equal quarterly instalments in arrears on the last day of February, May, August and November of each year. If an Event of Default (as defined below) has occurred and is continuing, the Debentures will bear interest at a rate of 10% per annum during the period of the default.

Subordination

The Debentures rank *pari passu* with one another, in accordance with their tenor without discrimination, preference or priority and, subject to statutory preferred exceptions, shall rank equally with all other present and future unsubordinated unsecured

Indebtedness (as defined below) of the Company, other than the Specified Senior Indebtedness (as defined below) of the Company and the Guarantors. No payments shall be made on account of the Debentures during any default of payment when due of any principal, interest or other amount owing with respect to Specified Senior Indebtedness, unless such Specified Senior Indebtedness shall first have been paid in full or provided for. The Trustee, on behalf of the holders of Debentures (the "Holders"), may from time to time enter into subordination agreements with Senior Creditors (as defined below) to reflect the relative priorities of the Holders and such Senior Creditors.

Conversion Privilege

Each Holder shall have the right at its option to convert each $1,000 principal amount of its Debentures into common shares at any time prior to the third business day prior to the Maturity Date. Common shares will be issued based on a conversion price of $10.00 principal amount of Debentures per share (the "Conversion Price"), subject to adjustment in certain circumstances.

Redemption Right

The Debentures will not be redeemable prior to November 13, 2016. On or after November 13, 2016, but prior to November 13, 2017, the Debentures will be redeemable at the Company's sole option, on not more than 60 days' and not less than 40 days' prior written notice, in whole or in part, at a price equal to 104% of the principal amount thereof, plus accrued and unpaid interest. The percentage of principal amount at which the Debentures may be redeemed will decrease by 1% for each successive one year period thereafter to the Maturity Date.

Change of Control

If a change of control of the Company occurs involving: (i) the acquisition by any person or groups of persons acting jointly or in concert, directly or indirectly, in a single transaction or a series of related transactions, of voting control or direction over more than 35% of the then-outstanding common shares; (ii) the acquisition by any person (other than the Company or any of the Guarantors) or one or more members of a group of persons acting jointly or in concert (other than a group consisting solely of two or more of the Company and any of the Guarantors), directly or indirectly, in a single transaction or a series of related transactions, of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole; or (iii) the completion of a merger, amalgamation, arrangement or similar transaction which results in holders of the Company's common shares immediately prior to the completion of the transaction holding less than 50% of the then outstanding common shares of the resulting entity after the completion of the transaction (a "Change of Control"), the Company is required to make an offer (a "Repayment Offer") to purchase all or, at the option of the Holders, a portion (in integral multiples of $1,000) of the principal amount of the Debentures held by such Holders, at a price equal to 115% of the principal amount thereof plus accrued and unpaid interest, if any, to but excluding the Change of Control Repurchase Date (as defined in the Indenture) (the "Change of Control Repurchase Price"). The Company is not required to make that Repayment Offer to Fairfax or its affiliates, or any of their joint actors, if they caused such a Change of Control. Any Debentures so repurchased will be cancelled and may not be reissued or resold.

Certain Covenants

The Company is bound by certain covenants under the Indenture. Positive covenants include: (i) payment of the Trustee's remuneration; (ii) maintenance of corporate existence and books of account; and (iii) payment of principal, premium (if any) and interest on the Debentures when due and payable. Reporting covenants include: (i) provision of an annual compliance certificate regarding compliance with the terms of the Indenture and confirming that no Events of Default have occurred under the Indenture; (ii) provision of notice of an Event of Default or any event which, with the passing of time or giving of notice, would constitute an Event of Default; and (iii) provision of public disclosure documents to the Trustee or Holders in certain circumstances. Subject to customary exceptions, negative covenants include: (i) no liens on assets of the Company or its subsidiaries, except Permitted Liens (as defined in the Indenture, which include customary liens arising by operation of law, liens securing Specified Senior Indebtedness, Purchase Money Security Interests (as defined below) securing permitted Indebtedness, liens on real property incurred in connection with a sale and leaseback of permitted Indebtedness, and any other lien not prohibited by the Company's asset-backed lending facility (now terminated), subject to compliance with restrictions on incurring Indebtedness); (ii) a limitation on amalgamations and mergers except in compliance with customary successor entity provisions; and (iii) a limitation on dividends, dividend increases and speculative hedging transactions.

The Company and its subsidiaries are restricted, without consent of Holders of 66-2/3% of the outstanding Debentures, from incurring any indebtedness or permitting any indebtedness to be outstanding, other than:

(a) the Debentures and the Guarantees;
(b) Specified Senior Indebtedness in an aggregate principal amount at any one time outstanding not to exceed $550,000,000;
(c) Indebtedness in an aggregate principal amount at any one time outstanding not to exceed $450,000,000, comprised of:

(i) Indebtedness secured by a Purchase Money Security Interest including Capital Leases (as defined below);
(ii) Indebtedness incurred in connection with a sale and leaseback of real property;
(iii) Indebtedness incurred under a securitization or factoring of receivables;
(iv) Indebtedness of any subsidiary acquired by the Company or its subsidiaries that existed prior to such acquisition and not incurred in contemplation of such acquisition;
(v) Indebtedness incurred to finance insurance premiums;
(vi) other Indebtedness (other than Specified Senior Indebtedness) provided that such Indebtedness shall be unsecured; or
(vii) Indebtedness incurred to refinance any Indebtedness referred to in clauses (i) through (iv) above.

Events of Default

The Indenture provides for such events of default as are customary for indebtedness of this type (each, an "Event of Default") including: (i) a default in payment of any principal amount, purchase price or any Change of Control Repurchase Price when due; (ii) a default in payment of interest on any Debentures when due and the continuance of such default for 10 days; (iii) a default in maintaining the Company's reporting issuer status or the listing of the common shares, or in providing an opinion in respect of new Guarantors, and the continuance of such default for five business days; (iv) a default in the delivery of common shares or cash due upon conversion of Debentures, and the continuance of such default for three business days; (v) a default by the Company or any Guarantor in performing or observing any of the other covenants, agreements or material obligations of the Company or the Guarantor under the Indenture, and the continuance of such default for 30 days after written notice to the Company by the Trustee or by the Holders of not less than 25% in principal amount of outstanding Debentures requiring the same to be remedied; (vi) the failure to make a Repayment Offer following the occurrence of a Change of Control; (vii) certain events of bankruptcy or insolvency with respect to the Company or any Guarantor; (viii) any of the Guarantees being held in any judicial proceeding to be unenforceable or invalid or ceasing for any reason to be in full force and effect or any Guarantor, or any person acting on behalf of a Guarantor, denying or disaffirming its obligations under its Guarantee; (ix) (A) if the Company or any Guarantor is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount on any Indebtedness that is outstanding in an aggregate principal amount of more than $50,000,000 (or its equivalent in the relevant currency of payment) beyond any period of grace provided with respect thereto, or (B) if the Company or any Guarantor is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of more than $50,000,000 (or its equivalent in the relevant currency of payment) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and in each case as a consequence of such default or condition such Indebtedness has become or has been declared due and payable before its stated maturity or before its regularly scheduled dates of payment, or (C) as a consequence of the occurrence or continuation of any event or condition (other than (a) the passage of time or (b) the right of the holder of Indebtedness to convert such Indebtedness into equity interests or (c) any mandatory prepayment provisions in an agreement governing Indebtedness unless such provisions also require the permanent prepayment of all Indebtedness then outstanding and, if applicable, the permanent cancellation of all other amounts available to be borrowed under such agreement), the Company or any Guarantor has become obligated to purchase or repay Indebtedness (including any Specified Senior Indebtedness but excluding the Debentures) before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of more than $50,000,000 (or its equivalent in the relevant currency of payment); and (x) if the Company or any of its subsidiaries fails to pay final judgments aggregating in excess of an amount greater than $50,000,000 in cash (net of any amounts for which an insurance company is liable) rendered against the Company or any of its subsidiaries by a court of competent jurisdiction, which judgments are not paid, discharged or stayed for a period of 30 days after such judgments become final and non-appealable.

If an Event of Default has occurred and is continuing (other than an Event of Default due to an event of bankruptcy or insolvency), the Trustee may, in its discretion, and shall, at the written request of Holders of not less than 25% of the aggregate principal amount of the Debentures then outstanding, declare the principal of (and premium, if any), together with accrued interest on all outstanding Debentures to be immediately due and payable. If an Event of Default due to an event of bankruptcy or insolvency occurs, the principal of (and premium, if any), together with accrued interest on all outstanding Debentures will immediately become due and payable without any action on the part of the Trustee or any Holders of Debentures. The Holders of more than 66-2/3% of the principal amount of outstanding Debentures may, on behalf of the Holders of all outstanding Debentures, waive an Event of Default in the manner set forth below under "Modification or Waiver".

Modification or Waiver

The rights of the Holders may be modified or waived in accordance with the terms of the Indenture. For that purpose, among others, the Indenture contains certain provisions which will make binding on all Holders resolutions passed at meetings of the Holders (which may be called by the Company or the Trustee upon not less than 21 days' notice) by votes cast thereat by Holders of not less than 66-2/3% including waivers for certain events of default, or in the case of Extraordinary Resolutions (as

defined in the Indenture) and waivers of certain defaults in payment or delivery of shares not less than 90%, of the aggregate principal amount of the Debentures present at the meeting or represented by proxy, provided that a quorum for all meetings of Holders of Debentures will be at least 25% of the aggregate principal amount of outstanding Debentures represented in person or by proxy, or rendered by instruments in writing signed by the Holders of not less than 66-2/3%, or in the case of Extraordinary Resolutions not less than 90%, of the aggregate principal amount of the Debentures then outstanding. In addition, without the approval of Holders by Extraordinary Resolution, the Indenture may not be amended to: (i) alter the manner of calculation of or rate of accrual of interest on the Debentures or change the time of payment; (ii) make the Debentures convertible into securities other than common shares; (iii) change the Maturity Date or any instalment of interest on the Debentures; (iv) reduce the principal amount or Change of Control Repurchase Price with respect to the Debentures; (v) make any change that adversely affects the rights of Holders to require the Company to purchase the Debentures at the option of Holders; (vi) impair the right to institute suit for the enforcement of payments or the conversion of the Debentures; (vii) change the currency of payment of principal of, or interest on, the Debentures; (viii) except as contemplated by the Indenture, change the Conversion Price or otherwise adversely affect the Holders' conversion rights; (ix) release any of the Guarantors from any of their obligations under a Guarantee provided for in the Indenture, except in accordance with the Indenture; or (x) change the provisions in the Indenture that relate to modifying or amending the Indenture.

Defined Terms

In the foregoing summary, the following terms have the meanings set forth below:

"**Capital Lease**" means, with respect to any Person (as defined in the Indenture), any lease of any property (whether real, personal or mixed) by such Person as lessee that, in accordance with U.S. GAAP (as in effect on the date of the Indenture), is required to be classified and accounted for as a capital lease on a balance sheet of such Person;

"**Indebtedness**" means, with respect to a person, and without duplication:

(a) indebtedness of such person for monies borrowed or raised, including any indebtedness represented by a note, bond, debenture or other similar instrument of such person;
(b) reimbursement obligations of such person arising from bankers' acceptance, letters of credit or letters of guarantee or similar instruments;
(c) indebtedness of such person for the deferred purchase price of property or services, other than for consumable non-capital goods and services purchased in the ordinary course of business, including arising under any conditional sale or title retention agreement, but excluding for greater certainty ordinary course accounts payable;
(d) obligations of such person under or in respect of Capital Leases, synthetic leases, Purchase Money Security Interests or sale and leaseback transactions;
(e) the aggregate amount at which shares in the capital of such person that are redeemable at fixed dates or intervals or at the option of the holder thereof may be redeemed; and
(f) guarantees or liens granted by such person in respect of Indebtedness of another person;

"**Purchase Money Security Interest**" means a lien created or incurred by the Company or one of its subsidiaries securing Indebtedness incurred to finance the acquisition of property (including the cost of installation thereof), provided that (i) such lien is created substantially simultaneously with the acquisition of such property, (ii) such lien does not at any time encumber any property other than the property financed by such Indebtedness, (iii) the amount of Indebtedness secured thereby is not increased subsequent to such acquisition, and (iv) the principal amount of Indebtedness secured by any such lien at no time exceeds 100% of the original purchase price of such property and the cost of installation thereof, and for the purposes of this definition the term "acquisition" includes a Capital Lease;

"**Senior Creditor**" means a holder or holders of Specified Senior Indebtedness and includes any representative or representatives or trustee or trustees of any such holder or holders; and

"**Specified Senior Indebtedness**" means, without duplication, the Indebtedness under the Company's asset-backed lending facility (now terminated) and such other indebtedness as the Company shall designate as "Specified Senior Indebtedness" by notice to the Trustee in writing; provided that the aggregate principal amount of Specified Senior Indebtedness shall not exceed $550,000,000 at any one time outstanding; provided, further, that all Specified Senior Indebtedness must constitute:

(a) Indebtedness referred to in paragraphs (a) and (b) of the definition of Indebtedness above;
(b) renewals, extensions, restructurings, refinancings and refundings of any such Indebtedness; and
(c) guarantees of any of the foregoing.

MARKET FOR SECURITIES OF THE COMPANY

The Company's common shares are listed and posted for trading on the TSX under the symbol "BB" and are listed on NASDAQ under the symbol "BBRY". The volume of trading and price ranges of the Company's common shares on the TSX

and NASDAQ 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 2015	$10.93-$14.23	2,517,597	$8.59-$11.45	12,206,405
April 2015	$11.17-$12.67	1,464,493	$8.85-$10.46	7,126,611
May 2015	$11.68-$13.28	1,668,164	$9.71-$11.09	7,962,857
June 2015	$10.01-$12.40	1,796,345	$8.04-$9.94	9,887,489
July 2015	$9.30-$10.56	1,402,794	$7.15-$8.28	8,208,593
August 2015	$8.56-$10.28	1,256,211	$6.41-$7.81	6,103,417
September 2015	$8.02-$10.35	1,789,418	$5.96-$7.82	7,677,283
October 2015	$7.99-$9.94	1,321,034	$6.03-$7.56	5,389,311
November 2015	$9.50-$10.95	1,353,999	$7.15-$8.25	6,500,604
December 2015	$9.86-$13.12	2,393,709	$7.28-$9.46	9,490,353
January 2016	$9.21-$12.86	2,473,962	$6.33-$9.22	9,150,024
February 2016	$8.94-$10.67	1,660,080	$6.39-$7.89	4,816,563

In addition, the Debentures have been listed on the TSX since May 2014, under the symbol “BB.DB.U”. There is limited trading in the Debentures. During fiscal 2016, an aggregate of $68,866,135 principal amount of Debentures was traded on only seven days on the TSX, at prices ranging from $115.00 to $125.50.

NORMAL COURSE ISSUER BID

Pursuant to a Notice of Intention to Make a Normal Course Issuer Bid dated June 25, 2015, the Company commenced a normal course issuer bid (“NCIB”) to purchase up to 12 million common shares of the Company, representing approximately 2.5% of the public float of common shares outstanding as of June 22, 2015. The purpose of the NCIB is to offset dilution from the Company’s employee share purchase plan and an amendment to the Company’s equity incentive plan increasing the number of shares available thereunder, both as approved by the shareholders of the Company on June 23, 2015.

Daily purchases are limited to 578,619 common shares, other than block purchases. The NCIB commenced on June 29, 2015 and will terminate on June 28, 2016 or on such earlier date as the Company may complete its purchases under the NCIB.

On September 24, 2015, the Board authorized an increase in the number of common shares that may be purchased for cancellation under the NCIB by up to 15 million common shares, subject to regulatory approval. On January 29, 2016 the Company sought and received regulatory approval from the TSX to increase the maximum number of common shares that may be repurchased from 12 million common shares to 27 million common shares, or 5.8% of the public float as of June 22, 2015. The Company also announced that it had entered into an automatic purchase plan with its designated broker to allow for purchases of up to 2,685,524 common shares in connection with the NCIB.

During the year ended February 29, 2016, the Company repurchased 12,606,978 million common shares at a cost of approximately $93 million. All common shares repurchased by the Company pursuant to the NCIB have been canceled.

The actual number of shares to be purchased and the timing and pricing of any additional purchases under the NCIB will depend on future market conditions and upon potential alternative uses for cash resources. There is no assurance that any additional shares will be purchased under the NCIB and the Company may elect to modify, suspend or discontinue the program at any time without prior notice.

DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, the Company currently has a Board comprised of eight persons. Pursuant to a special resolution of shareholders, the directors are authorized from time to time to increase the size of the Board 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 Board has determined that each member of the Board except Mr. Chen is “independent” under the NASDAQ rules and applicable securities law requirements.

At the Company's last annual and special meeting of shareholders held on June 23, 2015, Claudia Kotchka did not stand for re-election to the Board. On June 23, 2015, the Company appointed Dr. Laurie Smaldone Alsup, M.D., President and Chief Scientific Officer of PharmApprove, to the Board, and on October 13, 2015, appointed The Honourable Wayne G. Wouters, PC, to the Board.

The Company also made the following executive officer appointment during fiscal 2016: Carl Wiese as President of Global Sales of the Company.

The following table sets forth the name, province or state, and country of residence of each director and executive officer of the Company and their respective positions and offices held with the Company and their principal occupations during the last five years. 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 and Residence	Current Position with Company	Principal Occupation During the Last Five Years (other than Current Position with Company)
John S. Chen California, USA	Chief Executive Officer; Executive Chair/Director (since 2013)	Chief Executive Officer, President and Chairman, Sybase Inc. (1998 to 2012)
Michael Daniels[1] Virginia, USA	Director (since 2014)	Chairman, Logistics Management Institute (2011 to present); Chairman, Invincea Inc. (2011 to present); and Chairman, Globallogic (2007 to 2013)
Timothy Dattels[2] California, USA	Director (since 2012)	Senior Partner, TPG Capital LP (currently and since prior to 2011)
Richard Lynch[1] Pennsylvania, USA	Director (since 2013)	President, FB Associates, LLC (currently); Executive Vice President, Strategic Technology Initiatives, Verizon Communications Inc. (2010 to 2011)
Laurie Smaldone Alsup[2] New Jersey, USA	Director (since June 2015)	Chief Operating Officer and Chief Scientific Officer, NDA Group AB (since March 2016); President and Chief Scientific Officer, PharmApprove (August 2011 to March 2016)
Barbara Stymiest, FCPA, FCA[1][2] Ontario, Canada	Director (since 2007)	Corporate Director (currently); member of the Group Executive, Royal Bank of Canada (2004 to 2011)
V. Prem Watsa[1] Ontario, Canada	Lead Director (since November 2013)[3]	Chief Executive Officer, Fairfax (currently and since 1985)
Wayne Wouters[2] Ontario, Canada	Director (since October 2015)	Strategic and Policy Advisor, McCarthy Tétrault LLP (currently and since May 2015); Clerk of the Privy Council of Canada (2009 to 2014)
Marty Beard California, USA	Chief Operating Officer	Chairman and Chief Executive Officer of LiveOps Inc. (July 2011 to June 2014); President, Sybase 365 (November 2006 to June 2011)
Sandeep Chennakeshu Texas, USA	President, BlackBerry Technology Solutions	President, PMP LLC (2012 to December 2014); Owner, RSI Consulting LLC (2013 to August 2014); Senior Advisor to CEO of Sony Corporation of America (May 2010 to July 2012)
Sai Yuen (Billy) Ho California, USA	Executive Vice President, Enterprise Products and Value Added Solutions	Retired (2013); Senior Vice President & General Manager, Sybase Inc. (2009 to 2012)
Ron Louks North Carolina, USA	President, Devices and Emerging Solutions	Chief Executive Officer, The Open NMS Group Inc. (2013) ; Chief Executive Officer, Plus 1, LLC (2012 to 2013); Chief Strategy Officer, HTC Corporation (2010 to 2011)

James S. Mackey Pennsylvania, USA	Executive Vice President, Executive Operations	SVP, Corporate Development and Corporate Strategy, Open Text, Inc. (from 2012 to 2013); SVP (and previously, VP), Corporate Development, SAP AG (from 2004 to 2012)
Nita White-Ivy California, USA	Executive Vice President, Human Resources	Chief People Officer, SuccessFactors (an SAP company) (from December 2012 to December 2013); Vice President, Worldwide Human Resources, Sybase, Inc./SAP (from January 1998 to December 2012)
Carl Wiese Texas, USA	President, Global Sales	Senior Vice President, Global Collaboration Sales, Cisco Systems (August 2009 to January 2015)
James Yersh Ontario, Canada	Chief Financial Officer	Senior Vice President and Controller, BlackBerry (2008 to November 2013)
Steve Zipperstein California, USA	Chief Legal Officer & Corporate Secretary	Vice President, General Counsel and Corporate Secretary, Verizon Wireless (2003 to 2011)

Notes:

1 Member of the Compensation, Nomination and Governance Committee (Chair - V. Prem Watsa).
2 Member of the Audit and Risk Management Committee (Chair - Barbara Stymiest).
3 Mr. Watsa first joined the Company as a director in January 2012, but then resigned on August 13, 2013 in connection with the formation of the Special Committee to explore strategic alternatives and rejoined the Company as a director in November 2013. See “General Development of the Business - Fiscal 2014”.

As at February 29, 2016, the above directors and executive officers of the Company beneficially owned, or controlled or directed, directly or indirectly, 1,009,054 common shares of the Company representing approximately 0.19% of the issued and outstanding common shares of the Company. In addition, as of such date, Fairfax and certain of its wholly-owned or controlled subsidiaries beneficially owned approximately 46,724,700 common shares of the Company (the “Fairfax Shares”) representing approximately 8.97% of the issued and outstanding common shares of the Company, or 96,724,700 common shares of the Company representing approximately 16.9% of the issued and outstanding common shares of the Company assuming conversion of all of its Debentures and after giving effect to the conversion. Mr. Watsa, a director of the Company, is the Chairman and Chief Executive Officer of Fairfax and may be deemed under applicable U.S. securities laws to beneficially own the Fairfax Shares by virtue of his position at Fairfax.

The Board has two active standing committees: an Audit and Risk Management Committee and a Compensation Nomination and Governance Committee, the members of which are noted above.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

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

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

a) is, at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to

bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

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

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

On July 17, 2009, Luna Innovations Inc. ("Luna") filed a voluntary petition for relief to reorganize under Chapter 11 of the United States Bankruptcy Code , including a proposed plan of reorganization with the United States Bankruptcy Court for the Western District of Virginia (the "Bankruptcy Court"). On January 12, 2010, the Bankruptcy Court approved the plan and Luna emerged from bankruptcy on that date. Mr. Daniels was a member of the board of Luna from June 2007 until his resignation on July 16, 2009.

On November 21, 2013, TranSwitch Corporation ("TranSwitch") filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Connecticut. Mr. Lynch was a member of the board of directors of TranSwitch from November 2010 and the chairman of the board from July 2012, until termination of the board on the date of the bankruptcy filing when a trustee was appointed.

On December 28, 2015, Kalobios Pharmaceuticals, Inc. ("Kalobios") filed a voluntary petition for protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. Dr. Smaldone Alsup was a member of the board of directors of Kalobios from October 2013 until her resignation on November 19, 2015.

Conflicts of Interest

There is no existing or, to the Company's knowledge, potential material conflict of interest between the Company or a subsidiary of the Company and any director or officer of the Company or a subsidiary of the Company. See also "Interest of Management and Others in Material Transactions" in this AIF.

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 AIF.

Applicable securities laws require that, subject to certain exceptions, all members of the Audit and Risk Management Committee be "independent" 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 NASDAQ, and "financially literate", meaning that the committee member has 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 those issues reasonably expected to be raised by the Company's financial statements. Ms. Stymiest (Chair), Mr. Dattels, Dr. Smaldone Alsup and Mr. Wouters are the members of the Audit and Risk Management Committee, and each is an independent director of the Company and financially literate, based on his or her education and experience as described below. The Audit and Risk Management Committee has also developed, in conjunction with the Company's Chief Financial Officer and other accounting personnel and representatives of the Company's external auditors, an orientation and continuing education program that will provide the new members of the Audit and Risk Management Committee with additional information and understanding about the accounting and financial presentation issues underlying the Company's financial statements.

The members of the Audit and Risk Management Committee bring significant skill and experience to their responsibilities including professional experience in accounting, business, management and governance, 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, FCPA, FCA (Chair) – Ms. Stymiest has an HBA from the Richard Ivey School of Business, University of Western Ontario and an FCA from the Chartered Professional Accountants of Ontario. From 2004 to 2011, Ms. Stymiest held

various senior management positions in the Royal Bank of Canada and served as a member of the Group Executive responsible for the overall strategic direction of the company. Prior to this, Ms. Stymiest held positions as Chief Executive Officer at TMX Group Inc., Executive Vice-President & CFO at BMO Capital Markets and Partner of Ernst & Young LLP. Ms. Stymiest is currently a Director of George Weston Limited, Sun Life Financial Inc., University Health Network and the Canadian Institute for Advanced Research.

Timothy Dattels – Mr. Dattels has an MBA from Harvard Business School and is a Senior Partner of TPG Capital. Prior to joining TPG, Mr. Dattels served as a partner and Managing Director of Goldman Sachs and was head of Investment Banking for all Asian countries other than Japan. Through these roles, Mr. Dattels has gained extensive experience with financial analysis, financial advisory, analytics for mergers and acquisitions, public valuations, and financial valuation.

Dr. Laurie Smaldone Alsup – Dr. Smaldone Alsup has an MD from Yale University, where she completed her residency in Internal Medicine and fellowship in Medical Oncology. She is Chief Operating Officer and Chief Scientific Officer of NDA Group AB (which recently merged with PharmApprove where Dr. Smaldone Alsup was President and Chief Scientific Officer), a leading drug development consulting company. She previously served in clinical and regulatory roles of increasing responsibility and scope while at Bristol Myers Squibb, including Senior Vice President of Global Regulatory Science. In addition, she served as CEO of Phytomedics, an early stage biopharmaceutical company focused on arthritis and inflammation. Dr. Smaldone Alsup has extensive risk management and executive leadership experience.

The Hon. Wayne Wouters – Mr. Wouters has a BComm (Honours) from the University of Saskatchewan and an MA in economics from Queen's University. From 2009 to 2014, Mr. Wouters was the Clerk of the Privy Council of Canada and held the roles of Deputy Minister to the Prime Minister, Secretary to the Cabinet and Head of the Public Service. Prior to his tenure as Clerk, Mr. Wouters was Secretary of the Treasury Board of Canada and served in deputy ministerial and other senior positions in the Canadian public service. He is currently Strategic and Policy Advisor to McCarthy Tétrault LLP and serves as a member of the Board of Trustees of United Way Worldwide. Mr. Wouters has extensive experience with economic policy and international trade matters, which included oversight of multi-billion dollar budgets on behalf of the Government of Canada.

The Board has also determined that Ms. Stymiest 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 29, 2016 and February 28, 2015, 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 $2,567,933 and $3,458,051, respectively.

Audit-Related Fees

The aggregate fees billed by EY for the fiscal years ended February 29, 2016 and February 28, 2015, respectively, for assurance and related services rendered by EY that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported above as "Audit Fees" were $13,042 and $33,785, respectively. The fees paid in this category relate to provision of assurance services related to certain contractual compliance clauses, as well as the Company's corporate social responsibility disclosures.

Tax Fees

The aggregate fees billed by EY for the fiscal years ended February 29, 2016 and February 28, 2015, respectively, for professional services rendered by EY for tax compliance, tax advice, tax planning and other services were $36,180 and $9,432, respectively. Tax services provided included international tax compliance engagements.

All Other Fees

The aggregate fees billed by EY for the fiscal years ended February 29, 2016 and February 28, 2015, respectively, for professional services rendered by EY for acquisition-related due diligence were $422,200 and nil, respectively.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the three-year period ending February 29, 2016 and during the current fiscal year up to the date hereof, none of the Company's directors, executive officers, 10 percent shareholders or any of their associates or affiliates had a material interest, directly or indirectly, in any transaction that has materially affected or is reasonably expected to materially affect the Company, other than Mr. Watsa, the Chairman and Chief Executive Officer, and a significant shareholder, of Fairfax, which participated in the Debenture Financing and continues to hold a significant proportion of the outstanding Debentures. See "General Development of the Business - Fiscal 2014" and "Description of Capital Structure - Convertible Debentures" in this AIF.

TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar in Canada is Computershare Investor Services Inc. of Canada at its offices in Toronto, Ontario. 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 Trust Indenture providing for the issuance and conversion of the Debentures, dated as of November 13, 2013, as supplemented by the First Supplemental Indenture dated as of December 12, 2013 and the Second Supplemental Indenture dated as of April 30, 2014, which have been filed on SEDAR, and the terms of which are summarized under "Description of Capital Structure - Convertible Debentures"; and
- the Agreement and Plan of Merger among BlackBerry Corporation, Good, Greenbrier Merger Corp. and Shareholder Representative Services LLC dated September 4, 2015, providing for the acquisition of Good by the Company for a purchase price of $425 million. The Agreement and Plan of Merger is summarized in the Company's material change report filed on SEDAR on September 14, 2015, which is incorporated by reference in this AIF.

INTERESTS OF EXPERTS

Ernst & Young LLP, Chartered Professional 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 29, 2016 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 Chartered Professional Accountants of Ontario and applicable securities laws.

ADDITIONAL INFORMATION

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 MD&A for the year ended February 29, 2016, 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.

APPENDIX A

CHARTER OF THE AUDIT AND RISK MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS OF BLACKBERRY LIMITED AS ADOPTED BY THE BOARD ON MARCH 31, 2016

1. AUTHORITY

The Audit and Risk Management Committee (the "**Committee**") of the Board of Directors (the "**Board**") of BlackBerry Limited (the "**Corporation**") is established pursuant to Section 5.03 of the Corporation's Amended and Restated 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 with respect to the oversight of enterprise risk management, including risk compliance, the risk performance and audit function, and the controls, processes and policies used by management to effectively manage 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.

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, (ii) the oversight of enterprise risk management activities, and (iii) 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 above) 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 or quarterly filings with the SEC, the OSC or other regulatory body;

Oversight of Risk Management

(1) Require the members of the Corporation's senior leadership team 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) At least annually, review management's risk appetite and evaluate the extent to which the Corporation's risk profile and business planning are aligned with the risk appetite;

(3) At least annually, review in light of the risk appetite, the Corporation's enterprise risk management processes, including key policies and procedures for the effective identification, assessment, reporting, 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 on risk management matters within its purview;

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

management, and seek assurances from management on the effectiveness of risk management practices and controls;

(7) Consider emerging industry and regulatory risk management issues and the possible impact on the Corporation;

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 resources, performance, effectiveness, degree of independence and objectivity of the RPA Group and the adequacy of its audit process, and approve changes to its charter;

(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 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, including any material disagreements with the senior leadership team, 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 Chartered Professional Accountants Canada, 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) In addition to meeting regularly with the general counsel, meet as needed with outside counsel to review legal and regulatory matters, including inquiries from governmental and regulatory authorities and 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, 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 Executive Chair and the Lead Director of the Board of Directors, the CEO, 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 and/or the Assistant 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 this 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 the Committee's duties and responsibilities, as may be assigned by the Board of Directors.

Exhibit 1.2

INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of **BlackBerry Limited**

We have audited the accompanying consolidated financial statements of **BlackBerry Limited** [the "Company"], which are comprised of the consolidated balance sheets as at February 29, 2016 and February 28, 2015, the consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows for each of the years ended February 29, 2016, February 28, 2015, and March 1, 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2016 and February 28, 2015, and the results of its operations and its cash flows for each of the years ended February 29, 2016, February 28, 2015, and March 1, 2014, 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 29, 2016, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated April 1, 2016, expressed an unqualified opinion on the Company's internal control over financial reporting.

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

Kitchener, Canada,
April 1, 2016

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

To the Board of Directors and Shareholders of **BlackBerry Limited**

We have audited **BlackBerry Limited's** [the "Company"] internal control over financial reporting as of February 29, 2016, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Good Technology Corporation and AtHoc, Inc., which are included in the fiscal 2016 consolidated financial statements of the Company and constituted 19% and 23% of total and net assets, respectively, as of February 29, 2016, and 3% and 13% of revenues and loss before income taxes, respectively, for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Good Technology Corporation and AtHoc, Inc.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 29, 2016, 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 29, 2016 and February 28, 2015, and the consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows for each of the years ended February 29, 2016, February 28, 2015 and March 1, 2014 of the Company and our report dated April 1, 2016 expressed an unqualified opinion thereon.

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

Kitchener, Canada,
April 1, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of BlackBerry Limited

Management of BlackBerry 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 BlackBerry 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 2016, fiscal 2015 and fiscal 2014 have been audited by Ernst & Young LLP, the independent registered public accounting firm appointed by the shareholders, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States).

/s/ John S. Chen
John S. Chen
President & CEO

Waterloo, Ontario
April 1, 2016

BlackBerry Limited
Incorporated under the Laws of Ontario
(United States dollars, in millions)

Consolidated Balance Sheets

	As at	
	February 29, 2016	February 28, 2015
Assets		
Current		
Cash and cash equivalents	$ 957	$ 1,233
Short-term investments	1,420	1,658
Accounts receivable, net	338	503
Other receivables	51	97
Inventories	143	122
Income taxes receivable	—	169
Other current assets	102	375
Deferred income tax asset	—	10
	3,011	4,167
Long-term investments	197	316
Restricted cash	50	59
Property, plant and equipment, net	412	556
Goodwill	618	85
Intangible assets, net	1,213	1,375
Deferred income tax asset	33	—
	$ 5,534	$ 6,558
Liabilities		
Current		
Accounts payable	$ 270	$ 235
Accrued liabilities	368	667
Income taxes payable	9	—
Deferred revenue	392	470
	1,039	1,372
Long-term debt	1,277	1,707
Deferred income tax liability	10	48
	2,326	3,127
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 - 521,172,271 voting common shares (February 28, 2015 - 528,802,322)	2,448	2,444
Retained earnings	768	1,010
Accumulated other comprehensive loss	(8)	(23)
	3,208	3,431
	$ 5,534	$ 6,558

See notes to consolidated financial statements.
On behalf of the Board:

John S. Chen
Director

Barbara Stymiest
Director

BlackBerry 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 Loss	Total
Balance as at March 2, 2013	$ 2,431	$ (234)	$ 7,267	$ (4)	$ 9,460
Net loss	—	—	(5,873)	—	(5,873)
Other comprehensive loss	—	—	—	(4)	(4)
Shares issued:					
Exercise of stock options	3	—	—	—	3
Stock-based compensation	68	—	—	—	68
Tax deficiencies related to stock-based compensation	(13)	—	—	—	(13)
Purchase of treasury stock	—	(16)	—	—	(16)
Treasury shares released for restricted share unit settlements	(71)	71	—	—	—
Balance as at March 1, 2014	2,418	(179)	1,394	(8)	3,625
Net loss	—	—	(304)	—	(304)
Other comprehensive loss	—	—	—	(15)	(15)
Shares issued:					
Exercise of stock options	6	—	—	—	6
Stock-based compensation	50	—	—	—	50
Excess tax benefit related to stock-based compensation	8	—	—	—	8
Sale of treasury stock	—	141	(80)	—	61
Treasury shares released for restricted share unit settlements	(38)	38	—	—	—
Balance as at February 28, 2015	2,444	—	1,010	(23)	3,431
Net loss	—	—	(208)	—	(208)
Other comprehensive income	—	—	—	15	15
Shares issued:					
Exercise of stock options	3	—	—	—	3
Stock-based compensation	60	—	—	—	60
Tax deficiencies related to stock-based compensation	(1)	—	—	—	(1)
Share repurchase	(59)	—	(34)	—	(93)
Employee share purchase plan	1	—	—	—	1
Balance as at February 29, 2016	$ 2,448	$ —	$ 768	$ (8)	$ 3,208

See notes to consolidated financial statements.

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

Consolidated Statements of Operations

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Revenue			
Software, services and service access fees	$ 1,273	$ 1,854	$ 2,933
Hardware and other	887	1,481	3,880
	2,160	3,335	6,813
Cost of sales			
Software, services and service access fees	247	287	473
Hardware and other	939	1,382	3,985
Inventory write-down	36	95	1,616
Supply commitment charges (recovery)	(3)	(33)	782
	1,219	1,731	6,856
Gross margin	941	1,604	(43)
Operating expenses			
Research and development	469	711	1,286
Selling, marketing and administration	712	904	2,103
Amortization	277	298	606
Abandonment/impairment of long-lived assets	136	34	2,748
Debentures fair value adjustment	(430)	80	377
	1,164	2,027	7,120
Operating loss	(223)	(423)	(7,163)
Investment income (loss), net	(59)	38	(21)
Loss before income taxes	(282)	(385)	(7,184)
Recovery of income taxes	(74)	(81)	(1,311)
Net loss	$ (208)	$ (304)	$ (5,873)
Loss per share			
Basic	$ (0.40)	$ (0.58)	$ (11.18)
Diluted	$ (0.86)	$ (0.58)	$ (11.18)

See notes to consolidated financial statements.

BlackBerry Limited
(United States dollars, in millions)

Consolidated Statements of Comprehensive Loss

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Net loss	$ (208)	$ (304)	$ (5,873)
Other comprehensive income (loss)			
Net change in unrealized gains (losses) on available-for-sale investments	1	1	(1)
Net change in fair value of derivatives designated as cash flow hedges during the year, net of income tax recovery of $2 million (February 28, 2015 - income tax recovery of $3 million; March 1, 2014 - income tax recovery of $6 million)	(3)	(29)	(29)
Amounts reclassified to net loss during the year, net of income tax recovery of $2 million (February 28, 2015 - income tax recovery of $2 million; March 1, 2014 - income tax recovery of $6 million)	27	13	26
Foreign currency translation adjustment	(10)	—	—
Other comprehensive income (loss)	15	(15)	(4)
Comprehensive loss	$ (193)	$ (319)	$ (5,877)

See notes to consolidated financial statements.

BlackBerry Limited
(United States dollars, in millions)
Consolidated Statements of Cash Flows

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Cash flows from operating activities			
Net loss	(208)	(304)	(5,873)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Amortization	616	694	1,270
Deferred income taxes	(105)	62	(149)
Stock-based compensation	60	50	68
Abandonment/impairment of long-lived assets	136	34	2,748
Loss on disposal of property, plant and equipment	59	135	107
Debentures fair value adjustment	(430)	80	377
Other	16	3	34
Net changes in working capital items			
Accounts receivable, net	200	469	1,381
Other receivables	47	55	124
Inventories	(21)	123	359
Income tax receivable	166	204	224
Other current assets	257	116	(26)
Accounts payable	14	(240)	(590)
Accrued liabilities	(304)	(550)	(251)
Income taxes payable	9	—	—
Deferred revenue	(255)	(118)	38
Net cash provided by (used in) operating activities	257	813	(159)
Cash flows from investing activities			
Acquisition of long-term investments	(326)	(802)	(229)
Proceeds on sale or maturity of long-term investments	301	515	284
Acquisition of property, plant and equipment	(32)	(87)	(283)
Proceeds on sale of property, plant and equipment	4	348	49
Acquisition of intangible assets	(70)	(421)	(1,080)
Business acquisitions, net of cash acquired	(698)	(119)	(7)
Acquisition of short-term investments	(2,764)	(2,949)	(1,699)
Proceeds on sale or maturity of short-term investments	3,146	2,342	1,925
Net cash used in investing activities	(439)	(1,173)	(1,040)
Cash flows from financing activities			
Issuance of common shares	4	6	3
Excess tax benefit (deficiency) related to stock-based compensation	(1)	8	(13)
Sale (purchase) of treasury stock	—	61	(16)
Common shares repurchased	(93)	—	—
Issuance of debt	—	—	1,250
Transfer from (to) restricted cash	12	(59)	—
Net cash provided by (used in) financing activities	(78)	16	1,224
Effect of foreign exchange gain (loss) on cash and cash equivalents	(16)	(2)	5
Net increase (decrease) in cash and cash equivalents during the year	(276)	(346)	30
Cash and cash equivalents, beginning of year	1,233	1,579	1,549
Cash and cash equivalents, end of year	$ 957	$ 1,233	$ 1,579

See notes to consolidated financial statements.

1. BLACKBERRY LIMITED AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

BlackBerry Limited (the "Company") is securing a connected world, delivering innovative solutions across the entire mobile ecosystem and beyond. The Company secures the world's most sensitive data across all endpoints – from cars to smartphones – making the mobile-first enterprise vision a reality. Founded in 1984 and based in Waterloo, Ontario, the Company operates offices in North America, Europe, Middle East and Africa, Asia Pacific and Latin America. The Company's common shares are listed on the NASDAQ Global Select Market (NASDAQ: BBRY) and the Toronto Stock Exchange (TSX: BB), and its unsecured convertible debentures due in 2020 (the "Debentures") are listed on the Toronto Stock Exchange (TSX: BB.DB.U).

Basis of Presentation and Preparation

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

Change in Fiscal Year

Effective in the fourth quarter of fiscal 2016, the Company changed its fiscal year from a 52 or 53 week year ending the last Saturday in February or the first Saturday in March to a calendar basis ending the last day of February. The purpose of this change is to be consistent with common practice in the software industry. The Company believes this is appropriate due to its increased emphasis on software and its completed acquisitions of software companies with recurring revenue streams. The Company does not believe that the impact of the change is material.

Accordingly, the Company's fiscal quarters will end on the last days of May, August, November, and February as follows:

	New date	Original date
Fourth quarter and year end, fiscal 2016	February 29, 2016	February 27, 2016
First quarter, fiscal 2017	May 31, 2016	May 28, 2016
Second quarter, fiscal 2017	August 31, 2016	August 27, 2016
Third quarter, fiscal 2017	November 30, 2016	November 26, 2016
Fourth quarter and year end, fiscal 2017	February 28, 2017	February 25, 2017

The impact of the change for the fourth quarter and year end, fiscal 2016, will be as follows:

	Three months ended February 2016	Year ended February 2016
Days in period prior to change	91	364
Days in period post-change	93	366
Difference	2	2

The impact of the change for fiscal 2017 will be as follows:

	First quarter	Second quarter	Third quarter	Fourth quarter
Days in period prior to change	91	91	91	91
Days in period post-change	92	92	91	90
Difference	1	1	—	(1)

The prior year comparative figures reported in the consolidated financial statements will continue to be presented based on the Company's previous fiscal calendar. Comparability between fiscal quarters and fiscal year ends may be affected by varying lengths of the period. Accordingly, fiscal 2016 was two days longer than fiscal 2015. Each of the first and second quarters of fiscal 2017 will be one day longer than the first and second quarters of fiscal 2016. The third quarter of fiscal

2017 will be the same length as the third quarter of fiscal 2016. The fourth quarter of fiscal 2017 will be three days shorter than the fourth quarter of fiscal 2016. Fiscal 2017 will be one day shorter than fiscal 2016.

Accounting Policies and Critical Accounting Estimates

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

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

Foreign currency translation

The U.S. dollar is the functional and reporting currency of the Company and substantially all of the Company's subsidiaries.

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

Foreign currency denominated assets and liabilities of the Company's non-U.S. dollar functional currency subsidiaries are translated into U.S. dollars at the exchange rates in effect as at the consolidated balance sheets dates. Revenue and expenses are translated using monthly average exchange rates. Exchange gains or losses arising from translation of foreign currency denominated assets and liabilities are included as a currency translation adjustment within accumulated other comprehensive income (loss) ("AOCI").

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 reflects invoiced and accrued revenue and is presented net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects estimates of probable losses in the accounts receivable balance. The Company is dependent on a number of significant customers and on large complex contracts with respect to the majority of its products, software and service revenue. 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, software products and services through network carriers and resellers rather than directly.

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

Investments

The Company's cash equivalents and investments, other than cost method and equity method investments, consist of money market and other debt securities, which are classified as available-for-sale for accounting purposes and are carried

at fair value. Unrealized gains and losses, net of related income taxes, are recorded in AOCI until such investments mature or are sold. The Company uses the specific identification method of determining the cost basis in computing realized gains or losses on available-for-sale investments, which are recorded in investment income. In the event of a decline in value which is other-than-temporary, the investment is written down to fair value with a charge to income. The Company does not exercise significant influence with respect to any of these investments.

Investments with maturities at time of purchase of three months or less are classified as cash equivalents. Investments with maturities of one year or less (but which are not cash equivalents), as well as any investments that management intends to hold for less than one year, are classified as short-term investments. Investments with maturities in excess of one year are classified as long-term investments.

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

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

Derivative financial instruments

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

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

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

The Company formally documents relationships between hedging instruments and associated hedged items. This documentation includes: identification of the specific foreign currency asset, liability or forecasted transaction being hedged; the nature of the risk being hedged; the hedge objective; and the method of assessing hedge effectiveness. If an anticipated transaction is deemed no longer likely to occur, the corresponding derivative instrument is de-designated as a hedge and any associated unrealized gains and losses in AOCI are recognized in income at that time. Any future changes in the fair value of the instrument are recognized in current income.

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

Inventories

Raw materials, work in process and finished goods are stated at the lower of cost or market 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. Market is generally considered to be replacement cost; however, market is not permitted to exceed the ceiling (net realizable value) or be less than the floor (net realizable value less a normal markup). Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion and disposal.

Property, plant and equipment, net

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

Buildings, leasehold improvements and other	Straight-line over terms between 5 and 40 years
BlackBerry operations and other information technology	Straight-line over terms between 3 and 5 years
Manufacturing equipment, research and development equipment and tooling	Straight-line over terms between 1 and 5 years
Furniture and fixtures	Declining balance at 20% per annum

Goodwill

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

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

Intangible assets

Intangible assets with definite lives are stated at cost, less accumulated amortization. Amortization is provided on a straight-line basis over the following terms:

Acquired technology	Between 3 and 10 years
Intellectual property	Between 1 and 17 years
Other acquired intangibles	Between 2 and 10 years

Intellectual property contains patents and agreements with third parties for the use of intellectual property. Other acquired intangibles include items such as customer relationships and brand. The useful lives of intangible assets are evaluated at least annually 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.

Impairment of long-lived assets

The Company reviews long-lived assets ("LLA") 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 of the asset or asset group may not be recoverable. These events and circumstances may include significant decreases in the market price of an asset or asset group, significant changes in the extent or manner in which an asset or asset group is being used by the Company or in its physical condition, a significant change in legal factors or in the business climate, a history or forecast

of future operating or cash flow losses, significant disposal activity, a significant decline in the Company's share price, a significant decline in revenue or adverse changes in the economic environment.

When indicators of impairment exist, LLA impairment is tested using a two-step process. The Company performs a cash flow recoverability test as the first step, which involves comparing the asset group's estimated undiscounted future cash flows to the carrying amount of its net assets. If the net cash flows of the asset group exceeds the carrying amount of its net assets, LLA are not considered to be impaired. If the carrying amount exceeds the net cash flows, there is an indication of potential impairment and the second step of the LLA impairment test is performed to measure the impairment amount. The second step involves determining the fair value of the asset group. Fair values are determined using valuation techniques that are in accordance with U.S. GAAP, including the market approach, income approach and cost approach. If the carrying amount of the asset group's net assets exceeds the fair value of the Company, then the excess represents the maximum amount of potential impairment that will be allocated to the asset group, with the limitation that the carrying value of each asset cannot be reduced to a value lower than its fair value. The total impairment amount allocated is recognized as a non-cash impairment loss.

Business acquisitions

The Company accounts for its acquisitions using the acquisition method whereby identifiable assets acquired and liabilities assumed are 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. The Company includes the operating results of each acquired business in the consolidated financial statements from the date of acquisition.

Royalties

The Company recognizes its liability for royalties in accordance with the terms of existing license agreements. Where license agreements are not yet finalized, the Company recognizes its current estimates of the obligation in accrued liabilities in the consolidated financial statements. When the license agreements are subsequently finalized, the estimate is revised accordingly. Management's estimates of royalty rates are based on the Company's historical licensing activities, royalty payment experience, and forward-looking expectations.

Warranty

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

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

Convertible Debentures

The Company elected to measure the Debentures at fair value in accordance with the fair value option. Each period, the fair value of the Debentures is recalculated and resulting gains and losses from the change in fair value of the Debentures are recognized in income. The fair value of the Debentures has been determined using the significant inputs of principal value, interest rate spreads and curves, embedded call and put option dates and prices, the stock price and volatility of the Company's listed common shares, and the Company's implicit credit spread.

Revenue recognition

The Company recognizes revenue as earned when the following four criteria have been met: (i) when persuasive evidence of an arrangement exists, (ii) the product has been delivered to a customer and title has been transferred or the services have been rendered, (iii) the sales price is fixed or determinable, and (iv) 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 for hardware products is recognized when the four criteria noted above are met. The determination of when the price is fixed or determinable can affect the timing of revenue recognition, as discussed further below.

The Company records reductions to revenue for estimated commitments related to price protection, rights of return and customer incentive programs. Price protection is accrued as a reduction to revenue provided that (i) the future price reduction can be reliably estimated or based on contractual caps, (ii) the Company has not granted refunds in excess of those caps, and (iii) all other revenue recognition criteria have been met. If refunds cannot be reliably estimated or the contractual cap is no longer valid, revenue is not recognized until reliable estimates can be made or the price protection period lapses. The Company also records reductions to revenue for rights of return based on contractual terms and conditions as it relates to quality defects only and, if the expected product returns can be reasonably and reliably estimated, based on historical experience. Where a right of return cannot be reasonably and reliably estimated, the Company recognizes revenue when the product sells through to an end user or the return period lapses. The estimated cost of customer incentive programs is accrued as a reduction to revenue and is recognized at the later of the date at which the Company has recognized the revenue or the date at which the program is offered. If historical experience cannot support a breakage rate, the maximum rebate amount is accrued and adjusted when the incentive programs end. The Company considers several factors in determining whether it can reliably estimate future refunds or customer incentives such as levels of channel inventory, new competitor introductions, the stage of a product in the product life cycle, and potential cannibalization by future product offerings. If there is a risk of future pricing concessions and a reliable estimate cannot be made at the time of shipment, the Company recognizes the related revenue and costs of goods sold when its products are sold through to an end user.

For shipments where the Company recognizes revenue when the product is sold through to an end user, the Company determines the point at which that happens based upon internally generated reporting indicating when the devices are activated on the Company's relay infrastructure.

Significant judgment is applied by the Company to determine whether shipments of devices have met the Company's revenue recognition criteria, as the analysis is dependent on many facts and circumstances. Commencing in fiscal 2016, the Company was able to conclude that the price was fixed or determinable on shipment in certain cases and, therefore, the four criteria for revenue recognition were met upon shipment. As such, sales of the Company's Android device to wireless carriers in certain regions, sales of the Company's latest BlackBerry 10 devices to wireless carriers in certain regions, and sales of BlackBerry 7 devices to wireless carriers in certain regions are recognized as revenue at the time of shipment. Other shipments of Android, BlackBerry 10 and BlackBerry 7 devices are recognized as revenue when the devices sell through to end users.

Service Access Fees

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

Software and Services

Revenue from term licensed software and value added services is recognized upon delivery or ratably over the license or subscription term. Revenue from perpetual licenses are recognized over the estimated customer life. When an arrangement includes both term and perpetual software licenses, all revenue is recognized ratably over the longer of the service delivery periods applicable to the term and perpetual software licenses. All of the deliverables under these licenses are deemed to have been made in accordance with industry-specific software revenue recognition accounting guidance.

When the VSOE of fair value of a delivered element has not been established, the Company uses the residual method to recognize revenue if the VSOE of 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.

Revenue from professional services can be part of software license arrangements or sold separately. When professional services are sold as part of software license arrangements, amortization of revenue for the entire transaction does not commence until completion and acceptance of these professional services, as delivery is not considered to have occurred until such time. Revenue from professional services sold separately from software licenses is recognized upon completion of the services.

Revenue from renewals of support and maintenance contracts is recognized ratably over the contract term.

The Company's outbound patent licensing agreements provide for license fees that may be a single upfront payment or multiple payments representing all or a majority of the licensing revenue that will be payable to the Company. These agreements grant (i) a limited non-exclusive, non-transferable license to certain of the Company's patents, (ii) a covenant

not to enforce patent rights against the licensee, and (iii) the release of the licensee from certain claims. Revenue from patent licensing agreements is recorded when the four major criteria of revenue recognition noted above are met. These criteria are generally fulfilled upon mutual signing of the license agreement.

From time to time, the Company may sell patents which are typically non-strategic to the Company's product and patent portfolio. These patent sales are a part of the technology and patent licensing strategy, and therefore represent a component of the Company's major or central operations. Revenue from patent sales is recorded when the four major criteria of revenue recognition noted above are met. These criteria are generally fulfilled upon closing of the patent sale transaction.

Shipping and handling Costs

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

Multiple-element arrangements

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

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

Beginning in November 2015, the Company introduced Android devices which uses the Company's network infrastructure in a manner similar to its BlackBerry 10 devices. For arrangements involving multiple deliverables including the BlackBerry 10 or Android device and the essential operating system software, as well as unspecified software upgrade rights and non-software services for which the Company may not charge for separately, the consideration from the arrangement is allocated to each respective element based on the relative selling price, using the Company's BESP, as the device, unspecified upgrade rights and non-software services are no longer sold separately. The consideration for the delivered hardware and the related essential operating system software are recognized at the time of sale provided that the four general revenue recognition criteria have been met. The consideration allocated to the unspecified software upgrade rights and non-software services is deferred and recognized on a straight-line basis over the estimated period during which the software upgrades and non-software services are expected to be provided.

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

The Company determines BESP for a product or service by considering multiple factors including, but not limited to, historical pricing practices for similar offerings, market conditions, competitive landscape, internal costs, gross margin objectives and pricing practices. The determination of BESP is made through consultation with, and formal approval by, the Company's management, taking into consideration the Company's marketing strategy. The Company regularly reviews VSOE, TPE and BESP, and maintains internal controls over the establishment and updates of these estimates. Based on the above factors, the Company's BESP for the unspecified software upgrade right and non-software services ranges from $4 to $20 per device based on the operating system and the region in which the service is provided.

Income taxes

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

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

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

The Company has adopted ASC 740-10-65-4 Balance Sheet Classification of Deferred Income Taxes and this has been prospectively applied starting in the fourth quarter of fiscal 2016.

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 (loss)

Comprehensive income (loss) 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 (loss) are the cumulative translation adjustment resulting from non-U.S. dollar functional currency subsidiaries as described under the foreign currency translation policy above, cash flow hedges as described in Note 5, and changes in the fair value of available-for-sale investments as described in Notes 3 and 4. Realized gains or losses on available-for-sale investments are reclassified into investment income using the specific identification basis.

Earnings (loss) per share

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

Stock-based compensation plans

The Company has stock-based compensation plans. Awards granted under the plans are detailed in Note 11(b).

The Equity Incentive Plan (the "Equity Plan") was adopted during fiscal 2014 and replaced the Company's previous Equity Incentive Plan and Restricted Share Unit Plan (the "Prior Plans"). Awards previously granted under the Prior Plans continue to be governed by the terms of the Prior Plans and by any amendments approved by the Company's Board of Directors (the "Board"). The Equity Plan provides for the grants of incentive stock options and restricted share units ("RSUs") to officers and employees of the Company or its subsidiaries. The number of common shares authorized under the Equity Plan was originally 13,375,000 calculated at March 2, 2013, and increased by 8,000,000 common shares to 21,375,000 common shares, as approved by shareholders of the Company on June 23, 2015. Any shares that are subject to options granted after fiscal 2013 are counted against this limit as 0.625 share for every one option granted, and any

shares that are subject to RSUs granted after fiscal 2013 are counted against this limit as one share for every RSU. Awards previously granted under the Prior Plans and the Equity Plan that expire or are forfeited, or settled in cash, are added to the shares available under the Equity Plan. Options forfeited will be counted as 0.625 shares to the shares available under the Equity Plan. Shares issued as awards other than options (i.e., RSUs) that expire or are forfeited, settled in cash or sold to cover withholding tax requirements are counted as one share added to the shares available under the Equity Plan. In addition to awards under the Equity Plan, 10,521,418 RSUs were granted to Mr. Chen as an inducement to enter into a contract of full-time employment.

The Company measures stock-based compensation expense for options at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option pricing model for stock options and the expense 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 number of stock-based awards that are expected to be forfeited, and if actual results differ significantly from these estimates, stock-based compensation expense and the Company's 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.

RSUs are redeemed for common shares issued by the Company or the cash equivalent on the vesting dates established by the Board or the Compensation, Nomination and Governance Committee of the Board. The RSUs generally vest over a three-year period, either in equal annual installments or on the third anniversary date. The Company classifies RSUs as equity instruments as the Company has the ability and intent to settle the awards in common shares. The compensation expense for standard RSUs 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 vesting of RSUs, new common shares will be issued by the Company from treasury.

The Company has a Deferred Share Unit Plan (the "DSU Plan"), originally approved by the Board on December 20, 2007, under which each independent director is 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. At a minimum, 60% of each independent director's annual retainer will be satisfied in the form of DSUs. After his or her first year of service, a director can elect to receive the remaining 40% in any combination of cash and DSUs. Within a specified period after such a director ceases to be a director, DSUs will be redeemed for cash with the redemption value of each DSU equal to the weighted average trading price of the Company's shares over the five trading days preceding the redemption date. Alternatively, 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 re-measured at each reporting period until settlement.

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 May 2014, the Financial Accounting Standards Board ("FASB") issued a new accounting standard on the topic of revenue contracts, which replaces the existing revenue recognition standard. The new standard amends the number of requirements that an entity must consider in recognizing revenue and requires improved disclosures to help readers of financial statements better understand the nature, amount, timing and uncertainty of revenue recognized. For public entities, the new standard is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted for annual reporting periods and interim periods therein beginning after December 15, 2016. The Company will adopt this guidance in the first quarter of fiscal 2019 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In April 2015, the FASB issued a new accounting standards update on the topic of debt issuance costs. The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting

period. Early adoption is permitted for financial statements that have not been previously issued. The Company will adopt this guidance in the first quarter of fiscal 2017 and is currently evaluating the impact that the adoption will have on its financial position and disclosures.

In April 2015, the FASB issued a new accounting standards update on the topic of internal-use software. The amendments in this update provide guidance to customers about whether a cloud computing arrangement includes a software license. The amendments are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. Early adoption is permitted. The Company will adopt this guidance in the first quarter of fiscal 2017 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In June 2015, the FASB issued a new accounting standards update for technical corrections and improvements that affect a wide variety of topics in the codification. The amendments in this update correct unintended application of guidance, make minor improvements, and provide clarification to the codification. The amendments that require transition guidance are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. Early adoption is permitted. The Company will adopt this guidance in the first quarter of fiscal 2017 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In July 2015, the FASB issued a new accounting standard update on the topic of inventory. The amendments in this update provide guidance on the subsequent measurement of inventory from the lower of cost or market to the lower of cost and net realizable value for entities using the first-in, first-out or the average cost method. The amendments in this update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. It should be applied prospectively with earlier application permitted as of the beginning of the interim or annual reporting period. The Company will adopt this guidance in the first quarter of fiscal 2018 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In September 2015, the FASB issued a new accounting standard on the topic of business combinations. The amendments in this update require the acquirer who has reported provisional amounts for items in a business combination to recognize adjustments to provisional amounts that are identified during the measurement period, in the reporting period in which the adjustments are determined. The update requires that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The prior period impact of the adjustment should be either presented separately on the face of the income statement or disclosed in the notes. The guidance is effective for interim and annual periods beginning after December 15, 2015. Early application is permitted and should be applied prospectively. The Company will adopt this guidance in the first quarter of fiscal 2017 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In November 2015, the FASB issued a new accounting standard on the topic of income taxes. The amendments in this update eliminate the current requirement for companies to separate deferred income tax liabilities and assets into current and non-current amounts in a classified statement of financial position. Instead, companies will be required to classify all deferred tax liabilities and assets as non-current. The guidance is effective for interim and annual periods beginning after December 15, 2016. Early adoption is permitted. The Company has adopted this guidance early and applied it prospectively in the fourth quarter of fiscal 2016.

In January 2016, the FASB issued a new accounting standard on the topic of financial instruments. The amendments in this update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The standard primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the guidance clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities. The guidance is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted for certain requirements. The Company will adopt this guidance in the first quarter of fiscal 2019 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In February 2016, the FASB issued a new accounting standard on the topic of leases. The new standards would require companies and other organizations to include lease obligations in their balance sheets, including a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use ("ROU") asset and a corresponding lease liability. For finance leases the lessee would recognize interest expense and amortization of the ROU asset, and for operating leases, the lessee would recognize a straight-line total lease expense. The guidance is effective for interim and annual

periods beginning after December 15, 2018. Early adoption is permitted. The Company will adopt this guidance in the first quarter of fiscal 2020 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In March 2016, the FASB issued a new accounting standard on the topic of revenue from contracts with customers. The amendments in this update clarify the implementation guidance on principal versus agent considerations. When another party, along with the reporting entity, is involved in providing goods or services to a customer, an entity is required to determine whether the nature of its promise is to provide that good or service to the customer (as a principal) or to arrange for the good or service to be provided to the customer by the other party (as an agent). The guidance is effective for interim and annual periods beginning after December 15, 2017. The Company will adopt this guidance in the first quarter of fiscal 2019 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In March 2016, the FASB issued a new accounting standard on the topic of stock compensation. The amendments in this update simplify several aspects of the accounting for share-based payment award transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statements of cash flows. The guidance is effective for interim and annual periods beginning after December 15, 2016. Early adoption is permitted. The Company will adopt this guidance in the first quarter of fiscal 2018 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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 components of cash, cash equivalents and investments by fair value level as at February 29, 2016 were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Other-than-temporary Impairment	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments	Restricted Cash
Bank balances	$ 603	$ —	$ —	—	$ 603	$ 600	$ —	$ —	$ 3
Other investments	52	—	—	—	52	—	—	52	—
	655	—	—	—	655	600	—	52	3
Level 1:									
Auction rate securities	10	1	—	(1)	10	—	10	—	—
Level 2:									
Term deposits, certificates of deposits, and GICs	122	—	—	—	122	—	75	—	47
Bankers' acceptances	73	—	—	—	73	73	—	—	—
Commercial paper	402	—	—	—	402	104	298	—	—
Non-U.S. promissory notes	175	—	—	—	175	65	110	—	—
U.S. government sponsored enterprise notes	104	—	—	—	104	—	104	—	—
Non-U.S. government sponsored enterprise notes	232	—	—	—	232	—	232	—	—
Non-U.S. treasury bills/notes	395	—	—	—	395	115	280	—	—
U.S. treasury bills/notes	435	—	—	—	435	—	311	124	—
	1,938	—	—	—	1,938	357	1,410	124	47
Level 3:									
Corporate notes/bonds	2	—	—	—	2	—	—	2	—
Auction rate securities	21	2	—	(4)	19	—	—	19	—
	23	2	—	(4)	21	—	—	21	—
	$ 2,626	$ 3	$ —	$ (5)	$ 2,624	$ 957	$ 1,420	$ 197	$ 50

The components of cash, cash equivalents and investments by fair value level as at February 28, 2015 were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Other-than-temporary Impairment	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments	Restricted Cash
Bank balances	$ 765	$ —	$ —	$ —	$ 765	$ 765	$ —	$ —	$ —
Other investments	66	—	—	—	66	—	—	66	—
	831	—	—	—	831	765	—	66	—
Level 1:									
Money market funds	1	—	—	—	1	1	—	—	—
Level 2:									
Term deposits, certificates of deposits, and GICs	218	1	—	—	219	76	84	—	59
Commercial paper	710	—	—	—	710	240	470	—	—
Non-U.S. promissory notes	100	—	—	—	100	—	100	—	—
Non-U.S. government sponsored enterprise notes	49	—	—	—	49	—	49	—	—
U.S. government sponsored enterprise notes	149	—	—	—	149	—	149	—	—
Non-U.S. treasury bills/notes	244	—	—	—	244	151	93	—	—
U.S. treasury bills/notes	915	—	—	—	915	—	705	210	—
Corporate notes/bonds	8	—	—	—	8	—	8	—	—
	2,393	1	—	—	2,394	467	1,658	210	59
Level 3:									
Corporate notes/bonds	3	—	—	—	3	—	—	3	—
Auction rate securities	41	2	—	(6)	37	—	—	37	—
	44	2	—	(6)	40	—	—	40	—
	$ 3,269	$ 3	$ —	$ (6)	$ 3,266	$ 1,233	$ 1,658	$ 316	$ 59

As at February 29, 2016, the Company's other investments consisted of cost method investments of $52 million (February 28, 2015 - $52 million) and equity method investments of nil (February 28, 2015 - $14 million). During the fiscal year ended February 28, 2015, the Company received a distribution of proceeds out of one of its equity method investments in the amount of approximately $134 million and recorded investment income of $115 million (pre-tax and after-tax).

The Company has restricted cash, consisting of cash and securities pledged as collateral to major banking partners in support of the Company's requirements for letters of credit. These letters of credit support certain leasing arrangements entered into in the ordinary course of business, for terms ranging from one month to eight years. The Company is legally restricted from accessing these funds during the term of the leases for which the letters of credit have been issued; however, the Company can continue to invest the funds and receive investment income thereon.

During the year ended February 29, 2016, the Company recognized realized gains on available-for-sale securities of $1 million (year ended February 28, 2015 - $6 million, year ended March 1, 2014 - nil). The Company has not recognized any realized losses on available-for-sale securities in the last three years.

The contractual maturities of available-for-sale investments as at February 29, 2016 were as follows:

	Cost Basis	Fair Value
Due in one year or less	$ 1,822	$ 1,823
Due in one to five years	127	127
Due after five years	17	19
	$ 1,966	$ 1,969

As at February 29, 2016 and February 28, 2015, the Company had no investments with continuous unrealized losses.

The Company engages in limited securities lending to generate fee income. Collateral, which exceeds the market value of the loaned securities, is retained by the Company until the underlying security has been returned to the Company. As at February 29, 2016, the Company had no loaned securities (February 28, 2015 - loaned securities with a market value of $85 million).

Auction rate securities which have been publicly called at par were valued at par and considered short term investments on the consolidated balance sheets as at February 29, 2016. For the other auction rate 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 sheets as at February 29, 2016 and February 28, 2015.

4. FAIR VALUE MEASUREMENTS

For a description of the fair value hierarchy, please see Note 3.

Recurring Fair Value Measurements

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 (other than those classified as Level 3), 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 after conducting its own internal collection of quoted prices from brokers. Fair values for all investment categories provided by the independent third party valuator that are in excess of 0.5% from the fair values determined by the Company are communicated to the independent third party valuator for consideration of reasonableness. The independent third party valuator considers the information provided by the Company before determining whether a change in the original pricing is warranted.

The Company's investments (other than those classified as Level 3) largely consist of securities issued by major corporate and banking organizations, the provincial and federal governments of Canada and the United States Department of the Treasury, and are all investment grade.

For a description of how the fair value of currency forward contracts and currency option contracts and the fair value of the Debentures have been determined, please see the "Derivative financial instruments" and "Convertible debentures" accounting policies in Note 1.

The following table summarizes the changes in fair value of the Company's Level 3 assets for the years ended February 28, 2015 and February 29, 2016:

	Level 3
Balance at March 1, 2014	$ 40
Principal payments	(2)
Change in fair value	2
Balance at February 28, 2015	40
Principal repayments	(12)
Change in fair value	3
Transfers out of Level 3 to Level 1	(10)
Balance at February 29, 2016	$ 21

The Company recognizes transfers in and out of levels within the fair value hierarchy at the end of the reporting period in which the actual event or change in circumstance occurred. During the year ended February 29, 2016, $10 million of auction rate securities were publicly called at par with settlement dates in March of 2016 and transferred from Level 3 to Level 1. There were no significant transfers in or out of Level 3 assets during the year ended February 28, 2015.

The Company's Level 3 assets measured on a recurring basis include auction rate securities as well as corporate notes/bonds consisting of securities received in a payment-in-kind distribution from a former structured investment vehicle.

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

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

As at February 29, 2016	Fair Value	Valuation Technique	Unobservable Input	Range (weighted average)	Effect of Significant Increase/(Decrease) in Input on Fair Value
Auction rate securities	$ 19	Discounted cash flow	Weighted average life	17 years	(Decrease)/increase
			Collateral value (as a % of fair value)	139%	Increase/(decrease)
			Probability of waterfall event	10%	Increase/(decrease)
			Probability of permanent suspension of auction	5%	(Decrease)/increase
			Probability of being called at par	25%	Increase/(decrease)

5. DERIVATIVE FINANCIAL INSTRUMENTS

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

	As at February 29, 2016				
	Balance Sheet Location	Fair Value of Derivatives Designated as Cash Flow Hedges	Fair Value of Derivatives Not Subject to Hedge Accounting	Total Estimated Fair Value	Notional Amount
Derivative Assets [1]:					
Currency forward contracts	Other current assets	$ —	$ 2	$ 2	$ 118
Currency option contracts	Other current assets	1	—	1	43
Total		$ 1	$ 2	$ 3	$ 161
Derivative Liabilities [1]:					
Currency forward contracts	Accrued liabilities	$ —	$ (2)	$ (2)	$ 166
Currency option contracts	Accrued liabilities	—	—	—	23
Total		$ —	$ (2)	$ (2)	$ 189
Currency option contracts - premium	Accumulated other comprehensive loss	$ (2)	$ —	$ (2)	$ —

[1] The fair values of derivative assets and liabilities are measured using Level 2 fair value inputs.

	As at February 28, 2015					
	Balance Sheet Location	Fair Value of Derivatives Designated as Cash Flow Hedges	Fair Value of Derivatives Not Designated as Cash Flow Hedges	Fair Value of Derivatives Not Subject to Hedge Accounting	Total Estimated Fair Value	Notional Amount
Derivative Assets [1]:						
Currency forward contracts	Other current assets	$ —	$ 19	$ 61	$ 80	$ 1,171
Currency option contracts	Other current assets	—	11	—	11	112
Total		$ —	$ 30	$ 61	$ 91	$ 1,283
Derivative Liabilities [1]:						
Currency forward contracts	Accrued liabilities	$ (13)	$ (4)	$ (4)	$ (21)	$ 654
Currency option contracts	Accrued liabilities	(13)	(1)	—	(14)	134
Total		$ (26)	$ (5)	$ (4)	$ (35)	$ 788

[1] The fair values of derivative assets and liabilities are measured using Level 2 fair value inputs.

Foreign Exchange

The Company's currency risk management objective in holding derivative instruments is to reduce the volatility of current and future income as a result of changes in foreign currency exchange rates. To limit its exposure to adverse movements in foreign currency exchange rates, the Company enters into foreign currency forward and option contracts.

The majority of the Company's revenue for the fiscal year ended February 29, 2016 were transacted in U.S. dollars. However, portions of the revenue 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. As at February 29, 2016, approximately 10% of cash and cash equivalents, 30% of accounts receivable and 16% of accounts payable and accrued liabilities are denominated in foreign currencies (February 28, 2015 – 26%, 30% and 13%, respectively).

Please see “Derivative financial instruments” in Note 1 for the Company’s accounting policies on these instruments.

As at February 29, 2016 and February 28, 2015, the outstanding derivatives designated as cash flow hedges were considered to be fully effective. The maturity dates of these instruments range from March 2016 to July 2016. As at February 29, 2016, the net unrealized loss on these forward and option contracts (including option premiums paid) was $1 million (February 28, 2015 - net unrealized loss of $26 million). Unrealized gains associated with these contracts were recorded in other current assets and AOCI. Unrealized losses were recorded in accrued liabilities and AOCI. Option premiums were recorded in AOCI. As at February 29, 2016, the Company estimates that approximately $1 million of net unrealized losses, including option premiums on these forward and option contracts, will be reclassified into income within the next 12 months. For the fiscal years ended February 29, 2016 and February 28, 2015, there were no realized gains or losses on forward contracts which were ineffective upon maturity.

The following table shows the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive loss for the year ended February 29, 2016:

	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivative Instruments (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Currency forward contracts	$ —	Selling, marketing and administration	$ (20)
Currency option contracts	(1)	Selling, marketing and administration	(10)
Total	$ (1)		$ (30)

The following table shows the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive loss for the year ended February 28, 2015:

	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivative Instruments (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Currency forward contracts	$ (2)	Cost of sales	$ (1)
Currency option contracts	(1)	Cost of sales	(1)
Currency forward contracts	(3)	Selling, marketing and administration	(5)
Currency option contracts	(7)	Selling, marketing and administration	(4)
Currency forward contracts	(8)	Research and development	(3)
Currency option contracts	(5)	Research and development	(1)
Total	$ (26)		$ (15)

The Company has also occasionally entered into other forward and option contracts hedging anticipated foreign currency transactions which it did not designate as cash flow hedges. Any realized and unrealized gains and losses on these contracts are recognized in income each period. As at February 29, 2016, there were no unrealized gains or losses recorded in respect of these instruments (February 28, 2015 - unrealized gains of $25 million). Unrealized gains associated with these contracts were recorded in other current assets and selling, marketing and administration expenses. Unrealized losses were recorded in accrued liabilities and selling, marketing and administration expenses.

As part of its currency risk management strategy, the Company may maintain net monetary asset and/or liability balances in foreign currencies. The Company enters into foreign exchange forward contracts to hedge certain monetary assets and liabilities that are exposed to foreign currency risk. The principal currencies hedged include the Canadian dollar, Euro, and British pound. These contracts are not subject to hedge accounting, and any realized and unrealized gains or losses are recognized in income each period, offsetting the change in the U.S. dollar value of the asset or liability. The maturity dates of these instruments range from March 2016 to June 2016. As at February 29, 2016, net unrealized gains (net of premium

paid) of nil were recorded in respect of these instruments (February 28, 2015 - net unrealized gains of $57 million). Unrealized gains associated with these contracts were recorded in other current assets and selling, marketing and administration expenses. Unrealized losses were recorded in accrued liabilities and selling, marketing and administration expenses.

The following table shows the impact of derivative instruments that are not subject to hedge accounting on the consolidated statements of operations for the years ended February 29, 2016 and February 28, 2015:

		Amount of Gain (Loss) in Income on Derivative Instruments	
	Location of Gain (Loss) Recognized in Income on Derivative Instruments	February 29, 2016	February 28, 2015
Currency forward contracts	Selling, marketing and administration	$ 44	$ 156
Currency option contracts	Selling, marketing and administration	(4)	11
Total		$ 40	$ 167

For information concerning the impact of foreign exchange on the consolidated statement of operations net of the above derivative instruments, please see Note 16.

Credit Risk

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations. The Company mitigates this risk by limiting counterparties to highly rated financial institutions and by continuously monitoring their creditworthiness. The Company's exposure to credit loss and market risk will vary over time as a function of currency exchange rates. The Company measures its counterparty credit exposure as a percentage of the total fair value of the applicable derivative instruments. Where the net fair value of derivative instruments with any counterparty is negative, the Company deems the credit exposure to that counterparty to be nil. As at February 29, 2016, 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 82% (February 28, 2015 - 47%; March 1, 2014 - 100%). As at February 29, 2016, the Company had a total credit risk exposure across all counterparties with outstanding or unsettled foreign exchange derivative instruments of $1 million on a notional value of $291 million (February 28, 2015 - $56 million total credit risk exposure on a notional value of $2.1 billion).

The Company maintains Credit Support Annexes ("CSAs") with several of its counterparties. These CSAs require the outstanding net position of all contracts be made whole by the paying or receiving of collateral to or from the counterparties on a daily basis, subject to exposure and transfer thresholds. As at February 29, 2016, the Company had posted $2 million of collateral to counterparties (February 28, 2015 - collateral held of $15 million), which approximated the fair value of those contracts. As with the derivatives recorded in an unrealized loss position, this amount is recorded in accrued liabilities.

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 29, 2016, the maximum exposure to a single entity was approximately 17% of the total cash, cash equivalents and investments (February 28, 2015 - maximum exposure of approximately 28%), and that entity was the United States Department of the Treasury.

Interest Rate Risk

Cash and cash equivalents and investments are invested in certain instruments of varying maturities. Consequently, the Company is exposed to interest rate risk as a result of holding investments of varying maturities. The fair value of investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates. The Company has also issued the Debentures with a fixed interest rate. The fair value of the Debentures will fluctuate with changes in prevailing interest rates. Consequently, the Company is exposed to interest rate risk as a result of the long term of the Debentures. The Company does not currently utilize interest rate derivative instruments to hedge its investment portfolio.

6. CONSOLIDATED BALANCE SHEETS DETAILS

Accounts receivable, net

The allowance for doubtful accounts as at February 29, 2016 was $10 million (February 28, 2015 - $10 million).

There were no customers that comprised more than 10% of accounts receivable as at February 29, 2016 (February 28, 2015 – no customers that comprised more than 10%).

Inventories

Inventories comprised the following:

	As at	
	February 29, 2016	February 28, 2015
Raw materials	$ 46	$ 11
Work in process	32	62
Finished goods	65	49
	$ 143	$ 122

See “Inventories” in Note 1 for a description of the Company’s accounting policies regarding inventory.

During fiscal 2016, the Company recorded primarily non-cash, pre-tax charges of approximately $ 36 million relating to the write-down of certain inventories and a recovery in supply commitments of $3 million (fiscal 2015 - $95 million in inventory write-down and $33 million recovery in supply commitments).

During fiscal 2014, the Company shipped devices to its carrier and distributor partners to support new and continuing product launches and meet expected levels of end customer demand. However, the sell-through levels for BlackBerry 10 smartphones decreased significantly during fiscal 2014 due to the maturing smartphone market, very intense competition and, the Company believes, the uncertainty created by the Company’s strategic review process. These factors caused the number of BlackBerry 10 devices in the channel to increase above the Company’s expectations, which in turn caused the Company to reassess and revise its future demand assumptions for finished products, semi-finished goods and raw materials. The Company also made the decision to cancel plans to launch two devices to mitigate the identified inventory risk. Based on these revised demand assumptions, the Company recorded primarily non-cash, pre-tax charges of $1.6 billion against inventory and $782 million in supply commitment charges related to BlackBerry 10 devices.

Other current assets

Other current assets include items such as deferred cost of sales and prepaid expenses, among other items, none of which were greater than 5% of the current assets balance in all years presented.

Property, plant and equipment, net

Property, plant and equipment comprised the following:

	As at	
	February 29, 2016	February 28, 2015
Cost		
Land	$ 26	$ 26
Buildings, leasehold improvements and other	397	423
BlackBerry operations and other information technology	1,183	1,236
Manufacturing equipment, research and development equipment and tooling	120	211
Furniture and fixtures	18	20
	1,744	1,916
Accumulated amortization	1,332	1,360
Net book value	$ 412	$ 556

For the year ended February 29, 2016, amortization expense related to property, plant and equipment amounted to $124 million (February 28, 2015 - $184 million; March 1, 2014 - $532 million).

Intangible assets, net

Intangible assets comprised the following:

	As at February 29, 2016		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 677	$ 367	$ 310
Intellectual property	1,437	704	733
Other acquired intangibles	197	27	170
	$ 2,311	$ 1,098	$ 1,213

	As at February 28, 2015		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 451	$ 315	$ 136
Intellectual property	2,545	1,314	1,231
Other acquired intangibles	22	14	8
	$ 3,018	$ 1,643	$ 1,375

Other acquired intangibles include items such as customer relationships and brand.

For the year ended February 29, 2016, amortization expense related to intangible assets amounted to $492 million (February 28, 2015 - $510 million; March 1, 2014 - $738 million).

Total additions to intangible assets in fiscal 2016 amounted to $477 million (fiscal 2015 - $481 million). During fiscal 2016, the additions to intangible assets primarily consisted of acquired technology and other acquired intangibles from business acquisitions as described in Note 7. Other additions to intangible assets included patent applications and maintenance and license agreements with third parties for the use of intellectual property.

Based on the carrying value of the identified intangible assets as at February 29, 2016, and assuming no subsequent impairment of the underlying assets, the annual amortization expense for each of the succeeding years is expected to be as follows: fiscal 2017 - $270 million; fiscal 2018 - $229 million; fiscal 2019 - $171 million; fiscal 2020 - $153 million; and fiscal 2021 - $130 million.

The weighted average remaining useful lives of the intangible assets are as follows:

	As at	
	February 29, 2016	February 28, 2015
Acquired technology	4.4 years	3.6 years
Intellectual property	7.7 years	5.7 years
Other acquired intangibles	6.0 years	3.5 years

Abandonment/impairment of long-lived assets

During fiscal 2016 and as part of its resource alignment program (the “RAP”) as described in Note 8, the Company completed a targeted review of the individual patents composing its patent portfolio. As a result of this review, the Company ceased enforcement and abandoned legal right and title to patents with a cost of $592 million, accumulated amortization of $456 million, and a net book value of approximately $136 million (fiscal 2015 - $49 million, $15 million and $34 million, respectively).

See “Impairment of long-lived assets” in Note 1 for a description of how LLA impairment is tested. There were no LLA impairment charges taken in fiscal 2015.

During fiscal 2014, the Company experienced a significant decline in its share price following its pre-release of its second quarter fiscal 2014 results on September 20, 2013, as well as its announcement on November 4, 2013 that Fairfax Financial Holdings Limited ("Fairfax") and other institutional investors were investing in the Company through the $1.0 billion private placement of the Debentures in lieu of finalizing the purchase of the Company as contemplated in the previously announced letter of intent. The Company further identified the continuing decline in revenue, the generation of operating losses and the decrease in cash flows from operations as indicators of potential LLA impairment. Further, the Company believed that its strategic review process may have increased market uncertainty as to the future viability of the Company and may have negatively impacted demand for the Company's products. Accordingly, a cash flow recoverability test was performed as of November 4, 2013 (the "Measurement Date"). The estimated undiscounted net cash flows were determined utilizing the Company's internal forecast and incorporated a terminal value of the Company utilizing its market capitalization, calculated as the number of the Company's common shares outstanding as at the interim testing date multiplied by the average market price of the shares over a 10 day period following the Measurement Date. The Company used this duration in order to incorporate the inherent market fluctuations that may affect any individual closing price of the Company's shares. As a result, the Company concluded that the carrying value of its net assets exceeded the undiscounted net cash flows as at the Measurement Date. Consequently, step two of the LLA impairment test was performed whereby the fair values of the Company's assets were compared to their carrying values. As a result, the Company recorded a non-cash, pre-tax charge against its LLA of $2.7 billion in fiscal 2014, of which $852 million of the charge was applicable to property, plant and equipment and $1.9 billion was applicable to intangible assets.

Goodwill

Changes to the carrying amount of goodwill during the fiscal years ended February 29, 2016 and February 28, 2015 were as follows:

	Carrying Amount
Balance as at March 1, 2014	$ —
Goodwill acquired through business combinations during the year [(1)]	85
Balance as at February 28, 2015	85
Effect of foreign exchange on non-U.S. dollar denominated goodwill	(7)
Goodwill acquired through business combinations during the year [(2)]	540
Balance as at February 29, 2016	$ 618

(1) See Note 7 for details on measurement period adjustments affecting goodwill acquired in fiscal 2015.
(2) See Note 7 for details on the goodwill acquired through business acquisitions in fiscal 2016.

Accrued liabilities

Accrued liabilities comprised the following:

	As at	
	February 29, 2016	February 28, 2015
Warranty	$ 33	$ 123
Other	335	544
	$ 368	$ 667

Other accrued liabilities include, among other items, accrued vendor liabilities, accrued royalties, accrued carrier liabilities, salaries and payroll withholding taxes, and derivative liabilities, none of which were greater than 5% of the current liabilities balance.

Product Warranty

The change in the Company's warranty expense and actual warranty experience from March 2, 2013 to February 29, 2016, as well as the accrued warranty obligations, are set forth in the following table:

Accrued warranty obligations as at March 2, 2013	$ 318
Actual warranty experience during fiscal 2014	(357)
Fiscal 2014 warranty provision	270
Adjustments for changes in estimate	(27)
Accrued warranty obligations as at March 1, 2014	204
Actual warranty experience during fiscal 2015	(140)
Fiscal 2015 warranty provision	82
Adjustments for changes in estimate	(23)
Accrued warranty obligations as at February 28, 2015	123
Actual warranty experience during fiscal 2016	(44)
Fiscal 2016 warranty provision	39
Adjustments for changes in estimate	(85)
Accrued warranty obligations as at February 29, 2016	$ 33

During fiscal 2016, the Company's warranty balance declined significantly as a result of changes in estimate, leading to a recovery of $85 million or $0.16 per share. The change in estimate resulted from a sustained significant decline in the return rate of the Company's handheld devices.

7. BUSINESS ACQUISITIONS

In fiscal 2016, the Company acquired the following businesses:

WatchDox Ltd.

On May 7, 2015, the Company acquired all of the issued and outstanding shares of WatchDox Ltd. ("WatchDox"), a data security company offering secure enterprise file-sync-and-share solutions, for approximately $59 million. The acquisition enhances the Company's commitment to allow organizations to securely connect employees and corporate information across all mobile and desktop platforms. WatchDox's technology is being offered independently and as a value added service through BES12 that complements the Company's enterprise mobility management portfolio.

AtHoc, Inc.

On September 22, 2015, the Company acquired all of the issued and outstanding shares of AtHoc, Inc. ("AtHoc"), a leading provider of secure networked crisis communications, for approximately $250 million (including $10 million of future post-combination employment expense). The acquisition of AtHoc enhances the Company's mission to provide secure communication solutions and complements the Company's enterprise portfolio of cross-platform solutions and trusted global network to enable new capabilities for safety, security and mission-critical business communications.

Good Technology Corporation

On October 30, 2015, the Company acquired all of the issued and outstanding shares of Good Technology Corporation ("Good"), a provider of secure mobility solutions, including secure applications and containerization that protects end user privacy, for approximately $425 million (including $2 million of acquisition related costs and $6 million of future post-combination employment expense). The acquisition further expanded the Company's ability to offer a unified, secure mobility platform with applications for any mobile device on any operating system. Good's technology is being integrated with BES12, providing multi-platform support for both mobile and desktop operating system devices.

Encription Limited

On February 19, 2016, the Company acquired all of the issued and outstanding shares of Encription Holdings Limited and Encription Ireland Limited ("Encription"), a cybersecurity firm based in the United Kingdom, for $8 million of cash consideration. The acquisition will further expand the Company's security portfolio and, combined with the Company's

existing security solutions, help customers identify the latest cybersecurity threats, develop risk appropriate mitigation strategies, implement and maintain IT security standards and techniques, and defend against the risk of future attacks.

The following table summarizes the preliminary fair value allocations of the acquisition price of the assets acquired and liabilities assumed during fiscal 2016:

	Good	AtHoc	WatchDox	Encription	Total
Non-cash assets acquired					
Current assets	$ 33	$ 11	$ 3	$ 1	$ 48
Property, plant and equipment, net and other long term assets	9	3	—	—	12
Intangible assets					
Acquired technology	148	55	30	—	233
Customer relationships	88	40	4	—	132
Brand	31	3	—	—	34
Other	9	—	—	—	9
Goodwill[1]	313	191	28	8	540
	631	303	65	9	1,008
Liabilities assumed					
Current liabilities	54	6	3	1	64
Debt	88	—	—	—	88
Deferred revenue[2]	156	15	7	—	178
Deferred tax liability	7	42	—	—	49
	305	63	10	1	379
Net non-cash assets acquired	326	240	55	8	629
Cash acquired	23	—	4	—	27
Restricted cash acquired	10	—	—	—	10
Net assets acquired	359	240	59	8	666
Settlement of acquiree debt[3]	88	—	—	—	88
Elimination of bridge loan[4]	(30)	—	—	—	(30)
	417	240	59	8	724
Consideration					
Cash consideration	329	240	59	8	636
Settlement of acquiree debt[3]	88	—	—	—	88
Total consideration	417	240	59	8	724
Acquisition-related costs (included in selling, general and administration expenses for the fiscal year ended February 29, 2016)	2	—	—	—	2
Future post-combination employment expense	6	10	—	—	16
Total purchase price	$ 425	$ 250	$ 59	$ 8	$ 742

(1) Goodwill represents the excess of the acquisition price over the fair value of net assets acquired, which is not expected to be deductible for tax purposes when goodwill results from share purchases.

(2) The fair value of deferred revenue represents the costs to service the assumed obligations, plus a normal profit margin as required under purchase accounting.

(3) $88 million in cash was paid to Good's existing debt holders to settle Good's debt outstanding at acquisition.

(4) During the three months ended November 28, 2015 and following the signing of the definitive purchase agreement on September 4, 2015, the Company provided Good with a bridge financing loan of $30 million in cash. The cash was reacquired on acquisition and the loan was eliminated.

The weighted average amortization period of the acquired technology and customer relationships related to the business acquisitions completed during the year ended February 29, 2016 is approximately six years and seven years respectively.

The amounts of revenue and net loss before income taxes of the acquisitions above (excluding intercompany amounts) included in the consolidated statements of operations for the year ended February 29, 2016 are as follows:

	Good		WatchDox/AtHoc/Encription		Total	
	Revenue[1]	Net loss before income taxes[2]	Revenue[1]	Net loss before income taxes[2]	Revenue[1]	Net loss before income taxes[2]
Actuals from acquisition date to February 29, 2016	$ 48	$ (8)	$ 22	$ (11)	$ 70	$ (19)

(1) Includes revenue recognized related to deferred revenue, the fair value of which represents the costs to service the assumed obligations, plus a normal margin, as required under purchase accounting.
(2) Net loss before income taxes reflects costs associated with ongoing integration activities completed after the acquisition date.

Supplemental Pro Forma Combined Financial Statements

The following pro forma combined results for the years ended February 29, 2016, February 28, 2015 and March 1, 2014 reflect the consolidated statements of operations of the Company as if the acquisitions of Good, AtHoc, WatchDox and Encription had occurred at the beginning of fiscal 2014. These results combine the historical results of Good, AtHoc, WatchDox and Encription's consolidated statements of operations and are not necessarily indicative of the consolidated results of operations of the combined business had the acquisitions actually occurred at the beginning of fiscal 2014 or of the results of future operations of the combined business.

The supplemental pro forma information, as if the acquisitions had occurred on March 3, 2013, is as follows:

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Revenue	$ 2,332	$ 3,586	$ 7,007
Net loss	(297)	(426)	(6,014)

February 29, 2016, February 28, 2015, and March 1, 2014 supplemental pro forma results were adjusted to exclude $13 million, $20 million and $20 million, respectively of Good revenue which was recognized from the Company.

In fiscal 2015, the Company acquired the following businesses:

Secusmart GmbH

On December 1, 2014, the Company acquired all of the issued and outstanding shares of Secusmart GmbH ("Secusmart"), a developer of high-security voice and data encryption and anti-eavesdropping solutions, for $82 million in cash and future contingent consideration with a fair value of $17 million. The acquisition supported the Company's continued focus on the government market and regulated industries and strengthened its secure enterprise mobility portfolio by adding a leading secure voice and text messaging solution with Secusmart's advanced encryption and anti-eavesdropping capabilities.

Movirtu Limited

On September 8, 2014, the Company acquired all of the issued and outstanding shares of Movirtu Limited ("Movirtu"), a virtual SIM solutions company based in the United Kingdom, for $32.5 million of cash consideration (including transaction expenses of $2 million). The acquisition provides the basis for a variety of innovative service offerings, including the WorkLife by BlackBerry solution that allows an enterprise to provision a work phone number and data plan onto a device with a single standard SIM card.

Other acquisitions

On July 31, 2014, the Company paid $9 million for all of the assets constituting the business of a provider of cloud-based software technology allowing users to connect devices and build an ecosystem with their data. With this acquisition, the Company obtained technology closely aligned to the BlackBerry Internet of Things platform.

The following table summarizes the fair value allocations of the acquisition price of the assets and liabilities acquired during fiscal 2015:

Assets purchased		
Current assets	$	7
Property, plant and equipment		1
Intangible assets		71
Goodwill[1][4]		85
		164
Liabilities assumed		
Accounts payable		2
Deferred revenue		8
Deferred income tax liability		18
		28
Net non-cash assets acquired		136
Cash acquired		3
Net assets acquired	$	139
Consideration		
Cash consideration	$	104
Settlement of acquiree debt[2]		18
Contingent consideration[3][4]		17
	$	139

(1) Goodwill represents the excess of the acquisition price over the fair value of net assets acquired, which is not expected to be deductible for tax purposes when goodwill results from share purchases.
(2) $18 million in cash was paid to existing debt holders as part of the Movirtu acquisition. The Company assumed the outstanding balance of the debt.
(3) As part of the Secusmart acquisition, the Company agreed to additional consideration contingent upon the achievement of certain financial targets, the fair value of which has been determined to be $17 million.
(4) See “Measurement period adjustment” below.

The weighted average amortization period of the acquired technology related to the business acquisitions completed during the year ended February 28, 2015 is approximately five years.

Measurement period adjustment

On December 1, 2014, the Company acquired all of the issued and outstanding shares of Secusmart for $82 million in cash and an amount of future contingent consideration that was preliminarily determined to be $8 million. Finalization of purchase accounting determined that the fair value of this contingent consideration at acquisition was $17 million. As a result, the Company has recorded a measurement period adjustment to goodwill of $9 million, which is presented retrospectively.

8. RESTRUCTURING

Resource Alignment Program

During fiscal 2016, the Company commenced the RAP for its device software, hardware and applications business with the objectives of reallocating Company resources to capitalize on growth opportunities, providing the operational ability to better leverage contract research and development services relating to its handheld devices, and reaching sustainable profitability. During fiscal 2016, the Company incurred approximately $344 million in total pre-tax charges related to this program for employee termination benefits, facilities and manufacturing network simplification costs. Other charges and cash costs may occur as programs are implemented or changes are completed.

The following table sets forth the activity in the Company's RAP liability for fiscal 2016:

	Employee Termination Benefits	Facilities Costs	Manufacturing Costs	Other Charges[1]	Total
Charges incurred	$ 73	$ 41	$ 16	$ 6	$ 136
Cash payments made	(61)	(15)	(16)	(6)	(98)
Balance as at February 29, 2016	$ 12	$ 26	$ —	$ —	$ 38

[1] Other charges consist of costs associated with duplicate redundant systems from acquisitions which are being integrated into a single solution, and the effect of foreign exchange.

The RAP charges, including non-cash charges incurred in fiscal 2016 were as follows:

Cost of sales	$ 44
Research and development	47
Selling, marketing and administration	253
Total RAP charges	$ 344

As discussed in Note 6, during fiscal 2016 the Company completed a targeted review of the individual patents comprising its patent portfolio. As a result of this review, the Company ceased enforcement and abandoned legal right and title to a number of patents, incurring a charge of approximately $136 million relating to the abandonment.

Cost Optimization and Resource Efficiency ("CORE") Program

In fiscal 2013, the Company commenced the CORE program with the objective of improving the Company's operations and increasing efficiency. During fiscal 2016, the Company incurred approximately $11 million in total pre-tax charges related to the CORE program, related to employee termination benefits, facilities and manufacturing network simplification costs. During fiscal 2016, the Company made cash payments of $29 million related to the CORE program, as shown in the table below.

The following table sets forth the activity in the Company's CORE program liability for fiscal 2016 and fiscal 2015:

	Employee Termination Benefits	Facilities Costs and Foreign Exchange	Manufacturing Costs and Foreign Exchange	Total
Balance as at March 1, 2014	$ 13	$ 53	$ 26	$ 92
Charges incurred	96	48	55	199
Cash payments made	(106)	(71)	(79)	(256)
Balance as at February 28, 2015	3	30	2	35
Charges incurred	—	12	(2)	10
Cash payments made	(3)	(26)	—	(29)
Balance as at February 29, 2016	$ —	$ 16	$ —	$ 16

The CORE program charges, including non-cash charges incurred in fiscal 2016, fiscal 2015 and fiscal 2014, were as follows:

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Cost of sales	$ —	$ 23	$ 103
Research and development	2	70	76
Selling, marketing and administration	9	229	333
Total CORE program charges	$ 11	$ 322	$ 512

As part of the CORE program, the Company decided to sell certain redundant assets and discontinue certain operations to drive cost savings and efficiencies in the Company, which included divesting the majority of its Canadian commercial real estate portfolio (the "Real Estate Sale") in fiscal 2015. The Company recorded no losses in fiscal 2016 ($12 million in

fiscal 2015) related to the write-down to fair value less costs to sell of the assets held for sale. All losses on disposal or on write-down to fair value less costs to sell have been included in the selling, marketing and administration expenses on the Company's consolidated statements of operations and included in the total CORE program charges in fiscal 2015 and prior periods.

In fiscal 2015, the Company completed the Real Estate Sale, offering properties comprising over three million square feet of space through a combination of sale-leaseback and vacant asset sales. The Company recorded proceeds of approximately $278 million and incurred a net loss on disposal of approximately $66 million on these properties for a total net loss on disposal of $137 million for the Real Estate Sale, the remainder of which was recorded in prior periods when certain of the properties were classified as held for sale and were written down to fair value less costs to sell. As part of the Real Estate Sale, the Company is leasing back office space with remaining lease terms of one month to seven years.

9. INCOME TAXES

The difference between the amount of the provision for income taxes and the amount computed by multiplying net income before income taxes by the statutory Canadian tax rate is reconciled as follows:

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Statutory Canadian tax rate	26.6%	26.6%	26.6%
Expected recovery of income taxes	$ (75)	$ (102)	$ (1,908)
Differences in income taxes resulting from:			
Valuation allowance	58	79	781
Investment tax credits	(29)	(51)	(77)
Canadian tax rate differences	2	(27)	(82)
Change in unrecognized income tax benefits	(9)	—	—
Foreign tax rate differences	6	11	(10)
Other differences	6	8	(47)
Withholding tax on unremitted earnings	(33)	1	32
	$ (74)	$ (81)	$ (1,311)

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Loss before income taxes:			
Canadian	$ (278)	$ (600)	$ (7,212)
Foreign	(4)	215	28
	$ (282)	$ (385)	$ (7,184)

The recovery of income taxes consists of the following:

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Current			
Canadian	$ (10)	$ (153)	$ (1,203)
Foreign	38	21	77
Deferred			
Canadian	(35)	39	(184)
Foreign	(67)	12	(1)
	$ (74)	$ (81)	$ (1,311)

The Company has adopted ASC 740-10-65-4 Balance Sheet Classification of Deferred Income Taxes, and this has been prospectively applied starting in the fourth quarter of fiscal 2016. Any prior periods were not retrospectively adjusted. Deferred income tax assets and liabilities consist of the following temporary differences:

	As at	
	February 29, 2016	February 28, 2015
Assets		
Property, plant, equipment and intangibles	$ 42	$ 81
Non-deductible reserves	122	108
Minimum taxes	264	268
Convertible Debentures (see note 10)	7	121
Research and development	244	199
Tax loss carryforwards	450	84
Other	60	15
Deferred income tax assets	1,189	876
Valuation allowance	993	866
Deferred income tax assets net of valuation allowance	196	10
Liabilities		
Property, plant, equipment and intangibles	(173)	(15)
Withholding tax on unremitted earnings	—	(33)
Deferred income tax liabilities	(173)	(48)
Net deferred income tax asset/(liability)	$ 23	$ (38)
Deferred income tax asset - current	$ —	$ 10
Deferred income tax asset	33	—
Deferred income tax liability	(10)	(48)
	$ 23	$ (38)

The Company regularly assesses the need for a valuation allowance against its deferred tax assets. In making that assessment, the Company considers both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will be realized. In evaluating the need for a valuation allowance, the Company noted that there were increases in deductible temporary differences which are not currently deductible for tax purposes and the Company has three years of cumulative losses for fiscal 2016. As a result, the Company was unable to recognize the benefit relating to a significant portion of deferred tax assets that arose in fiscal 2016 and earlier, which resulted in the recognition of a $993 million (February 28, 2015 - $866 million) valuation allowance against its deferred tax assets. The fiscal 2016 deferred tax recovery is partially offset by this deferred tax valuation allowance of $58 million and included in the income tax provision in fiscal 2016 (February 28, 2015 - $79 million). This accounting treatment has no effect on the Company's actual ability to utilize deferred tax assets to reduce future cash tax payments. The Company will continue to assess the likelihood that the deferred tax assets will be realizable at each reporting period and the valuation allowance will be adjusted accordingly.

Given the change in financial circumstances for certain foreign subsidiaries of the Company in fiscal 2016, a determination was made that the Company's cumulative undistributed earnings for certain foreign subsidiaries will now be indefinitely reinvested, and as a result, the withholding tax accrual of $33 million related to these undistributed earnings recorded as a deferred tax liability was reversed.

The Company's total unrecognized income tax benefits as at February 29, 2016 and February 28, 2015 were $37 million and $11 million, respectively. A reconciliation of the beginning and ending amount of unrecognized income tax benefits that, if recognized, would affect the Company's effective income tax rate is as follows:

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Unrecognized income tax benefits, opening balance	$ 11	$ 8	$ 29
Increase for income tax positions of prior years	—	3	5
Increase for income tax positions of current year	34	—	—
Settlement of tax positions	(8)	—	(23)
Other	—	—	(3)
Unrecognized income tax benefits, ending balance	$ 37	$ 11	$ 8

The increase in unrecognized income tax benefits for the current year of $34 million relates to prior year tax positions of companies acquired in the current fiscal year. As at February 29, 2016, all of the unrecognized income tax benefits of $37 million have been netted against current income taxes and deferred income taxes on the Company's consolidated balance sheets.

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

Jurisdiction	
Canada[1]	Fiscal 2010 - 2016
United States[2]	Fiscal 2013 - 2016
United Kingdom	Fiscal 2014 - 2016

(1) Includes federal as well as provincial jurisdictions, as applicable.
(2) Pertains to federal tax years. Certain state jurisdictions remain open from fiscal 2012 through fiscal 2016.

The Company is subject to ongoing examination by tax authorities in the jurisdictions in which it operates. The Company regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for income taxes, as well as the provisions for indirect and other taxes and related penalties and interest. The Company believes it is reasonably possible that approximately $3 million of its gross unrecognized income tax benefit will be realized in the next twelve months. While the final resolution of these audits is uncertain, the Company believes the ultimate resolution of these audits will not have a material adverse effect on its consolidated financial position, liquidity or results of operations.

The Company recognizes interest and penalties related to unrecognized income tax benefits as interest expense that is netted and reported within investment income (loss). The amount of interest accrued as at February 29, 2016 was approximately $1 million (February 28, 2015 - approximately $1 million). The amount of penalties accrued as at February 29, 2016 was nominal (February 28, 2015 - nominal).

As at February 29, 2016, the Company has the following net operating loss carryforwards and tax credits which are scheduled to expire in the following years:

Year of Expiry	Net Operating Losses	Capital Losses	Research and Development Tax Credits	Minimum Taxes
2026	$ 1	$ —	$ —	$ —
2028	2	—	—	—
2029	14	—	—	1
2030	—	—	—	109
2031	28	—	1	127
2032	—	—	—	27
2033	—	—	120	—
2034	—	—	112	—
2035	646	—	47	—
2036	867	—	25	—
Indefinite	16	24	—	—
	$ 1,574	$ 24	$ 305	$ 264

10. LONG-TERM DEBT

Convertible Debentures

In fiscal 2014, Fairfax and other institutional investors invested in the Company through a $1.25 billion private placement of the Debentures.

Interest on the Debentures is payable quarterly in arrears at a rate of 6% per annum. The Debentures have a term of seven years and each $1,000 of Debentures is convertible at any time into 100 common shares of the Company, for a total of 125 million common shares at a price of $10.00 per share for all Debentures, subject to adjustments.

The Company has the option to redeem the Debentures after November 13, 2016 at specified redemption prices in specified periods. Covenants associated with the Debentures include limitations on the Company's total indebtedness.

Under specified events of default, the outstanding principal and any accrued interest on the Debentures become immediately due and payable upon request of holders holding not less than 25% of the principal amount of the Debentures then outstanding. During an event of default, the interest rate rises to 10% per annum.

The Debentures are subject to a change of control provision whereby the Company would be required to make an offer to repurchase the Debentures at 115% of par value if a person or group (not affiliated with Fairfax) acquires 35% of the Company's outstanding common shares, acquires all or substantially all of its assets, or if the Company merges with another entity and the Company's existing shareholders hold less than 50% of the common shares of the surviving entity.

Due to the possible volatility in the Company's consolidated statements of operations resulting from fluctuation in the fair value of the embedded conversion option as well as the number of other embedded derivatives within the Debentures, the Company has elected to record the Debentures, including the debt itself and all embedded derivatives, at fair value and present the Debentures as a hybrid financial instrument. No portion of the fair value of the Debentures has been recorded as equity, nor would be if each component was freestanding. As of February 29, 2016, the fair value of the Debentures amounted to $1.28 billion (February 28, 2015 - $1.71 billion). The difference between the fair value of the Debentures and the unpaid principal balance of $1.25 billion, is $27 million. The fair value of the Debentures is measured using Level 2 fair value inputs.

The Company recorded non-cash income associated with the change in the fair value of the Debentures of $430 million in fiscal 2016 (the "Fiscal 2016 Debentures fair value adjustments") (fiscal 2015 - non-cash charge of $80 million). These adjustments are presented on a separate line in the Company's consolidated statements of operations. The fair value adjustments do not impact the key terms of the Debentures such as the face value, the redemption features or the conversion price.

The Company recorded interest expense related to the Debentures of $ 75 million, which has been included in investment loss on the Company's consolidated statements of operations in fiscal 2016 (fiscal 2015 - $75 million; fiscal 2014 - $21

million). The Company is required to make quarterly interest only payments of approximately $19 million during the seven years the Debentures are outstanding. Fairfax, a related party, owns $500 million principal amount of Debentures and receives interest at the same rate as other debenture holders.

In the course of issuing these Debentures in fiscal 2014, the Company incurred costs of $42 million. As the Company has elected the fair value option for the recording of the Debentures, these costs have been fully expensed in the period in which they were incurred and are recorded in selling, marketing and administration expenses in the statement of operations.

11. 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. As at February 29, 2016 and February 28, 2015, there were no Class A common shares or preferred shares outstanding.

The following details the changes in issued and outstanding common shares for the years ended February 29, 2016, February 28, 2015 and March 1, 2014:

	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 2, 2013	524,160	$ 2,431	9,020	$ (234)
Exercise of stock options	417	3	—	—
Common shares issued for RSU settlements	1,975	—	—	—
Stock-based compensation	—	68	—	—
Tax deficiencies related to stock-based compensation	—	(13)	—	—
Purchase of treasury stock	—	—	1,641	(16)
Treasury shares released for RSU settlements	—	(71)	(3,001)	71
Common shares outstanding as at March 1, 2014	526,552	2,418	7,660	(179)
Exercise of stock options	945	6	—	—
Common shares issued for RSU settlements	1,305	—	—	—
Stock-based compensation	—	50	—	—
Excess tax benefit related to stock-based compensation	—	8	—	—
Sale of treasury stock	—	—	(6,033)	141
Treasury shares released for RSU settlements	—	(38)	(1,627)	38
Common shares outstanding as at February 28, 2015	528,802	2,444	—	—
Exercise of stock options	402	3	—	—
Common shares issued for RSU settlements	4,320	—	—	—
Stock-based compensation	—	60	—	—
Tax deficiencies related to stock-based compensation	—	(1)	—	—
Share repurchase	(12,607)	(59)	—	—
Common shares issued for employee share purchase plan	183	1	—	—
Common shares issued on the redemption of deferred share units	72	—	—	—
Common shares outstanding as at February 29, 2016	521,172	$ 2,448	$ —	$ —

The Company had 521 million voting common shares outstanding, 1 million options to purchase voting common shares, 27 million RSUs and 0.4 million DSUs outstanding as at March 29, 2016.

On May 6, 2015, the Board authorized a share repurchase program (the "Repurchase Program") to purchase for cancellation up to 12 million common shares of the Company, or approximately 2.5% of the outstanding public float as of June 22, 2015. The Repurchase Program commenced on June 29, 2015 pursuant to a Notice of Intention to Make a Normal Course Issuer Bid dated June 25, 2015. On September 24, 2015, the Board authorized an increase in the number of common shares that may be purchased for cancellation under the Repurchase Program by up to 15 million common shares, subject to regulatory approval. On January 29, 2016 the Company sought and received regulatory approval from the TSX to increase the maximum number of common shares that may be repurchased from 12 million common shares to 27 million common shares, or 5.8% of the public float as of June 22, 2015. The Company also announced that it had entered into an automatic purchase plan with its designated broker to allow for purchases of up to 2,685,524 common shares in connection with the Repurchase Program. During fiscal 2016, the Company repurchased 13 million common shares at a cost of approximately $93 million. The Company recorded a reduction of approximately $59 million to capital stock and the amount paid in excess of the per share paid-in capital of the common shares of approximately $34 million was charged to retained earnings. All common shares repurchased by the Company pursuant to the Repurchase Program have been canceled.

(b) Stock-based compensation

Stock Options

The Company recorded a charge to income and a credit to paid-in-capital of approximately $1 million in fiscal 2016 (fiscal 2015 - $2 million; fiscal 2014 - $5 million) in relation to stock-based compensation expense.

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

Stock options previously granted under the Equity Plan and Prior Plans generally vest over a period of three years to a maximum of five years, and are generally exercisable over a period of five years to a maximum of seven years from the grant date. The Company issues new shares to satisfy stock option exercises. There are eight million shares in the equity pool available for future grants under the Equity Plan as at February 29, 2016.

A summary of option activity since March 2, 2013 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 2, 2013	7,260	$ 27.53		
Exercised during the year	(417)	7.36		
Forfeited/cancelled/expired during the year	(3,576)	42.55		
Balance as at March 1, 2014	3,267	12.08		
Granted during the year	526	10.06		
Exercised during the year	(945)	7.13		
Forfeited/cancelled/expired during the year	(1,362)	17.10		
Balance as at February 28, 2015	1,486	9.34		
Granted during the year	772	6.30		
Exercised during the year	(402)	6.09		
Forfeited/cancelled/expired during the year	(382)	14.45		
Balance as at February 29, 2016	1,474	$ 7.01	3.56	$ 2
Vested and expected to vest as at February 29, 2016	1,405	$ 7.01	3.52	$ 2
Exercisable as at February 29, 2016	494	$ 7.18	2.05	$ —

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 29, 2016 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 29, 2016. The intrinsic value of stock options exercised during fiscal 2016, calculated using the average market price during the year, was approximately $2.16 per share.

A summary of unvested stock options since February 28, 2015 is shown below:

	Options Outstanding	
	Number (000's)	Weighted Average Grant Date Fair Value
Balance as at February 28, 2015	920	$ 4.27
Granted during the year	772	2.49
Vested during the year	(461)	4.23
Forfeited during the year	(251)	4.01
Balance as at February 29, 2016	980	$ 2.95

As at February 29, 2016, there was $3 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 1.60 years. The total fair value of stock options vested during the year ended February 29, 2016 amounted to $2 million (February 28, 2015 - $3 million, March 1, 2014 - $8 million).

Cash received from the stock options exercised for the year ended February 29, 2016 amounted to $3 million (February 28, 2015 - $6 million; March 1, 2014 - $3 million). There were no tax deficiencies incurred by the Company related to stock options exercised at February 29, 2016 (February 28, 2015 – tax deficiency of nil; March 1, 2014 – tax deficiency of $2 million).

During the year ended February 29, 2016, there were 772,056 stock options granted (February 28, 2015 - 526,091; March 1, 2014 - nil). The weighted average fair value of these grants was calculated using the BSM option pricing model with the following assumptions:

	February 29, 2016	February 28, 2015
Weighted average grant date fair value of stock options granted during the period	$ 2.49	$ 4.32
Assumptions:		
Risk-free interest rates	1.00%	1.25%
Expected life in years	3.38	3.67
Expected dividend yield	—%	—%
Volatility	54.60%	56.59%

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

Restricted Share Units

The Company recorded compensation expense with respect to RSUs of approximately $59 million in the year ended February 29, 2016 (February 28, 2015 - $48 million; March 1, 2014 - $63 million).

A summary of RSU activity since March 2, 2013 is shown below:

	RSUs Outstanding			
	Number (000's)	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at March 2, 2013	15,185	$ 13.83		
Granted during the year	21,741	7.39		
Vested during the year	(4,977)	17.11		
Forfeited/cancelled during the year	(7,604)	11.44		
Balance as at March 1, 2014	24,345	8.15		
Granted during the year	9,530	9.72		
Vested during the year	(2,928)	13.73		
Forfeited/cancelled during the year	(4,946)	9.55		
Balance as at February 28, 2015	26,001	7.84		
Granted during the year	8,986	7.20		
Vested during the year	(4,320)	8.75		
Forfeited/cancelled during the year	(2,997)	8.84		
Balance as at February 29, 2016	27,670	$ 7.38	1.79	$ 216
Vested and expected to vest February 29, 2016	26,517	$ 7.36	1.80	$ 207

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 29, 2016, that would have been received by RSU holders if all RSUs had been vested on February 29, 2016).

Tax deficiencies incurred by the Company related to the RSUs vested was $1 million for the year ended February 29, 2016 (February 28, 2015 - tax benefit of $8 million; March 1, 2014 - tax deficiency of $11 million).

Previously, the Company contributed capital to a trust account to enable a trustee to purchase shares on the open market in connection with the vesting of certain RSUs awarded by the Company. During the year ended February 29, 2016, the trustee purchased nil and sold nil common shares (February 28, 2015 - 6,032,719 common shares were sold for total cash consideration of approximately $61 million). The trustee no longer holds shares, the trust has been terminated, and the Company expects to settle vested RSUs by issuing new common shares from treasury.

As at February 29, 2016, there was $129 million of unrecognized compensation expense related to RSUs that will be expensed over the vesting period, which, on a weighted average basis, results in a period of approximately 1.62 years.

During the year ended February 29, 2016, there were 8,986,019 RSUs granted (February 28, 2015 - 9,530,093), all of which will be settled upon vesting by the issuance of new common shares.

Deferred Share Units

The Company issued 151,335 DSUs in the year ended February 29, 2016. There were 0.4 million DSUs outstanding as at February 29, 2016 (February 28, 2015 - 0.3 million). The Company had a liability of $3.2 million in relation to the DSU Plan as at February 29, 2016 (February 28, 2015 - $3.3 million).

12. EARNINGS (LOSS) PER SHARE

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

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Net loss for basic and diluted loss per share available to common shareholders	$ (208)	$ (304)	$ (5,873)
Less: Debentures fair value adjustment [1] [2]	(430)	—	—
Add: interest expense on Debentures [1] [2]	75	—	—
Net loss for diluted loss per share available to common shareholders	$ (563)	$ (304)	$ (5,873)
Weighted average number of shares outstanding (000's) - basic and diluted [2]	526,303	527,684	525,168
Effect of dilutive securities (000's) [3]			
Conversion of Debentures [1] [2]	125,000	—	—
Weighted average number of shares and assumed conversions (000's) - diluted	651,303	527,684	525,168
Loss per share - reported			
Basic	$ (0.40)	$ (0.58)	$ (11.18)
Diluted	$ (0.86)	$ (0.58)	$ (11.18)

[1] The Company has not presented the dilutive effect of the Debentures using the if-converted method in the calculation of loss per share for the years ended February 28, 2015 and March 1, 2014, as to do so would be antidilutive. See Note 10 for details on the Debentures.

[2] The Company has presented the dilutive effect of the Debentures using the if-converted method, assuming conversion at the beginning of fiscal 2016 for the year ended February 29, 2016. Accordingly, to calculate diluted loss per share, the Company adjusted net loss by eliminating the Fiscal 2016 Debentures fair value adjustments and interest expense incurred on the Debentures in the year ended February 29, 2016, and added the number of shares that would have been issued upon conversion to the diluted weighted average number of shares outstanding. See Note 10 for details on the Debentures.

[3] The Company has not presented the dilutive effect of in-the-money options or RSUs that will be settled upon vesting by the issuance of new common shares in the calculation of loss per share for the years ended February 29, 2016, February 28, 2015 and March 1, 2014, as to do so would be antidilutive. As at February 29, 2016, there were 811,996 options and 27,669,815 RSUs outstanding that were in-the-money and may have a dilutive effect on earnings (loss) per share in future periods.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of accumulated other comprehensive loss are as follows:

	As at		
	February 29, 2016	February 28, 2015	March 1, 2014
Accumulated net unrealized gains on available-for-sale investments	$ 3	$ 3	$ 1
Accumulated net unrealized losses on derivative instruments designated as cash flow hedges, net of tax	(1)	(26)	(9)
Foreign currency cumulative translation adjustment	(10)	—	—
Accumulated other comprehensive loss	$ (8)	$ (23)	$ (8)

The effects on net income of amounts reclassified from AOCI into income by component for the year ended February 29, 2016 were as follows:

Location of loss reclassified from AOCI into income	Gains and Losses on Cash Flow Hedges	Gains and Losses on Available-for-Sale Securities	Total
Selling, marketing and administration	$ (30)	$ —	$ (30)
Investment income	—	1	1
Recovery of income taxes	2	—	2
Total amount reclassified into income, net of tax	$ (28)	$ 1	$ (27)

14. COMMITMENTS AND CONTINGENCIES

(a) Credit facility and letters of credit

The Company has $44 million in collateralized outstanding letters of credit in support of certain leasing arrangements entered into in the ordinary course of business. See the discussion of restricted cash in Note 3.

(b) Lease commitments

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

For the fiscal years ending:	
2017	$ 37
2018	28
2019	23
2020	13
2021	8
Thereafter	7
	$ 116

For the year ended February 29, 2016, the Company incurred rental expense of $45 million (February 28, 2015 - $60 million; March 1, 2014 - $80 million).

(c) Litigation

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. The Company is subject to a variety of claims (including claims related to patent infringement, purported class actions and other claims in the normal course of business) and may be subject to additional claims either directly or through indemnities against claims that it provides to certain of its partners and customers. In particular, the industry in which the Company competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. The Company has received, and may receive in the future, assertions and claims from third parties that the Company's products infringe on their patents or other intellectual property rights. Litigation has been, and will likely continue to be, necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company's proprietary rights. Regardless of whether claims against the Company have merit, those claims could be time-consuming to evaluate and defend, result in costly litigation, divert management's attention and resources, subject the Company to significant liabilities and could have the other effects that are described in greater detail under "Risk Factors" in the Company's unaudited Annual Information Form for the fiscal year ended February 29, 2016, which is included in the Company's Annual Report on Form 40-F, including the risk factors entitled "Litigation against the Company may result in adverse outcomes" and "The Company could be found to have infringed on the intellectual property rights of others".

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 a potential loss is considered probable and the amount is reasonably estimable, provisions for loss are made based on management's assessment of the likely outcome. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum amount in the range.

The Company does not provide for claims for which the outcome is not determinable or claims for which the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

As of February 29, 2016, there are no claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable, therefore no accrual has been made. Further, there are claims outstanding for which the Company has assessed the potential loss as reasonably possible to result, however an estimate of the amount of loss cannot reasonably be made. There are many reasons that the Company cannot make these assessments, including, among others, one or more of the following: the early stages of a proceeding does not require the claimant to specifically identify the patent that has allegedly been infringed; damages sought are unspecified, unsupportable, unexplained or uncertain; discovery has not been started or is incomplete; the facts that are in dispute are highly complex (e.g., once a patent is identified, the analysis of the patent and a comparison to the activities of the Company is a labour-intensive and highly technical process); the difficulty of assessing novel claims; the parties have not engaged in any meaningful settlement discussions; the possibility that other parties may share in any ultimate liability; and the often slow pace of litigation.

Though they do not meet the test for accrual described above, the Company has included the following summaries of certain of its legal proceedings that it believes may be of interest to its investors.

Between October and December 2013, several purported class action lawsuits and one individual lawsuit were filed against the Company and certain of its former officers in various jurisdictions alleging that during the period from September 27, 2012 through September 20, 2013, the Company and certain of its officers made materially false and misleading statements regarding the Company's financial condition and business prospects and that certain of the Company's financial statements contain material misstatements. The individual lawsuit was voluntarily dismissed. In respect of the putative U.S. class actions, four motions for the appointment of lead plaintiff were filed. On March 14, 2014, the Judge consolidated the proceedings in the U.S. District Court for the Southern District of New York. On May 27, 2014, the Consolidated Amended Class Action Complaint was filed. The Company filed a motion to dismiss the complaint. On March 13, 2015, the court issued an order granting the Company's motion to dismiss. The plaintiffs filed a motion for reconsideration and for leave to file an amended complaint, which was denied by the court on November 13, 2015. The plaintiffs filed a notice of appeal on December 11, 2015 and filed their opening brief on February 24, 2016. The Company filed its opposition brief on March 30, 2016. In respect of the putative Ontario class action, the plaintiffs filed a motion for certification and leave to pursue statutory misrepresentation claims. On November 16, 2015, the Ontario Superior Court of Justice issued an order granting the plaintiffs' motion for leave to file a statutory claim for misrepresentation. On December 2, 2015, the Company filed a notice of motion seeking leave to appeal this ruling. On January 22, 2016, the court postponed the hearing on the plaintiffs' certification motion to an undetermined date after asking the Company to file a motion to dismiss the claims of the U.S. plaintiffs for *forum non conveniens*. Proceedings are ongoing.

On October 12, 2015, a group of Good's institutional investors filed a putative class action lawsuit on behalf of Good's common shareholders against members of Good's former board of directors (the "GTC Directors") related to the Company's acquisition of Good (the "GTC Lawsuit"). The plaintiffs allege that the GTC Directors breached their fiduciary duty by engaging in a self-interested transaction that benefited the preferred shareholders at the expense of the common shareholders. The plaintiffs are seeking monetary damages, as well as rescission of the merger agreement between Good and the Company. While neither Good nor the Company are parties to the GTC Lawsuit, Good has certain obligations to indemnify the defendants and is providing a defense. On October 29, 2015, Good filed a complaint alleging that the plaintiffs breached their contractual obligations under a voting agreement providing that, in the event of a sale transaction that was approved by both the GTC Directors and a majority of the Good preferred shareholders, the plaintiffs were required to vote their shares in favour of the transaction and refrain from exercising any appraisal or dissenter rights. Good alleges that the filing of the GTC Lawsuit was a breach of the voting agreement. On December 31, 2015, several Good shareholders filed a petition seeking appraisal against Good. Proceedings are ongoing.

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

The Company attempts to ensure that most components essential to the Company's business are generally available from multiple sources, however certain components are currently obtained from limited sources within a competitive market, which subjects the Company to significant supply, availability and pricing risks. Many components are at times subject to industry-wide shortages and significant commodity pricing fluctuations including those that are available from multiple sources. In addition, the Company has entered into various agreements for the supply of components, the manufacturing

of its products and agreements that allow the Company to use intellectual property owned by other companies; however, there can be no guarantee that the Company will be able to extend or renew these agreements on similar terms, or at all. Therefore, the Company remains subject to significant risks of supply shortages and intellectual property litigation risk, as well as potential price increases that can materially adversely affect its financial condition and operating results.

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

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

(e) Indemnifications

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

The Company has entered into indemnification agreements with its current and former directors and executive officers. Under these agreements, the Company agreed, subject to applicable law, to indemnify its current and former directors and executive officers against all costs, charges and expenses reasonably incurred by such individuals in respect of any civil, criminal or administrative action which could arise by reason of their status as directors or officers. The Company maintains liability insurance coverage for the benefit of its current and former directors and executive officers to reduce its exposure to such obligations. The Company has not encountered material costs as a result of such indemnifications in the current year. See the Company's Management Information Circular for fiscal 2015 for additional information regarding the Company's indemnification agreements with its directors and current and former executive officers.

15. SEGMENT DISCLOSURES

The Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by the chief operating decision maker ("CODM") for making decisions and assessing performance as a source of the Company's reportable operating segments. The CODM, who for the Company is the Chief Executive Officer, makes decisions and assesses the performance of the Company on a consolidated basis, and the Company is a single reportable operating segment.

Revenue, classified by major geographic segments in which the Company's customers are located, was as follows:

	For the Years Ended					
	February 29, 2016		February 28, 2015		March 1, 2014	
North America						
Canada	$ 238	11.0%	$ 216	6.4%	$ 491	7.2%
United States	714	33.0%	775	23.2%	1,320	19.4%
	952	44.0%	991	29.6%	1,811	26.6%
Europe, Middle East and Africa						
United Kingdom	195	9.0%	292	8.8%	604	8.9%
Other	621	28.8%	1,139	34.2%	2,387	35.0%
	816	37.8%	1,431	43.0%	2,991	43.9%
Latin America	117	5.4%	380	11.4%	907	13.3%
Asia Pacific	275	12.8%	533	16.0%	1,104	16.2%
	$ 2,160	100.0%	$ 3,335	100.0%	$ 6,813	100.0%

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Revenue mix			
Software and services	$ 494	$ 248	$ 235
Hardware	862	1,431	3,785
Service access fees	779	1,606	2,698
Other	25	50	95
	$ 2,160	$ 3,335	$ 6,813

Property, plant and equipment, intangible assets and goodwill, classified by geographic segments in which the Company's assets are located, was as follows:

	As at			
	February 29, 2016		February 28, 2015	
	Property, Plant and Equipment, Intangible Assets and Goodwill	Total Assets	Property, Plant and Equipment, Intangible Assets and Goodwill	Total Assets
Canada	$ 1,002	$ 1,467	$ 1,628	$ 3,368
United States	1,024	3,429	202	2,700
United Kingdom	39	220	79	126
Other	178	418	107	364
	$ 2,243	$ 5,534	$ 2,016	$ 6,558

Information about major customers

There were no customers that comprised more than 10% of the Company's revenue in fiscal 2016 (fiscal 2015 - no customers that comprised more than 10%; fiscal 2014 - no customers that comprised more than 10%).

16. CASH FLOW AND ADDITIONAL INFORMATION

(a) Certain consolidated statements of cash flow information related to interest and income taxes paid is summarized as follows:

	For the Years Ended		
	February 29, 2016	February 28, 2015	March 1, 2014
Interest paid during the year	$ 75	$ 75	$ 29
Income taxes paid during the year	30	59	131
Income tax refunds received during the year	172	425	1,447

(b) Additional information

Advertising expense, which includes media, agency and promotional expenses totaling $102 million (February 28, 2015 - $141 million; March 1, 2014 - $843 million) is included in selling, marketing and administration expenses for the fiscal year ended February 29, 2016.

Selling, marketing and administration expenses for the fiscal year ended February 29, 2016 included $12 million with respect to foreign exchange losses (February 28, 2015 – gains of $42 million; March 1, 2014 – losses of $62 million).

BLACKBERRY LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS AND FISCAL YEAR ENDED FEBRUARY 29, 2016

April 1, 2016

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 BlackBerry Limited (the "Company" or "BlackBerry"), for the fiscal year ended February 29, 2016**.** The Consolidated Financial Statements are presented in U.S. dollars and have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). All financial information in this MD&A is presented in U.S. dollars, unless otherwise indicated.

The Company has prepared this MD&A with reference to *National Instrument 51-102* "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Under the U.S./Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which are different from those of the United States. This MD&A provides information for the fiscal year ended February 29, 2016 and up to and including April 1, 2016.

Additional information about the Company, including the Company's Annual Information Form for the fiscal year ended February 29, 2016 (the "AIF"), which is included in the Company's Annual Report on Form 40-F for the fiscal year ended February 29, 2016 (the "Annual Report"), can be found on SEDAR at www.sedar.com and on the U.S. Securities and Exchange Commission's ("SEC") website at www.sec.gov.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains forward-looking statements within the meaning of certain securities laws, including under the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws, including statements relating to:

- the Company's expectations regarding its cash flow and adjusted EBITDA;
- the Company's plans, strategies and objectives, including the anticipated benefits of its strategic initiatives described below;
- the Company's expectations regarding anticipated demand for, and the timing of, new product and service offerings, and the Company's plans and expectations relating to its existing and new product and service offerings, including BlackBerry Enterprise Service ("BES") 12, the Good® Secure EMM Suites, BlackBerry smartphones and the cloud-based BlackBerry Internet of Things platform;
- the Company's expectations regarding the generation of revenue from its software, services and other technologies, including from technology licensing and the monetization of its patent portfolio, its expectations regarding the growth of and recurring nature of certain of its software and services revenue, and its expectations regarding the ability of such revenue to offset the decline in service access fees revenue;
- the Company's expectations regarding profitability in its devices business in fiscal 2017;
- the Company's anticipated levels of decline in service access fees revenue in the first quarter of fiscal 2017;
- the Company's expectations for gross margin in the first quarter of fiscal 2017;
- the Company's expectation that during fiscal 2017 the Company will move from single reportable operating segment disclosure to multiple operating segment disclosure;
- the Company's expected benefits from its plans to reallocate resources through its resource alignment program (the "RAP");
- the Company's expectations regarding its common share repurchase program (the "Repurchase Program");
- the Company's expectations with respect to the sufficiency of its financial resources; and
- the Company's estimates of purchase obligations and other contractual commitments.

The words "expect", "anticipate", "estimate", "may", "will", "should", "could", "intend", "believe", "target", "plan" and similar expressions are intended to identify forward-looking statements in this MD&A, including in the sections entitled "Business Overview - Strategy, Products and Services", "Business Overview - Common Share Repurchase Program", "Business Overview - Operating Segments", "Fiscal 2016 Summary Results of Operations - Financial Highlights - Free Cash

Flow", "Results of Operations - Fiscal year ended February 29, 2016 compared to fiscal year ended February 28, 2015 - Revenue - Revenue by Category - Software and Services Revenue", "Results of Operations - Fiscal year ended February 29, 2016 compared to fiscal year ended February 28, 2015 - Revenue - Revenue by Category - Hardware Revenue", "Results of Operations - Three months ended February 29, 2016 compared to the three months ended February 28, 2015 - Revenue - Revenue by Category - Service Access Fees Revenue", "Results of Operations - Three months ended February 29, 2016 compared to the three months ended February 28, 2015 - Gross Margin" and "Financial Condition - Debenture Financing and Other Funding Sources". Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances, including but not limited to, the Company's expectations regarding its business, strategy, opportunities and prospects, including its ability to implement meaningful changes to address its business challenges, the launch of new products and services, general economic conditions, product pricing levels and competitive intensity, supply constraints, and the Company's expectations regarding the cash flow generation of its business and the sufficiency of its financial resources. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, most of which are discussed in greater detail in the "Risk Factors" section of the AIF, which is included in the Annual Report, and the following:

- the Company's ability to attract new enterprise customers and maintain its existing relationships with its enterprise customers or transition them to the Company's latest enterprise software platforms and deploy BlackBerry smartphones;
- the Company's ability to develop, market and distribute an integrated software and services offering, or otherwise monetize its technologies, to grow revenue, achieve sustained profitability, or to offset the decline in the Company's service access fees;
- the Company's ability to enhance its current products and services, or develop new products and services, in a timely manner or at competitive prices, or to meet customer requirements, or accurately predict emerging technological trends;
- the Company's ability to successfully market and distribute the PRIV device;
- the intense competition faced by the Company;
- the occurrence or perception of a breach of the Company's security measures, or an inappropriate disclosure of confidential or personal information;
- risks related to the Company's products and services being dependent upon the interoperability with rapidly changing systems provided by third parties;
- risks related to the Company's ability to attract new personnel and retain key personnel;
- the Company's dependence on its relationships with network carriers and distributors;
- risks related to acquisitions, divestitures, investments and other business initiatives, which may negatively affect the Company's results of operations;
- the risk that network disruptions or other business interruptions could have a material adverse effect on the Company's business and harm its reputation;
- the risk that failure to protect the Company's intellectual property could harm its ability to compete effectively and the Company may not earn the revenues it expects from intellectual property rights;
- the Company's reliance on its suppliers to supply functional components on a timely basis and in sufficient quantities;
- risks associated with sales to customers in highly regulated industries and governmental entities, which can be highly competitive and require compliance with stringent regulation;
- the Company's reliance on third parties to manufacture and repair its products;
- the Company's ability to obtain rights to use software or components supplied by third parties;
- the substantial inventory and other asset risk faced by the Company, including the potential for additional charges related to its inventory and long-lived assets;
- the risk that the Company's ability to maintain or increase its liquidity could be adversely affected by its ability to generate cash flow;

- risks related to the Company's significant indebtedness, which could adversely affect its operating flexibility and financial condition;
- the risk that the Company could be found to have infringed on the intellectual property rights of others;
- the risk that litigation against the Company may result in adverse outcomes;
- risks related to government regulations applicable to the Company's products and services, including products containing encryption capabilities, which could negatively impact the Company's business;
- risks related to the use and disclosure of user data and personal information, which could give rise to liabilities as a result of legal, carrier and other requirements;
- risks related to foreign operations, including fluctuations in foreign currencies;
- risks associated with any defects in the Company's products and services, which can be difficult to remedy and could have a material adverse effect on the Company's business if they occur;
- the risk of a negative impact on the Company's business as a result of actions of activist shareholders;
- risks related to the supplementing and management of the Company's catalogue of third-party applications;
- risks related to the failure of the Company's suppliers, subcontractors, third-party distributors and representatives to use acceptable ethical business practices or comply with applicable laws;
- risks related to health and safety and hazardous materials usage regulations, and network certification risks;
- costs and other burdens associated with regulations regarding conflict minerals;
- risks related to the Company possibly losing its foreign private issuer status under U.S. federal securities laws;
- the potential impact of copyright levies in numerous countries;
- risks related to tax provision changes, the adoption of new tax legislation, or exposure to additional tax liabilities;
- the volatility of the market price of the Company's common shares;
- risks related to adverse economic and geopolitical conditions;
- market and credit risk associated with the Company's cash, cash equivalents and short-term or long-term investments; and
- risks related to the fluctuation of the Company's quarterly revenue and operating results.

All of these factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. Any statements that are forward-looking statements are intended to enable the Company's shareholders to view the anticipated performance and prospects of the Company from management's perspective at the time such statements are made, and they are subject to the risks that are inherent in all forward-looking statements, as described above, as well as difficulties in forecasting the Company's financial results and performance for future periods, particularly over longer periods, given the ongoing transition in the Company's business strategy and the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the wireless communications industry. These difficulties in forecasting the Company's financial results and performance are magnified at the present time given the uncertainties related to the Company's strategic initiatives described in this MD&A. See "Business Overview - Strategy, Products and Services" in this MD&A.

The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Business Overview

The Company is securing a connected world, delivering innovative solutions across the entire mobile ecosystem and beyond. The Company secures the world's most sensitive data across all endpoints – from cars to smartphones – making the mobile-first enterprise vision a reality. Founded in 1984 and based in Waterloo, Ontario, the Company operates offices in North America, Europe, Middle East and Africa, Asia Pacific and Latin America. The Company's common shares are listed on the NASDAQ Global Select Market (NASDAQ: BBRY) and the Toronto Stock Exchange (TSX: BB), and its unsecured convertible debentures due in 2020 (the "Debentures") are listed on the Toronto Stock Exchange (TSX: BB.DB.U).

The Company's operating unit organizational structure consists of the Devices business, Enterprise Solutions and Services (which includes the Company's newest practice, Professional Cybersecurity Services), Business Technology Solutions ("BTS"), and Messaging. Across all businesses, BlackBerry products and services are widely recognized in the market for

productivity and security, and the Company believes that it delivers the most secure end-to-end mobile enterprise solutions in the market. With these core strengths, the Company's broad portfolio of products and services is focused on serving enterprise customers, particularly in regulated industries and select vertical markets, including government, financial services, legal and healthcare.

The Company has experienced a significant decline in revenue and market share due to intense competition and other factors, as discussed below under "Results of Operations - Fiscal year ended February 29, 2016 compared to fiscal year ended February 28, 2015 – Revenue" and "Results of Operations – Three months ended February 29, 2016 compared to three months ended February 28, 2015 – Revenue".

Strategy, Products and Services

The Company has been executing a strategy to leverage its strengths in mobility management and security to refocus its business in the Enterprise Solutions and Services space, while maintaining a presence in the highly competitive smartphone and devices market. This strategy includes increasing the Company's product and service offerings through strategic acquisitions and targeted growth in internal investments. The Company's goal is to maintain its market leadership in the enterprise mobility segment by continuing to extend the functionality of its enterprise software infrastructure beyond enterprise mobility management ("EMM"), to offer the most comprehensive and secure mobile platform and, on top of this extensive foundation, deliver vertical solutions and endpoint management in the Internet of Things ("IoT").

BlackBerry has aligned its businesses and operations to drive greater efficiency and speed in bringing new offerings to market, while optimizing assets and capabilities in support of the Company's overall strategy and financial objectives. Please also see the "Narrative Description of the Business - Strategy" and "Narrative Description of the Business - Products and Services" sections in the AIF, which is included in the Annual Report.

The Company's latest device is the PRIV, running the Android operating system. Its latest BlackBerry 10 smartphone models are the Passport Silver Edition ("Passport SE"), Leap, and Classic. As at the end of fiscal 2016, the Company had a smartphone user base of approximately 23 million. The Company's core software and services offering is the Good Secure EMM Suites, which integrates the BES12 and Good Technology platforms, and supports BlackBerry 10 and legacy BlackBerry devices, iOS, Android and Windows Phone® devices, SecuSUITE, and the WatchDox enterprise file sync-and-share ("EFSS") solution.

Product and business developments that have influenced the general development of the Company's business over fiscal 2016 include:

Acquisitions
- Acquired Good Technology Corporation ("Good"), a provider of secure mobility solutions, including secure applications and containerization that protects end user privacy;
- Acquired AtHoc, Inc. ("AtHoc"), a provider of secure, networked crisis communications;
- Acquired WatchDox Ltd. ("WatchDox"), a data security company offering secure EFSS solutions; and
- Acquired Encription Holdings Limited and Encription Ireland Limited ("Encription"), a cybersecurity consulting firm providing industry-leading assessments in penetration testing and security training services.

Products, Services and Approvals
- Launched the PRIV smartphone, running on the Android™ operating system;
- Announced the new Good Secure EMM Suites by BlackBerry, a comprehensive set of mobile security, management, productivity and collaboration offerings;
- Announced the launch of a new Professional Cybersecurity Services practice that will further expand the Company's security portfolio;
- Announced the new voice encryption solution SecuSUITE for Enterprise;
- Announced BES12 Cloud, a cloud-based enterprise mobility management ("EMM") solution that offers easy management of cross-platform devices;
- Obtained the approval of the United States Department of Defense ("DoD") for the use of Public Key Infrastructure credentials on BlackBerry OS and BlackBerry 10 smartphones;
- Unveiled a new QNX software platform to enable automotive companies to build a full range of secured automated driving systems and in-car acoustics; and
- Showcased at the Consumer Electronics Show an IoT over-the-air software platform, as well as BlackBerry Radar, an asset tracking device and software interface.

Joint Ventures, Partnerships and Other Agreements
- Entered into a long-term patent cross-licensing agreement with Cisco;
- Entered into a joint development and manufacturing agreement with Wistron Corporation;
- Announced a new partnership with T-Mobile US, Inc. to bring the BlackBerry Classic to T-Mobile's network;
- Announced the planned integration of Samsung KNOX™ with WorkLife by BlackBerry and SecuSUITE; and

- Announced the availability of the Company's multi-OS EMM platform in the Microsoft Azure Marketplace, allowing customers full access to their BES12 licenses while benefiting from the Microsoft cloud architecture.

Financial Highlights
- Achieved positive free cash flow and positive adjusted EBITDA in each of the quarters in fiscal 2016;
- Achieved non-GAAP revenue of approximately $527 million from software and services for the year;
- Commenced a normal course issuer bid to purchase up to 27 million common shares of the Company; and
- Commenced the RAP with the objectives of reallocating Company resources to capitalize on growth opportunities, providing the operational ability to better leverage contract research and development services relating to its handheld devices, and reaching sustainable profitability.

Director and Executive Officer Appointments
- Appointed the Honourable Wayne G. Wouters, PC, an executive leader in government relations, strategic leadership, international trade and economic policy, to the board of directors of the Company (the "Board");
- Appointed Laurie Smaldone Alsup, M.D., an executive leader in drug development, regulatory strategy, and regulatory approvals in the pharmaceutical and biotechnology industries, to the Board; and
- Appointed Carl Wiese as President of Global Sales of the Company.

Change in Fiscal Year

Effective in the fourth quarter of fiscal 2016, the Company changed its fiscal year from a 52 or 53 week year ending the last Saturday in February or the first Saturday in March to a calendar basis ending the last day of February. The purpose of this change is to be consistent with common practice in the software industry. The Company believes this is appropriate due to its increased emphasis on software and its completed acquisitions of software companies with recurring revenue streams. Accordingly, the Company's fiscal quarters will end on the last days of May, August, November, and February. The Company does not believe that the impact of the change is material.

For further information about the impact of the change in fiscal year, please see Note 1 to the Consolidated Financial Statements.

Common Share Repurchase Program

On May 6, 2015, the Board authorized the Repurchase Program to purchase for cancellation up to 12 million common shares of the Company, or approximately 2.5% of the outstanding public float as of June 22, 2015. The purpose of the Repurchase Program is to offset dilution from the Company's employee share purchase plan and an amendment to the Company's equity incentive plan increasing the number of shares available thereunder, both as approved by the shareholders of the Company on June 23, 2015.

Daily purchases are limited to 578,619 common shares, other than block purchases. Pursuant to a Notice of Intention to Make a Normal Course Issuer Bid dated June 25, 2015, the Repurchase Program commenced on June 29, 2015 and will terminate on June 28, 2016 or on such earlier date as BlackBerry may complete its purchases under such program.

On January 29, 2016 the Company sought and received regulatory approval from the Toronto Stock Exchange to increase the maximum number of common shares that may be repurchased from 12 million common shares to 27 million common shares, or 5.8% of the public float as of June 22, 2015. The Company also announced that it had entered into an automatic purchase plan with its designated broker to allow for purchases of up to 2,685,524 common shares in connection with the Repurchase Program..

During fiscal 2016, the Company repurchased 13 million common shares at a cost of approximately $93 million. The Company recorded a reduction of approximately $59 million to capital stock and the amount paid in excess of the per share paid-in capital of the common shares of approximately $34 million was charged to retained earnings. All common shares repurchased by the Company pursuant to the Repurchase Program have been canceled.

The actual number of shares to be purchased and the timing and pricing of any additional purchases under the Repurchase Program will depend on future market conditions and upon potential alternative uses for cash resources. There is no assurance that any additional shares will be purchased under the Repurchase Program and the Company may elect to modify, suspend or discontinue the program at any time without prior notice.

Operating Segments

As disclosed in Note 15 to the Consolidated Financial Statements, the Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by the chief operating decision maker ("CODM") for making decisions and assessing performance as a source of the Company's reportable operating segments. The CODM, who for the Company is the Chief Executive Officer, makes decisions and assesses the performance of the Company on a consolidated basis, and the Company is a single reportable operating segment.

As the Company's recent acquisitions are integrated into its overall business structure and strategy, the Company is expecting to change the internal reporting utilized by the CODM for decision making and performance assessment. As a result, the Company expects that during fiscal 2017 adjustments in its management approach will result in a change in the Company's disclosure to present multiple operating segments.

Non-GAAP Financial Measures

The Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, and information contained in this MD&A is presented on that basis. On April 1, 2016, the Company announced financial results for the three months and fiscal year ended February 29, 2016, which included certain non-GAAP financial measures, including non-GAAP revenue, gross margin, gross margin percentage, loss before income taxes, net loss and loss per share.

The Company has included additional non-GAAP adjustments (software deferred revenue acquired, stock compensation expense, amortization of intangible assets acquired through business combinations and business acquisition and integration costs incurred through business combinations) that are consistent with common practice in the software industry, and has applied those adjustments to comparative periods. The Company believes this is appropriate due to its increased emphasis on software and its acquisitions of software firms with recurring revenue streams.

For the three months ended February 29, 2016, these measures were adjusted for the following (collectively, the "Q4 Fiscal 2016 Non-GAAP Adjustments"):

- the Q4 Fiscal 2016 Debentures Fair Value Adjustment (as defined below under "Fiscal 2016 Summary Results of Operations – Financial Highlights – Debentures Fair Value Adjustment") of approximately $40 million (pre-tax and after tax);
- RAP charges, consisting of amounts associated with employee termination benefits, facilities, manufacturing network simplification costs, and certain other costs of approximately $180 million (pre-tax and after tax);
- cost optimization and resource efficiency ("CORE") program charges of approximately $2 million (pre-tax and after tax);
- software deferred revenue acquired but not recognized due to business combination accounting rules of approximately $23 million (pre-tax and after tax);
- stock compensation expense of approximately $17 million (pre-tax and after tax);
- amortization of intangible assets acquired through business combinations of approximately $28 million (pre-tax and after tax); and
- business acquisition and integration costs incurred through business combinations of approximately $10 million (pre-tax and after tax).

For the fiscal year ended February 29, 2016, these measures (collectively, the "Fiscal 2016 Non-GAAP Adjustments") consisted of:

- the Fiscal 2016 Debentures Fair Value Adjustment (as defined below under "Fiscal 2016 Summary Results of Operations – Financial Highlights – Debentures Fair Value Adjustment") of approximately $430 million (pre-tax and after tax);
- RAP charges, consisting of employee termination benefits, facilities, manufacturing network simplification costs, and certain other costs of approximately $344 million (pre-tax and after tax);
- CORE program charges of approximately $11 million (pre-tax and after tax);
- software deferred revenue acquired but not recognized due to business combination accounting rules of approximately $33 million (pre-tax and after tax);
- stock compensation expense of approximately $60 million (pre-tax and after tax);
- amortization of intangible assets acquired through business combinations of approximately $66 million (pre-tax and after tax); and
- business acquisition and integration costs incurred through business combinations of approximately $22 million (pre-tax and after tax).

The Company believes that presenting non-GAAP financial measures that exclude the impact of those items enables it and its shareholders to better assess the Company's operating performance relative to its consolidated financial results in prior and future periods and improves the comparability of the information presented. Readers are cautioned that adjusted gross margin, adjusted gross margin percentage, adjusted loss before income taxes, adjusted net loss, adjusted loss per share and similar measures do not have any standardized meaning prescribed by U.S. GAAP and are therefore unlikely to be comparable to similarly titled measures reported by other companies. These non-GAAP financial measures should be considered in the context of the U.S. GAAP results, which are described in this MD&A. A reconciliation of these non-GAAP financial measures for the three months and fiscal year ended February 29, 2016 to the most directly comparable U.S. GAAP measures was included in the Company's April 1, 2016 press release, and is reflected in the table below:

Q4 Fiscal 2016 Non-GAAP Adjustments		For the Three Months Ended February 29, 2016 (in millions)				
	Income statement location	**Gross margin (before taxes)**	**Gross margin % (before taxes)**	**Loss before income taxes**	**Net loss**	**Basic loss per share**
As reported		$ 210	45.3%	$ (256)	$ (238)	$ (0.45)
Debentures fair value adjustment[1]	Debentures fair value adjustment	—	—%	(40)	(40)	
RAP charges [2]	Cost of sales	4	0.8%	4	4	
RAP charges [2]	Research and development	—	—%	18	18	
RAP charges [2]	Selling, marketing and administration	—	—%	158	158	
CORE program charges	Selling, marketing and administration	—	—%	2	2	
Software deferred revenue acquired	Revenue[3]	23	2.6%	23	23	
Stock compensation expense	Research and development	—	—%	5	5	
Stock compensation expense	Selling, marketing and administration	—	—%	12	12	
Acquired intangibles amortization	Amortization	—	—%	28	28	
Business acquisition and integration costs	Selling, marketing and administration	—	—%	10	10	
		$ 237	48.7%	$ (36)	$ (18)	$ (0.03)

(1) See "Fiscal 2016 Summary Results of Operations - Financial Highlights - Debentures Fair Value Adjustment".
(2) See "Fiscal 2016 Summary Results of Operations - Financial Highlights - RAP".
(3) Included within Software and Services revenue.

Fiscal 2016 Non-GAAP Adjustments		For the Year Ended February 29, 2016 (in millions)				
	Income statement location	**Gross margin (before taxes)**	**Gross margin % (before taxes)**	**Loss before income taxes**	**Net loss**	**Basic loss per share**
As reported		$ 941	43.6%	$ (282)	$ (208)	$ (0.40)
Debentures fair value adjustment[1]	Debentures fair value adjustment	—	—%	(430)	(430)	
RAP charges [2]	Cost of sales	44	2.0%	44	44	
RAP charges [2]	Research and development	—	—%	47	47	
RAP charges [2]	Selling, marketing and administration	—	—%	253	253	
CORE program charges	Research and development	—	—%	2	2	
CORE program charges	Selling, marketing and administration	—	—%	9	9	
Software deferred revenue acquired	Revenue[3]	33	0.9%	33	33	
Stock compensation expense	Cost of sales	1	0.01%	1	1	
Stock compensation expense	Research and development	—	—%	17	17	
Stock compensation expense	Selling, marketing and administration	—	—%	42	42	
Acquired intangibles amortization	Amortization	—	—%	66	66	
Business acquisition and integration costs	Selling, marketing and administration	—	—%	22	22	
Adjusted		$ 1,019	46.5%	$ (176)	$ (102)	$ (0.19)

[1] See "Fiscal 2016 Summary Results of Operations - Financial Highlights - Debentures Fair Value Adjustment".
[2] See "Fiscal 2016 Summary Results of Operations - Financial Highlights - RAP".
[3] Included within Software and Services revenue.

Similarly, on March 27, 2015, the Company announced financial results for the three months and fiscal year ended February 28, 2015, which included certain non-GAAP financial measures, including adjusted gross margin, adjusted income (loss) before income taxes and adjusted net income (loss).

For the three months ended February 28, 2015, these measures were adjusted for the following (collectively, the " Q4 Fiscal 2015 Non-GAAP Adjustments"):

- the Rockstar patent portfolio sale ("Rockstar Sale") of approximately $115 million (pre-tax and after tax);
- the Debentures fair value adjustment of approximately $50 million (pre-tax and after tax);
- CORE program charges of approximately $58 million pre-tax ($57 million after tax);
- stock compensation expense of approximately $14 million (pre-tax and after tax);
- amortization of intangible assets acquired through business combinations of approximately $9 million (pre-tax and after tax); and
- business acquisition and integration costs incurred through business combinations of approximately $1 million (pre-tax and after tax).

For the fiscal year ended February 28, 2015, these measures were adjusted for the following (collectively, the " Fiscal 2015 Non-GAAP Adjustments"):

- the Rockstar Sale of approximately $115 million (pre-tax and after tax);
- the Debentures fair value adjustment of approximately $80 million (pre-tax and after tax);
- CORE program charges of approximately $322 million pre-tax ($294 million after tax);
- stock compensation expense of approximately $49 million (pre-tax and after tax);
- amortization of intangible assets acquired through business combinations of approximately $38 million (pre-tax and after tax); and

- business acquisition and integration costs incurred through business combinations of approximately $3 million (pre-tax and after tax).

A reconciliation of these non-GAAP financial measures for the three months and fiscal year ended February 28, 2015 to the most directly comparable U.S. GAAP measures was included in the Company's March 27, 2015 press release, and is reflected in the table below:

		For the Three Months Ended February 28, 2015 (in millions)			For the Year Ended February 28, 2015 (in millions)		
	Income Statement Location	**Gross Margin**	**Income (loss) before income taxes**	**Net income**	**Gross Margin**	**Loss before income taxes**	**Net income (loss)**
As reported		$ 318	$ (1)	$ 28	$ 1,604	$ (385)	$ (304)
Rockstar sale adjustment	Investment income	—	(115)	(115)	—	(115)	(115)
Debentures fair value adjustment	Debentures fair value adjustment	—	50	50	—	80	80
CORE program charges	Cost of sales	1	1	1	23	23	21
CORE program charges	Research and development	—	6	6	—	70	63
CORE program charges	Selling, marketing and administration	—	51	50	—	229	210
Stock compensation expense	Cost of sales	1	1	1	2	2	2
Stock compensation expense	Research and development	—	4	4	—	15	15
Stock compensation expense	Selling, marketing and administration	—	9	9	—	32	32
Acquired intangibles amortization	Amortization	—	9	9	—	38	38
Business acquisition and integration costs	Selling, marketing and administration	—	1	1	—	3	3
Adjusted		$ 320	$ 16	$ 44	$ 1,629	$ (8)	$ 45

The Company also reported adjusted earnings before interest, income taxes, depreciation and amortization ("EBITDA") for the three months and fiscal year ended February 29, 2016 of $78 million and $433 million, respectively, as shown in the table below:

	For the Three Months Ended February 29, 2016 (in millions)	For the Year Ended February 29, 2016 (in millions)
Operating loss	$ (241)	$ (223)
Non-GAAP adjustments to operating loss		
Debentures fair value adjustment	(40)	(430)
RAP charges	180	344
CORE program charges	2	11
Software deferred revenue acquired	23	33
Stock compensation expense	17	60
Acquired intangibles amortization	28	66
Business acquisition and integration costs	10	22
Total non-GAAP adjustments to operating loss	220	106
Non-GAAP operating loss	(21)	(117)
Amortization	127	616
Acquired intangibles amortization	(28)	(66)
Adjusted EBITDA	$ 78	$ 433

The Company also reported an estimated year-over-year increase in its organic software license revenue for the three months ended February 29, 2016 of 24%. This is a non-GAAP financial measure that does not have any standardized meaning as prescribed by U.S. GAAP and is therefore unlikely to be comparable to similar measures presented by other companies. Organic software license revenue for the fourth quarter of fiscal 2016 consists of the Company's non-GAAP software and service

s revenue, excluding revenues from AtHoc and revenues from Good that were not considered organic from the Company's integration of Good products.

Accounting Policies and Critical Accounting Estimates

Accounting Policies

Please see Note 1 to the Consolidated Financial Statements for a description of the Company's significant accounting policies, which is included in the Annual Report.

Critical Accounting 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. These estimates and assumptions are based upon management's historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

The Company's critical accounting estimates have been reviewed and discussed with the Company's Audit & Risk Management Committee and are set out below. Except as noted, there have not been any changes to the Company's critical accounting estimates during the past three fiscal years.

Valuation of Long-Lived Assets

The long-lived assets ("LLA") impairment test prescribed by U.S. GAAP requires the Company to identify its asset groups and test impairment of each asset group separately. To conduct the LLA impairment test, the asset group is tested for recoverability using undiscounted cash flows over the remaining useful life of the primary asset. If forecasted net cash flows are less than the carrying amount of the asset group, an impairment charge is measured by comparing the fair value of the asset group to its carrying value. Determining the Company's asset groups and related primary assets requires significant judgment by management. Different judgments could yield different results.

The Company's determination of its asset groups, its primary asset and its remaining useful life, and estimated cash flows are significant factors in assessing the recoverability of the Company's assets for the purposes of LLA impairment testing. The Company's share price can be affected by, among other things, changes in industry or market conditions, including the effect of competition, changes in the Company's results of operations, changes in the Company's forecasts or market expectations relating to future results, and the Company's strategic initiatives and the market's assessment of any such factors. See "Risk Factors - The market price of the Company's common shares is volatile" in the AIF. The current macroeconomic environment and competitive dynamics continue to be challenging to the Company's business and the Company cannot be certain of the duration of these conditions and their potential impact on the Company's future financial results and cash flows. A continued decline in the Company's performance, the Company's market capitalization and future changes to the Company's assumptions and estimates used in the LLA impairment test, particularly the expected future cash flows, remaining useful life of the primary asset and terminal value of the asset group, may result in further impairment charges in future periods of some or all of the assets on the Company's balance sheet. Although it does not affect the Company's cash flow, an impairment charge to earnings has the effect of decreasing the Company's earnings or increasing the Company's losses, as the case may be. The Company's share price could also be adversely affected by the Company's recorded LLA impairment charges.

The Company used various valuation techniques to determine the fair values of its assets to measure and allocate impairment. Techniques related to real estate, capital equipment and intangible assets included the direct capitalization method, market comparable transactions, the replacement cost method, discounted cash flow analysis, as well as the relief from royalty and excess earnings valuation methods. Determining valuations using these valuation techniques requires significant judgment and assumptions by management. Different judgments could yield different results.

Inventory and Inventory Purchase Commitments

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. Inventory purchases and purchase commitments are based upon such forecasts of future demand and scheduled rollout and life cycles of new products. The business environment in which the Company operates is subject to rapid changes in technology and customer demand. The Company performs an assessment of inventory during each reporting period, which includes a review of, among other factors, demand requirements, component part purchase commitments of the Company and certain key suppliers, product life cycle and development plans, component cost trends, product pricing and quality issues. If customer demand subsequently differs from the Company's

forecasts, requirements for inventory write-offs that differ from the Company's estimates could become necessary. If management believes that demand no longer allows the Company to sell inventories above cost or at all, such inventory is written down to net realizable value or excess inventory is written off. Significant judgment was required in calculating the inventory charges, which involved forecasting future demand and the associated pricing at which the Company can realize the carrying value of its inventory.

Valuation Allowance Against Deferred Tax Assets

The Company regularly assesses the need for a valuation allowance against its deferred tax assets. A valuation allowance is required for deferred tax assets if it is more likely than not that all or some portion of the asset will not be realized. All available evidence, both positive and negative, that may affect the realization of deferred tax assets must be identified and considered in determining the appropriate amount of the valuation allowance. Additionally, for interim periods, the estimated annual effective tax rate should include the valuation allowance for current year changes in temporary differences and losses or income arising during the year. For interim periods, the Company needs to consider the valuation allowance that it expects to recognize at the end of the fiscal year as part of the estimated annual effective tax rate. During interim quarters, the Company uses estimates including pre-tax results and ending position of temporary differences as at the end of the fiscal year to estimate the valuation allowance that it expects to recognize at the end of the fiscal year. This accounting treatment has no effect on the Company's actual ability to utilize deferred tax assets to reduce future cash tax payments. Different judgments could yield different results. See "Results of Operations - Three months ended February 29, 2016 compared to three months ended February 28, 2015 - Income Taxes".

Revenue Recognition

Significant judgment is applied by the Company to determine whether shipments of devices have met the Company's revenue recognition criteria, as the analysis is dependent on many facts and circumstances. Commencing in fiscal 2016, the Company was able to conclude that the price was fixed or determinable on shipment in certain cases and, therefore, the four criteria as described in Note 1 to the Consolidated Financial Statements for revenue recognition were met upon shipment. As such, sales of the Company's Android device to wireless carriers in certain regions, sales of the Company's latest BlackBerry 10 devices to wireless carriers in certain regions, and sales of BlackBerry 7 devices to wireless carriers in certain regions are recognized as revenue at the time of shipment. Other shipments of Android, BlackBerry 10 and BlackBerry 7 devices are recognized as revenue when the devices sell through to end users.

Hardware

The Company's use of customer incentives requires management to use significant judgment in evaluating whether prices for handheld devices are fixed or determinable, which can impact the timing of when hardware revenue is recognized. When the price isn't considered fixed or determinable, the Company recognizes revenue when the product is sold through to its end users. The Company must take into account its past history with its carrier and distribution partners to determine whether it can reliably estimate whether any future concessions will be provided on products it has previously sold into the channel. The Company also makes estimates of the level of channel inventory and the likelihood it will sell-through at the prices sold to its distribution partners. The Company also has to consider external factors such as end customer demand, market acceptance of its products, cannibalization of new product introductions, the competitive landscape, and technological obsolescence in determining whether the price is fixed or determinable at the time of shipment. These factors could result in the Company increasing its customer incentive programs which could impact the results of the Company's operations. The Company recognizes these customer incentives at the later of when the Company has recognized the product sale or when the program is offered.

The Company also uses estimates in determining return provisions for its hardware sales. The Company has limited rights of return for quality defects based on contractual terms and conditions. The Company's historical experience is that returns for defects are immaterial to the results of operations and represent only 0.5% to 1% of total units shipped. However, if defect rates were to increase beyond those estimated, the Company would be required to recognize additional reductions to revenue. If the defect rate were to change such that the Company could no longer reliably estimate the return rate, recognition of revenue could be delayed until a reliable estimate could be made or the return period lapses.

Multiple Element Arrangements

The Company's process for determining best estimated selling prices ("BESPs") as it relates to when and if available upgrade rights to the BlackBerry 10 and Android devices exist involves management's judgment and multiple factors are considered that may vary over time depending upon the unique facts and circumstances related to each deliverable. 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. Should future facts and circumstances change, the Company's BESPs and the future rate of related amortization for software upgrades and non-software services related to future sales of these devices could change. Factors subject to change include the unspecified software upgrade rights offered, change in pricing of elements sold separately by the Company in the future, the

estimated value of unspecified software upgrade rights, the estimated or actual costs incurred to provide non-software services, and the estimated period software upgrades and non-software services expected to be provided. Management does not expect the estimate of BESP to increase in the future given the competitive nature of the industry and the downward trends on its pricing. It is more likely to decrease in the future, which would result in a positive impact on the results of operations on a go-forward basis. Management also uses historical data to determine the useful life of the device over which to amortize the upgrade value. If the life of the device increased, the rate at which revenue is recognized would decrease. Conversely, if the life of the device decreased, the rate at which revenue is recognized would increase. Management reviews its estimates on an annual basis unless other facts and circumstances arise to warrant a shorter review cycle.

Adoption of Accounting Policies

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new accounting standard on the topic of revenue contracts, which replaces the existing revenue recognition standard. The new standard amends the number of requirements that an entity must consider in recognizing revenue and requires improved disclosures to help readers of financial statements better understand the nature, amount, timing and uncertainty of revenue recognized. For public entities, the new standard is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted for annual reporting periods and interim periods therein beginning after December 15, 2016. The Company will adopt this guidance in the first quarter of fiscal 2019 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In April 2015, the FASB issued a new accounting standards update on the topic of debt issuance costs. The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. Early adoption is permitted for financial statements that have not been previously issued. The Company will adopt this guidance in the first quarter of fiscal 2017 and is currently evaluating the impact that the adoption will have on its financial position and disclosures.

In April 2015, the FASB issued a new accounting standards update on the topic of internal-use software. The amendments in this update provide guidance to customers about whether a cloud computing arrangement includes a software license. The amendments are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. Early adoption is permitted. The Company will adopt this guidance in the first quarter of fiscal 2017 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In June 2015, the FASB issued a new accounting standards update for technical corrections and improvements that affect a wide variety of topics in the codification. The amendments in this update correct unintended application of guidance, make minor improvements, and provide clarification to the codification. The amendments that require transition guidance are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. Early adoption is permitted. The Company will adopt this guidance in the first quarter of fiscal 2017 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In July 2015, the FASB issued a new accounting standard update on the topic of inventory. The amendments in this update provide guidance on the subsequent measurement of inventory from the lower of cost or market to the lower of cost and net realizable value for entities using the first-in, first-out or the average cost method. The amendments in this update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. It should be applied prospectively with earlier application permitted as of the beginning of the interim or annual reporting period. The Company will adopt this guidance in the first quarter of fiscal 2018 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In September 2015, the FASB issued a new accounting standard on the topic of business combinations. The amendments in this update require the acquirer who has reported provisional amounts for items in a business combination to recognize adjustments to provisional amounts that are identified during the measurement period, in the reporting period in which the adjustments are determined. The update requires that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The prior period impact of the adjustment should be either presented separately on the face of the income statement or disclosed in the notes. The guidance is effective for interim and annual periods beginning after December 15, 2015. Early application is permitted and should be applied prospectively. The Company will adopt this guidance in the first quarter of fiscal 2017 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In November 2015, the FASB issued a new accounting standard on the topic of income taxes. The amendments in this update eliminate the current requirement for companies to separate deferred income tax liabilities and assets into current and non-current amounts in a classified statement of financial position. Instead, companies will be required to classify all deferred tax

liabilities and assets as non-current. The guidance is effective for interim and annual periods beginning after December 15, 2016. Early adoption is permitted. The Company has adopted this guidance early and applied it prospectively in the fourth quarter of fiscal 2016.

In January 2016, the FASB issued a new accounting standard on the topic of financial instruments. The amendments in this update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The standard primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the guidance clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities. The guidance is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted for certain requirements. The Company will adopt this guidance in the first quarter of fiscal 2019 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In February 2016, the FASB issued a new accounting standard on the topic of leases. The new standards would require companies and other organizations to include lease obligations in their balance sheets, including a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use ("ROU") asset and a corresponding lease liability. For finance leases the lessee would recognize interest expense and amortization of the ROU asset, and for operating leases, the lessee would recognize a straight-line total lease expense. The guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The Company will adopt this guidance in the first quarter of fiscal 2020 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In March 2016, the FASB issued a new accounting standard on the topic of revenue from contracts with customers. The amendments in this update clarify the implementation guidance on principal versus agent considerations. When another party, along with the reporting entity, is involved in providing goods or services to a customer, an entity is required to determine whether the nature of its promise is to provide that good or service to the customer (as a principal) or to arrange for the good or service to be provided to the customer by the other party (as an agent). The guidance is effective for interim and annual periods beginning after December 15, 2017. The Company will adopt this guidance in the first quarter of fiscal 2019 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In March 2016, the FASB issued a new accounting standard on the topic of stock compensation. The amendments in this update simplify several aspects of the accounting for share-based payment award transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statements of cash flows. The guidance is effective for interim and annual periods beginning after December 15, 2016. Early adoption is permitted. The Company will adopt this guidance in the first quarter of fiscal 2018 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

Fiscal 2016 Summary Results of Operations

The following table sets forth certain consolidated statements of operations data, as well as certain consolidated balance sheet data, as at and for the fiscal years ended February 29, 2016, February 28, 2015, and March 1, 2014:

	As at and for the Fiscal Years Ended *(in millions, except for share and per share amounts)*				
	February 29, 2016	February 28, 2015	Change	March 1, 2014	Change
Revenue[1]	$ 2,160	$ 3,335	$ (1,175)	$ 6,813	$ (3,478)
Gross margin[1][2]	941	1,604	(663)	(43)	1,647
Operating expenses[1][2]	1,164	2,027	(863)	7,120	(5,093)
Investment income (loss), net [2]	(59)	38	(97)	(21)	59
Loss before income taxes	(282)	(385)	103	(7,184)	6,799
Recovery of income taxes	(74)	(81)	7	(1,311)	1,230
Net loss	$ (208)	$ (304)	$ 96	$ (5,873)	$ 5,569
Loss per share - reported					
Basic	$ (0.40)	$ (0.58)		$ (11.18)	
Diluted	$ (0.86)	$ (0.58)		$ (11.18)	
Weighted-average number of shares outstanding (000's)					
Basic	526,303	527,684		525,168	
Diluted[3]	651,303	527,684		525,168	
Total assets	$ 5,534	$ 6,558	$ (1,024)	$ 7,552	$ (994)
Total long-term financial liabilities	$ 1,277	$ 1,707	$ (430)	$ 1,627	$ 80

(1) See "Non-GAAP Financial Measures" for the impact of the Fiscal 2016 Non-GAAP Adjustments on revenue, gross margin and operating expenses in fiscal 2016.
(2) See "Non-GAAP Financial Measures" for the impact of the Fiscal 2015 Non-GAAP Adjustments on gross margin and operating expenses and investment income (loss), net in fiscal 2015.
(3) See Note 12 to the Consolidated Financial Statements for the fiscal year ended February 29, 2016 for calculation of the diluted weighted average number of shares outstanding.

Financial Highlights

The Company had approximately $2.6 billion in cash, cash equivalents and investments as of February 29, 2016. In fiscal 2016, the Company recognized revenues of $2.2 billion and incurred a net loss of $208 million, or a $0.40 basic loss per share and $0.86 diluted loss per share on a GAAP basis. As further discussed below, net loss reflects non-cash income associated with the change in the fair value of the Debentures of $430 million, restructuring charges of $344 million related to the RAP, restructuring charges of $11 million related to the CORE program, software deferred revenue acquired of $33 million, stock compensation expense of $60 million, acquired intangibles amortization of $66 million, and business acquisition and integration costs of $22 million recorded in fiscal 2016. See also "Non-GAAP Financial Measures" and "Financial Condition - Debenture Financing and Other Funding Sources" in this MD&A.

The Company previously stated that it expected sequential revenue growth in software, hardware and messaging revenue in the fourth quarter of fiscal 2016 and total revenue in the fourth quarter of fiscal 2016 to be at the same level as in the third quarter of fiscal 2016 or slightly above. The Company's hardware revenue and total revenue declined in the fourth quarter of fiscal 2016 as compared to the third quarter of fiscal 2016. The Company did not meet its expectations for hardware revenue, and consequently total revenue, due to delays in certain contract negotiations with major carriers and a reduction in global market growth for high-end smartphones.

Business Acquisitions

On October 30, 2015, the Company acquired all of the issued and outstanding shares of Good for approximately $425 million (including $2 million of acquisition related costs and $6 million of future post-combination employment expense). The acquisition further expanded the Company's ability to offer a unified, secure mobility platform with applications for any mobile device on any operating system. Good's technology is being integrated with BES12, providing multi-platform support for both mobile and desktop operating system devices.

On September 22, 2015, the Company acquired all of the issued and outstanding shares of AtHoc, a leading provider of secure networked crisis communications, for approximately $250 million (including $10 million of future post-combination employment expense). The acquisition of AtHoc enhances the Company's mission to provide secure communication solutions and complements the Company's enterprise portfolio of cross-platform solutions and trusted global network to enable new capabilities for safety, security and mission-critical business communications.

On May 7, 2015, the Company acquired all of the issued and outstanding shares of WatchDox, a data security company offering secure enterprise file-sync-and-share solutions, for approximately $59 million. The acquisition enhances the Company's commitment to allow organizations to securely connect employees and corporate information across all mobile and desktop platforms. WatchDox's technology is being offered independently and as a value added service through BES12 that complements the Company's enterprise mobility management portfolio.

On February 19, 2016, the Company acquired all of the issued and outstanding shares of Encription, a cybersecurity firm based in the United Kingdom, for $8 million of cash consideration. The acquisition will further expand the Company's security portfolio and, combined with the Company's existing security solutions, help customers identify the latest cybersecurity threats, develop risk appropriate mitigation strategies, implement and maintain IT security standards and techniques, and defend against the risk of future attacks.

The Company's expectations as to revenue and other financial metrics for fiscal 2017 set forth in this MD&A reflect the completion of the acquisition of WatchDox on May 7, 2015, AtHoc on September 22, 2015, Good on October 30, 2015 and Encription on February 19, 2016.

Free Cash Flow

Free cash flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. For the three months ended February 29, 2016, the Company reported free cash flow of $6 million, which consisted of operating cash flows of $9 million, minus capital expenditures of $3 million. The Company anticipates continuing to generate positive free cash flow and adjusted EBITDA for the 2017 fiscal year.

Debentures Fair Value Adjustment

As previously disclosed, the Company elected the fair value option to account for the Debentures; therefore, periodic revaluation is required under U.S. GAAP. The valuation is influenced by a number of embedded features within the Debentures, including the Company's put option on the debt and the investors' conversion option, among others. The primary factors that influence the fair value adjustment are the Company's share price, as well as associated volatility in the share price, and the Company's implied credit rating. The fair value adjustment charge does not impact the key terms of the Debentures such as the face value, the redemption features or the conversion price. In the fourth quarter of fiscal 2016, the Company recorded non-cash income associated with the change in the fair value of the Debentures of approximately $40 million (pre-tax and after tax) (the "Q4 Fiscal 2016 Debentures Fair Value Adjustment"). In fiscal 2016, the Company recorded net non-cash income associated with the change in the fair value of the Debentures of approximately $430 million (pre-tax and after tax) (the "Fiscal 2016 Debentures Fair Value Adjustment").

RAP

During the first quarter of fiscal 2016, the Company commenced the RAP for its device software, hardware and applications business with the objectives of reallocating resources to capitalize on growth opportunities, providing the operational ability to better leverage contract research and development services relating to its handheld devices, and reaching sustainable profitability. Other charges and cash costs may occur as programs are implemented or changes are completed. During the fourth quarter and fiscal 2016, the Company incurred approximately $180 million and $344 million, respectively, in total pre-tax charges related to this program for employee termination benefits, patent abandonment, and facilities costs.

Results of Operations - Fiscal year ended February 29, 2016 compared to fiscal year ended February 28, 2015

Revenue

Revenue for fiscal 2016 was $2.16 billion, a decrease of approximately $1.18 billion, or 35.2%, from $3.34 billion in fiscal 2015.

Comparative breakdowns of the significant revenue categories and geographic regions are set forth in the following table:

	For the Fiscal Years Ended *(in millions)*					
	February 29, 2016		February 28, 2015		Change	
BlackBerry handheld devices recognized	3.2		7.0		(3.8)	(54.3)%
Revenue						
Software and services	$ 494	22.8%	$ 248	7.4%	$ 246	99.2 %
Hardware	862	40.0%	1,431	42.9%	(569)	(39.8)%
Service access fees	779	36.1%	1,606	48.2%	(827)	(51.5)%
Other	25	1.2%	50	1.5%	(25)	(50.0)%
	$ 2,160	100.0%	$ 3,335	100.0%	$ (1,175)	(35.2)%
Revenue by Geography						
North America	$ 952	44.0%	$ 991	29.6%	$ (39)	(3.9)%
Europe, Middle East and Africa	816	37.8%	1,431	43.0%	(615)	(43.0)%
Latin America	117	5.4%	380	11.4%	(263)	(69.2)%
Asia Pacific	275	12.8%	533	16.0%	(258)	(48.4)%
	$ 2,160	100.0%	$ 3,335	100.0%	$ (1,175)	(35.2)%

Revenue by Category

Software and Services Revenue

Software and services revenue, which includes fees from licensed BES software, client access licenses, maintenance and upgrades, software licensing revenues, technology licensing revenues, and technical support revenues, increased by $246 million, or 99.2%, to $494 million, or 22.8% of revenue, in fiscal 2016, compared to $248 million, or 7.4% of revenue, in fiscal 2015. The increase is primarily attributable to an increase in revenue from technology and software licensing, as well as revenue from advertising, partially offset by decreases in revenue from technical support.

In the third quarter of fiscal 2016, the Company stated that it continued to expect non-GAAP software and services revenue of approximately $500 million in fiscal 2016, excluding revenue generated from BBM services such as BBM Protected. Non-GAAP software and services revenue, excluding revenue generated from BBM services, was $501 million for fiscal 2016 compared to $244 million in fiscal 2015. The Company continues to expect to generate software and services revenue from monetizing existing and forthcoming products and its patent portfolio. The Company continues to expect the growth of software and services revenue to continue and to offset the decline in service access fees revenue in fiscal 2017, and to exceed the growth rate of the mobility software market. The Company expects total software and services revenue to grow at around 30% on a year-over-year basis and expects continued gains in market share at that level.

The Company's software and services revenue was approximately 70% recurring (subscription based) in fiscal 2016. The Company is targeting approximately 80% of software and services revenue, excluding technology licensing and consumer messaging revenue, to be recurring in nature in fiscal 2017.

Hardware Revenue

Hardware revenue was $862 million, or 40.0% of revenue, in fiscal 2016 compared to 1.4 billion, or 42.9% of revenue, in fiscal 2015, representing a decrease of 39.8%. The Company recognized revenue related to approximately 3.2 million BlackBerry handheld devices in fiscal 2016, compared to approximately 7.0 million BlackBerry handheld devices in fiscal 2015. The Company believes that the significant decrease in hardware revenue over the prior fiscal year was primarily attributable to decreased hardware demand and the decline in the average selling prices of legacy BlackBerry 10 devices, which was partially offset by an increase in the average selling prices with the introduction of new devices, including the PRIV, Passport SE, Classic and Leap.

Significant judgment is applied by the Company to determine whether shipments of devices have met the Company's revenue recognition criteria, as the analysis is dependent on many facts and circumstances. See "Accounting Policies and Critical Accounting Estimates - Critical Accounting Estimates - Revenue Recognition" in this MD&A and Note 1 to the Consolidated Financial Statements, which is included in the Annual Report, for a description of the Company's revenue recognition accounting policy and revenue recognition critical accounting estimates with respect to hardware revenue.

During fiscal 2016, approximately 4.0 million BlackBerry smartphones were sold through to end customers, which included shipments made and recognized prior to fiscal 2016 and which reduced the Company's inventory in channel. The number of BlackBerry smartphones that were sold through to end customers was 8.5 million in fiscal 2015.

The Company's plan is to achieve profitability in its device business in fiscal 2017.

Service Access Fees Revenue

Service access fees revenue decreased by $827 million, or 51.5%, to $779 million, or 36.1% of revenue, in fiscal 2016, compared to $1.6 billion, or 48.2% of revenue, in fiscal 2015. The decrease in service access fees revenue, which is generated from users of BlackBerry 7 and prior BlackBerry operating systems, is primarily attributable to a lower number of BlackBerry 7 users and lower revenue from those users (particularly as those users upgrade to BlackBerry devices that do not generate service access fees or to a competitor's device), as well as a continued shift in the mix of the Company's customers from higher-tiered unlimited plans to prepaid and lower-tiered plans, compared to fiscal 2015.

Other Revenue

Other revenue, which includes non-warranty repairs, accessories, and telecommunications revenues of AtHoc, decreased by $25 million, or 50.0% to $25 million, or 1.2% of revenue in fiscal 2016 compared to $50 million, or 1.5% of revenue in fiscal 2015. The decrease was primarily attributable to a decrease in accessory and non-warranty repair revenues.

Revenue Trends

The Company has seen both its revenue and its smartphone market share decline in recent years relative to companies such as Apple with its iOS ecosystem, and companies that build smartphones based on the Android ecosystem, such as Samsung and Lenovo/Motorola.

This decline is due to a variety of factors, including consumer preferences for devices with access to the broadest number of applications, such as those available in the iOS and Android platforms, and lower average selling prices for the Company's devices. Revenue and market share have also been impacted by intense competition, including from the significant number of new Android based competitors that have emerged, and by the BYOD trend in the enterprise market. 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. In addition, uncertainty relating to the Company's strategy and operations may have negatively impacted demand for the Company's products.

The Company has introduced both software and hardware products to address the shift in the market toward enterprise mobility solutions that can handle a range of requirements and deployment models. See "Business Overview - Strategy, Products and Services".

For further information regarding the Company's competitors, please see the section in the AIF entitled "Narrative Description of the Business - Competition".

Revenue by Geography

North America Revenues

Revenues in North America were $952 million, or 44.0% of revenue in fiscal 2016, reflecting a decrease of $39 million compared to $991 million, or 29.6% of revenue in fiscal 2015. The decrease in North American revenue is primarily attributable to a decrease in revenue from the United States, which represented approximately 33.0% of total revenue in fiscal 2016, compared to 23.2% of total revenue in fiscal 2015. Sales in Canada represented approximately 11.0% of total revenue in fiscal 2016, compared to 6.4% of total revenue in fiscal 2015.

Revenues in North America have continued to decline due to the Company's aging product portfolio, decreased hardware demand and the continued erosion of revenue from service access fees, partially offset by a result of the increased revenue from technology licensing, acquired companies and sales of the Company's newest devices.

As a percentage of overall revenue, revenues in North America increased significantly due to increased revenue from technology licensing and revenue from WatchDox, AtHoc and Good.

Europe, Middle East and Africa Revenues

Revenues in Europe, Middle East and Africa were $816 million, or 37.8% of revenue, in fiscal 2016, reflecting a decrease of $615 million compared to $1.4 billion, or 43.0% of revenue, in fiscal 2015. The decrease in revenue is due to decreased hardware demand and the continued erosion of revenues from service access fees, partially offset by revenue associated with Secusmart and Good, increased revenue from software licensing and Classic, Leap and PRIV device sales.

Some of the larger markets comprising this region include the United Kingdom, Germany and South Africa.

Latin America Revenues

Revenues in Latin America were $117 million, or 5.4% of revenue, in fiscal 2016, reflecting a decrease of $263 million compared to $380 million, or 11.4% of revenue, in fiscal 2015. The decrease in revenues is due to decreased hardware demand and the continued erosion of revenues from service access fees.

Some of the larger markets comprising this region include Argentina, Mexico and Brazil.

Asia Pacific Revenues

Revenues in Asia Pacific were $275 million, or 12.8% of revenue, in fiscal 2016, reflecting a decrease of $258 million compared to $533 million, or 16.0% of revenue, in fiscal 2015. The decrease in revenues is due to decreased hardware demand and the continued erosion of revenues from service access fees, partially offset by Classic and PRIV device sales and revenue associated with Good.

Some of the larger markets comprising this region include Indonesia, Hong Kong and India.

Gross Margin

Gross margin decreased by $663 million or 41.3%, to $941 million, or 43.6% of revenue, in fiscal 2016, compared to $1.6 billion, or 48.1% of revenue, in fiscal 2015. Excluding the relevant Fiscal 2016 Non-GAAP Adjustments and Fiscal 2015 Non-GAAP Adjustments explained in "Non-GAAP Financial Measures" above, gross margin decreased by $610 million to $1.0 billion, or 46.5% of revenue, compared to 1.6 billion, or 48.8% of revenue, in fiscal 2015.

The $610 million decrease in gross margin was primarily attributable to a decrease in the number of devices for which revenue was recognized due to decreased hardware demand, as well as a reduction in service access fees revenue, partially offset by the increase in software and services revenue, as well as an increase in the average selling prices of certain devices recognized, as previously described compared to fiscal 2015. Generally, service revenues earn higher gross margins than sales of handheld devices and hardware revenues have lower gross margins than the Company's overall gross margin.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expense for fiscal 2016 compared to fiscal 2015.

	For the Fiscal Years Ended *(in millions)*					
	February 29, 2016		February 28, 2015		Change	
		% of Revenue		% of Revenue		% of Change
Revenue[1]	$ 2,160		$ 3,335		$ (1,175)	(35.2)%
Operating expenses						
Research and development[1][2]	469	21.7 %	711	21.3%	$ (242)	(34.0)%
Selling, marketing and administration[1][2]	712	33.0 %	904	27.1%	(192)	(21.2)%
Amortization[1][2]	277	12.8 %	298	8.9%	(21)	(7.0)%
Abandonment/impairment of long-lived assets	136	6.3 %	34	1.0%	102	300.0 %
Debentures fair value adjustment[1][2]	(430)	(19.9)%	80	2.4%	(510)	(637.5)%
Total	$ 1,164	53.9 %	$ 2,027	60.7%	$ (863)	(42.6)%

(1) See "Non-GAAP Financial Measures" for the impact of the Fiscal 2016 Non-GAAP Adjustments on revenue and operating expenses in fiscal 2016.
(2) See "Non-GAAP Financial Measures" for the impact of the Fiscal 2015 Non-GAAP Adjustments on operating expenses in fiscal 2015.

Operating expenses decreased by $863 million, or 42.6%, to $1.2 billion, or 53.9% of revenue in fiscal 2016, compared to $2 billion, or 60.7% of revenue, in fiscal 2015. Excluding the impact of the relevant Fiscal 2016 Non-GAAP Adjustments and Fiscal 2015 Non-GAAP Adjustments, operating expenses decreased by $424 million, or 27.2%. This decrease was primarily attributable to a decrease in salaries and benefits costs due to a reduction in headcount and decline in marketing and advertising expenses, partially offset by increases in foreign exchange losses.

Research and Development Expenses

Research and development expenses consist primarily of salaries and benefits for technical personnel, new product development costs, travel, office and building infrastructure costs and other employee costs.

Research and development expenses decreased by $242 million, or 34.0%, to $469 million, or 21.7% of revenue, in fiscal 2016, compared to $711 million, or 21.3%, in fiscal 2015. Excluding the impact of the relevant Fiscal 2016 Non-GAAP Adjustments and Fiscal 2015 Non-GAAP Adjustments, research and development expenses decreased by $223 million, or 35.6%. The decrease was primarily attributable to reduced salaries and benefits as a result of a reduction in headcount and reductions in facilities and maintenance costs compared to fiscal 2015.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses consist primarily of marketing, advertising and promotion, salaries and benefits, external advisory fees, information technology costs, office and related staffing infrastructure costs and travel expenses.

Selling, marketing and administration expenses decreased by $192 million, or 21.2%, to $712 million, or 33.0% of revenue, in fiscal 2016 compared to $904 million in fiscal 2015, or 27.1% of revenue. Excluding the impact of the relevant Fiscal 2016 Non-GAAP Adjustments and Fiscal 2015 Non-GAAP Adjustments, selling, marketing and administration expenses decreased by $152 million, or 22.6%. The decrease was primarily attributable to reductions in marketing and advertising costs and salaries and benefits as a result of reductions in headcount, partially offset by increases in foreign exchange losses compared to fiscal 2015.

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 2016 compared to fiscal 2015. Intangible assets are comprised of patents, licenses and acquired technology.

	For the Fiscal Years Ended *(in millions)*					
	Included in Amortization			**Included in Cost of sales**		
	February 29, 2016	February 28, 2015	Change	February 29, 2016	February 28, 2015	Change
Property, plant and equipment	$ 73	$ 111	$ (38)	$ 51	$ 73	$ (22)
Intangible assets	204	187	17	288	323	(35)
Total	$ 277	$ 298	$ (21)	$ 339	$ 396	$ (57)

Amortization

Amortization expense relating to certain property, plant and equipment and intangible assets decreased by $21 million to $277 million for fiscal 2016, compared to $298 million for fiscal 2015. The decrease in amortization expense reflects the lower cost base of assets as a result of the divestiture of the majority of the Company's real estate holdings and additional asset sales and disposals in fiscal 2016 and fiscal 2015, partially offset by additions in acquired technology from business acquisitions.

Cost of sales

Amortization expense relating to certain property, plant and equipment and intangible assets employed in the Company's manufacturing operations and BlackBerry service operations decreased by $57 million to $339 million for fiscal 2016, compared to $396 million for fiscal 2015. This decrease primarily reflects the lower cost base of asset sales in fiscal 2015, partially offset by certain intangible asset and property, plant and equipment additions in fiscal 2016.

Investment Income (Loss), Net

Investment income decreased by $97 million to a loss of $59 million in fiscal 2016, from income of $38 million in fiscal 2015. The decrease in investment income is primarily attributable to the Rockstar Sale and gains on the sale of certain investments in fiscal 2015 not present in fiscal 2016, which was partially offset by increases in the Company's average cash and investment balances. See "Financial Condition - Liquidity and Capital Resources".

Income Taxes

For fiscal 2016, the Company's net effective income tax recovery rate was approximately 26%, compared to approximately 21% for the prior fiscal year. The Company's net effective income tax recovery rate reflects the fact that the Company has a significant valuation allowance against its deferred tax assets, and in particular, the gain from the change in fair value of the

Debentures, amongst other items, was offset by a corresponding adjustment of the valuation allowance. During the second quarter of fiscal 2016, the Company made the determination that the cumulative undistributed earnings for certain foreign subsidiaries will be indefinitely reinvested, and as a result, the withholding tax accrual of $33 million recorded in respect of these subsidiaries was reversed. During the third quarter of fiscal 2016, in connection with the Company's acquisitions in the quarter, deferred tax liabilities were established, primarily related to the acquired identifiable intangible assets and these deferred tax liabilities exceeded the acquired deferred tax assets thus allowing the Company to realize a tax benefit by releasing the valuation allowance associated with the Company's overall deferred tax assets. The Company's net effective income tax recovery rate also reflects the geographic mix of earnings in jurisdictions with different income tax rates.

Net Loss

The Company's net loss for fiscal 2016 was $208 million, reflecting a decrease in net loss of $96 million compared to a net loss of $304 million in fiscal 2015. Excluding the impact of the relevant Fiscal 2016 Non-GAAP Adjustments and Fiscal 2015 Non-GAAP Adjustments, the Company's net loss for fiscal 2016 was $102 million compared to net income of $45 million in fiscal 2015, reflecting a decrease in net income of $147 million due to a reduction in the Company's gross margin and recovery of income taxes, which was partially offset by decreases in the operating expenses.

Basic loss per share was $0.40 and diluted loss per share was $0.86 in fiscal 2016, a decrease in loss per share of 31.0% and an increase in loss per share of 48.3%, respectively, compared to basic and diluted loss per share of $0.58 in fiscal 2015.

The weighted average number of shares outstanding was 526 million common shares for basic and 651 million common shares for diluted loss per share for the fiscal year ended February 29, 2016 and 528 million common shares for both basic and diluted loss per share for the fiscal year ended February 28, 2015.

Common Shares Outstanding

On March 29, 2016, there were 521 million voting common shares, options to purchase 1 million voting common shares, 27 million restricted share units and 0.4 million deferred share units outstanding. In addition, 125 million common shares are issuable upon conversion in full of the Debentures.

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

Results of Operations - Three months ended February 29, 2016 compared to the three months ended February 28, 2015

The following table sets forth certain unaudited consolidated statements 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 29, 2016 and February 28, 2015:

	For the Three Months Ended *(in millions, except for share and per share amounts)*				
	February 29, 2016		February 28, 2015		Change
Revenue[1]	464	100.0 %	660	100.0 %	(196)
Gross margin [1][2]	210	45.3 %	318	48.2 %	(108)
Operating expenses [1][2]	451	97.2 %	424	64.2 %	27
Investment income (loss), net [2]	(15)	(3.2)%	105	15.9 %	(120)
Loss before income taxes	(256)	(55.1)%	(1)	(0.1)%	(255)
Recovery of income taxes	(18)	(3.9)%	(29)	(4.4)%	11
Net income (loss)	$ (238)	(51.3)%	$ 28	4.3 %	$ (266)
Earnings (loss) per share - reported					
Basic and diluted	$ (0.45)		$ 0.05		$ (0.50)
Weighted-average number of shares outstanding (000's)					
Basic and diluted	524,627		528,685		

(1) See "Non-GAAP Financial Measures" for the impact of the Q4 Fiscal 2016 Non-GAAP Adjustments on revenue, gross margin and operating expenses in the fourth quarter of fiscal 2016.

(2) See "Non-GAAP Financial Measures" for the impact of the Q4 Fiscal 2015 Non-GAAP Adjustments on gross margin, operating expenses and investment income (loss), net in the fourth quarter of fiscal 2015.

Revenue

Revenue for the fourth quarter of fiscal 2016 was $464 million, a decrease of approximately $196 million, or 29.7%, from $660 million in the fourth quarter of fiscal 2015.

Comparative breakdowns of the significant revenue categories and geographic regions are set forth in the following table:

	For the Three Months Ended *(in millions)*					
	February 29, 2016		February 28, 2015		Change	
BlackBerry handheld devices recognized	0.6		1.3		(0.7)	(53.8)%
Revenue						
Software and services	$ 130	28.0%	$ 74	11.2%	$ 56	75.7 %
Hardware	184	39.7%	274	41.5%	(90)	(32.8)%
Service access fees	143	30.8%	301	45.6%	(158)	(52.5)%
Other	7	1.5%	11	1.7%	(4)	(36.4)%
	$ 464	100.0%	$ 660	100.0%	$ (196)	(29.7)%
Revenue by Geography						
North America	$ 216	46.5%	$ 205	31.0%	$ 11	5.4 %
Europe, Middle East and Africa	175	37.7%	283	42.9%	(108)	(38.2)%
Latin America	18	3.9%	60	9.1%	(42)	(70.0)%
Asia Pacific	55	11.9%	112	17.0%	(57)	(50.9)%
	$ 464	100.0%	$ 660	100.0%	$ (196)	(29.7)%

Revenue by Category

Software and Services Revenue

Software and services revenue was $130 million, or 28.0% of revenue, in the fourth quarter of fiscal 2016, compared to $74 million, or 11.2% of revenue, in the fourth quarter of fiscal 2015, representing an increase of $56 million or 75.7%. The Company believes that the increase in software and services revenue over the prior fiscal year was primarily attributable to the increase in revenue from software licensing, as well as revenue from advertising and technical support.

For a discussion of the Company's revenue recognition policies and critical accounting estimates, see the section entitled " Accounting Policies and Critical Accounting Estimates - Accounting Policies" and "Accounting Policies and Critical Accounting Estimates - Critical Accounting Estimates - Revenue Recognition."

In the second quarter of fiscal 2016, the Company stated that it expected a double-digit quarterly growth rate in software revenues, excluding technology licensing, on a year-over-year basis. Software revenues, excluding technology licensing, increased by approximately 75% in the fourth quarter of fiscal 2016 compared to the fourth quarter of fiscal 2015.

Hardware Revenue

Hardware revenue was $184 million, or 39.7% of revenue, in the fourth quarter of fiscal 2016, compared to $274 million, or 41.5% of revenue, in the fourth quarter of fiscal 2015, representing a decrease of $90 million, or 32.8%. The Company recognized revenue related to approximately 0.6 million BlackBerry handheld devices in the fourth quarter of fiscal 2016, reflecting a decrease of approximately 0.7 million devices, or 53.8%, compared to approximately 1.3 million BlackBerry handheld devices recognized in the fourth quarter of fiscal 2015. The Company believes that the significant decrease in hardware revenue over the prior fiscal year period was primarily attributable to decreased hardware demand, partially offset by an increase in the average selling prices with the introduction of new devices, including the PRIV, Passport SE, Classic, and Leap.

During the fourth quarter of fiscal 2016, approximately 0.7 million BlackBerry smartphones were sold through to end customers, which included shipments made and recognized prior to the fourth quarter of fiscal 2016 and which reduced the Company's inventory in channel. The number of BlackBerry smartphones that were sold through to end customers was 0.9 million in the third quarter of fiscal 2016 and 1.6 million in the fourth quarter of fiscal 2015.

Service Access Fees Revenue

Service access fees revenue decreased by $158 million, or 52.5%, to $143 million, or 30.8% of revenue, in the fourth quarter of fiscal 2016, compared to $301 million, or 45.6% of revenue, in the fourth quarter of fiscal 2015.

The decrease in service access fees revenue, which is generated from users of BlackBerry 7 and prior BlackBerry operating systems, is primarily attributable to a lower number of those users and corresponding lower revenue from those users (particularly as those users upgrade to BlackBerry devices that do not generate service access fees or to a competitor's device), compared to the fourth quarter of fiscal 2015, and a continued shift in the mix of the Company's customers from higher-tiered unlimited plans to prepaid and lower-tiered plans as well as pricing reduction programs implemented by the Company to maintain the customer base.

In the third quarter of fiscal 2016, the Company stated its expectations that service access fees revenues would decline by approximately 18% in the fourth quarter of fiscal 2016. Service access fees revenues for the fourth quarter of fiscal 2016 decreased by approximately 17% compared to the third quarter of fiscal 2016. The Company expects service access fees revenue to continue to decline by 18% in the first quarter of fiscal 2017.

Other Revenue

Other revenue decreased by $4 million, or 36.4%, to $7 million in the fourth quarter of fiscal 2016 compared to $11 million in the fourth quarter of fiscal 2015. The decrease was primarily attributable to decreases in non-warranty repair revenue, partially offset by telecommunications revenue of AtHoc.

Gross Margin

Gross margin decreased by $108 million, or 34.0%, to $210 million, or 45.3% of revenue, in the fourth quarter of fiscal 2016, compared to $318 million, or 48.2% of revenue, in the fourth quarter of fiscal 2015. Excluding the relevant Q4 Fiscal 2016 Non-GAAP Adjustments and Q4 Fiscal 2015 Non-GAAP Adjustments, gross margin decreased by $83 million to $237 million, or 48.7% of revenue, compared to $320 million, or 48.5% of revenue, in the fourth quarter of fiscal 2015.

The $83 million decrease in gross margin was primarily attributable to a decrease in the number of devices for which revenue was recognized due to decreased hardware demand, as well as a reduction in service access fees revenue. The decrease was partially offset by an increase in software and services revenue, as well as an increase in the average selling prices of certain devices recognized, as previously described. Generally, service revenues earn higher gross margins than sales of handheld devices and hardware revenues have lower gross margins than the Company's overall gross margin.

In the third quarter of fiscal 2016, the Company stated that in the fourth quarter of fiscal 2016 it expected non-GAAP gross margin of approximately 40% and expected gross margin on hardware to increase. The non-GAAP gross margin in the fourth quarter of fiscal 2016 was 48.7% due to higher margins in hardware and software and services. The Company expects non-GAAP gross margin in the first quarter of fiscal 2017 of approximately 45% to 50%.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expenses for the quarter ended February 29, 2016, compared to the quarter ended November 28, 2015 and the quarter ended February 28, 2015. The Company believes it is meaningful to also provide a comparison between the fourth quarter of fiscal 2016 and the third quarter of fiscal 2016 given that the Company's quarterly operating results vary substantially.

	For the Three Months Ended *(in millions)*					
	February 29, 2016		November 28, 2015		February 28, 2015	
		% of Revenue		% of Revenue		% of Revenue
Revenue[1][2]	$ 464		$ 548		$ 660	
Operating expenses						
Research and development[1][2][3]	108	23.3 %	100	18.2 %	134	20.3%
Selling, marketing and administration[1][2][3]	179	38.6 %	175	31.9 %	138	20.9%
Amortization[1][2][3]	77	16.6 %	68	12.4 %	68	10.3%
Abandonment/impairment of long-lived assets	127	27.4 %	2	0.4 %	34	5.2%
Debentures fair value adjustment[1][2][3]	(40)	(8.6)%	(5)	(0.9)%	50	7.6%
Total	$ 451	97.2 %	$ 340	62.0 %	$ 424	64.2%

(1) See "Non-GAAP Financial Measures" for the impact of the Q4 Fiscal 2016 Non-GAAP Adjustments on revenue and operating expenses in the fourth quarter of fiscal 2016.

(2) In the third quarter of fiscal 2016, the Company had software deferred revenue acquired but not recognized due to business combination accounting rules of approximately $9 million, recorded non-cash income associated with a change in the fair value of the Debentures of approximately $5 million, RAP charges of approximately $2 million and $26 million in research and development and selling, marketing and administration expenses, respectively, CORE program recoveries of approximately $6 million in selling, marketing and administration expenses, stock compensation expense of approximately $4 million and $10 million in research and development and selling, marketing and administration expenses, respectively, amortization of intangible assets acquired through business combinations of approximately $18 million in amortization expense, and business acquisition and integration costs incurred through business combinations of approximately $11 million in selling, marketing and administration expense (collectively the "Q3 Fiscal 2016 Non-GAAP Adjustments").

(3) See "Non-GAAP Financial Measures" for the impact of the Q4 Fiscal 2015 Non-GAAP Adjustments on operating expenses in the fourth quarter of fiscal 2015.

Operating expenses increased by $111 million, or 32.6%, to $451 million, or 97.2% of revenue, in the fourth quarter of fiscal 2016, compared to $340 million, or 62.0% of revenue, in the third quarter of fiscal 2016. Excluding the impact of the relevant Q4 Fiscal 2016 Non-GAAP Adjustments and Q3 Fiscal 2016 Non-GAAP Adjustments, operating expenses decreased by $22 million, or 7.9%. The decrease was primarily attributable to decreases in marketing, advertising and legal costs, partially offset by increases in foreign exchange losses and external advisory fees.

Operating expenses increased by $27 million, or 6.4%, to $451 million, or 97.2% of revenue, in the fourth quarter of fiscal 2016, compared to $424 million, or 64.2% of revenue, in the fourth quarter of fiscal 2015. Excluding the impact of the relevant Q4 Fiscal 2016 Non-GAAP Adjustments and Q4 Fiscal 2015 Non-GAAP Adjustments, operating expenses decreased by $36 million, or 12.2%. This decrease was primarily attributable to decreases in marketing, advertising and salaries and benefits costs, partially offset by increases in foreign exchange losses compared to the fourth quarter of fiscal 2015.

Research and Development Expense

Research and development expenses decreased by $26 million, or 19.4% to $108 million in the fourth quarter of fiscal 2016 compared to $134 million in the fourth quarter of fiscal 2015. Excluding the impact of the relevant Q4 Fiscal 2016 Non-GAAP Adjustments and Q4 Fiscal 2015 Non-GAAP Adjustments, research and development expenses decreased by $39 million, or 31.5%. This decrease was primarily attributable to decreases in salaries and benefits costs and reductions in materials and outsourcing costs.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses increased by $41 million, or 29.7%, to $179 million in the fourth quarter of fiscal 2016 compared to $138 million in the fourth quarter of fiscal 2015. Excluding the impact of the relevant Q4 Fiscal 2016 Non-GAAP Adjustments and Q4 Fiscal 2015 Non-GAAP Adjustments, selling, marketing and administration expenses increased by $13 million, or 11.7%. This increase was primarily attributable to increases in foreign exchange losses and salaries and expenses, which were partially offset by decreases in marketing and advertising expenses and decline in maintenance costs.

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 29, 2016 compared to the quarter ended February 28, 2015. Intangible assets are comprised of patents, licenses and acquired technology.

	For the Three Months Ended *(in millions)*					
	Included in Amortization			**Included in Cost of sales**		
	February 29, 2016	February 28, 2015	Change	February 29, 2016	February 28, 2015	Change
Property, plant and equipment	$ 15	$ 23	$ (8)	$ 12	$ 16	$ (4)
Intangible assets	62	45	17	38	78	(40)
Total	$ 77	$ 68	$ 9	$ 50	$ 94	$ (44)

Amortization

Amortization expense relating to certain property, plant and equipment and certain intangible assets increased by $9 million to $77 million for the fourth quarter of fiscal 2016 compared to $68 million for the fourth quarter of fiscal 2015. The increase in amortization expense was primarily attributable to the intangibles acquired from businesses previously discussed, partially offset by the lower cost base of assets as a result of the divestiture of the majority of the Company's real estate holdings and additional asset sales, as well as reduced spending on capital and intangible assets.

Cost of sales

Amortization expense relating to certain property, plant and equipment and certain intangible assets employed in the Company's manufacturing operations and BlackBerry service operations decreased by $44 million to $50 million for the fourth quarter of fiscal 2016 compared to $94 million for the fourth quarter of fiscal 2015. This decrease primarily reflects the lower cost base of assets as a result of asset sales in fiscal 2015.

Investment Income (Loss), Net

Investment income decreased by $120 million to a loss of $15 million in the fourth quarter of fiscal 2016 from a gain of $105 million in the fourth quarter of fiscal 2015. The decrease in investment income is primarily attributable to the Rockstar Sale in the fourth quarter of fiscal 2015 not present in fiscal 2016, gains on the sale of certain investments in the prior year, and decreases in the Company's average cash and investment balances. See "Financial Condition - Liquidity and Capital Resources" below.

Income Taxes

For the fourth quarter of fiscal 2016, the Company's net effective income tax expense rate was approximately 7%, compared to approximately 2,900% for the same period in the prior fiscal year. The Company's income tax recovery rate also reflects the fact that the Company has a significant valuation allowance in place against its deferred tax assets, and in particular, due to this valuation allowance, the significant income statement impact of the gain from the change in fair value of the Debentures, amongst other items, was offset by a corresponding adjustment of the valuation allowance. The Company's net effective income tax recovery rate also reflects the geographic mix of earnings in jurisdictions with different income tax rates.

Net Income (Loss)

The Company's net loss for the fourth quarter of fiscal 2016 was $238 million, or $0.45 basic and diluted loss per share on a GAAP basis, reflecting a decrease in net income of $266 million compared to a net income of $28 million, or $0.05 basic and diluted earnings per share, in the fourth quarter of fiscal 2015. Excluding the impact of the relevant Q4 Fiscal 2016 Non-GAAP Adjustments and Q4 Fiscal 2015 Non-GAAP Adjustments, the Company's net loss was $18 million compared to a net income of $44 million, reflecting a decrease in net income of $62 million due to an increase in operating expenditures and decreases in the recovery of income taxes and the Company's gross margin.

The weighted average number of shares outstanding was 525 million common shares for basic and diluted loss per share for the fourth quarter of fiscal 2016. The weighted average number of shares outstanding was 529 million common shares for basic and diluted earnings per share for the fourth quarter of fiscal 2015.

Selected Quarterly Financial Data

The following table sets forth the Company's unaudited quarterly consolidated results of operations data for each of the eight most recent quarters, including the quarter ended February 29, 2016. The information in the table below has been derived from the Company's unaudited interim consolidated financial statements that, in management's opinion, have been prepared on a basis consistent with the audited consolidated financial statements of the Company and include all adjustments necessary for a fair presentation of information when read in conjunction with the audited consolidated financial statements of the Company. The Company's quarterly operating results have varied substantially in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

(in millions, except per share data)

	Fiscal Year 2016				Fiscal Year 2015			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenue	$ 464	$ 548	$ 490	$ 658	$ 660	$ 793	$ 916	$ 966
Gross margin	210	236	185	310	318	410	425	451
Operating expenses	451	340	152	221	424	549	623	431
Income (loss) before income taxes	(256)	(120)	21	73	(1)	(160)	(218)	(6)
Provision for (recovery of) income taxes	(18)	(31)	(30)	5	(29)	(12)	(11)	(29)
Net income (loss)	$ (238)	$ (89)	$ 51	$ 68	$ 28	$ (148)	$ (207)	$ 23
Earnings (loss) per share								
Basic earnings (loss) per share	$ (0.45)	$ (0.17)	$ 0.10	$ 0.13	$ 0.05	$ (0.28)	$ (0.39)	$ 0.04
Diluted earnings (loss) per share	$ (0.45)	$ (0.17)	$ (0.24)	$ (0.10)	$ 0.05	$ (0.28)	$ (0.39)	$ (0.37)
Research and development	$ 108	$ 100	$ 122	$ 139	$ 134	$ 154	$ 186	$ 237
Selling, marketing and administration	179	175	186	173	138	171	195	400
Amortization	77	68	67	65	68	74	75	81
Abandonment/impairment of long-lived assets	127	2	5	1	34	—	—	—
Debentures fair value adjustment	(40)	(5)	(228)	(157)	50	150	167	(287)
Operating expenses	$ 451	$ 340	$ 152	$ 221	$ 424	$ 549	$ 623	$ 431

Financial Condition

Liquidity and Capital Resources

Cash, cash equivalents, and investments decreased by $642 million to $2.6 billion as at February 29, 2016 from $3.3 billion as at February 28, 2015, primarily as a result of the Good, AtHoc, WatchDox and Encription acquisitions and cash used in the Repurchase Program, partially offset by receipt of the Company's fiscal 2015 Canadian income tax refund. The majority of the Company's cash, cash equivalents, and investments are denominated in U.S. dollars as at February 29, 2016.

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

	As at (in millions)		
	February 29, 2016	February 28, 2015	Change
Cash and cash equivalents	$ 957	$ 1,233	$ (276)
Restricted cash	50	59	(9)
Short-term investments	1,420	1,658	(238)
Long-term investments	197	316	(119)
Cash, cash equivalents, and investments	$ 2,624	$ 3,266	$ (642)

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

	As at (in millions)		
	February 29, 2016	February 28, 2015	Change
Current assets	$ 3,011	$ 4,167	$ (1,156)
Current liabilities	1,039	1,372	(333)
Working capital	$ 1,972	$ 2,795	$ (823)

Current Assets

The decrease in current assets of $1,156 million at the end of fiscal 2016 from the end of fiscal 2015 was primarily due to decreases in cash and cash equivalents of $276 million, other current assets of $273 million, short term investments of $238 million, income taxes receivable of $169 million, and accounts receivable of $165 million.

At February 29, 2016, accounts receivable was $338 million, a decrease of $165 million from February 28, 2015. The decrease reflects the lower revenues recognized during fiscal 2016, as well as a decrease in days sales outstanding to approximately 68 days in the fourth quarter of fiscal 2016 from approximately 69 days at the end of fiscal 2015.

At February 29, 2016, income taxes receivable was nil, a decrease of $169 million from February 28, 2015. The decrease in income taxes receivable was primarily due to the receipt of the Company's 2015 Canadian income tax refund.

At February 29, 2016, other current assets was $102 million, a decrease of $273 million from February 28, 2015. The decrease in other current assets was due to the recognition of previously deferred cost of goods sold, upon recognition of the related deferred revenue and by a decrease in the fair value of derivative instruments.

At February 29, 2016, inventories increased by $21 million to $143 million compared to $122 million as at February 28, 2015, due to increases in raw materials and finished goods, offset by a decrease in work in process.

Current Liabilities

The decrease in current liabilities of $333 million at the end of fiscal 2016 from the end of fiscal 2015 was primarily due to decreases in accrued liabilities and deferred revenue. As at February 29, 2016, accrued liabilities were $368 million, reflecting a decrease of $299 million compared to February 28, 2015, which was primarily attributable to decreases in vendor liabilities, warranty liabilities and accrued incentive payments compared to the fourth quarter of fiscal 2015. Accounts payable was $270 million as at February 29, 2016, reflecting an increase of $35 million from February 28, 2015, which was primarily attributable to amounts owing for the manufacturing of devices. Deferred revenue was $392 million, which reflects a decrease of $78 million compared to February 28, 2015 due to an increase in the volume of transactions that met the criteria for recognition of revenue as at February 29, 2016.

Cash flows for the fiscal year ended February 29, 2016 compared to the fiscal year ended February 28, 2015 were as follows:

	For the Fiscal Years Ended (in millions)		
	February 29, 2016	February 28, 2015	Change
Net cash flows provided by (used in):			
Operating activities	$ 257	$ 813	$ (556)
Investing activities	(439)	(1,173)	734
Financing activities	(78)	16	(94)
Effect of foreign exchange loss on cash and cash equivalents	(16)	(2)	(14)
Net increase (decrease) in cash and cash equivalents	$ (276)	$ (346)	$ 70

Operating Activities

The decrease in net cash flows provided by operating activities of $556 million primarily reflects the Company's lower amount of net income after adjustments for non-cash items, offset by net changes in working capital.

Investing Activities

During the fiscal year ended February 29, 2016, cash flows used in investing activities were $439 million and included cash flows used in business acquisitions of $698 million, intangible asset additions of $70 million, acquisitions of property, plant and equipment of $32 million, offset by proceeds on sale or maturity of short-term investments and long-term investments, net of the costs of acquisitions, in the amount of $357 million. For the same period of the prior fiscal year, cash flows used in investing activities were $1.2 billion and included cash flows used in 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 $894 million, intangible asset additions of $421 million, business acquisitions of $119 million, acquisitions of property, plant and equipment of $87 million, offset by proceeds on the sale of property, plant and equipment of $344 million.

During the fiscal year ended February 29, 2016, the cash flows used in business acquisitions related to the Good, AtHoc, WatchDox and Encription acquisitions.

Financing Activities

The decrease in cash flows provided by financing activities was $94 million for fiscal 2016 and was primarily attributable to the cash used in the Repurchase Program, partially offset by the release of restricted cash.

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 29, 2016:

	(in millions)				
	Total	Less than One Year	One to Three Years	Four to Five Years	Greater than Five Years
Operating lease obligations	$ 116	$ 37	$ 51	$ 21	$ 7
Purchase obligations and commitments	391	371	20	—	—
Long-term debt interest and principal payments	353	75	150	128	—
Total	$ 860	$ 483	$ 221	$ 149	$ 7

Aggregate contractual obligations amounted to approximately $860 million as at February 29, 2016, including purchase orders with contract manufacturers in the amount of $162 million. The Company also has commitments on account of capital expenditures of approximately $2 million included in this total, primarily for manufacturing and information technology, including service operations. The remaining balance consists of purchase orders or contracts with suppliers of raw materials, as well as other goods and services utilized in the operations of the Company, including payments on account of licensing agreements. Total aggregate contractual obligations as at February 29, 2016 decreased by $444 million as compared to the February 28, 2015 balance of approximately $1.3 billion, which was primarily attributable to a decrease in purchase orders with contract manufacturers and payments on account of licensing agreements, as well as a decrease in interest payments on the Debentures, and operating lease commitments.

Debenture Financing and Other Funding Sources

Please see Note 10 to the Consolidated Financial Statements for a description of the Debentures.

The Company has $44 million in collateralized outstanding letters of credit in support of certain leasing arrangements entered into in the ordinary course of business. Please see Note 3 to the Consolidated Financial Statements for further information concerning the Company's restricted cash.

Cash, cash equivalents, and investments were approximately $2.6 billion as at February 29, 2016. The Company's management remains focused on maintaining appropriate cash balances, efficiently managing working capital balances and managing the liquidity needs of the business. In addition, the Company continues to pursue opportunities to reallocate resources through the RAP and to attain further cost savings in the coming fiscal quarters. Based on its current financial projections, the Company believes its financial resources, together with expected future operating cash generating and operating expense reduction activities and access to other potential financing arrangements, should be sufficient to meet funding requirements for current financial commitments and future operating expenditures not yet committed, and should provide the necessary financial capacity for the foreseeable future.

The Company does not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K under the Securities Exchange Act of 1934, as amended, or under applicable Canadian securities laws.

Legal Proceedings

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. 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 a potential loss is considered probable and the amount is reasonably estimable, provisions for loss are made based on management's assessment of the likely outcome. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum amount in the range. The Company does not provide for claims for which the outcome is not determinable or claims for which the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

As of February 29, 2016, there are no claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable, therefore no accrual has been made. Please see Note 14 (Commitments and Contingencies) to the Consolidated Financial Statements for a further discussion of the Company's legal matters.

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 2016 were transacted in U.S. dollars. Portions of the revenues were denominated in Canadian dollars, Euros and British pounds. Purchases of raw materials are primarily transacted in U.S. dollars. Other expenses, consisting mainly of salaries, certain operating costs and manufacturing overhead are incurred primarily in Canadian dollars, but were also incurred in U.S dollars, Euros and British pounds. At February 29, 2016, approximately 10% of cash and cash equivalents, 30% of accounts receivables and 16% of accounts payable were denominated in foreign currencies (February 28, 2015 – 26%, 30% and 13%, 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. Please see Note 5 to the Consolidated Financial Statements for information concerning the Company's foreign currency hedging activities.

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 has also issued the Debentures with a fixed interest rate. The fair value of the Debentures will fluctuate with changes in prevailing interest rates. Consequently, the Company is exposed to interest rate risk as a result of the long term of the Debentures. The Company does not currently utilize interest rate derivative instruments to hedge its investment portfolio.

Credit and Customer Concentration

The Company has historically been dependent on a 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, 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 ("AFDA") that corresponds to the specific credit risk of its customers, historical trends and economic circumstances. The AFDA as at February 29, 2016 was $10 million (February 28, 2015 - $10 million). The Company also purchases insurance coverage for a portion of its accounts receivable balances. There were no customers that comprised more than 10% of accounts receivable as at February 29, 2016 (February 28, 2015 – no customers that comprised more than 10%). Additionally, there were no customers that comprised more than 10% of the Company's revenue in fiscal 2016 (fiscal 2015 – no customers that comprised more than 10%; fiscal 2014 – no customers that comprised more than 10%). During fiscal 2016, the percentage of the Company's receivable balance that was past due decreased by 1% compared to the fourth quarter of fiscal 2015. Although the Company actively monitors and attempts to collect on its receivables as they become due, the risk of further delays or challenges in obtaining timely payments from its carrier and distributor partners of receivables exists. The occurrence of such delays or challenges in obtaining timely payments could negatively impact the Company's liquidity.

Market values are determined for each individual security in the investment portfolio. The Company assesses declines in the value of individual investments for impairment to determine whether the decline is other-than-temporary. The Company makes this assessment by considering available evidence including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition, the near-term prospects of the individual investment and the Company's ability and intent to hold the debt securities to maturity. The Company did not record any other-than-temporary impairment charges for the fiscal year ended February 29, 2016.

Please see Note 5 to the Consolidated Financial Statements for additional information regarding the Company's credit risk as it pertains to its foreign exchange derivative counterparties.

Disclosure Controls and Procedures and Internal Controls

Disclosure Controls and Procedures

As of February 29, 2016, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and its Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the U.S. Exchange Act. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of such date, the Company's disclosure controls and procedures were effective to give reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits under the U.S. Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-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 Board, 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 effect on the Company's financial statements.

On October 30, 2015 and September 22, 2015, the Company completed the acquisitions of Good and AtHoc, respectively, which are included in the fiscal 2016 consolidated financial statements of the Company and constituted 19% and 23% of total and net assets, respectively, as of February 29, 2016, and 3% and 13% of revenues and net loss before tax, respectively, for the

year then ended. In conducting their evaluation of the effectiveness of the Company's internal controls over financial reporting, management has excluded Good and AtHoc from its assessment of internal controls over financial reporting as of February 29, 2016 because they were acquired by the Company during fiscal 2016.

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 29, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013). Based on this assessment, management believes that, as of February 29, 2016, 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. The independent auditors' audit report also did not include an evaluation of the internal control over financial reporting of Good and AtHoc.

Changes in Internal Control Over Financial Reporting

During the fiscal year ended February 29, 2016, 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 **BlackBerry Limited** [the "Company"] for the year ended February 29, 2016 of our reports dated April 1, 2016 with respect to the consolidated financial statements of the Company included herein, and the effectiveness of internal control over financial reporting.

We also consent to the incorporation by reference in the Registration Statements [Form S-8 Nos. 333-85294, 333-100684, 333-150470, 333-177149, 333-189880, 333-192986, 333-192987, 333-197636, 333-206480 and 333-209525] pertaining to the Company's stock option plans of our reports dated April 1, 2016 with respect to the consolidated financial statements of the Company included herein, and the effectiveness of internal control over financial reporting.

Kitchener, Canada,
April 1, 2016

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

Exhibit 31.1

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

I, John Chen, certify that:

1. I have reviewed this annual report on Form 40-F of BlackBerry 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: April 1, 2016

/s/ John Chen
Name: John Chen
Title: Chief Executive Officer

I, James Yersh, certify that:

1. I have reviewed this annual report on Form 40-F of BlackBerry 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: April 1, 2016

/s/ James Yersh

Name: James Yersh

Title: Chief Financial Officer

Exhibit 32.1

Certification of CEO and CFO
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of BlackBerry Limited (the "Registrant") on Form 40-F for the year ended February 29, 2016, as filed with the Commission on the date hereof (the "Report"), John Chen, as Chief Executive Officer of the Registrant, and James Yersh, 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/ John Chen

Name: John Chen

Title: Chief Executive Officer

Date: April 1, 2016

/s/ James Yersh

Name: James Yersh

Title: Chief Financial Officer

Date: April 1, 2016

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.