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 March 1, 2014 **Commission File Number 0-29898**

BlackBerry Limited

(Exact name of Registrant as specified in its charter)

Ontario	**3,661**	**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
5000 Riverside Drive, Suite 100E,
Irving, Texas, USA 75039
(972) 650-6126
(Name, address and telephone number of agent for service in the United States)

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

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

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

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

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 **526,551,953** Common Shares outstanding as at March 1, 2014.

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 March 1, 2014, included in Exhibit No. 1.3 to this Annual Report, under the heading "Disclosure Controls and Procedures and Internal Controls - Disclosure Controls and Procedures".

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

See Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 1, 2014, included in Exhibit No. 1.3 to this Annual Report, under the heading "Disclosure Controls and Procedures and Internal Controls - Management's Report on Internal Control Over Financial Reporting".

C. Attestation Report of the Registered Public Accounting Firm

The attestation report of Ernst & Young LLP ("EY") is included in EY's report, dated March 28, 2014, to the shareholders of the Registrant, which accompanies the Registrant's audited consolidated financial statements for the fiscal year ended March 1, 2014, filed as Exhibit 1.2 to this Annual Report.

D. Changes in Internal Control Over Financial Reporting

See Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 1, 2014, included in Exhibit No. 1.3 to this Annual Report, under the heading "Disclosure Controls and Procedures and Internal Controls – Changes in Internal Control Over Financial Reporting".

E. Notice of Pension Fund Blackout Period

The Registrant was not required by Rule 104 of Regulation BTR to send any notice to any of its directors or executive officers during the fiscal year ended March 1, 2014.

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)(a) of Form 40-F.

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

G. Code of Ethics

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

H. Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed by EY, the Company's independent auditor, for the fiscal years ended March 1, 2014 and March 2, 2013, 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 $5,128,000 and $4,195,000, respectively.

Audit-Related Fees

The aggregate fees billed by EY for the fiscal years ended March 1, 2014 and March 2, 2013, respectively, for assurance and related services rendered by EY that are reasonably related to the performance of the audit review of the Company's financial statements and are not reported above as audit fees were $167,000 and $107,000, 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 March 1, 2014 and March 2, 2013, respectively, for professional services rendered by EY for tax compliance, tax advice, tax planning and other services were $11,000 and $13,000, respectively. Tax services provided included international tax compliance engagements.

All Other Fees

There were no fees billed by EY for the fiscal years ended March 1, 2014 and March 2, 2013, except as described above.

Audit Committee Pre-Approval Policies and Procedures

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

I. Off-Balance Sheet Arrangements

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

J. Tabular Disclosure of Contractual Obligations

Tabular disclosure of the Registrant's contractual obligations can be found in its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 1, 2014, 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 three individuals: Barbara Stymiest (Chair), Claudia Kotchka and Timothy Dattels. 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 March 1, 2014, included in Exhibit No. 1.3 to this Annual Report, under the heading "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.

On November 7, 2013, the Registrant utilized an exemption from Nasdaq's shareholder approval requirements of Nasdaq Listing Rule 5635 (which provide that shareholder approval is required in connection with certain private placements and employment inducement grants) on the basis that the Registrant elected to follow Canadian practice in connection with (i) the issuance of $1,250,000,000 aggregate principal amount of convertible debentures, convertible into Common Shares of the Registrant, to certain investors, including Fairfax Financial Holdings Limited, pursuant to the terms of a subscription agreement, dated November 4, 2013, as amended, and (ii) the grant of 13,000,000 restricted share units to John Chen (of this aggregate grant, 10,521,418 restricted share units were granted as an employee inducement under section 613(c) of the Toronto Stock Exchange Company Manual with the balance of the grant (2,478,582 restricted share units) made under the Registrant's Equity Incentive Plan, which had previously been approved by shareholders), in lieu of such requirements. The Registrant's not seeking shareholder approval in connection with the private placement or employment inducement grant described above comply with the requirements of the *Business Corporations Act* (Ontario) and the rules of the Toronto Stock Exchange.

N. Interactive Data File

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

O. Mine Safety

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

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

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

B. Consent to Service of Process

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

SIGNATURE

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

BLACKBERRY LIMITED

Date: March 28, 2014

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 March 1, 2014, dated March 28, 2014.
1.2	Audited Consolidated Financial Statements for the fiscal year ended March 1, 2014, prepared in accordance with U.S. generally accepted accounting principles.
1.3	Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 1, 2014.
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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Exhibit 1.1

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

Annual Information Form
For the fiscal year ended
March 1, 2014

DATE: March 28, 2014

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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. Certain industry and technical terms have the meanings specified in the Glossary. All dollar references, unless otherwise noted, are in United States dollars.

BlackBerry®, BBM™, QNX® 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 the strategic initiatives described below, and the anticipated opportunities and challenges for the Company in fiscal 2015;
- the Company's expectations with respect to the sufficiency of its financial resources ;
- the Company's expectations regarding new product initiatives and their timing, including BlackBerry Enterprise Service ("BES") 10, BES 12, BlackBerry 10 smartphones and services related to BlackBerry Messenger ("BBM"), QNX software products and the QNX cloud-based machine to machine solution (the "QNX Cloud");
- the Company's plans and expectations regarding its existing and new service offerings, assumptions regarding its service revenue model, and the anticipated levels of decline in service revenue in the coming quarters;
- anticipated demand for, and the Company's plans and expectations relating to, the Company's BlackBerry 7 and 10 smartphones, including programs to drive sell-through of these smartphones;
- the Company's ongoing efforts to streamline its operations and its expectations relating to the benefits of its Cost Optimization and Resource Efficiency ("CORE") program and similar strategies;
- the Company's plans to continue implementation of a workforce reduction of approximately 4,500 positions; and
- the Company's plans and expectations regarding marketing and promotional programs .

The words "expect", "anticipate", "estimate", "may", "will", "should", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances, including but not limited to, the 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 products based on the BlackBerry 10 platform, 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 this AIF:

- risks related to the Company's ability to implement and to realize the benefits of its strategic initiatives, including a return to the Company's core strengths of enterprise and security, changes to the Company's Devices business, including the new partnership with Foxconn Technology Group ("Foxconn"), and the planned transition to an operating unit organizational structure consisting of the Devices business, Enterprise Services, QNX Embedded business and Messaging;
- the Company's ability to maintain its existing relationships with its enterprise customers and the Company's ability to transition its enterprise customers to the BES 10 platform and deploy BlackBerry 10 smartphones, and the risk that current BES 10 test installations may not convert to commercial installations;
- the Company's ability to enhance its current products and services, or develop new products and services in a timely manner or at competitive prices, including risks related to new product introductions and adoption and the relevance of hardware in light of the Company's decreasing market share of the smartphone industry;
- the risk that uncertainty relating to the Company's previously disclosed announcements concerning the Company's operational restructuring, recent management changes and the Company's workforce reductions, may adversely impact

the Company's business, existing and future relationships with business partners and end customers of its products and services, and its ability to attract and retain key employees;

- risks related to the Company's ability to offset or mitigate the impact of the decline in the Company's service access fees on its consolidated revenue by developing an integrated services and software offering;
- intense competition, rapid change and significant strategic alliances within the Company's industry, including recent and potential future strategic transactions by its competitors or carrier partners, which could continue to weaken the Company's competitive position or could continue to require the Company to reduce its prices to compete effectively;
- the Company's ability to adapt to, and realize the anticipated benefit of, its recent board of directors (the "Board") and management changes;
- the Company's increasing reliance on third-party manufacturers for certain products and its ability to manage its production and repair process, and risks related to the Company changing manufacturers or reducing the number of manufacturers or suppliers it uses;
- risks related to the Company's ability to implement and to realize the benefits of its previously-disclosed operational restructuring initiatives, including the CORE program, and its ability to continue to realize cost reductions in the future, including the Company's ongoing efforts to continue to implement a workforce reduction of approximately 4,500 positions by the end of the first quarter of fiscal 2015;
- the risk that workforce reductions may result in a disruption to business critical processes and the effectiveness of the Company's internal controls;
- the Company's ability to maintain its existing relationships with its network carrier partners and distributors, and its reliance on its network carrier partners to help promote the BlackBerry 10 platform and BlackBerry 10 smartphones;
- risks related to the Company's ability to maintain or increase its liquidity, its existing cash balance, its ability to access existing or potential alternative sources of funding, the sufficiency of its financial resources, and its ability to service its debt;
- risks related to the Company's significant indebtedness;
- the Company's ability to address inventory and asset risk, including its ability to sell its inventory of BlackBerry 10 products, manage its purchase obligations with its manufacturing partners and the potential for additional charges related to its inventory, as well as its ability to mitigate inventory risk through its new partnership with Foxconn;
- the potential for additional charges relating to the impairment of intangible assets recorded on the Company's balance sheet;
- the occurrence or perception of a breach of the Company's security measures, or an inappropriate disclosure of confidential or personal information;
- the Company's ability to successfully maintain and enhance its brand in light of recent challenges;
- the efficient and uninterrupted operation of the Company's network operations center and the networks of its carrier partners, and the risk of other business interruptions, including costs, potential liabilities, lost revenues and reputational damage associated with service interruptions;
- risks associated with the Company's foreign operations, including risks related to recent political and economic developments in Venezuela and Argentina, and the impact of foreign currency restrictions that continue to impact its ability to recognize revenue from sales of services in Venezuela and recently, Argentina;
- general commercial litigation, class action and other litigation claims, including purported class action claims relating to the Company or its operations;
- risks associated with litigation claims against the Company arising from the Company's practice of providing a forward-looking outlook to its shareholders with respect to certain financial metrics, including the Company's practice of updating a previous outlook where circumstances warrant;
- 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;
- third-party claims for infringement of intellectual property rights by the Company and the outcome of any litigation with respect thereto;
- the Company's ability to successfully obtain patent or other proprietary or statutory protection for its technologies and products;
- reliance on strategic alliances and relationships with third-party network infrastructure developers, software platform vendors and service platform vendors, including the Company's ability to promote and advance the development of an ecosystem of applications and services for the BlackBerry 10 platform;

- potential liabilities or costs related to the collection, storage, transmission, use and disclosure of user and personal information;
- the Company's reliance on its suppliers for functional components, including the suppliers the Company has selected for its BlackBerry 10 smartphones, and the risk that suppliers will not supply components on a timely basis, in sufficient quantities or of the desired quality;
- the Company's ability to obtain rights to use software or components supplied by third parties;
- the Company's ability to expand and manage BlackBerry® World™, including its ability to encourage developers to continue to develop applications for BlackBerry® World™;
- restrictions on import and use of the Company's products and services in certain countries due to encryption of the products and services;
- the continued quality and reliability of the Company's products and services and the potential effect of defects in products and services;
- risks as a result of actions of activist shareholders;
- risks related to the Company possibly losing its foreign private issuer status under U.S. federal securities laws, resulting in additional expenses associated with compliance with the U.S. securities laws applicable to U.S. domestic issuers and inability to utilize certain benefits available to foreign private issuers;
- government regulation of wireless spectrum and radio frequencies;
- reduced spending by customers due to the uncertainty of economic and geopolitical conditions;
- risks associated with acquisitions, investments and other business initiatives;
- foreign exchange risks as the Company transacts globally in currencies other than the U.S. dollar;
- regulation, certification and health risks, and risks relating to the misuse of the Company's products;
- tax liabilities, resulting from changes in tax laws or otherwise, associated with the Company's worldwide operations;
- market and credit risk associated with the Company's cash, cash equivalents and short-term or long-term investments;
- the potential impact of copyright levies in numerous countries; and
- costs and other burdens associated with recently adopted regulations regarding conflict minerals .

Any statements that are forward-looking statements are intended to enable the Company's shareholders to view the anticipated performance and prospects of the Company from management's perspective at the time such statements are made, and they are subject to the risks that are inherent in all forward-looking statements, as described above. These forward-looking statements are made by the Company in light of its experience, its perception of historical and anticipated business trends, existing conditions in the business at the time and anticipated future developments, including competition and new product initiatives and expected timing, as well as the Company's current assessments of the risk factors that affect its business, including those identified above, and the likely success of mitigation strategies relating to such factors. These forward-looking statements are subject to the inherent risk of difficulties in forecasting the Company's financial results 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 operational restructuring, recent management changes and 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.

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 three 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

GENERAL DEVELOPMENT OF THE BUSINESS

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

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

Fiscal 2014:

- 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 led by 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, 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 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 and Messaging;
- Announced further management and Board changes as part of the on-going 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 Mark Wilson as Senior Vice President, Marketing,
  - 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;
- Announced a joint device development and manufacturing agreement with Foxconn, initially focusing on the development of a consumer smartphone for Indonesia and other fast-growing markets;
- Announced in March 2014 the entry into an agreement for the divestiture of the majority of its real estate holdings in Canada, with an expected closing in the first quarter of fiscal 2015;
- Announced in February 2014 new enterprise solutions, partnerships and smartphone models, including the next generation of BES (BES 12) that will unify BES 10 and BES 5 onto one platform. BES 12 will enable organizations to develop enterprise-grade applications that are quickly deployed to BlackBerry smartphones and other mobile devices and provide customers with the ability to move securely from on-premise to the cloud effortlessly. The Company also announced a new BES pricing and licensing structure (Silver and Gold) and a new EZ pass program that will enable customers to move from BES and other mobile device management ("MDM") programs to BES 10 or BES 12 at the Silver level of service for free, the eBBM Suite (a new family of products and services, including BBM Protected, that will work with

BlackBerry smartphones, BES and BES 10 to provide enterprise-class mobile messaging), the BlackBerry Z3 and the BlackBerry Classic (originally announced as the BlackBerry Q20);
- Launched updates to BES 10 (versions 10.1 and 10.2) and launched software updates for BlackBerry 10 smartphones (versions 10.1, 10.2 and 10.2.1), with hundreds of new enhancements and refinements;
- Unveiled new QNX technology in automotive and cloud services at the 2014 International Consumer Electronics Show in January 2014;
- Grew the global BBM user base to approximately 85 million active users as of March 25, 2014;
- Launched BBM for Android and iPhone customers for free, responding to smartphone users' desire to be able to connect to all of their friends and family, regardless of the smartphone they carry and subsequently launched BBM Voice and BBM Channels for Android and iPhone customers;
- Announced in February 2014 that BBM will be made available to Windows Phone and Nokia X customers in the coming months;
- Announced in December 2013 the preinstallation of BBM on LG smartphones in markets around the world;
- Delivered four BlackBerry 10 smartphones, including models with touchscreen and physical keyboards in various sizes including:
    - the BlackBerry Q10 and BlackBerry Q5 featuring a physical QWERTY keyboard and touchscreen,
    - the BlackBerry Z30 featuring a 5" display and BlackBerry 10.2 operating system ("OS"), and
    - the elite, all-touch Porsche Design P'9982;
- Launched the BlackBerry 9720 smartphone to support the BlackBerry 7 market;
- Announced in August 2013 that the U.S. Defense Information System Agency had given BlackBerry Z10 and Q10 smartphones with BES 10 the Authority to Operate ("ATO") on Department of Defense ("DoD") networks, being the first MDM provider to obtain an ATO and in March 2014 announced that BlackBerry had become the first mobility solution to receive Full Operational Capability ("FOC") to run on DoD networks;
- Launched Secure Work Space for iOS and Android, providing organizations the flexibility to embrace "Bring Your Own Device" or "BYOD" (the combination of enterprise-deployed devices and devices that are purchased by consumers, but also used in the corporate environment);
- Launched BBM Channels for BlackBerry smartphones to extend the popular BBM experience to brands, artists, businesses and communities, connecting consumers and groups in real-time;
- Enabled Secure Enterprise Instant Messaging on BlackBerry 10 smartphones. BlackBerry Enterprise Instant Messaging 3.0 supports secure instant messaging and collaboration with Microsoft Lync, Microsoft Office Communication Server and IBM Lotus Sametime;
- Launched the BlackBerry Scholars Program, the first step in its global women's initiative, designed to inspire more women to enter and develop careers in the fields of science, technology, engineering and math, by providing full, four-year tuition scholarships;
- Opened the doors of a fourth BlackBerry® Tech Center in Brazil, a partnership with PUC-Rio;
- Announced the change of the Company's name from Research In Motion Limited to BlackBerry Limited;
- Announced in March 2013 the retirement of Mike Lazaridis as Vice-Chair of the Board, effective May 1, 2013; and
- Continued to implement the cost savings and process-improving initiatives started in the prior fiscal year to drive greater efficiency throughout the Company, and redirect capital from these savings to areas of investment that are expected to drive future revenue growth.

Fiscal 2013:
- Introduced the re-designed, re-engineered, and re-invented BlackBerry platform that created a new and unique mobile computing experience. Two new Long Term Evolution-enabled ("LTE") smartphones powered by the BlackBerry 10 OS, the BlackBerry Z10 (all-touch) and BlackBerry Q10 (touch with physical keyboard), were introduced on January 30, 2013 at events held simultaneously in New York, Toronto, London, Paris, Dubai, and Johannesburg;
- Began to operate around the world under the iconic name BlackBerry, effective January 30, 2013;
- Commenced trading under its new ticker symbols "BB" on the Toronto Stock Exchange and "BBRY" on the NASDAQ Global Select Market, on February 4, 2013;
- Introduced new services and features for BlackBerry 10 smartphones, including: BlackBerry Hub, BlackBerry Flow, BBM voice calling and video chat, Time Shift, Story Maker and BlackBerry Remember;
- Improved the BlackBerry World content distribution platform and announced commitments to the BlackBerry 10 platform from many leading application providers including Skype, Amazon and Rovio;
- Launched BES 10, the Company's new enterprise mobility management solution. BES 10 brings together device management, industry leading security and mobile applications management for pre-existing BlackBerry smartphones, BlackBerry PlayBook tablets and new BlackBerry 10 smartphones in a consolidated solution. It also

provides a single console for managing BlackBerry devices and devices running Google Android and Apple iOS operating systems;
- Launched the BlackBerry 10 Ready program to help enterprise customers prepare their environments for BlackBerry 10;
- Launched BBM Voice, a free update that allows customers to make free voice calls to other BBM customers over a Wi-Fi connection;
- Received Federal Information Processing Standard 140-2 certification for the BlackBerry 10 platform in November 2012;
- Built momentum in the developer community through 44 BlackBerry Jam sessions in 37 countries, attracting more than 9,300 attendees;
- Commenced the CORE program, which drove and continues to drive significant improvements and efficiencies across all functions in the Company's organization;
- Surpassed the CORE objective of reducing operating costs by $1 billion compared to the Q4 fiscal 2012 run rate, one quarter ahead of initial targets;
- Selected by EnStream, a joint venture of Bell Mobility Inc., Rogers Wireless Partnership and TELUS Communications Company, to provide its Secure Element Manager ("SEM") solution to manage credentials on wireless handsets in Canada that support NFC Service. NFC is the technology that can make secure, convenient and contactless mobile payments a reality for Canadian wireless handset users. BlackBerry's SEM solution is designed to securely manage credentials on subscriber identity module cards installed in all types of mobile devices, including BlackBerry smartphones, Android devices and Windows phones;
- Launched affordable new BlackBerry 7 smartphones (the BlackBerry Curve 9300 series) for customers in several markets, including the U.S., Vietnam, Singapore, Kenya, Nigeria, Malaysia, South Africa, the Caribbean region, Latin America, India, the Philippines and Indonesia;
- Launched the BlackBerry Partners for enterprise portal to support independent software vendors, system integrators, application hosters, professional services organizations as well as corporate developers looking to enable or deploy BlackBerry 10 applications and services for enterprise customers;
- Launched the 4G LTE BlackBerry PlayBook tablet with built-in support for cellular networks in August;
- Appointed Kristian Tear as Chief Operating Officer, Frank Boulben as Chief Marketing Officer and Steve Zipperstein as Chief Legal Officer; and
- Announced that three new members joined the Board: Timothy Dattels, Richard "Dick" Lynch and Bert Nordberg.

Fiscal 2012:
- Introduced the BlackBerry 7 portfolio, a new line up of smartphones running the BlackBerry 7 OS;
- Introduced NFC technology to several models of BlackBerry smartphones, enabling BlackBerry smartphones to receive information and link to other NFC-enabled devices or BlackBerry Authentic Accessories;
- Introduced the cost optimization program designed to eliminate redundancies and reallocate resources to focus on areas that offer the highest growth opportunities and alignment with the Company's strategic objectives (the "Cost Optimization Program");
- Successfully bid for the patent portfolio of Nortel Networks Corporation as a part of a consortium of companies, making a strategic investment of approximately $779 million in order to significantly strengthen the Company's technology platform;
- Enhanced the BlackBerry developer platform, and exceeded two billion BlackBerry World™ application downloads;
- Grew the global BBM user base to approximately 55 million active users with more than 325 socially connected BlackBerry applications having been downloaded close to 60 million times, as of March 3, 2012. The Company also launched BBM Music, a social music sharing and discovery service;
- Launched the BlackBerry PlayBook tablet and, later in fiscal 2012, launched BlackBerry PlayBook OS 2.0, a free software upgrade for BlackBerry PlayBook tablet users that includes new features to enhance productivity and communications, including built-in email, calendar and contacts intended to deliver a socially connected BlackBerry experience;
- Announced BES 10, the next generation enterprise mobile device management solution for BlackBerry, Android and iOS smartphones and tablets;
- Introduced BlackBerry Balance technology with BES 10, BlackBerry Enterprise Server and BlackBerry Enterprise Server Express, allowing enterprise users to carry one device and view both work and personal information in an integrated way while keeping the content separate and secure;
- Launched new cloud services for small businesses with the BlackBerry Management Centre and enterprises with the BlackBerry Business Cloud Services for Microsoft Office 365;

- Announced the appointment of Thorsten Heins as President and Chief Executive Officer of the Company, and appointed Barbara Stymiest as the independent Chair of the Board as part of governance changes implemented in the fourth quarter of fiscal 2012; and
- Experienced additional changes to the Board and management following the fiscal year end, including the resignations of Jim Balsillie from the Board and Jim Rowan, Chief Operating Officer for Global Operations, as well as the retirement of David Yach, Chief Technology Officer, Software.

NARRATIVE DESCRIPTION OF THE BUSINESS

Overview

A global leader in mobile communications, the Company revolutionized the mobile industry with the introduction of the BlackBerry solution in 1999. Today, the Company aims to inspire the success of its millions of customers around the world by continuously pushing the boundaries of mobile experiences. Founded in 1984 and based in Waterloo, Ontario, the Company operates offices in North America, Europe, 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).

The Company maintains a strong balance sheet with approximately $2.7 billion in cash, cash equivalents and investments as of March 1, 2014. In fiscal 2014, the Company had annual sales of $6.8 billion. Net loss from continuing operations was $5.9 billion, or $11.18 per share.

Industry Background

The Wireless Communications Industry

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

Fiscal 2014 saw the continued uptake and expansion of next generation "4G" networks, including HSPA+, WiMax and LTE, particularly in the North American markets. These networks offer a number of improvements over the previous generations, with improved download and upload speeds being the most widely promoted. Wireless carriers in the United States have been aggressively deploying and marketing these "4G" networks. Deployment of these networks remains relatively limited globally, but wireless operators in many international markets are expected to move aggressively to these new networks in the coming years.

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

Fiscal 2014 also saw the emergence of the "machine to machine" market as a driving force for the expansion of wireless applications, accelerating the "Internet of things", with many, if not most, operators establishing relationships, practices and partnerships focused around this new market. "Machine to machine" or "M2M", refers to technologies that allow both wireless and wired systems to communicate with other devices of the same type.

Wireless Communications Industry Markets and Segments

Historically, the wireless communications market has been highly segmented. Where previously the market was segmented into distinct enterprise and consumer/extreme productivity segments, the market has increasingly evolved in recent years and there is now significant overlap between the segments. The enterprise market is now characterized by a combination of enterprise-deployed devices and devices that are purchased by consumers but also used in the corporate environment, commonly referred to as BYOD. These consumer devices are supported in a corporate environment by information technology ("IT") departments for access to corporate messaging and data applications. As the market has evolved, IT departments now look for enterprise mobility solutions that can handle a range of requirements. The Company has introduced products to address this market shift including BlackBerry 10 smartphones with BlackBerry Balance, BES 10 and the recently announced BES 12 platform, which will unify the support for BBOS and BlackBerry 10 devices, together with that for iOS, Android and Windows Phone, as well as Secure Work Space, which give IT departments the ability to securely monitor and control multiple OS platforms, and securely protect corporate data on an employee's personal smartphone or tablet.

Products designed for deployment by enterprise IT departments typically include a smartphone or tablet that is deployed in conjunction with behind-the-firewall messaging and other data servers. Consumer market offerings are chosen by the individual

user and carrier and may be chosen based on an affinity for a certain feature or capability such as browsing, multimedia functions, instant messaging, games or other third-party applications. Enterprises that choose to support these consumer devices in their enterprise environment typically deploy middleware to manage the messaging and security of enterprise data access.

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

- the ability to balance IT and consumer demands;
- extensive geographic coverage and multi-network/carrier support;
- access to third party applications and content;
- connectivity to personal messaging, social networking, multimedia and other applications;
- access to key corporate data stores;
- connectivity to enterprise email and applications;
- end-to-end security;
- protection of intellectual property rights;
- trusted and reliable brand;
- return on investment;
- push-based outbound port architecture;
- integrated hardware, software and services platform;
- intuitive interface and ease of use;
- rich and efficient web-browsing experience;
- competitive pricing;
- attractive industrial design;
- light weight converged devices;
- reasonable battery life;
- efficient bandwidth use; and
- extensive customer care capabilities.

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

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

Success Factors

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

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

- ***Balancing IT and Consumer Demands.*** The Company has consistently developed products that balance end users’ demand for features with the demands of IT managers for security and manageability. The Company’s focus on enterprise-grade solutions continues to be widely embraced for its ability to meet the highest security

demands of regulated industries and large enterprises to the more flexible and open needs of smaller companies or those with BYOD environments. To meet the growing demands of BYOD and corporate-owned personally enabled devices ("COPE"), the Company has deployed its multi-platform BES 10 solution that gives IT departments the ability to securely monitor multiple OS platforms, including iOS, Android and BlackBerry. Further, the Company recently announced the BES 12 platform, which will unify the support for BBOS and BlackBerry 10 devices, together with that for iOS, Android and Windows Phone. BlackBerry's Secure Work Space also provides a containerization option for iOS and Android users to manage both work and personal content without having to sacrifice security. With Secure Work Space, users can securely access personal information, including calendars, corporate contacts, intranet browsers, documents and email accounts without having to set up a virtual private network.

- ***Support for Multiple Carriers, Geographies and Network Protocols.*** The BlackBerry solution offers choice and manageability for global customers. Through relationships with approximately 665 wireless carriers and distribution partners in more than 175 countries around the world, the Company is able to offer customers their choice of carrier depending on their needs in a particular geography. In addition, BlackBerry smartphones support many network protocols, including GSM/GPRS/EDGE/UMTS/HSPA, HSPA+, CDMA/1xRTT/Ev-DO and iDEN, offering customers the best choice of carrier and network technologies for their particular region without changing the underlying BlackBerry infrastructure.
- ***Growth of the BlackBerry Application Ecosystem and BBM.*** Applications on BlackBerry embrace the connected, social and "get-it-done" nature of the entire BlackBerry experience. BlackBerry applications can take advantage of seamless integration into the core OS and can easily connect to other applications, giving customers the ability to flow from application to application quickly and intuitively. BlackBerry 10 supports application choice for BlackBerry customers giving them access to an array of applications as well as visually attractive and experience-rich applications. In fiscal 2014, the Company launched its BBM service for free to iOS and Android, responding to its users' desire to be able to connect to all of their friends and family, irrespective of the smartphone they carry.
- ***BBM Allows the Company to Satisfy Consumer and Enterprise Users' Need for Secure and Private Messaging Services*** . BBM allows consumer users to engage in private messaging on both BlackBerry OS and BlackBerry 10 devices and other device platforms. The messaging can be in the form of chat, voice or video. In the enterprise space, the eBBM Suite will allow customers in regulated industries to engage in private messaging in a way that allows them to achieve security and meet their compliance obligations.
- ***Access to Key Corporate Data Stores.*** BlackBerry Enterprise Server provides IT departments with the means to provide wireless access to all four main corporate data stores from a single integrated platform. The BlackBerry wireless platform is one of the only platforms in the market that provides access to corporate email and PIM, corporate voice PBX and hybrid IP/PBX stores, real-time computing and corporate IM such as IBM SameTime and Microsoft Live Communications Server, Microsoft Office Communications Server and enterprise applications such as CRM, and enterprise social networking and collaboration applications such as IBM Lotus Connections and IBM Lotus Quickr.
- ***Security.*** The BlackBerry platform was designed as an end-to-end solution with comprehensive security specifically for enterprise access to email, PIM and other corporate information from a single wireless device (the "BlackBerry Enterprise Solution"). Through integration with Microsoft Exchange, IBM Lotus Domino and Novell GroupWise, the BlackBerry Enterprise Solution provides corporate users with secure wireless access to their own corporate email rather than having to establish an additional email account. The Company's security solution for enterprise customers includes end-to-end data encryption for confidentiality, robust remote IT management and full application controls to allow customers to address mobile malware. Inherent in the core platform is support for various Internet security standards such as SSL and IPSec, multiple user authentication schemes, a secure boot ROM, signed API access and an embedded firewall. In addition to the security built into the BlackBerry Enterprise Solution, the Company has developed a BlackBerry Smart Card Reader which further enhances BlackBerry device security for a wide range of government users. BlackBerry Enterprise Server Express has also been launched to provide enterprise grade security to the small and medium-sized enterprise user free of charge. The BlackBerry Enterprise Solution has passed rigorous security assessments by many of the leading security institutions around the world, including Common Criteria EAL 4+ certification for BlackBerry Enterprise Server 5.0 and BlackBerry OS 5.0. BlackBerry was the first mobile platform to achieve Common Criteria EAL 4+ certification. The BlackBerry Enterprise Solution has been certified by Fraunhofer Institute SIT, and has been approved for use under the CAPS program in the United Kingdom. In addition, the BlackBerry Enterprise Solution is the only mobile data solution approved by CESG, the National Technical Authority for Information Assurance in the United Kingdom to protect information classified up to and including "restricted". BlackBerry smartphones on BES 10 was the first mobility platform to be awarded an

ATO and an FOC from the U.S. Defense Information System Agency ("DISA") on the U.S. DoD networks, demonstrating BlackBerry's ability meet the DoD's most stringent security requirements. Prior to that, DoD officials approved the Security Technical Implementation Guides for BlackBerry 10 smartphones to be used on the DoD networks. BlackBerry 10 and BES 10 are also the first to have been approved by NATO for classified communications up to the level of "restricted".

- ***Intellectual Property Rights.*** The Company has sought to protect the technology that it has developed through a combination of patent, copyright and trade secret protection, as well as through contractual arrangements.
- ***Strength of the BlackBerry Brand and Market Awareness.*** BlackBerry is a globally recognized, trusted smartphone brand and continues to rank among the most recognizable brands worldwide. In certain markets, brand alone is a strong influence on purchase decision.
- ***ROI.*** The return on investment for the BlackBerry solution provides customers with rapid payback for their purchase. The primary benefits include personal productivity and team workflow enhancements. The Company continues to launch new IT administrator and end user features designed to lower the cost of buying, deploying and managing the BlackBerry solution.
- ***BlackBerry Outbound Port Architecture.*** The BlackBerry wireless solution uses a secure infrastructure that does not require IT managers to compromise firewall security through the opening of an inbound firewall port. The BlackBerry infrastructure offers a number of efficiency and security benefits to carriers and end-users. These benefits are outlined in detail in this AIF under "Narrative Description of the Business - Competition".

Strategy

The Company has announced that it is planning to transition to an operating unit organizational structure consisting of the Devices business, Enterprise Services, QNX Embedded business and Messaging. BlackBerry offerings in each of the four areas are differentiated and positioned around key themes such as security, productivity and communications. Based on the Company's broad product portfolio and areas of differentiation, BlackBerry's current focus is on serving enterprise customers, particularly in regulated industries including financial services, government and healthcare. The Company's goal is to maintain its market leadership in the enterprise mobility segment by continuing to extend the functionality of its BES infrastructure beyond enterprise mobility management, to include application management, application enablement and application development and, on top of this extensive foundation, deliver additional horizontal and vertical applications. To achieve this vision, BlackBerry plans to align its businesses and operations around the four core 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.

The four core areas of business focus are as follows:

Devices business

BlackBerry's strategy in its Devices business is focused on delivering smartphone products that highlight BlackBerry technology strengths and areas of differentiation, in alignment with specific market opportunities and target segments. As a result, the Company expects to offer choice to both the enterprise and consumer markets through a portfolio of premium, affordable, QWERTY and full-touch smartphone products. This portfolio will continue to include the manufacture and sale of BlackBerry 7 smartphones for as long as there is demand for these products in the market. As described above, to drive cost and operational efficiencies, BlackBerry has entered into a joint device development and manufacturing agreement with Foxconn. The initial focus of this partnership is the development in early 2014 of the BlackBerry Z3, an all-touch BlackBerry 10 smartphone designed for Indonesia and other fast-growing markets. The partnership will also deliver the BlackBerry Classic (initially announced as the Q20), a device targeted for BlackBerry loyalists. This device will feature classic BlackBerry features such as the QWERTY keyboard, track pad and utility belt and classic BlackBerry user experiences and battery life.

The Company is focused on driving continued adoption of the BlackBerry 10 OS as a leading mobile platform. The Company expects that the BlackBerry 10 OS will transition the Company from mobile communications into true mobile computing. Expansion of the BlackBerry partner ecosystem and the development of end-to-end offerings that leverage the BlackBerry product portfolio are also key elements of the Company's strategy to re-capture market share in the Devices business.

Enterprise Services

BlackBerry believes it has the largest installed base in the MDM market through its BES platform. Security, reliability and productivity are hallmark strengths of the BES platform and are instrumental to its success in the enterprise market, particularly in regulated industries. BlackBerry intends to maintain and strengthen its position as a market leader in the enterprise market through a variety of strategies, including building a high-touch enterprise sales force, focused marketing campaigns, an expanded partner ecosystem and the identification of alternative sales channels. In line with this focus, BlackBerry continues to enhance its enterprise offerings and long-term product strategy. New pricing and migration programs are now available to ease and accelerate customer migration to the BES 10 platform, such as the recently announced EZ pass program that will enable

customers to move from BES and other MDM programs to BES 10 or BES 12 at the silver level of service for free. In addition, the Company has announced the next-generation BES 12 platform, which will unify the support for BBOS and BlackBerry 10 devices, together with that for iOS, Android and Windows Phone. The Company's solutions will maintain a key focus on security, productivity and collaboration. The BES 12 platform is in development with significant enhancements to include enhanced multi-platform support, an enhanced architecture for on-premise and cloud deployments and backwards compatibility allowing unification of prior versions of BES. BES 12 will allow businesses to manage the growing IT trend of securely supporting multiple devices and operating systems, as well as employees' personal devices, within a single corporate IT infrastructure. BlackBerry intends to have a continued strategic focus on regulated industries that rely on stringent security needs, as well as on the government market where BlackBerry is the only MDM provider to obtain ATO and FOC status with the U.S. DoD. Longer term, the Company plans to focus on additional value-added services to further enhance BlackBerry's enterprise offerings. For example, the Company has announced the planned launch of eBBM Suite, a family of products and services to provide secure, enterprise-class mobile messaging. BlackBerry also intends to leverage its strengths and expand further into new strategic vertical markets.

QNX Embedded business

Over the past 30 years, QNX software has become a significant part of everyday life, with people encountering QNX-controlled systems while driving, shopping, watching television, using the Internet, or even turning on a light. QNX technology is deployed by over 40 automotive original equipment manufacturers in more than 250 vehicle platforms in tens of millions of vehicles throughout North America, Europe and Asia. Based on its proven technology and reputation for reliability, QNX technology is a preferred choice for mission-critical, secure, life safety-critical systems such as air traffic control systems, medical imaging equipment, and nuclear power plants. QNX enables powerful multimedia features and can be found in a variety of products from automotive infotainment systems to casino gaming terminals. The Company sees the opportunity to leverage its full product portfolio, including QNX, to develop machine-to-machine applications to enable a world of ever-more connected wireless devices and plans to address this emerging market with the introduction of the QNX Cloud platform in fiscal 2015.

Messaging

The Company is focused on expanding its base of approximately 85 million BBM users through platform enhancements and cross-platform support. The latest release of BBM delivered numerous new features such as free voice calling over Wi-Fi, one-click sharing of files and photos, Dropbox integration, location sharing and BBM Channels, among others. BBM Channels extends the popular BBM experience to brands, artists, businesses and communities, connecting consumers and groups in real-time. BBM is now available on iOS and Android platforms, in addition to BlackBerry 10, responding to smartphone users' desire to be able to connect to all of their friends and family, regardless of the smartphone they carry. Future BBM releases will be made available to Windows Phone and Nokia X customers, as announced in February 2014. The Company has also announced that BBM will be pre-loaded on LG smartphones in markets around the world and a variety of Android-based smartphones from leading OEMs across Africa, India, Indonesia, Latin America and the Middle East. The Company believes that a corresponding increase in the user base for the BBM service could lead to increased opportunities for monetization of the services offered through the platform, through advertising or through the implementation of the solutions by enterprise customers. As mentioned above, the Company has also announced eBBM Suite to further extend the reach of the BBM user base and as a strategy for monetizing the value of the BBM platform and its growing user population.

Additional considerations

For each of the four core businesses, the following areas-go-to-market/ecosystem, strategic investment, operations and talent management-are critical success factors to the Company's strategy:

- **Seeking strategic alliances and relationships.** BlackBerry intends to broaden the scope and continue to strengthen and develop its strategic alliances. The Company may also consider new types of partnerships and relationships that could involve closer collaboration with other technology leaders to affirm and enhance the Company's competitive position as a primary mobile device and solutions provider. Areas of strategic alliances and relationships include, but are not limited to, software application developers and companies, global telecommunications carriers, intranet and Internet applications and portal companies, Internet social networking providers, multimedia content providers, gaming platform vendors, consumer electronics retailers, microchip and other manufacturers, and global systems integrators.
- **Targeted acquisition and investment strategy.** BlackBerry will continue to evaluate and acquire companies and make investments in products that provide opportunities for growth or expansion of the BlackBerry value proposition. These may include, but are not limited to, companies or products related to software, wireless solutions, security, and applications, among others. The Company also intends to continue to acquire rights in intellectual property in various forms and technologies when appropriate opportunities arise.

- **Achieving best in class operational metrics.** BlackBerry intends to further simplify business processes and target areas of the business where greater efficiencies can be achieved. The Company is focused on driving best in class operational metrics through the implementation of broad efficiency programs across all functions in the organization. Through the Company's CORE program, the Company is targeting areas such as product lifecycle management, supply chain management and business support services to achieve best in class operational metrics. In addition, the Company intends to continue transforming the organizational culture to reduce complexities and increase accountabilities while aligning employees behind the BlackBerry vision, mission and values.
- **Continuing to invest in highly qualified personnel.** BlackBerry believes that the quality and skills of its employees have been key factors in its success to date. The Company intends to continue its recruiting strategies and operations worldwide to support its product development and growth strategies and ensure the needed strategic capabilities are in place. BlackBerry intends to retain, attract and develop employees to drive organizational performance and foster an environment of innovation, learning and development for the Company's talented workforce while ensuring a cost effective organization.

Products and Services

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

The Company also generated revenue from the embedded market through licensing QNX software products and providing professional services to support customers in developing their products.

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

The Company's revenue mix from continuing operations for fiscal years 2014 and 2013 is as follows:

Revenue (U.S. millions)	March 1, 2014		March 2, 2013	
Hardware	$ 3,785	55.5%	$ 6,648	60.0%
Service	2,698	39.6%	3,910	35.3%
Software	235	3.5%	261	2.4%
Other	95	1.4%	254	2.3%
	$ 6,813	100.0%	$ 11,073	100.0%

BlackBerry Smartphones

The Company's most current smartphones include BlackBerry 10 smartphones, powered by the BlackBerry 10 OS, and BlackBerry 7 smartphones, powered by the BlackBerry 7 OS.

BlackBerry smartphones are available from hundreds of carriers and indirect channels, through a range of distribution partners, and are designed to operate on a variety of carrier networks, including HSPA/HSPA+/UMTS, GSM/GPRS/EDGE, CDMA/Ev-DO, and iDEN. In certain markets, BlackBerry 10 smartphones are also available directly from the Company at ShopBlackBerry.com.

BlackBerry 10 Smartphones

In fiscal 2013, the Company introduced the re-designed, re-engineered, and re-invented BlackBerry platform that created a new and unique mobile computing experience. Two new LTE-enabled smartphones powered by the new BlackBerry 10 OS, the BlackBerry Z10 (all-touch) and BlackBerry Q10 (touch with physical keyboard), were introduced on January 30, 2013.

In fiscal 2014, the Company also introduced the BlackBerry Q5 (featuring a physical QWERTY keyboard and touchscreen), the BlackBerry Z30 (featuring a 5" display and BlackBerry 10.2 OS) and the elite, all-touch Porsche Design P'9982, and announced the BlackBerry Z3 as the first smartphone to be developed under the Company's strategic partnership with Foxconn.

In February 2014, the Company also announced the BlackBerry Classic, an upcoming QWERTY smartphone that merges the power of BlackBerry 10 with the classic BlackBerry design and experience, realized with hard buttons as well as an integrated trackpad.

Certain notable features of the BlackBerry 10 smartphones include:

- BlackBerry Hub (one dedicated place to manage all conversations and notifications);

- BlackBerry Balance (enables users to manage work and personal conversations by splitting out work and personal accounts into different views within the BlackBerry Hub);
- BlackBerry Remember (a task manager that enables users to add tasks from anywhere on the device);
- BlackBerry Flow (enables users to easily switch between applications without exiting or using a “home” button);
- BBM Video with Screen Share (enables users to instantly switch their BBM chat to a BBM Video conversation);
- Time Shift and Story Maker (enables users to create the picture perfect shot with BlackBerry Time Shift mode and create and share stories, weaving together photos, videos and music into a movie); and
- Secure Enterprise Instant Messaging (enables users to securely communicate over Microsoft Lync, Microsoft Office Communication Server or IBM Lotus Sametime).

In addition, BlackBerry 10 smartphones feature BlackBerry World, a content distribution storefront managed by the Company that enables developers to reach BlackBerry subscribers around the world. BlackBerry World is available in over 170 markets and supports 23 currencies and 33 languages. Over 6 billion applications have been downloaded on BlackBerry OS and BlackBerry 10 from the over 400,000 applications available on those platforms in total. BlackBerry World provides BlackBerry smartphone users with a way to discover and download/purchase applications directly from their BlackBerry smartphone.

The Company also launched substantial software updates to its BlackBerry 10 smartphone platform, including versions 10.1, 10.2 and 10.2.1., with hundreds of new enhancements and refinements.

The Company continues to be focused on serving its customers and driving the adoption of BlackBerry 10 and BES 10 around the world.

BlackBerry 7 Smartphones

In fiscal 2012, the Company introduced the BlackBerry 7 portfolio running the BlackBerry 7 OS. These smartphones remain popular and include the BlackBerry Bold 9900 series (9900/9930/9970) and the BlackBerry Curve 9300 series (9315/9310/9360).

In fiscal 2014, the Company introduced a new BlackBerry 7 smartphone, the BlackBerry 9720 running OS 7.1.

BlackBerry Enterprise Service

BES 10

Launched in fiscal 2013, BES 10 is the Company’s powerful, enterprise mobility management solution. BES 10 represents a consolidation of BlackBerry's enterprise mobility management product portfolio, which includes MDM, security, infrastructure and application management.

BES 10 brings together device management, industry leading security and mobile applications management for pre-existing BlackBerry smartphones, BlackBerry PlayBook tablets and BlackBerry 10 smartphones in a consolidated solution. It also provides a single console for managing BlackBerry devices and devices running Google Android and Apple iOS operating systems.

In fiscal 2014, the Company:

- launched Secure Work Space for BES 10, a new containerization, application-wrapping and secure connectivity option that delivers a higher level of control and security to iOS and Android devices, providing organizations the flexibility to embrace BYOD on multiple platforms without sacrificing security. With Secure Work Space, users can securely access personal information, including calendars, corporate contacts, intranet browsers, documents and email accounts without having to set up a virtual private network;
- launched substantial updates to BES 10, including versions 10.1 and 10.2, to further enable organizations to balance end-user and enterprise needs with expanded capabilities to support multi-platform environments; and
- announced a new pricing and licensing structure providing two simple tiers, Silver and Gold (each with differentiated BlackBerry capabilities and features), and a new EZ pass program that will enable customers to move BES and other MDM programs to BES 10 or BES 12 at the Silver level of service for free.

BES 12

In February 2014, the Company announced its plans for the next generation of BES, BES 12. It is intended that the BES 12 platform will offer backward and future compatibility, unifying BES 10 and BES 5 on to one platform. BES 12 will enable organizations to develop enterprise-grade applications that are quickly deployed to BlackBerry smartphones and other mobile

devices and provide customers with the ability to move securely from on-premise to the cloud effortlessly, and is expected to be available by the end of calendar 2014.

QNX

The Company's QNX software is primarily aimed at the embedded systems market. It is also the technology behind the BlackBerry 10 OS. QNX technology is deployed by over 40 automotive OEMs in more than 250 vehicle platforms in tens of millions of vehicles throughout North America, Europe and Asia. Based on its proven technology and reputation for reliability, QNX technology is a preferred choice for mission-critical, secure, life safety-critical systems such as air traffic control systems, medical imaging equipment, and nuclear power plants. QNX enables powerful multimedia features and can be found in a variety of products from automotive infotainment systems to casino gaming terminals.

QNX unveiled new technology in automotive and cloud services at the January 2014 International Consumer Electronics Show, including the QNX Acoustics Active Noise Cancellation and Engine Sound Enhancement products which can remove sound from the vehicle cabin caused by advanced fuel saving techniques and add sound back into the cabin to allow automakers to brand the in-vehicle experience. In February 2014, QNX launched the QNX Neutrino Software Development Platform (version 6.6), QNX Software Development Kit for Apps and Media (incorporating a browser environment to enable HTML5 applications and the QNX Multimedia software, which enables playback and indexing of both physical and digital media sources), QNX CAR Platform for Infotainment (version 2.1), which is built to enable the automotive electronics Tier 1 industry to move faster from concept to production and supports the in-car user experience including media playback, smart phone integration with hands free systems, voice recognition, vehicle health, with applications environment support for certain Android applications.

In addition, the Company also announced that QNX expects to introduce the QNX Cloud platform in fiscal 2015, a cloud-based machine-to-machine management and communication platform targeting embedded computing device manufacturers.

BBM

The Company's instant mobile to mobile private messaging service, BBM, is utilized by over 85 million monthly active users (as of March 25, 2014).

The latest release of BBM includes powerful innovations such as free voice calling over Wi-Fi, one-click sharing of files and photos, Dropbox integration, location sharing and BBM Channels, among others. BBM Channels extends the popular BBM experience to brands, artists, businesses and communities, connecting consumers and groups in real-time. BBM is now available on iOS and Android platforms. Future BBM releases will be made available to Windows Phone and Nokia X customers, as announced in February 2014. The Company has also announced that BBM will be pre-loaded on LG smartphones in markets around the world and a variety of Android-based smartphones from leading OEMs across Africa, India, Indonesia, Latin America and the Middle East.

In fiscal 2014, the Company also announced the eBBM Suite, a new family of products and services that work with BlackBerry smartphones and the BlackBerry enterprise solution, BES and BES 10, to provide enterprise-class mobile messaging that brings together the core strengths of BBM with features and capabilities aimed at enterprises. BBM Protected will be the first solution offered in the eBBM Suite and the Company believes it will provide regulated industries the most secure and reliable real-time mobile messaging in the industry.

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®, Native C/C++/Qt with OpenGL® ES support, Adobe® Flash® and Adobe® AIR® and BlackBerry 10 will run most Android Gingerbread 2.3.3 and JellyBean 4.2.2 applications without any code changes. The Company released BlackBerry 10 SDKs in fiscal 2013 built on open standards and open source wherever possible in order to provide developers with a rich development experience. The Company also provides a variety of advanced services to application developers to enable them to develop deeply integrated applications that leverage online network services. These advanced services include the BlackBerry Messenger Social Apps Platform, Push Service, Payments Service, Advertising Service, Location Service, Maps Services, Analytics Service and Scoreloop. Using these services, developers can create applications that take advantage of integrated social networking services, push notifications, in-app payments and advertising, advanced location services, application usage information, and social gaming features.

QNX Software Development Platform 6.6 will also run most Android Gingerbread 2.3.3 and Jellybean 4.2.2 applications without any code changes.

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

For distribution and management of enterprise applications, the Company provides a suite of tools and technologies within BES 10 to enable secure and managed provisioning of applications to enterprise employees. This includes capabilities for both commercial packaged application and in-house corporate applications. Enabling vertically focused enterprise applications is a key focus of BlackBerry. For distribution, BlackBerry World allows organizations to offer employees easy access to a catalogue of trusted applications along with their own internal applications.

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

BlackBerry® WorldTM is a content distribution storefront managed by the Company that enables developers to reach BlackBerry subscribers around the world. Launched on April 1, 2009, BlackBerry World is now available in over 170 markets and supports 23 currencies and 33 languages. Over 6 billion applications have been downloaded on BlackBerry OS and BlackBerry 10 from the over 400,000 applications available on those platforms in total. BlackBerry World provides BlackBerry smartphone users with a way to discover and download/purchase applications directly from their BlackBerry smartphone. Users can purchase applications using their personal PayPal® account, credit card and through carrier billing. With 76 carriers in 50 countries around the world, users are able to purchase applications and have the charge applied directly to their wireless carrier bill. The Company is continuing to expand the reach and availability of its carrier billing service to many more carriers and customers around the world.

Industry Associations

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

- Alliance for Telecommunications Industry Solutions (ATIS)
- American National Standards Institute
- Application Developers Alliance
- Auto Parts Manufacturers' Association (APMA)
- Auto Tech Council
- Bluetooth SIG
- Connected Car Consortium (CCC)
- Connected Vehicle Trade Association (CVTA)
- Consumer Electronics Association (CEA)
- Electronic Industry Citizenship Coalition (EICC)
- European Telecom Standards Institute
- The Global e-Sustainability Initiative (GeSI)
- GlobalPlatform
- GSM Association
- IEEE (Professional Support Services for P1725)
- International Telecommunication Union (ITU)
- JEDEC
- MIDI
- MIPI: Mobile Industry Processor Interface
- National Marine Manufacturers Association (NMMA)
- Open Mobile Alliance
- Safety-Critical Systems Club (SCSC)
- Secure Data Card (SD) Association
- Telecommunications Industry Association (TIA)
- UPnP Forum (Universal Plug and Play)
- Wi-Fi – Alliance

- World Wide Web Consortium (W3C)

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

Sales, Marketing and Distribution

The Company markets and sells its BlackBerry wireless solution primarily through global wireless communications carriers as well as through third party distribution channels which distribute the solution to end users. The Company has a number of carrier-focused business units that support the sales and marketing efforts of the Company's carrier partners through training, technical account management and sales and marketing support. As of March 1, 2014, the Company's marketing, sales and business development, BlackBerry operations, customer support and technical support teams consisted of approximately 1,600 full time employees. In certain markets, BlackBerry 10 smartphones are also available directly from the Company on ShopBlackBerry.com.

The Company sells QNX software and services, including development tool licenses, support and engineering services, directly to customers using its QNX-specialized sales force, as well as through embedded distribution partners throughout the world. The Company also collects royalties for QNX software shipments by its customers in such customers' embedded devices.

Customers

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

The Company sells to a variety of customers and there were no customers that comprised more than 10% of accounts receivable as at March 1, 2014 (March 2, 2013 – no customers that comprised more than 10%). Further, there were no customers that comprised more than 10% of the Company's revenue in fiscal 2014 (fiscal 2013 – no customers that comprised more than 10%). The primary direct customers for the BlackBerry wireless solution are wireless carriers and distributors.

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

In addition to sales via carriers, the Company offers its enterprise software and services directly and through distribution and reseller channel partners. The Company has a geographically dispersed direct enterprise salesforce, which it is further expanding, and a channel management organization.

QNX products, licenses and services are sold directly to OEM customers in a variety of vertical markets, as well as indirectly through a reseller channel.

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

	For the Fiscal Year Ended			
(in U.S. millions)	March 1, 2014		March 2, 2013	
North America				
Canada	$ 491	7.2%	$ 661	6.0%
United States	1,320	19.4%	2,235	20.2%
	1,811	26.6%	2,896	26.2%
Europe, Middle East and Africa				
United Kingdom	604	8.9%	1,238	11.2%
Other	2,387	35.0%	3,264	29.5%
	2,991	43.9%	4,502	40.7%
Latin America	907	13.3%	2,114	19.1%
Asia Pacific	1,104	16.2%	1,561	14.0%
	$ 6,813	100.0%	$ 11,073	100.0%

Competition

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

While the Company has enjoyed rapid growth in many international markets such as Thailand, Indonesia, Spain, Latin America, and others in recent years, particularly in the consumer segment, the Company has seen its global market share decline over the past several years relative to companies such as Apple with its iOS ecosystem, and companies that build smartphones based on the Android ecosystem, such as Samsung. In the United States, the Company has experienced a substantial decline in its largest market and experienced a large net decrease in its subscriber base. This decline is due to a variety of factors including consumer preferences for devices with access to the broadest number of applications, such as those available in the iOS and Android environments. Market share has also been impacted by the significant number of new Android-based competitors that have entered the market, and a growing trend in enterprises to support multiple devices. In addition, uncertainty relating to the Company's recently completed strategic review process, as well as previously-disclosed announcements concerning the Company's operational restructuring, recent Board and management changes and the Company's workforce reductions may have increased market uncertainty as to the future viability of the Company and may have negatively impacted demand for the Company's products, including the BES 10 platform and BlackBerry 10 smartphones.

Despite increased competitive pressures in consumer segments, the Company remains a leader in enterprise mobility, with deployments in over 87% of the Fortune 500 companies. BlackBerry smartphones in combination with the BlackBerry Enterprise Server set the standard in mobile enterprise for secure, reliable and manageable mobile access to enterprise resources and applications. However, trends towards BYOD deployments, wherein many companies are allowing employees to connect their own smartphones to corporate networks, have increased competitive pressure on the Company in the enterprise market. New products and services such as BlackBerry 10 smartphones with BlackBerry Balance, which allows for the secure co-existence of enterprise and corporate data on BlackBerry devices, and BES 10, the Company’s next generation BES that supports MDM services for BlackBerry 10 smartphones as well as iOS and Android based devices through a unified BlackBerry administration console, demonstrate the Company’s continued innovation and leadership and are intended to further solidify the Company’s position in the enterprise market.

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

Providers of major mobile operating system platforms that compete with the Company’s BlackBerry platform include Apple Inc. (iOS), Google Inc. (Android) and Microsoft Corporation (Windows Phone). In the wireless data communications access market, the Company is aware of a number of suppliers of access devices for public wireless data networks, including: Apple Inc., Google Inc., Samsung Electronics Co., Ltd., LG Electronics Mobile Communications Company, Lenovo Group Ltd., HTC Corporation, Huawei Technologies Co., Ltd., Microsoft Corporation, Nokia Corporation, ZTE Corporation, IBM Corporation, SAP AG, Citrix Systems, Inc., VMware, Inc., Mobile Iron, Inc., and Good Technology Corporation. Competitors of the Company's QNX business include Microsoft Corporation, Green Hills Software, Intel Corporation, MontaVista Software, Mentor Graphics Corporation, and Sysgo AG. Products that compete with the Company's BBM service include WhatsApp, Facebook Messenger, Skype, Line, iMessage, WeChat, Viber, Kik, Kakao Talk, Telegram and Snapchat. 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.

Providers of embedded software that compete with the Company's QNX business include Microsoft Corporation, which offers a competitive product (Compact Embedded or CE) and offers the Windows 8 Automotive stack for automotive infotainment applications. Apple Inc. and Google Inc. have not entered the embedded computing space to date; however, both have demonstrated interest in the automotive sector. Apple’s CarPlay software is resident on the iPhone and projects via a wired digital connection its own infotainment user experience onto the screen in an automobile. Google’s Android has been adapted by third parties to power an automotive infotainment system, but the adaptation prevents these instances from Google certification and access to Google services. Other companies and products competing with QNX technology include Green Hills Software (Integrity product), Intel Corporation (Wind River Vx Works product), Open Source Linux, MontaVista

Software, Mentor Graphics Corporation, Micro iTron and Sysgo (AG) (PikeOS) in specific embedded verticles. In addition, Nuance Communication Inc.'s SSE product competes with QNX in the acoustics market.

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

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

Key aspects of competitive differentiation among other industry participants in the embedded software market and QNX include QNX's POSIX compliant micro-kernel architecture resulting in improved reliability, tools allowing developers to understand their software's behavior, and the in-depth knowledge of the software that QNX provides (as QNX wrote the majority of this software and continues to maintain it). In cases where QNX did not write the software, detailed analysis is available to aid its customers with licensing. These elements combine to allow the QNX software to achieve certifications for medical, security and life safety critical applications.

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. As of March 1, 2014, the Company's research and development team consisted of 4,353 full time employees. Research and development expense was approximately $1.3 billion in fiscal 2014, compared to $1.5 billion in fiscal 2013.

Efficiencies in mechanical stack up, board layout, component integration and attachment technology combined with proprietary software and firmware features allow the Company to customize its core proprietary robust hardware designs to address new applications, network protocols and transmission frequencies. The Company's tunable closed loop radio transceiver technology can be adapted to support multiple protocols in the wireless data communications market, supporting its position as a primary supplier of wireless and related hardware and software products.

The Company has developed its own radio code stack and incorporates this radio code stack into the processors that are deployed in BlackBerry smartphones. Additionally, QNX, a subsidiary of the Company, has developed an embedded computing platform utilizing the unique micro kernel POSIX certified OS, multimedia and infotainment platform-specific middleware, as well as acoustic processing products. This QNX Neutrino OS is the basis for BlackBerry 10 smartphones and supports the integration of all hardware components and security features.

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

Key Area of Expertise	Design and User Benefits
Application & User Interface Technologies	Fluid, user-friendly applications with hardware acceleration for maximum performance; deep integration into core experience Rich tooling enabling rapid development and superior user experience
Power Management	Low power requirements – efficient battery consumption
Firmware	Integration, customization – low cost, small size, efficient battery consumption
Software Tools	Software development kits – more applications available
Testing Software	Fast and thorough test/debug – low cost, better quality, improved service/support
Mechanical Engineering	Robust design for highest quality standards deliver best in class customer satisfaction Use of new materials guarantee slimmest packaging and integration of new technologies
Operating System Technologies	High performance, scalable and secure operating system platform spanning handsets, automotive and general embedded markets Richer user experiences, common application ecosystem, embracing of open standards Multi-tasking and rich developer environment
Embedded Middleware	Highly scalable, modular software for infotainment applications
Product Design	Award winning products / outstanding customer experience through software and user interfaces
RF Engineering	High performance radio – low cost, small size, efficient battery consumption, better coverage
Display	High resolution bright displays with improved power characteristics
Audio	Improved audio quality in all environments through hardware and signal processing design. Excellent multi-media capability
Acoustics	Echo and noise cancellation, wind buffeting removal, active noise cancellation, engine sound enhancement
Intelligent Antennas	Effective tunable closed loop radiated power - better connectivity in fringe coverage
Analog RF & Digital ASIC	Integration – low cost, small size

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

- developing productivity focused devices for current and emerging wireless network technologies and market segments;
- revolutionizing smartphones through the further development of BlackBerry 10 OS;
- developing core technology and platforms for next generation air interfaces and networks, including evolution of 3G and 4G wireless networks;
- evolving the functionality, security and performance of its BlackBerry wireless solution and BlackBerry smartphones;

- building device software including operating systems, radio code, graphics and media frameworks, application runtimes, networking technologies, and BlackBerry applications;
- developing server and desktop software for enterprise and consumer environments;
- developing infrastructure systems to provide the underlying support for wireless network and Internet connectivity;
- providing a platform and tools for third party software developers and enterprises to write and wirelessly enable applications;
- improving manufacturing and testing technologies; and
- developing accessories to be used with BlackBerry smartphones.

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

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

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

The Company has previously entered into two project development agreements with Technology Partnerships Canada ("TPC"), which provided partial funding for certain research and development projects. Funding received by the Company from TPC for the first agreement (TPC-1) totaled $3.9 million and was repayable in the form of royalties of 2.2% on gross product revenues resulting from the project. The Company was obligated to pay royalties on all project revenues up to a maximum of $6.1 million. The Company has fully repaid its obligations with respect to TPC-1. The second agreement with TPC is for a development project (TPC-2) under which total contributions from TPC have been $23.3 million. The Company had fulfilled all prerequisite funding conditions and recorded all of the contributions as at February 28, 2004. This contribution is repayable to TPC in the form of a royalty of 2.2% on gross business revenues, subject to the Company maintaining a minimum number of Canadian employees and to certain annual maximum amounts through fiscal 2015, not exceeding $45 million. The Company has recorded $4.9 million (CAD) on account of TPC royalty repayment expense with respect to TPC-2 obligation during fiscal 2014.

The Company also qualifies for investment tax credits ("ITC") on eligible expenditures on account of Canadian scientific research and experimental development. In fiscal 2014, the Company recognized the benefits of its ITC in its consolidated statements of operations as a reduction in income tax expense.

Intellectual Property

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

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

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

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

wireless industry. The Company may also license its technology and intellectual property to third parties through various licensing agreements.

Production

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

In the coming year, the Company expects to continue to evolve its supply chain model, including through its new partnership with Foxconn. The Company's joint device development and manufacturing agreement with Foxconn demonstrates BlackBerry's commitment to the device market for the long-term and its determination to remain the innovation leader in secure end-to-end mobile solutions. Under this new partnership, Foxconn is jointly developing and manufacturing the BlackBerry Z3 smartphone for Indonesia and other fast-growing markets. The devices manufactured by Foxconn will be purchased and resold by BlackBerry. The Company expects the partnership with Foxconn will enable the Company to focus on iconic design, world-class security, software development and enterprise mobility management while simultaneously addressing fast-growing markets, leveraging Foxconn's scale, efficiency and supply chain to allow the Company to compete more effectively while reducing the Company's inventory risk. The Company's new hardware model will also strive 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 will also look to continue to enhance its new product introduction and supply chain planning activities through further integration with internal research and development activities.

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

Regulatory Matters

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

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

The Company's BlackBerry wireless devices, which are made commercially available by the Company across multiple markets, meet FCC, Industry Canada, and EC requirements. In addition, Company devices have obtained regulatory approvals required by other countries where such products are made commercially available by the Company. As BlackBerry has started to design and market devices in selected regions only, not every device will meet FCC, Industry Canada and EC requirements. The most recent example is the Z3 device, which is primarily designed for the Indonesian market and is not tested to meet all of the FCC, Industry Canada and EC requirements. Whether devices developed under the Foxconn partnership will be tested by the Company or non-BlackBerry labs going forward is currently under review.

At the present time, the Company has the required regulatory certifications for its testing facilities which allow the Company to perform all the testing required by the FCC, Industry Canada, and the EC in alignment with the Company's plans for fiscal 2014 device development and release. The Company plans to continue upgrading its capabilities for radio technology enhancements to align with the Company's plans for fiscal 2015 device development and release. In addition, the Company is able to perform some of the testing which is required by other international regulatory authorities in some of the countries where the Company's products are commercially available.

Environmental Regulations and Costs

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

Corporate Responsibility

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

Employees

As of March 1, 2014, the Company had 8,057 full-time employees: 4,353 in the product development area; 903 in sales and marketing; 329 in customer care and technical support; 370 in manufacturing and supply chain; and 2,102 in administration and business professional functions, which includes information technology, BlackBerry network operations and service development, finance, legal, facilities and corporate administration.

Facilities

Canada

The Company's corporate headquarters and new product introduction manufacturing facilities are based in Waterloo. The Company's operations are housed primarily in two campus-style developments. The facilities include 22 buildings, 13 of which are owned for a total square footage of 1,561,600 and nine of which are leased, for a total square footage of 451,166. The central Waterloo campus houses engineering, manufacturing as well as research and development groups. The Company's corporate, administration and finance operations are based out of the Company's campus in north Waterloo, consisting of four newly constructed buildings. Two owned facilities based in nearby Cambridge totaling 734,293 square feet are used for various global logistics and repair services groups. As part of the CORE program, the Company has agreed to sell, has leased out, or has listed for sale, 1,298,324 square feet of this space in Waterloo and 494,005 square feet of this space in Cambridge.

The Company owns or leases a total of 528,204 square feet in Ottawa. Engineering and research and development operations are the focus of this center. In addition, the Company owns two buildings which total 318,936 square feet in Mississauga, Ontario. In Eastern Canada, the Company leases a 10,700 square foot building in Fredericton, New Brunswick, and in Montreal, Quebec, the Company leases 6,066 square feet. In total, the Company occupies 1,141,140 square feet in Canada, outside the Waterloo-Cambridge, Ontario area. As part of the CORE program, the Company has agreed to sell, has leased or has listed for sale, 570,147 square feet of this space.

On March 21, 2014, the Company announced it had entered into an agreement for the divestiture of the majority of its real estate holdings in Canada, with an expected closing in the first quarter of fiscal 2015.

USA & Latin America

The Company leases or owns a total of 37 sites throughout the United States. 981,018 square feet of this space are leased and 460,297 square feet are owned. The majority of this space is primarily used for research and development. Sales and marketing activities in Latin and South America are supported by approximately 26,391 square feet with locations in Brazil, Argentina and Mexico. Of the total square footage in USA & Latin America, 412,612 square feet was either sold or listed for sale as part of the CORE program in fiscal 2014.

EMEA - Europe, Middle East & Africa

The Company's operations in Europe are headquartered in Slough, England, comprising 68,893 square feet in total. Operations in Germany are comprised of five leased facilities totaling 119,251 square feet, which are used for research and development and sales. A number of other small offices are leased throughout Europe. In total, BlackBerry leases 433,656 square feet across Europe, which are primarily used for sales and marketing activities. As part of the CORE program, 170,975 square feet of the space in Europe is no longer being used by BlackBerry and was subleased in fiscal 2014.

Asia-Pacific

In China, the Company leases approximately 103,633 square feet, including space for research and development in Beijing. In addition, a number of small sales-based offices are located throughout China. As a whole, the Company operates out of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, and Thailand with a total space of 215,521 square feet for sales and marketing activities.

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 "The Company is subject to general commercial litigation, class action and other litigation claims as part of its operations, and it could suffer significant litigation expenses in defending these claims and could be subject to significant damage awards or other remedies" and "The Company may infringe 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 it is considered probable for a material exposure to result and where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The Company does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

Though the Company does not believe the following legal proceedings will result in a significant loss, and does not believe they are claims for which the outcomes are determinable or where the amounts of the loss can be reasonably estimated, the Company has included the following summaries of certain of its legal proceedings that it believes may be of interest to its investors.

On October 31, 2008, Mformation Technologies, Inc. ("Mformation") filed a patent infringement lawsuit against the Company in the U.S. District Court for the Northern District of California. The patents in suit include U.S. Patent Nos. 6,970,917 and 7,343,408. These patents are generally directed to remote device management functionality. A jury trial began on June 19, 2012. On July 13, 2012, the jury found that the Company had infringed the asserted patent claims, awarding damages of $147.2 million. On August 8, 2012, Judge Ware overturned the jury verdict and granted judgment of non-infringement as a matter of law. On September 5, 2012, Mformation filed a motion for a new trial. On September 6, 2012, Mformation filed a notice of appeal to the U.S. Court of Appeals for the Federal Circuit. However, the Federal Circuit deactivated the appeal while the motion for new trial was pending. On September 20, 2012, the case was reassigned to Judge Edward M. Chen, in view of Judge

Ware's retirement from the bench. Judge Chen subsequently denied Mformation's motion for new trial on November 15, 2012. On December 4, 2012, the court denied Mformation's motion for relief from costs. The Federal Circuit reactivated the appeal on December 20, 2012 after Mformation filed a new notice of appeal. On January 3, 2013, a new entity, Mformation Software Technologies, Inc. ("MST"), filed a motion to substitute parties, alleging that Mformation had dissolved and that MST had assumed the rights, but not the liabilities, to the litigation. On January 14, 2013, the Company filed an opposition to MST's motion, combined with a motion to dismiss. On April 8, 2013, MST filed its opening substantive brief. On November 21, 2013, after a limited remand to the District Court, the Federal Circuit denied both MST's motion to substitute and the Company's motion to dismiss. On December 23, 2013, the Company filed its responsive substantive brief, and MST filed a reply brief on January 9, 2014. Proceedings are ongoing.

On April 2, 2012, NXP B.V. ("NXP") filed a lawsuit against the Company in the U.S. District Court for the Middle District of Florida (Orlando Division). NXP asserted that the Company infringes U.S. Patent Nos. 7,330,455; 6,434,654; 6,501,420; 5,597,668; 5,639,697; and 5,763,955. NXP alleges that its patents are generally directed to certain wireless technologies including 802.11 standards GPS and embedded memory technology, as well as certain methods of manufacture for semiconductor devices. The complaint seeks monetary damages, an injunction, and other relief that the court deems just and proper. The Company filed its Answer on May 30, 2012. Prior to trial, NXP dropped patents 5,597,668; 5,639,697; and 5,763,955. The trial began on March 24, 2014. Proceedings are ongoing.

On September 10, 2013, Cypress Semiconductor Corp. ("Cypress") filed a lawsuit against the Company in the U.S. District Court for the Northern District of California. Cypress asserted that the Company infringes U.S. Patent Nos. 6,012,103; 6,249,825; and 6,493,770, generally relating to reconfiguration of a peripheral device connected to a host computer. Cypress also asserted that the Company infringes U.S. Patent Nos. 8,004,497; 8,059,015; and 8,519,973, generally relating to capacitive touchscreens. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper. On November 4, 2013, the Company filed an answer and counterclaims. The Company asserted that Cypress infringes U.S. Patent Nos. 7,834,586, 7,986,127, and 8,169,187, generally directed to USB charging. The counterclaims seek an injunction, monetary damages, and other relief that the court deems just and proper. On December 2, 2013, Cypress filed an answer to the Company's counterclaims. Proceedings are ongoing.

On November, 4, 2013, the Company filed a lawsuit against Cypress Semiconductor Corp. ("Cypress") in the U.S. District Court for the Northern District of Texas. The Company asserted that Cypress infringes U.S. Patent No. 6,034,623, generally directed to a radio modem with radio and telemetry functions, and U.S. Patent No. 6,833,686, generally directed to an adaptive rate battery charging circuit. On January 13, 2014, Cypress filed an answer to the complaint. On January 30, 2014, Cypress filed petitions for inter partes review for both patents in the U.S. Patent and Trademark Office. On February 4, 2014, Cypress filed a motion to stay the lawsuit pending the inter partes reviews. Proceedings are ongoing.

On January 3, 2014, the Company filed a lawsuit against Typo Products LLC ("Typo") in the U.S. District Court for the Northern District of California. The Company asserted that Typo infringes U.S. Patent Nos. 7,629,964, and 8,162,552, generally directed to a keyboard for use with a mobile communication device. The Company also asserted that Typo infringed U.S. Design Patent No. D685,775, generally directed to a keyboard design, and trade dress relating to keyboards. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper. On January 22, 2014, the Company filed a motion for preliminary injunction to enjoin Typo from infringing U.S. Patent No. 7,629,964 and U.S. Design Patent No. D.685,775. Typo filed its opposition on February 5, 2014, and the Company filed a reply on February 12, 2014. Proceedings are ongoing.

Between May and August 2011, several purported class action lawsuits were filed against the Company and certain of its present or former officers in the U.S. District Court for the Southern District of New York, two of which have been voluntarily dismissed. On January 6, 2012, Judge Richard S. Sullivan consolidated the remaining three actions and appointed both lead plaintiff and counsel. On April 5, 2012, plaintiff filed the Consolidated Amended Class Action Complaint, alleging that during the period from December 16, 2010 through June 16, 2011, the Company and certain of its officers made materially false and misleading statements regarding the Company's financial condition and business prospects, and seek unspecified damages. Defendants brought a motion to dismiss the claim with prejudice, which was granted on March 29, 2013. On April 25, 2013, Plaintiff filed a Notice of Appeal. The appeal was argued on November 7, 2013 with judgment reserved. Proceedings are ongoing.

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. The purported class action claims seek

unspecified damages. Motions for the appointment of Lead Plaintiff and counsel have been filed in the U.S. proceedings. Proceedings are ongoing in all cases.

RISK FACTORS

Investors in the Company's common shares should carefully consider the following risks, as well as the other information contained in this AIF, and Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 1, 2014. 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 implement and realize the benefits of its recently announced strategic initiatives.

On December 20, 2013, the Company announced that it intended to focus on three key strategic initiatives: (i) returning the Company to its core strengths of enterprise and security; (ii) implementing changes in the Company's Devices business to provide operational flexibility to meet the needs of its customers and to mitigate the financial risk to the Company, including the Company's joint device development and manufacturing agreement with Foxconn; and (iii) transitioning to an operating unit organizational structure consisting of the Devices business, Enterprise Services, the QNX Embedded business and Messaging. See "Narrative Description of the Business - Strategy" in this AIF for further details.

The Company's strategic initiatives involve a significant restructuring of the Company's business, a refocusing by management on key strategic areas, significant organizational and personnel changes, outsourcing, and workforce reductions, including both voluntary early retirement programs and non-voluntary workforce reductions. The challenges faced by the Company to implement and realize the benefits of the strategic initiatives are significant, as described in the risk factors that follow, many of which are beyond the Company's control. There can be no assurance that the Company will be able to implement and realize the benefits of these recently announced strategic initiatives. The Company may experience delays in the anticipated timing of activities related to these initiatives, higher than expected or unanticipated execution costs, changes in competitive dynamics that may reduce the effectiveness of the strategies, difficulties executing the strategic initiatives because of factors relating to the Company, actions taken by the Company's competitors, assumptions made by management proving to be incorrect or other factors associated with the often unpredictable and rapidly changing dynamics of the wireless communications and embedded software industries. If the Company is not successful with these efforts, or if these efforts are more costly or time-consuming than expected, our business and results of operations may be adversely affected, which could limit our ability to invest in and grow our 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 BES 10 platform and deploy BlackBerry 10 smartphones, and current BES 10 test installations may not convert to commercial installations.

On February 25, 2014, the Company announced new enterprise solutions, partnerships and smartphone models, including the next generation of BES (BES 12) that will unify BES 10 and BES 5 onto one platform. BES 12 will enable organizations to develop enterprise-grade applications that are quickly deployed to BlackBerry smartphones and other mobile devices and provide customers with the ability to move securely from on-premise to the cloud effortlessly. The Company also announced a new BES pricing and licensing structure (Silver and Gold) and a new EZ pass program that will enable customers to move from BES and other mobile device management programs to BES 10 or BES 12 at the Silver level of service for free, the eBBM Suite (a new family of products and services, including BBM Protected, that will work with BlackBerry smartphones, BES and BES 10 to provide enterprise-class mobile messaging), the BlackBerry Z3 and the BlackBerry Classic (originally announced as the BlackBerry Q20). 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. In addition, while the Company is continuing to see increasing penetration in BES 10 with approximately 33,000 commercial and test servers installed to date, there can be no assurance that the test installations will convert to commercial installations, or that the installations will result in equivalent levels of revenue that the Company experienced in the past. The Company also faces the risk that certain enterprise customers may defer adopting the BES 10 platform until after the availability of BES 12 later this year. The Company's BES 10 and planned BES 12 products also rely on partnerships and software solutions with third parties to deliver the solution. In addition, the Company's recently completed 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, including the BES 10 platform and BlackBerry 10 smartphones. If the Company's new products are not competitive, do not align with customers' needs, are not launched as per the announced the timeline or if they experience quality or performance issues, results of operations could be materially impacted.

The Company has encountered challenges due to the impact of BYOD strategies being adopted by its enterprise customers, as many IT departments that previously required employees to use the BlackBerry wireless solution because of its emphasis on security and reliability are permitting employees to choose devices offered by the Company's competitors, and this has been reflected through a decrease in the Company's enterprise subscribers. Also, some of the Company's competitors have increased their marketing and product development efforts and focus on the enterprise market. To address this evolution of the market, the Company has introduced BES 10 and has announced BES 12, as noted above. The Company will also continue to seek partnerships that will further enable the Company to enhance these and potentially other offerings. However, there can be no assurance that these new product offerings, including the BlackBerry 10 smartphones and BES 10 and BES 12 software, will enable the Company to successfully address the challenges it faces from the BYOD trend in the enterprise space, either with existing or new customers.

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.

The wireless communications and embedded software industries 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. To keep pace with technological developments, satisfy increasing customer requirements and achieve product acceptance, the Company's future success depends upon its ability to enhance its current products and services, to address competing technologies and products developed by other companies, and to continue to develop and introduce new products and services offering enhanced performance and functionality on a timely basis at competitive prices. In particular, the Company's future success continues to be significantly dependent on its ability to successfully complete its transition to the BlackBerry 10 platform. The Company is also focused on developing an integrated service offering focused on enterprise customers that leverages the Company's strengths such as BBM, security and manageability and that will continue to generate service revenue and enable the Company to recover the costs associated with its network infrastructure. The Company has announced additional offerings relating to the popular BBM service, both for enterprise and consumer customers, and has expanded the service to iOS and Android platforms, with a view to increase the user base. Further, the Company announced in February 2014 that BBM will be made available to Windows Phone and Nokia X customers in the coming months. The Company believes that a corresponding increase in the user base for the BBM service could lead to increased opportunities for monetization of the services offered through the platform, through advertising or through the implementation of the solutions by enterprise customers. The Company has also announced that QNX expects to introduce the QNX Cloud platform in fiscal 2015, a cloud-based machine to machine management and communication platform targeting embedded computing device manufacturers. The process of developing new technology is complex and uncertain, and involves time, substantial costs and risks, which are further magnified when the development process involves a transition to a new technology platform, as is the case with the Company's BlackBerry 10 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, including marketing, sales support, activation and ongoing support, or accurately predict emerging technological trends and the changing needs of customers and end users, or the features of its new products and services, including its BlackBerry 10 smartphones, do not meet the expectations or achieve acceptance of its customers, the Company's business and prospects could be materially harmed.

On February 25, 2014, the Company announced new enterprise solutions, partnerships and smartphone models, including the next generation of BES (BES 12) that will unify BES 10 and BES 5 onto one platform. BES 12 will enable organizations to develop enterprise-grade applications that are quickly deployed to BlackBerry smartphones and other mobile devices and provide customers with the ability to move securely from on-premise to the cloud effortlessly. The Company also announced a new BES pricing and licensing structure (Silver and Gold) and a new EZ pass program that will enable customers to move from BES and other mobile device management programs to BES 10 or BES 12 at the Silver level of service for free, the eBBM Suite (a new family of products and services, including BBM Protected, that will work with BlackBerry smartphones, BES and BES 10 to provide enterprise-class mobile messaging), the BlackBerry Z3 and the BlackBerry Classic (originally announced as the BlackBerry Q20). In the past, the Company has encountered delays relating to new product introductions, and delivering new products on a timely basis has proven more challenging than the Company had anticipated. For example, in fiscal 2013, the introduction of the Company's first BlackBerry 10 smartphones were delayed, in part, because of complexities in the development and integration of a completely new technology platform, which contributed to lower than expected unit shipments as customers worked through inventory and awaited the launch of the new BlackBerry 10 smartphones. If the Company experiences further delays relating to the launch of already announced or yet to be announced smartphones or other

products or services, such delays could have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

There cannot be any assurance that the technologies and related hardware or software products and services that the Company develops will be brought to market by it or network operators as quickly as anticipated or that they will achieve broad customer acceptance among operators or end users. In the case of the Company's BlackBerry 10 smartphones, there can be no assurance that the Company's existing BlackBerry 6 and BlackBerry 7 customers will migrate to the new BlackBerry 10 devices, which are offered for sale at a higher price point than many of the Company's older devices. While the Company is continuing to see increasing penetration in BES 10 with approximately 33,000 commercial and test servers installed to date, there can be no assurance that the test installations will convert to commercial installations, or that the installations will result in equivalent levels of revenue that the Company experienced in the past.

In addition, the machine to machine industry 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 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. Specifically, there can be no assurance that the Company will be able to develop, introduce, gain market share and scale the QNX Cloud platform among intense competition and rapid change in this emerging market. In addition, the Company may be unable to compete with automotive software solutions based on open source software distributions, including those based on Android and Linux. The Company's competitors, including new market entrants, may implement new technologies before the Company does, and the number of new entrants in the machine to machine communications market can make it more difficult for the Company to differentiate its products and services. In addition, the Company's competitors may deliver new products and services earlier, or provide more attractively-priced, enhanced or better quality products and services than the Company does, which may, among other things, increase pressure on the Company to discount pricing on its existing and future products and services.

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, and such competitors have increased their market share at the expense of the Company in recent years. The Company also expects that additional competition will develop from existing companies in the wireless communications industry, from new entrants, and from consolidation or other partnership or business combination activities within the market, as demand for machine to machine products and related services expands and as the market for these products and services becomes more established.

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

Uncertainty relating to the Company's previously-disclosed announcements concerning the Company's operational restructuring, recent Board and management changes and the Company's workforce reductions may adversely impact the Company's business, existing and future relationships with business partners and end customers of its products and services, and its ability to attract and retain key employees.

The Company has continued with its CORE program, including significant workforce reductions. The Company believes that these initiatives increased market uncertainty in fiscal 2014 as to the future viability of the Company and may have adversely impacted existing and future relationships with business partners and end customers of its products and services and demand for the Company's products (including, in particular, sell-through levels for the Company's BlackBerry 10 smartphones). The Debenture Financing also changed the capital structure of the Company and also added additional obligations in the form of interest payments to the Debenture holders on a quarterly basis.

The Company's success is also 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 wireless communications and embedded software industries. The Company's ongoing restructuring activities (including headcount reductions relating to its Cost Optimization Program and continuing efforts to streamline its operations and increase efficiency through its CORE program), the Company's governance changes, the challenges faced by the Company over the past three fiscal years relating to delays in new product introductions, loss of market share, the Company's share price performance (particularly for those employees for whom equity-based compensation has been a key element of their compensation), the perception of the effects of competition on the Company's future prospects, and other factors, may impact the Company's ability to attract new employees 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. The Company's restructuring activities and general loss of key employees could disrupt operations, impair the Company's ability to compete effectively, impact the Company's ability to successfully execute its strategies (including the transition to its BlackBerry 10 platform), and affect its ability to address issues that may arise in the future as a result of a loss of institutional knowledge.

If the Company is unable to successfully execute its recently announced strategies and realize the anticipated benefits of those strategies, it may be unable to maintain or enhance relationships with business partners and end customers of its products and may not be able to attract and retain key employees, which could have a material adverse effect on the Company's business, result of operations and financial condition.

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

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

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

As customers continue to transition to BlackBerry 10, the Company expects SAF revenue to decline further, but expects to generate revenues to mitigate the loss of the enterprise portion of SAF revenue from enterprise customers that elect to utilize BES 10, BES 12 and other new products and services. The Company continues to be focused on developing additional integrated BlackBerry 10 service offerings focused on enterprise customers that leverage the Company's strengths such as BBM, security and manageability to generate new service revenue streams. Customers that require enhanced services, including advanced security, mobile device management, secure enterprise instant messaging and other services, are expected to continue to generate monthly service revenue. Other customers who do not utilize such services are expected to generate less or no service revenue. The Company believes that offering alternative levels of service and pricing will better meet the needs of its customers. In addition, the Company believes that by offering these services it may be able to expand the size of its addressable market for recurring service revenue. The Company believes this strategy will help broaden the BlackBerry ecosystem over time, which will potentially give the Company and its application developers access to a broader market into which to sell their respective services.

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

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

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

The Company is engaged in an industry that is highly competitive and rapidly evolving, and has experienced, and expects to continue to experience, intense competition from a number of companies. No technology has been exclusively or commercially adopted as the industry standard for wireless communication, 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, and the number of new entrants in the wireless communications industry can make it more difficult for the Company to differentiate its products and services. In addition, the Company's competitors may deliver new products and services earlier, or provide more attractively-priced, enhanced or better quality products and services than the Company does, which may, among other things, increase pressure on the Company to discount pricing on its existing and future products and services. In particular, BlackBerry smartphone sales and shipments in fiscal 2014 were impacted by a competitive environment in which multiple competitors introduced new devices and demand for the Company's new handheld devices was lower than anticipated, leading the Company to offer sell-through programs as well as significant price reductions in order to drive sell-through for BlackBerry 7 and BlackBerry 10 handheld devices.

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

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

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

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

The Company's QNX business is engaged in the in-vehicle automotive market that is highly competitive and rapidly evolving and has experienced, and expects to continue to experience, intense competition from a number of companies and emerging technologies. The Company's competitors include new market entrants such as Google Inc., promoting an automotive version of Android for in-vehicle infotainment systems through its Open Automotive Alliance, as well as the GENIVI Alliance sponsoring a Linux-based infotainment platform. Emerging competitive technologies include the use of connected mobile devices, using solutions such as Apple Inc.'s CarPlay, to leverage the capabilities of mobile devices to displace functionality that would otherwise have been built into OEM infotainment systems. Other technological advances by competitors have increased competitive pressure on the Company's QNX business' acoustic processing products. The impact of this competition could result in reduced customer design wins, reduced software royalties, loss of market share and reduced gross and operating margins. There can be no assurance that the Company will be able to compete successfully and withstand these competitive pressures.

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

The Company may not be able to adapt to, and realize the anticipated benefit of, its recent Board and management changes.

Upon closing of the Debenture Financing on November 13, 2013, John S. Chen was appointed Executive Chair of the Board. Thorsten Heins stepped down as Chief Executive Officer and Mr. Chen was named Interim Chief Executive Officer. Prem Watsa was appointed Lead Director and Chair of the Compensation, Nomination and Governance Committee, and Thorsten Heins and David Kerr resigned from the Board. In addition, in fiscal 2014, the Company announced the replacement of Brian Bidulka with James Yersh as Chief Financial Officer, and the appointments of John Sims as President, Global Enterprise Services, James S. Mackey as Executive Vice President, Corporate Development and Strategic Planning, Mark Wilson as Senior Vice President, Marketing, Ron Louks as President, Devices and Emerging Solutions and Eric Johnson as President, Global Sales. The Company also announced the resignations of Kristian Tear (former Chief Operating Officer), Frank Boulben (former Chief Marketing Officer), and Roger Martin, member of the Board. Though the Company believes that these changes will help it transition and focus on its three key strategic initiatives, the Company's success depends on its ability to successfully adapt to these changes, to effectively integrate the Company's new management team, and to implement the strategies and achieve the goals outlined by the Company's Chief Executive Officer. If the Company's Board and management team are unable to accomplish these business objectives, the Company's ability to grow its business and successfully meet its challenges could be adversely affected.

The Company increasingly relies upon third parties to manufacture and repair its products and it is exposed to the risk that these third parties may not be able to satisfy its manufacturing needs and repairs on a timely basis or to an appropriate quality standard. In addition, the Company is exposed to risks related to changing manufacturers or reducing the number of manufacturers or suppliers it uses.

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

On December 20, 2013, the Company announced a five-year strategic partnership with Foxconn. Under this new relationship, Foxconn will jointly develop and manufacture certain new BlackBerry devices and manage the inventory associated with those devices. While the Company expects this partnership to improve the operating results from the devices portion of the business, and to reduce the risk of excess inventory charges for products designed and manufactured by Foxconn, there can be no assurance that the Foxconn relationship will yield the financial or operational benefits described over the term of the agreement as the Company will maintain relationships with other EMS partners and has not previously had any experience in conducting these types of arrangements with Foxconn.

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

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

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

The Company may not be able to implement and realize the benefits of its previously-disclosed operational restructuring initiatives, including the CORE program, and may not be able to continue realizing cost reductions in the future, including its efforts to reduce its workforce by approximately 4,500 positions by the end of the first quarter of fiscal 2015.

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

The CORE program was targeted to drive at least $1.0 billion in savings by the end of fiscal 2013 based on the Company's fourth quarter 2012 run rate. As previously disclosed, the Company was able to achieve savings of approximately $1.0 billion as of its third quarter of fiscal 2013, one quarter ahead of the target. The savings were realized through lower material costs, working capital improvements, greater efficiencies in manufacturing and supply chain management, overall headcount reductions and leveraging third-party providers to assist in reducing indirect spending. In the second quarter of fiscal 2014, the Company further disclosed that, by the end of the first quarter of fiscal 2015, the program was targeted to reduce operating expenses by 50% compared to the run rate at the end of the first quarter of fiscal 2014. In the fourth quarter of fiscal 2014, the Company achieved this target and reduced quarterly operating expenditures by approximately 51% compared to the first quarter of fiscal 2014. As part of the CORE program, the Company announced in March 2014 that it had entered into an agreement for the divestiture of the majority of its real estate holdings in Canada, with an expected closing in the first quarter of fiscal 2015.

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

The workforce reductions implemented in relation to the Company's CORE program may result in a disruption to critical business processes and the effectiveness of the Company's internal controls.

The Company relies on the experience and industry knowledge of key employees to execute critical business processes and perform internal controls. The Company's workforce reduction activities have created uncertainty that has led to an increase in attrition and challenges in retaining qualified personnel, which exposes the Company to risk of process and internal control failures.

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

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

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

- the quality and coverage area of voice and data services offered by the carriers;
- the degree to which carriers and distributors actively promote or subsidize the Company's products and the size of the subscriber base to which these efforts are directed;
- the extent to which carriers and distributors offer and promote competitive products and services;
- the continued generation of service revenues from billings to BlackBerry subscribers from service access fees that are charged to a carrier or reseller, which the carrier or reseller in turn bills to the BlackBerry subscriber, and the willingness of the carriers to pay such fees;
- the pricing and terms of voice and data plans that carriers will offer for use with the BlackBerry wireless solution, including any subsidy programs;
- sales growth of wireless devices, along with the related service, software and other revenues with respect to the BlackBerry wireless solution;
- activations of BlackBerry subscriber accounts, as well as retention of existing ones;
- the carriers' interest in testing, and certifying in a timely manner, the Company's products on their networks;
- network performance and required investments in upgrades;
- future investments in evolving network technologies and support for new software technologies; and
- continued support and distribution of the Company's products and services if claims involving its products are filed against its carriers and licensees as well as against the Company.

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

The Company has a number of significant customers and large complex contracts with respect to sales of the majority of its products and services. Revenue from network carriers represented approximately 60% of revenue for fiscal 2014, compared to approximately 63% of revenue for fiscal 2013. If any significant customer discontinues its relationship with the Company for any reason, reduces or postpones current or expected purchase commitments for the Company's products and services, or promotes the products and services of a competitor over those of the Company, it could have a material adverse effect on the Company's business, results of operations and financial condition. There were no customers that comprised more than 10% of accounts receivable as at March 1, 2014 (March 2, 2013 – no customers that comprised more than 10%). Additionally, there

were no customers that comprised more than 10% of the Company's revenue in fiscal 2014 (fiscal 2013 – no customers that comprised more than 10%; fiscal 2012 – no customers that comprised more than 10%). The Company's ability to replace or find new large customers is necessarily limited due to the limited number of wireless carriers and distributors in many territories.

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

The Company's ability to maintain or increase its liquidity, its existing cash balance, its ability to access existing or potential alternative sources of funding, the sufficiency of its financial resources, and its ability to service its debt, could be adversely affected by its ability to offer competitive products and services in a timely manner at competitive prices, its ability to collect accounts receivables in jurisdictions with foreign currency controls and its access to the capital markets.

As of the end of fiscal 2014, the Company had cash, cash equivalents and investments of approximately $2.7 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 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 the BlackBerry 10 platform or to enhance service revenues or exploit other opportunities for generation of revenues. In addition, if the Company fails to accurately predict emerging technological trends and the changing needs of customers and end users, or the features of its new products and services, including its BlackBerry 10 smartphones do not meet the expectations or achieve acceptance of its customers, its cash flow, liquidity and financial condition could be materially harmed. The Company believes that its liquidity position will be strongly influenced by end user adoption of its BlackBerry 10 platform, by the Company's ability to sustain the benefits and cost savings achieved through its CORE program and by its ability to mitigate declining revenues from service access fees.

The Company has, and may from time to time have, third party debt service obligations pursuant to its outstanding indebtedness, including the Debentures and any drawings under its existing asset-backed lending facility. The Company's ability to make required payments on this indebtedness depends on its financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, and other factors beyond the Company's control, including market liquidity conditions, increased operating costs, and trends in the Company's industry. If the Company's cash flows and capital resources are insufficient to fund these debt service obligations, the Company may be forced to reduce or delay capital expenditures, sell assets, seek additional capital, or restructure or refinance its indebtedness. In addition, the terms of any such indebtedness require the Company to meet certain financial tests and impose certain negative covenants, which may prevent the Company from accessing additional indebtedness or other sources of funding, or pursuing certain business opportunities and taking certain actions that may be in its interest. There can be no assurance that the credit facility will continue to be available on its current terms or at all. See also the Risk Factor entitled: "The Company has recently incurred significant indebtedness, which could adversely affect its operating flexibility and financial condition."

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

The Company continues to have accounts receivables outstanding related to service access fees provided to wireless service providers in Venezuela that, due to recent political and economic events in that Venezuela (including a significant devaluation of the Venezuelan Bolivar in 2013), and combined with that country's existing and recently amended foreign currency restrictions, raise significant uncertainty about the availability of U.S. dollars for the payment of the Company's invoices. The

Company does not sell smartphones directly into the Venezuelan market, nor does it have any operations in Venezuela. Moreover, the Company only invoices its carrier partners in Venezuela in U.S. dollars for service access fees provided to the BlackBerry subscriber base. The invoices are reviewed by the carriers and subsequently, an application is made by them to the government-operated Foreign Exchange Administration Board ("CADIVI") in Venezuela to obtain the necessary U.S. dollars to settle their obligations to the Company. Foreign currency restrictions and other foreign exchange mechanisms implemented by the Venezuelan government have impacted the ability of the Company's Venezuelan carrier partners to timely obtain U.S. dollars in exchange for Venezuelan Bolivars, and the Company is continuing to monitor development in this area as it considers strategies to secure payment of its outstanding invoices. The application and approval process continue to be delayed and the Company's ability to timely obtain U.S. dollars at the official exchange rate remains uncertain. As of March 1, 2014, the Company has been successful in collecting some service revenues from wireless service providers in Venezuela and will continue to closely monitor its efforts in future periods. Further, the Company deferred all service revenue associated with services rendered in fiscal 2014 of approximately $261 million. As a result of the currency devaluation and given the uncertainty around future changes to the Venezuela leadership, the Company could face additional challenges in obtaining payment on its receivables if the Venezuela carriers cannot secure governmental approvals to buy and remit U.S. dollars for services provided.

The Company also experienced similar currency-related issues in Argentina in the fourth quarter of fiscal 2014, which led to the deterioration of collections from the carriers to whom the Company provides services. As a result, the Company recorded a service revenue deferral of approximately $13 million of service revenue associated with service access fees charged to customers in Argentina in the fourth quarter of fiscal 2014.

Similar currency control challenges are also being experienced in Nigeria and Egypt, among other markets where the Company operates. Although the Company monitors the political and economic situations in these countries, there are no assurances that the Company will be successful in the collection of its receivables, or that the laws and regulations that governs foreign currency controls will not reduce the Company's capacity to collect funds.

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 the Company's existing credit facility or any future debt financing would require the Company to dedicate a portion of its cash flow to payments on indebtedness, would require the Company to comply with restrictive covenants or to meet certain financial tests, and would limit the Company's flexibility in planning for or reacting to changes in its business. There can be no assurance that the Company's strategies will be successful or that it will be able to maintain or increase its cash balance.

The Company has recently 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 and drawings under its asset-backed lending facility. 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. 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.

The Company's ability to make scheduled payments of interest on, and to refinance, 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. The Company's business may not generate sufficient cash flow from operations in the future, which could result in its inability to pay amounts due under its outstanding indebtedness or to fund other liquidity needs. If the Company does not have sufficient cash flow from operations, 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, operations and financial position.

There can be no assurance that the Company will be able to refinance its indebtedness as principal amounts become due, or that it will be able to do so on terms as favourable as those currently in place. The Company's ability to restructure or refinance its indebtedness, including the Debentures, will depend on the condition of the capital markets and the Company's financial condition at such time. 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 would 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, operations and financial position.

Certain of the Company's indebtedness, including the Debentures and the asset-backed lending facility, is 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 outstanding indebtedness, which would have a material adverse effect on the Company's business, operations and financial position.

The Company faces substantial inventory and other asset risk, including risks related to its ability to sell its inventory of BlackBerry 10 products, manage its purchase obligations with its manufacturing partners and the potential for additional charges related to its inventory, as well as risks related to its ability to mitigate inventory risk through its new partnership with Foxconn.

As the Company develops or announces new products and services, many of its older products and services will reach the end of their life cycle. In addition, the Company may decide or may be required to discontinue sales of certain products or services, or not pursue the development of certain products or services, as a result of such factors 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. The Company's financial condition and results of operations could be materially and adversely affected in the future by the Company's ability to manage its inventory levels and respond to short-term shifts in customer demand patterns.

No assurance can be given that the Company will not incur additional related charges with respect to its existing or future products given the rapid and unpredictable pace of product obsolescence in the industries in which the Company competes. There is also no assurance that the Company's strategic five year relationship with Foxconn will eliminate the risk of these charges occurring in the future.

The Company must order components for its products and build inventory in advance of product announcements and shipments. Components are normally acquired through a combination of purchase orders, supplier contracts, open orders and, where appropriate, prepayments, in each case based on projected demand. Because the Company's markets are volatile, competitive and subject to rapid technology and price changes, there is a risk the Company will forecast incorrectly and order or produce excess or insufficient inventories of components or products. The BlackBerry 10 launch in particular required the Company to significantly increase its component orders to meet the estimated anticipated demand for the new smartphones. A portion of this increase led to charges against inventory and supply commitments of approximately $934 million recorded in the second quarter of fiscal 2014 primarily attributable to BlackBerry Z10 devices (the "Z10 Inventory Charge") and $1.6 billion recorded in the third quarter of fiscal 2014 primarily attributable to BlackBerry 10 devices (the "Q3 2014 Inventory Charge"). Additional complexity and uncertainty exists with forecasting related to the introduction of any new technology platform.

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

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 March 1, 2014, the Company's long-lived assets had a carrying value of approximately $2.4 billion. The assets represent items such as the Company's network infrastructure, owned office buildings and certain intellectual property, among others.

The current macroeconomic environment and competitive dynamics continue to be challenging to the Company's business and the Company cannot be certain of the duration of these conditions and their potential impact on the Company's ability to generate sufficient cash flows to fully recover the current carrying value of these assets. If it is determined that sufficient future cash flows do not exist to support the current carrying value, the Company will be required to record an impairment charge for long-lived assets in order to adjust the value of these assets to the newly established estimated value, as was the case in the third quarter of fiscal 2014 where the Company recorded a long-lived asset write down of approximately $2.7 billion.

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

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

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

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

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

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

The brand identity that the Company developed significantly contributed to the success of its business. Maintaining and enhancing the "BlackBerry" brand is critical to expanding the Company's base of users, customers and partners. The Company believes that the importance of brand recognition will increase due to the relatively low barriers to entry in the wireless communications industry. On January 30, 2013, the Company announced its intention to adopt the name of its revolutionary

BlackBerry product line to coincide with the launch of its new platform, BlackBerry 10. The move consolidated the Company's brand into a single cohesive global presence. The new corporate name was approved by shareholders at the Company's Annual General and Special Meeting in July 2013. The Company also made significant investments in marketing in cooperation with its U.S. carrier partners and its other global customers to promote and support the launch of BlackBerry 10. However, the "BlackBerry" brand may be negatively impacted by a number of factors, including service outages, product malfunctions, product performance not meeting expectations, a user experience which does not compare to that of the Company's competitors, data privacy and security issues, and perceptions of the value and future success of the Company's products and services. In addition, the Company believes that uncertainty relating to the Company's recently completed strategic review process and a loss of market share, particularly in the United States, have adversely affected the perception of its brand and efforts to implement and realize the benefits of the Company's strategic initiatives may not be successful in maintaining and enhancing the brand. If the Company fails to maintain and enhance the "BlackBerry" brand, or if the Company incurs excessive expenses in this effort, the Company's business, results of operations, and financial condition will be materially and adversely affected.

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

The BlackBerry service is provided through a combination of the Company's network operations and the wireless networks of its carrier partners. The Company's operations rely on a significant degree on the efficient and uninterrupted operation of complex technology systems and networks, which are in some cases integrated with those of third parties. The Company's networks and technology systems are potentially vulnerable to damage or interruption from a variety of sources, physical or logical, including damage or interruption by fire, earthquake, power loss, telecommunications or computer systems failure, cyber attack, human error, terrorist acts, war, and the threatened or actual suspension of BlackBerry service at the request of a government for alleged noncompliance with local laws or other events. The increased number of third party applications on the Company's network may also enhance the risk of network disruption and cyber attack risk for the Company. There may also be system or network interruptions if new or upgraded systems are defective or not installed properly. The Company continues to work to develop, implement and test its Business Continuity Plan and there can be no assurance that the measures taken by the Company to date, or measures implemented by the Company in connection with its Business Continuity Plan, to manage risks related to network disruptions or other business interruptions will be adequate or that the redundancies built into the Company's systems and network operations will work as planned in the event of a disaster.

As the Company's requirements to handle more data traffic driven by new service offerings increases, additional strain has been placed on the technology systems and networks, thereby increasing the relative risk of a network disruption or other business interruption.

The Company has experienced network events in the past, and any future outage in a network or system or other unanticipated problem that leads to an interruption or disruption of the BlackBerry service, could have a material adverse effect on the Company's business, results of operations and financial condition, and could adversely affect the Company's longstanding reputation for reliability, thereby resulting in end users purchasing products offered by its competitors if reliability is no longer considered a differentiating factor of the BlackBerry wireless solution. As the Company moves to support more applications or services, the expense to establish and maintain a resilient and secure network services capability may significantly increase.

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

The Company is subject to risks inherent in foreign operations.

Sales outside North America represented approximately 73% of the Company's revenue in fiscal 2014, which was comparable with fiscal 2013. The North American market, particularly the United States, has become increasingly competitive and the Company intends to continue to pursue international market growth opportunities, such that international sales are likely to continue, at least in the near future, to account for a significant portion of the Company's revenue. The Company has committed, and intends to commit, significant resources to its international operations and sales and marketing activities. The Company maintains offices in a number of foreign jurisdictions, and could potentially open additional offices in other countries. The Company has limited experience conducting business in some of these jurisdictions outside of North America,

and it may not be aware of all the factors that may affect its business in foreign jurisdictions. The Company will be subject to a number of risks associated with its expanding international business operations and sales and marketing activities that may increase liability, costs, lengthen sales cycles and require significant management attention. These risks include:

- compliance with the laws of the United States, Canada and other countries that apply to the Company's international operations, including import and export legislation, lawful access and privacy laws (as discussed further below);
- compliance with existing and emerging anti-corruption laws, including the Foreign Corrupt Practices Act of the United States, the Corruption of Foreign Public Officials Act of Canada and the UK Bribery Act;
- increased reliance on third parties to establish and maintain foreign operations;
- the complexities and expense of administering a business abroad;
- complications in compliance with, and unexpected changes in, foreign regulatory requirements, including requirements relating to content filtering and requests from law enforcement authorities;
- trading and investment policies;
- consumer protection laws that impose additional obligations on the Company or restrict the Company's ability to provide limited warranty protection;
- instability in economic or political conditions, including inflation, recession and actual or anticipated military conflicts, social upheaval or political uncertainty;
- foreign currency fluctuations;
- foreign exchange controls and cash repatriation restrictions, including those relating to Venezuela and Argentina and certain other jurisdictions (as discussed further above);
- tariffs and other trade barriers;
- difficulties in collecting accounts receivable;
- potential adverse tax consequences;
- uncertainties of laws and enforcement relating to the protection of intellectual property or secured technology;
- litigation in foreign court systems;
- unauthorized copying or use of the Company's intellectual property, including software, know-how or trade secrets;
- cultural and language differences;
- difficulty in managing a geographically dispersed workforce in compliance with local laws and customs that vary from country to country; and
- other factors, depending upon the country involved.

There can be no assurance the policies and procedures implemented by the Company to address or mitigate these risks will be successful, that Company personnel will comply with them or that the Company will not experience these factors in the future or that they will not have a material adverse effect on the Company's business, results of operations and financial condition. See also the Risk Factor entitled "The Company's ability to maintain or increase its liquidity, its existing cash balance, its ability to access existing or potential alternative sources of funding, the sufficiency of its financial resources, and its ability to service its debt, could be adversely affected by its ability to offer competitive products and services in a timely manner at competitive prices, its ability to collect accounts receivables in jurisdictions with foreign currency controls and its access to the capital markets."

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

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

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

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

Given the dynamics of the wireless communications industry, the Company's financial results may not follow any past trends. In particular, the Company's entry into new markets or changes to the Company's technology, such as its transition to the BlackBerry 10 platform, can increase the difficulty of forecasting financial results. Significant unanticipated sales and marketing, R&D, IT, professional and other costs, writedowns and impairment charges may be incurred or take place in a single quarter, which can affect results. Additionally, many of the Company's products are, among other things, subject to long development, new product approval and certification, and sales cycles. In addition, the Company is engaged in an industry that is highly competitive and rapidly evolving, and has experienced, and expects to continue to experience, intense competition from a number of companies. As a result, if expected revenues are not realized as anticipated, if new product introductions are delayed or are not as well received by the market as anticipated, or if operating expenses are higher than expected, the Company's actual financial results could be materially adversely affected. These factors can make it difficult to predict the Company's financial results. Consequently, actual results may differ materially from those expressed or implied by the Company's forward-looking statements and may not meet the expectations of analysts or investors, which can contribute to the volatility of the market price of the Company's common shares. Despite the Company's cautions in each earnings release, earnings conference call and securities filings that contains forward-looking statements that the risks relating to such statements should be considered carefully and that shareholders should not place undue reliance on forward-looking statements, if results expressed or implied in the forward-looking statements are not realized, or the Company updates its forward-looking statements at a later time, the Company may nevertheless be subject to potential securities litigation or enforcement action. Between 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. The purported class action claims seek unspecified damages. Regardless of the Company's views of the merits of this action or any similar actions that may be filed against the Company, securities litigation is costly, time-consuming and may be unpredictable, and could divert the attention of management and key personnel from the Company's business operations. If the Company is unsuccessful in its defense of securities litigation claims or is unable to settle the claims, the Company may be faced with significant monetary damages that could have a material adverse effect on the Company's business, results of operations and financial condition. Administrative or regulatory actions against the Company or its employees could also have a material adverse effect on the Company's business, results of operations and financial condition. See also "Legal Proceedings" in this AIF.

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

The Company expects its suppliers and subcontractors to operate in compliance with applicable laws, rules and regulations regarding working conditions, labor and employment practices, environmental compliance, anti-corruption (including the Foreign Corrupt Practices Act of the United States, the Corruption of Foreign Public Officials Act of Canada and the UK Bribery Act), and patent and trademark licensing as detailed in the Company's Supplier Code of Conduct. However, the Company does not directly control their labor and other business practices. If one of the Company's suppliers or subcontractors

violates applicable labor, anti-corruption or other laws, or implements labor or other business practices that are regarded as unethical, or if a supplier or subcontractor fails to comply with procedures designed by the Company to adhere to existing or proposed regulations, the shipment of finished products to the Company could be interrupted, orders could be canceled, relationships could be terminated, the Company's reputation could be damaged, and the Company may be subject to liability. Any of these events could have a negative impact on the Company's business, results of operations and financial condition.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company generally uses rolling forecasts based on anticipated product orders to determine component requirements. Lead times for materials and components vary significantly and depend on factors such as specific supplier requirements, contract terms, rapid changes in technology, and current market demand for particular components. If the Company overestimates its component requirements based on anticipated demand for its products, it may result in excess inventory, which would increase the risk of obsolescence, and financial penalties based on minimum volume commitments, which would increase the manufacturing costs per unit of the Company's products. The BlackBerry 10 launch in particular required the Company to significantly increase its component orders in order to meet the estimated anticipated demand for the new smartphones, which resulted in the Z10 Inventory Charge and the Q3 2014 Inventory Charge. See the Risk Factor entitled: "The Company faces substantial inventory and other asset risk, including risks related to its ability to sell its existing inventory of BlackBerry 10 products, manage its purchase obligations with its manufacturing partners and the potential for additional charges related to its inventory, as well as risks related to its ability to mitigate inventory risk through its new partnership with Foxconn." If the Company underestimates component requirements, it may have inadequate inventory, which could interrupt manufacturing operations and delay delivery of products. Any of these occurrences could have a material adverse effect on the Company's business, results of operations and financial condition.

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

On December 20, 2013, the Company announced a five-year strategic partnership with Foxconn. Under this new relationship, Foxconn will jointly develop and manufacture certain new BlackBerry devices and manage the inventory associated with those devices. While the Company expects this partnership to improve the operating results from the devices portion of the business, and to reduce the risk of excess inventory charges for products designed and manufactured by Foxconn, there can be no

assurance that the Foxconn relationship will yield the financial or operational benefits described over the term of the agreement as the Company will maintain relationships with other EMS partners and has not previously had any experience in conducting these types of arrangements with Foxconn.

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

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

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

BlackBerry World, the Company's comprehensive electronic content distribution platform, is available to customers in over 170 markets globally. The continued expansion of the catalogue of applications and other content on BlackBerry World is an important element of driving transition to BlackBerry 10 smartphones, and requires a substantial investment of internal resources for development of the infrastructure, improvement of developer and consumer interfaces and advertising costs.

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

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

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

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

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

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

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

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

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

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

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

In addition, the Company outsources the majority of the manufacturing and repair of its products to third parties. The resources devoted by these third parties to meet the Company's manufacturing and repair requirements is not within the Company's control and there can be no assurance that manufacturing or repair problems will not occur in the future. See also "Risk Factors -- The Company increasingly relies upon third parties to manufacture and repair its products and it is exposed to the risk that these third parties may not be able to satisfy its manufacturing needs and repairs on a timely basis or to an appropriate
quality standard."

The Company'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 the Company's plans. Perceived uncertainties as to the Company's future direction as a result of shareholder activism could also result in the loss of potential business opportunities, and may make it more difficult to attract and retain qualified personnel and business partners, to the detriment of the Company.

If the Company loses its foreign private issuer status under U.S. federal securities laws, it will incur additional expenses associated with compliance with the U.S. securities laws applicable to U.S. domestic issuers and will not be able to utilize certain benefits available to foreign private issuers.

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. However, 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. Further, to the extent that the Company offers or sells its securities on an unregistered basis outside of the United States, it would have to comply with the more restrictive Regulation S requirements that apply to U.S. domestic companies. 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.

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

The allocation of radio frequencies around the world is regulated by government bodies and there is limited spectrum available for use in the delivery of wireless services. If there is insufficient spectrum allocated to the delivery of wireless communications

services, the Company's growth and financial performance could be adversely impacted. In addition, deregulation of spectrum may allow new wireless technologies to become viable, which could offer competition to the Company's products and services. The Company expects this risk will become increasingly significant as the Company endeavors to enter new foreign markets.

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

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

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

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

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

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

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

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

As part of the ongoing CORE program, the Company announced on March 21 , 2014 that it had entered into an agreement to divest the majority of its real estate holdings in Canada. Under the terms of the agreement, the Company will sell more than 3

million square feet of space, as well as vacant lands. BlackBerry will also lease back a portion of the space for its continuing operations. The transaction is subject to certain conditions, and the transaction may not be completed on the negotiated terms or at all.

The Company is exposed to fluctuations in foreign currencies.

The Company is exposed to foreign exchange risk as a result of transactions in currencies other than its U.S. dollar functional currency. The majority of the Company's revenue and purchases of raw materials are denominated in U.S. dollars. However, some revenue, a substantial portion of operating costs, including salaries and manufacturing overhead, as well as capital expenditures, are incurred in other currencies, primarily Canadian dollars, Euros and British Pounds. If the Canadian dollar appreciates relative to the U.S. dollar, the Company's Canadian dollar denominated expenses will increase when converted to U.S. dollars for financial reporting purposes. If the Euro depreciates relative to the U.S. dollar, the Company's Euro denominated revenues will decrease when translated to U.S. dollars for financial reporting purposes. Foreign exchange rate fluctuations may materially affect the Company's results of operations in future periods. For more details, please refer to the discussion of foreign exchange and income taxes in Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 1, 2014.

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

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

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

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

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

products and allegations of risks relating to the Company's products could result in litigation, which could distract management or result in liabilities for the Company, regardless of the merit of such claims.

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

The Company is subject to income, indirect (such as sales tax, sales and use tax and value-added tax) and other taxes in Canada and numerous foreign jurisdictions. Significant judgment is required in determining its worldwide liability for income, indirect and other taxes, as well as potential penalties and interest. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although the Company believes that its tax estimates are reasonable, there can be no 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.

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

The Company had total cash, cash equivalents and investments of $2.7 billion as at March 1, 2014, compared to $2.9 billion as at March 2, 2013, primarily as a result of the Company's net loss and net changes in working capital, partially offset by proceeds from the issuance of the Debentures. Cash equivalents, short term and other investments are invested primarily in debt securities of varying maturities. Consequently, the Company is exposed to interest rate risk and its results of operations may be adversely affected by changes in interest rates. The fair value of short term and other investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates.

Additionally, the Company is exposed to market and credit risk on its investment portfolio. While the Company's investment policies include investing in liquid, investment-grade securities and limiting investments in any single issuer, there can be no assurance that such investment policies will reduce or eliminate market or credit risks. See "Market Risk of Financial Instruments" in Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 1, 2014 for a discussion of credit risk related to the Company's investment portfolio.

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

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

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

In fiscal 2013, the SEC adopted new disclosure requirements implementing Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 for manufacturers of products containing certain minerals that are mined from the Democratic Republic of Congo and adjoining countries. These so-called "conflict minerals" are commonly found in metals used in the manufacture of certain of the Company's products. The implementation of these new regulations, which require initial conflicts minerals disclosure from public companies in the United States on or before May 31, 2014, may limit the

sourcing and availability, or may increase the costs, of some of the metals used in the manufacture of the Company's products. The regulations may also reduce the number of suppliers who provide conflict-free metals, and may affect the Company's ability to obtain products in sufficient quantities or at competitive prices. Also, since the Company's supply chain is complex, the Company may face reputational challenges if the Company is unable to sufficiently verify the origins for all metals used in the Company's products through the due diligence procedures that the Company implements.

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 recently completed strategic review process and the Company's ability to implement and realize the benefits of its ongoing strategic initiatives. A variety of events, including news announcements by the Company or its competitors, trading volume, general market trends for technology companies and other factors, could result in wide fluctuations in the market price for its common shares. The Company's share price may also be affected by factors such as the performance of other technology companies, increasing market share of such companies, announcements by, or results of, the Company's competitors, results of existing or potential litigation, updates to forward-looking financial guidance, announcements regarding new products and services and market rumors.

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

The Company's operating expenses are based on anticipated revenue levels, are relatively fixed in the short term to medium term and are incurred throughout the quarter; thus, fluctuations in operating profit are likely. Significant unanticipated sales and marketing, R&D, IT, professional and other costs may be incurred in a single quarter which will affect results. Additionally, many of the Company's products are subject to long sales cycles. As a result, if expected revenues are not realized as anticipated, or if operating expenses are higher than expected, the Company's financial results and performance could be materially adversely affected. These factors can make it difficult to predict the Company's financial results and performance. Difficulties forecasting financial results and performance over longer periods increase significantly given the ongoing transition in the Company's business strategy, 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 operational restructuring, recent management changes and the strategic initiatives described in this AIF.

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 March 1, 2014, the common shares issued would represent approximately 19.2% 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 consequence for the Company's shareholders in the United States if the Company is or was a passive foreign investment company.

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

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

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

DIVIDEND POLICY AND RECORD

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

DESCRIPTION OF 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 determine to declare and pay shall be declared and paid in equal amounts per share on the common shares and class A common shares at the time outstanding without preference or distinction. Subject to the rights of holders of shares of any class of share ranking prior to the class A common shares and common shares, holders of class A common shares and common shares are entitled to receive the Company's remaining assets ratably on a per share basis without preference or distinction in the event that it is liquidated, dissolved or wound-up.

Class A Common Shares

The holders of class A common shares are not entitled to receive notice of, or attend or vote at, any meeting of the Company's shareholders, except as provided by applicable law. Each such holder is entitled to receive notice of, and to attend, any meetings of shareholders called for the purpose of authorizing the dissolution or the sale, lease or exchange of all or substantially all of the Company's property other than in the ordinary course of business and, at any such meeting, shall be entitled to one vote in respect of each class A common share on any resolution to approve such dissolution, sale, lease or exchange. Dividends are to be declared and paid in equal amounts per share on all the class A common shares and the common shares without preference or distinction. Subject to the rights of holders of any class of share ranking prior to the class A common shares and common shares, in the event that the Company is liquidated, dissolved or wound-up, holders of class A common shares and common shares are entitled to receive the remaining assets ratably on a per share basis without preference or distinction.

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 "Supplemental Indenture", and together with the Trust Indenture, the "Indenture"). The Debentures are limited in the aggregate principal amount of $1,250,000,000. $1,000,000,000 aggregate principal amount of Debentures were issued on November 13, 2013, with an additional $250,000,000 aggregate principal amount of Debentures being issued on January 16, 2014, upon the exercise of the additional purchase option granted to Fairfax. See "General Development of the Business - Fiscal 2014". The Debentures have been issued in book entry form as global debentures, in denominations of $1,000 and integral multiples thereof.

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 the event that the Company: (i) pays a dividend or distribution on all or substantially all of its outstanding common shares; (ii) subdivides its outstanding common shares into a greater number of shares or combines its outstanding common shares into a smaller number of shares; (iii) fixes a record date for the issue of rights, options or warrants to all or substantially all holders of its outstanding common shares; (iv) pays a dividend or other distribution to all or substantially all holders of its common shares consisting of evidences of indebtedness or other assets of the Company, including securities; (v) distributes to all holders of its common shares a payment exclusively of cash (other than ordinary course dividends or payments on liquidation, dissolution or winding-up of the Company); (vi) issues common shares or securities convertible into such shares pursuant to certain non-public offerings for consideration less than 95% of the then-current market price of the common shares; or (vii) takes any action affecting the common shares that would materially affect the conversion rights of Holders. Adjustments shall also result from (i) any rights or warrants that may be issued or distributed pursuant to any shareholder rights plan; or (ii) the expiry of any issuer bid made by the Company or any of its subsidiaries whereby consideration in excess of the then-current closing price per common share is paid to tendering shareholders.

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 (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 will 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 existing asset-backed lending facility, 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 schedule 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 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% in 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 Debenture 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 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.

Purchase of Debentures

The Company may at any time and from time to time purchase all or any of the Debentures in the market or by tender or by private contract, at any price, subject to compliance with applicable securities laws. Debentures so purchased by the Company shall be submitted to the Trustee for cancellation. If an Event of Default has occurred as is continuing as a result of (i) a default in payment of any principal amount or any purchase price, or Change of Control Repurchase Price, when the same becomes due and payable, or (ii) a default in payment of interest on any Debentures when due and payable and the continuance of such default for ten (10) days, the Company will not have the right to purchase Debentures. In the case of any other Event of Default, purchases of Debentures other than by private contract would be permitted.

Stock Exchange Listing

The Company has agreed to use its commercially reasonable efforts to list the Debentures on a recognized stock exchange. There can be no assurance that a listing will be obtained for the Debentures, or if obtained, that a liquid market for the Debentures will develop.

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 Trust 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:

(d) 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;

(e) reimbursement obligations of such person arising from bankers' acceptance, letters of credit or letters of guarantee or similar instruments;

(f) 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;

(g) obligations of such person under or in respect of Capital Leases, synthetic leases, Purchase Money Security Interests or sale and leaseback transactions;

(h) 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

(i) 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 existing asset-backed lending facility 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:

(j) Indebtedness referred to in paragraphs (a) and (b) of the definition of Indebtedness above;

(k) renewals, extensions, restructurings, refinancings and refundings of any such Indebtedness; and

(l) 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 Toronto Stock Exchange under the symbol "BB" and are listed on the NASDAQ Global Select Market under the symbol "BBRY". The volume of trading and price ranges of the Company's common shares on the Toronto Stock Exchange and the NASDAQ Global Select Market 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 2013	$12.90-$17.22	7,484,160	$12.55-$16.82	59,641,080
April 2013	$13.43-$16.72	4,221,518	$13.10-$16.59	30,812,068
May 2013	$14.33-$16.63	3,748,182	$13.83-$16.49	24,047,632
June 2013	$10.75-$15.79	4,024,000	$10.25-$15.09	26,902,725
July 2013	$8.80-$10.85	2,444,864	$8.57-$10.62	19,794,432
August 2013	$9.03-$12.59	2,931,133	$8.72-$12.18	28,756,964
September 2013	$7.99-$12.07	4,160,480	$7.75-$11.65	33,922,255
October 2013	$7.75-$8.84	1,841,995	$7.51-$8.45	15,394,787
November 2013	$6.25-$8.38	1,821,871	$5.98-$8.04	20,319,500
December 2013	$5.79-$8.28	2,295,430	$5.44-$7.80	25,399,986
January 2014	$7.79-$12.03	4,031,968	$7.33-$10.85	35,179,738
February 2014	$9.83-$12.07	3,447,979	$8.92-$10.76	23,899,695

DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, the Company currently has a Board comprised of seven 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.

On March 28, 2013, the Company announced the retirement of Mike Lazaridis, Vice Chair and director effective May 1, 2013.

On the closing of the Debenture Financing on November 13, 2013, John S. Chen was appointed Interim Chief Executive Officer and Executive Chair of the Board. On the same day, Prem Watsa rejoined the Board as lead independent director and Chair of the Compensation, Nomination and Governance Committee (after having resigned as a director on August 12, 2013, in connection with the formation of the Special Committee to explore strategic alternatives), and the Company announced the resignations of Thorsten Heins as President and Chief Executive Officer and a director, and David Kerr as a director.

On November 25, 2013, the Company announced the resignation of Roger Martin as a director, and the departures of Kristian Tear, Chief Operating Officer, and Frank Boulben, Chief Marketing Officer. On the same day, the Company announced that James Yersh had replaced Brian Bidulka as its Chief Financial Officer. Mr. Bidulka was retained as a special advisor to the Chief Executive Officer for the remainder of fiscal 2014 to assist with the transition. The Company also announced the following executive officer appointments during fiscal 2014: on December 17, 2013, John Sims as President, Global Enterprise Services; on December 18, 2013, James S. Mackey as Executive Vice President for Corporate Development and Strategic

Planning and Mark Wilson as Senior Vice President, Marketing (effective January 2014); on January 6, 2014, Ron Louks as President, Devices and Emerging Solutions; and on January 13, 2014, Eric Johnson as President, Global Sales.

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 as of March 1, 2014. 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 November 2013)	Chief Executive Officer, President and Chairman, Sybase Inc. (1998 to 2012)
Prem Watsa [(1)] Ontario, Canada	Lead Director (since November 2013)[(2)]	Chief Executive Officer, Fairfax (currently)
Barbara Stymiest, FCPA, FCA [(1)(3)] Ontario, Canada	Director (since 2007)	Corporate Director (currently); member of the Group Executive, Royal Bank of Canada (2004 to 2011)
Timothy Dattels [(3)] California, USA	Director (since 2012)	Senior Partner, TPG Capital LP (currently and since prior to 2009)
Claudia Kotchka, CPA [(3)] Ohio, USA	Director (since 2011)	Corporate Director (currently); Vice President, Design Innovation & Strategy, Procter & Gamble (since prior to 2009)
Richard Lynch [(1)] Pennsylvania, USA	Director (since 2013)	President, FB Associates, LLC (currently); Executive Vice President, Strategic Technology Initiatives (2010 to 2011) and Executive Vice President and Chief Technology Officer (2007 to 2010), Verizon Communications Inc.
Bert Nordberg [(1)] Malmo, Sweden	Director (since 2013)	Corporate Director (currently); President and Chief Executive Officer, Sony Ericsson Mobile Communications AB (2009 to 2012)
Dan Dodge Ontario, Canada	President, CEO and CTO, QNX (since prior to 2009)	
Sai Yuen (Billy) Ho California, USA	Executive Vice President, Enterprise Engineering	Retired (2013); Senior Vice President & General Manager, Sybase Inc. (2009 to 2012)
Eric Johnson New York, USA	President, Global Sales	SVP and GM, Global Database and Technology, SAP (2013); SVP and GM, Platform & Analytics Sales North America, SAP (2012 to 2013); SVP and GM North America, Sybase Inc. (2004 to 2012)
Ron Louks North Carolina, USA	President, Devices and Emerging Solutions	Chief Executive Officer, The OpenNMS Group (2013) **;** Chief Executive Officer, Plus 1, LLC (2012 to 2013); Chief Strategy Officer, HTC Corporation (2010 to 2011); Chief Technology Officer, Sony Ericsson Mobile Communications (2009 to 2010)
James S. Mackey Pennsylvania, USA	Executive Vice President, Corporate Development and Strategic Planning	SVP, Corporate Development and Corporate Strategy, Open Text, Inc. (from 2012 to 2013); SVP, Corporate Development, SAP AG (from 2004 to 2012)

Nigel Perks Ontario, Canada	Executive Vice President, Human Resources	Chief HR Officer, BT Global Services (2008 - 2013)
John Sims California, USA	President, Global Enterprise Services	Global Head of Telecom & President, SAP Mobile Services (from 2011 to 2013); President, SAP Mobile Services (2011 to 2013); CEO, 724 Solutions (2001 to 2010)
Mark Wilson California, USA	Senior Vice President, Marketing	Chief Marketing Officer, Avaya (2012 to 2013); SVP, Corporate and Field Marketing, Sybase Inc. (2010 to 2012); VP, Corporate Marketing, Sybase Inc. (2007 to 2010)
James Yersh Ontario, Canada	Chief Financial Officer	Senior Vice President and Controller, BlackBerry (2008 - November 2013)
Steve Zipperstein California, USA	Chief Legal Officer & Corporate Secretary	Vice President, General Counsel and Corporate Secretary, Verizon Wireless

Notes:

1 Member of the Compensation, Nomination and Governance Committee (Chair - Prem Watsa)

2 As noted above, Mr. Watsa first joined the Company as a director in January 2012, but then resigned on August 13, 2013 as a result of the Special Committee formed by the Board to explore strategic alternatives.

3 Member of the Audit and Risk Management Committee (Chair - Barbara Stymiest)

As at March 1, 2014, the above directors and executive officers of the Company beneficially owned, or controlled or directed, directly or indirectly, approximately 119,000 common shares of the Company representing approximately 0.02% 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 46,783,700 million common shares of the Company (the “Fairfax Shares”) representing approximately 8.9% of the issued and outstanding common shares of the Company, or 96,783,700 million common shares of the Company representing approximately 16.8% of the issued and outstanding common shares of the Company assuming conversion of all of its Debentures and after giving effect to the conversion. Prem Watsa, a director of the Company, is the Chairman and Chief Executive Officer of Fairfax and may be deemed under applicable U.S. securities laws to beneficially own the Fairfax Shares by virtue of his position at Fairfax.

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. A third committee, the Strategic Planning Committee, was dissolved on November 20, 2013 and a fourth committee, the Innovation Committee, was dissolved on May 21, 2013. The Company does not have an Executive Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

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

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

a) is, at the date of this 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 OSC that applied to Messrs. Lazaridis, Richardson and Bidulka as well as certain of the Company’s other senior officers and certain insiders of the Company. The MCTO prohibited trading in the Company’s securities by its senior officers, directors and certain insiders during the time that the MCTO was in effect. The MCTO was revoked on May 23, 2007 after the required securities filings were made by the Company with the OSC.

On November 21, 2013, TranSwitch Corporation 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 Corporation 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.

Conflicts of Interest

There is no existing or, to the Company's knowledge, potential material conflicts 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.

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

Barbara Stymiest, 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 TSX

Group Inc., Executive Vice-President & CFO at BMO Nesbitt Burns Inc. 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.

Claudia Kotchka, BBA, CPA – Ms. Kotchka has a BBA, Cum Laude, from Ohio University and is a Certified Public Accountant. Ms. Kotchka held various executive roles during her 31 year career at Procter & Gamble, including Vice-President, Design Innovation & Strategy from 2001 to 2009. Ms. Kotchka is an independent consultant to Fortune 500 companies on innovation, strategy and design. She is also a speaker at conferences and forums on design and innovation and has been featured in numerous books and articles on innovation. She is a member of the board of trustees of the Smithsonian Design Museum at the Cooper-Hewitt in New York and is a regular guest lecturer at Stanford University.

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 March 1, 2014 and March 2, 2013, 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 $5,128,000 and $4,195,000 respectively.

Audit-Related Fees

The aggregate fees billed by EY for the fiscal years ended March 1, 2014 and March 2, 2013, 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 $167,000 and $107,000. 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 March 1, 2014 and March 2, 2013, respectively, for professional services rendered by EY for tax compliance, tax advice, tax planning and other services were $11,000 and $13,000 respectively. Tax services provided included international tax compliance engagements.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the three-year period ending March 1, 2014 and during the current financial 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” 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, 100 University Ave., 8 th Fl., Toronto, Ontario M5J 2Y1. The co-transfer agent and registrar for the common shares in the United States is Computershare Trust Company, Inc. at its offices in Denver, Colorado.

MATERIAL CONTRACTS

Other than as noted below, the Company has not entered into any material contracts, on or after January 1, 2002, that are required to be filed pursuant to NI 51-102 of the Canadian Securities Administrators:

- the settlement agreement and licensing agreement with NTP, Inc. (the "Settlement and Licensing Agreements"), both of which can be found under the Company's profile on www.sedar.com. The Settlement and Licensing Agreements are summarized in the Company's material change report filed on SEDAR on March 10, 2006, which is incorporated by reference in this AIF; and
- the Trust Indenture providing for the issuance and conversion of the Debentures, dated as of November 13, 2013, as supplemented by the Supplemental Indenture dated as of December 12, 2013, which have been filed on SEDAR, and the terms of which are summarized under "Description of Capital Structure - Convertible Debentures".

INTERESTS OF EXPERTS

Ernst & Young LLP, Chartered Accountants, Licensed Public Accountants, is the external auditor who prepared the Independent Auditors' Report to Shareholders in respect of the audited annual consolidated financial statements of the Company for the year ended March 1, 2014 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 Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended March 1, 2014, which can be found at www.sedar.com.

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

GLOSSARY

Set forth below are certain terms defined as they are used in this AIF:

1xRTT	Single carrier (1X) Radio Transmission Technology. 1xRTT is the first phase in CDMA's evolution to third-generation (3G) technology. 1xRTT networks should allow for greater network capacity (more users; fewer dropped calls) high bit rate packet data transfer.
3G wireless	Third generation (3G) wireless. Third generation wireless is a global framework that is implemented regionally in Europe (UMTS), North America (CDMA2000) and Japan (NTT DoCoMo). 3G is designed for high-speed wireless multimedia data and voice. It plans to offer high-quality audio and video and advanced global roaming, which means users would be able to go anywhere and automatically be handed off to whatever wireless system is available.
4G wireless	Fourth generation (4G) wireless. Fourth generation is successor to 3G and 2G standards. The nomenclature of the generations generally refers to a change in the fundamental nature of the service. The first was the move from analog to digital (2G), which was followed by multi-media support (3G) and now 4G, which refers to all IP packet-switched networks and increases in data speeds.
Analog	Analog transmission uses energy waves to transmit information. In the case of wireless voice transmission, the sound waves of a human voice are converted directly to specific, continuously variable characteristics of a radio wave. Broadcast and telephone transmission have typically used analog technology.
API	Application Programming Interface.
ASIC	Application Specific Integrated Circuit.
BlackBerry Authentic Accessories	A range of BlackBerry approved accessories that enhance a user's product experience through personalization and convenience. This includes carrying, protection, audio, and power solutions
Bluetooth®	Bluetooth is a specification for the use of low-power radio communications to wirelessly link phones, computers and other network devices over short distances.
BYOD	Bring your own device is a term that is used when referring to an organization's policy that permits employees to bring personally owned devices to their workplace and use these devices to access privileged company information and applications.
CDMA	Code Division Multiple Access. A method for transmitting simultaneous signals over a shared portion of the spectrum. The foremost application of CDMA is the digital cellular phone technology from QUALCOMM that operates in the 800MHz band and 1.9GHz PCS band. Unlike GSM and TDMA, which divides the spectrum into different time slots, CDMA uses a spread spectrum technique to assign a code to each conversation.
Common Criteria Certification	An internationally approved set of security standards that provide an independent and objective validation of the security of a particular IT solution or product. This certification is accepted by 25 countries under the Common Criteria Recognition Agreement which includes the US, Canada, Germany, France and many others.
CRM	Customer Relationship Management. Customer relationship management is strategy for managing a company's interactions with customers and sales prospects. It involves using technology to organize, automate and synchronize business processes—principally sales related activities, but also those for marketing, customer service, and technical support.
Denial of Service Attack	An attack designed to flood a network with unnecessary traffic in order to prevent legitimate users of a system from having access.
Digital	A way of processing information by storing it as binary numbers. A digital circuit is either on or off, and a digital signal is either present or absent. Contrast with analog.
EDGE	See 3G Wireless.
EMS	Electronics Manufacturing Services. Is a term used for companies that design, test, manufacture, distribute, and provide return/repair services for electronic components and assemblies for original equipment manufacturers (OEMs).
Firewall	A technological barrier designed to prevent unauthorized or unwanted communications between sections of a computer network.
Firmware	Computer programming instructions that are stored in a read-only memory unit, including flash, ROM, PROM, EPROM and EEPROM, rather than being implemented through software.

GPRS	General Packet Radio Service. An enhancement to the GSM (see below) mobile communications system that supports data packets. GPRS enables continuous flows of IP data packets over the system for such applications as Web browsing and data access. GPRS differs from GSM's short messaging service, which is limited to messages of 160 bytes in length.
GPS	Global Positioning System.
GSM	Global System for Mobile Communications. A digital cellular phone technology based on TDMA that is the predominant system in Europe, but is also used around the world. Operating in the 900MHz and 1.8GHz bands in Europe and the 1.9GHz PCS band in the U.S., GSM defines the entire cellular system, not just the air interface (i.e. TDMA, CDMA). GSM phones use a Subscriber Identity Module (SIM) smart card that contains user account information.
HSPA	High-Speed Packet Access. A family of radio interface standards that will improve the speed and accuracy of traffic over cellular networks. HSPA builds on the existing WCDMA technology that has already been deployed to allow carriers to offer better speeds and larger bandwidth intensive services like streaming audio and video.
iDEN	Integrated Digital Enhanced Network. A wireless communications technology from Motorola that provides support for voice, data, short messages (SMS) and dispatch radio (two-way radio) in one phone. Operating in the 800MHz and 1.5GHz bands and based on TDMA, iDEN uses Motorola's VSELP (Vector Sum Excited Linear Predictors) vocoder for voice compression and QAM modulation to deliver 64 Kbps over a 25 kHz channel. Each 25 kHz channel can be divided six times to transmit any mix of voice, data, dispatch or text message. Used by various carriers around the globe, Nextel Communications provides nationwide coverage in the U.S.
IM	Instant Messaging. A medium which enables two or more people to communicate in real time utilizing typed text over an electronic network.
IP	Intellectual Property. Intangible property that is the result of creativity (such as patents or trademarks or copyrights).
IPSec	Internet Protocol Security. Allows for the securing of IP communications by authenticating and encrypting IP packet of a communication exchange from host-to-host.
Java	An object-oriented programming language developed by Sun Microsystems, Inc. Java was designed to be secure and platform-neutral such that it can be run on any type of platform, making Java a useful language for programming Internet applications.
LTE	Long Term Evolution is a wireless communication standard of high-speed data for smartphones and data terminals
NFC	Near Field Communication. Technology that allows smartphones and similar devices to link together through radio communication, when tapping them together, or bringing them into close proximity.
NOC	Network Operations Centre. A central location for network management. It functions as a control centre for network monitoring, analysis and accounting.
PBX	Private Branch Exchange. A private telephone network used within an enterprise. Users share a fixed number of outside lines instead of being provided with one outside line for each individual user. This allows for use of extensions as opposed to direct dial numbers.
PDA	Personal digital assistant. A hand held portable microcomputer.
PIM	Personal Information Management.
QWERTY	The modern-day keyboard layout on English-language computer and typewriter keyboards. It takes its name from the first six characters seen in the far left of the keyboard's top row of letters.
ROM	Read Only Memory. A class of storage media used in computers and other electronic devices. Once data has been written to a ROM chip, it cannot be removed and can only be read.
SDK	Software Developers Kit. A set of software routines and utilities used to help programmers write an application.

SMS	Short Message Service. A text message service that enables short messages of generally no more than 140-160 characters in length to be sent and transmitted from a wireless device and is broadly supported on cellular phones. SMS was introduced in the GSM system and later supported by all other digital-based mobile communications systems.
SSL	Secure Sockets Layer. Protocols that provide security to Internet communications by encrypting the segments of network connections.
UMTS	See 3G wireless.
WCDMA	See 3G wireless.
Wi-Fi	Wireless Fidelity. A generic term for referring to wireless network components that run on the Wi-Fi Alliances IEEE 802.11 wireless standards. The standard was created so that manufacturers could produce wireless equipment that would be compatible with one another.

APPENDIX A

CHARTER OF THE AUDIT AND RISK MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS OF BLACKBERRY LIMITED AS ADOPTED BY THE BOARD ON MARCH 27, 2014

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 the oversight of the risk performance and audit function, including risk management frameworks, principles and policies to ensure that management is effectively managing the Corporation’s risks. It is the objective of the Committee to maintain free and open means of communication among the Board, the independent auditors and the financial and senior management of the Corporation.

3. COMPOSITION OF THE COMMITTEE

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

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

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

4. MEETINGS OF THE COMMITTEE

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. The Chair or any member of the Committee may call meetings of the Committee by notifying the Corporate

Secretary of the Corporation. Notice of meetings may be done through any efficient communication medium (i.e. email, facsimile, mail, etc.) provided the notification is capable of being received at least twenty-four (24) hours in advance of the meeting. Each member of the Committee shall be responsible for providing up-to-date contact information to the Corporate Secretary to ensure efficient and timely communication. All independent directors may attend Committee meetings, provided that directors who are not members of the Committee shall not be entitled to vote, nor shall their attendance be counted as part of the quorum of the Committee.

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

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

5. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

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

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

Selection and Evaluation of External Auditors

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

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

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

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

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

(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 Ac-counting 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 management to identify and review with the Committee a portfolio view of the major areas of risk facing the Corporation and management's strategies to manage those risks;

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

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

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

(5) Consult periodically with the Compensation, Nomination and Governance Committee 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;

Oversight of the RPA Group and Quarterly Reviews

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

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

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

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

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

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

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

Oversight of Financial Reporting Process and Internal Controls

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

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

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

(4) Receive periodic reports from the Corporation's independent auditors and management of the Corporation to assess the impact on the Corporation of significant accounting or financial reporting developments proposed by the 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) Meet at least annually with the general counsel, and outside counsel when appropriate, 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 of the Corporation as required by law, and (2) be posted in an up-to-date format on the Corporation's web site. The Committee should review and reassess annually the adequacy of this Charter.

* * *

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

ANNEX A

(Duties and Responsibilities of the Chair)

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

1. Provide overall leadership to enhance the effectiveness of the Committee, including:
   a. Recommend and oversee the appropriate structure, composition, membership, and activities delegated to the Committee;
   b. Chair all meetings of the Committee at which the Chair is in attendance and manage the meeting agenda so that appropriate time and consideration can be given to the agenda items;
   c. Lead discussions, foster candor among meeting participants and encourage Committee members to ask questions of senior management, its advisors and advisors of the Committee, and express viewpoints during meetings;
   d. Schedule and set the agenda for Committee meetings with input from other Committee members, the Committee's advisors, the 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, identify, monitor and report back to the Committee on the status of matters requiring action by senior management or the Committee following the meeting with a view to ensuring that matters are acted upon in a timely manner;
   i. Review draft minutes of Committee meetings prior to their presentation to the Committee for approval and ensure that minutes are reviewed and approved by the Committee in accordance with this Charter;
   j. Carry out the responsibilities and duties of the Committee, as outlined in this Charter, and
   k. Review the Committee charter and duties and responsibilities with Committee members at least annually.
2. Foster responsible decision-making by the Committee and its individual members.
3. Provide for in-camera sessions at all scheduled meetings of the Committee without management present and, as appropriate, without the Corporate Secretary present.
4. Following each meeting of the Committee, report to the Board of Directors on the activities, findings and any recommendations of the Committee.
5. Perform such other duties, within the scope of 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 (formerly known as Research In Motion Ltd.)**

We have audited the accompanying consolidated financial statements of **BlackBerry Limited** [the "Company"], which are comprised of the consolidated balance sheets as at March 1, 2014 and March 2, 2013, the consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the years ended March 1, 2014, March 2, 2013, and March 3, 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 1, 2014 and March 2, 2013, and the results of its operations and its cash flows for each of the years ended March 1, 2014, March 2, 2013, and March 3, 2012, in accordance with United States generally accepted accounting principles.

Other matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 1, 2014, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) and our report dated March 28, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

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

Kitchener, Canada,
March 28, 2014.

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

To the Board of Directors and Shareholders of **BlackBerry Limited (formerly known as Research in Motion Limited)**

We have audited **BlackBerry Limited's** [the "Company"] internal control over financial reporting as of March 1, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 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.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 1, 2014, based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as at March 1, 2014 and March 2, 2013, and the consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the years ended March 1, 2014, March 2, 2013 and March 3, 2012 of the Company and our report dated March 28, 2014 expressed an unqualified opinion thereon.

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

Kitchener, Canada,
March 28, 2014

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 2014, fiscal 2013 and fiscal 2012 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
March 28, 2014

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

Consolidated Balance Sheets

	As at	
	March 1, 2014	March 2, 2013
Assets		
Current		
Cash and cash equivalents	$ 1,579	$ 1,549
Short-term investments	950	1,105
Accounts receivable, net	972	2,353
Other receivables	152	272
Inventories	244	603
Income taxes receivable	373	597
Other current assets	505	469
Deferred income tax asset	73	139
Assets held for sale	209	354
	5,057	7,441
Long-term investments	129	221
Property, plant and equipment, net	942	2,073
Intangible assets, net	1,424	3,430
	$ 7,552	$ 13,165
Liabilities		
Current		
Accounts payable	$ 474	$ 1,064
Accrued liabilities	1,214	1,854
Deferred revenue	580	542
	2,268	3,460
Long-term debt	1,627	—
Deferred income tax liability	32	245
	3,927	3,705
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 - 526,551,953 voting common shares (March 2, 2013 - 524,159,844)	2,418	2,431
Treasury stock		
March 1, 2014 - 7,659,685 (March 2, 2013 - 9,019,617)	(179)	(234)
Retained earnings	1,394	7,267
Accumulated other comprehensive loss	(8)	(4)
	3,625	9,460
	$ 7,552	$ 13,165

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 Income (Loss)	Total
Balance as at February 26, 2011	$ 2,359	$ (160)	$ 6,749	$ (10)	$ 8,938
Net income	—	—	1,164	—	1,164
Other comprehensive loss	—	—	—	50	50
Shares issued:					
Exercise of stock options	9	—	—	—	9
Stock-based compensation	97	—	—	—	97
Tax deficiencies related to stock-based compensation	(2)	—	—	—	(2)
Purchase of treasury stock	—	(156)	—	—	(156)
Treasury shares released for restricted share unit settlements	(17)	17	—	—	—
Balance as at March 3, 2012	2,446	(299)	7,913	40	10,100
Net loss	—	—	(646)	—	(646)
Other comprehensive loss	—	—	—	(44)	(44)
Shares issued:					
Stock-based compensation	86	—	—	—	86
Tax deficiencies related to stock-based compensation	(11)	—	—	—	(11)
Purchase of treasury stock	—	(25)	—	—	(25)
Treasury shares released for restricted share unit settlements	(90)	90	—	—	—
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

See notes to consolidated financial statements.

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

Consolidated Statements of Operations

	For the Year Ended		
	March 1, 2014	March 2, 2013	March 3, 2012
Revenue			
Hardware and other	$ 3,880	$ 6,902	$ 14,031
Service and software	2,933	4,171	4,392
	6,813	11,073	18,423
Cost of sales			
Hardware and other	6,383	7,060	11,217
Service and software	473	579	631
	6,856	7,639	11,848
Gross margin	(43)	3,434	6,575
Operating expenses			
Research and development	1,286	1,509	1,556
Selling, marketing and administration	2,103	2,111	2,600
Amortization	606	714	567
Impairment of long-lived assets	2,748	—	—
Impairment of goodwill	—	335	355
Debentures fair value adjustment	377	—	—
	7,120	4,669	5,078
Operating income (loss)	(7,163)	(1,235)	1,497
Investment income (loss), net	(21)	15	21
Income (loss) from continuing operations before income taxes	(7,184)	(1,220)	1,518
Provision for (recovery of) income taxes	(1,311)	(592)	347
Income (loss) from continuing operations	(5,873)	(628)	1,171
Loss from discontinued operations, net of tax	—	(18)	(7)
Net income (loss)	$ (5,873)	$ (646)	$ 1,164
Earnings (loss) per share			
Basic and diluted earnings (loss) per share from continuing operations	$ (11.18)	$ (1.20)	$ 2.23
Basic and diluted loss per share from discontinued operations	—	(0.03)	(0.01)
Total basic and diluted earnings (loss) per share	$ (11.18)	$ (1.23)	$ 2.22

See notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income (Loss)

	For the Year Ended		
	March 1, 2014	March 2, 2013	March 3, 2012
Net income (loss)	$ (5,873)	$ (646)	$ 1,164
Other comprehensive income (loss)			
Net change in unrealized losses on available-for-sale investments	(1)	—	(3)
Net change in fair value of derivatives designated as cash flow hedges during the year, net of income tax recovery of $6 million (March 2, 2013 - income taxes of $3 million; March 3, 2012 - income tax recovery of $4 million)	(29)	11	14
Amounts reclassified to net income (loss) during the year, net of income tax recovery of $6 million (March 2, 2013 - income taxes of $18 million; March 3, 2012 - income tax recovery of $14 million)	26	(55)	39
Other comprehensive income (loss)	(4)	(44)	50
Comprehensive income (loss)	$ (5,877)	$ (690)	$ 1,214

See notes to consolidated financial statements.

BlackBerry Limited
(United States dollars, in millions)

Consolidated Statements of Cash Flows

	For the Year Ended		
	March 1, 2014	March 2, 2013	March 3, 2012
Cash flows from operating activities			
Income (loss) from continuing operations	$ (5,873)	$ (628)	$ 1,171
Loss from discontinued operations	—	(18)	(7)
Net income (loss)	(5,873)	(646)	1,164
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Amortization	1,270	1,918	1,523
Deferred income taxes	(149)	87	(5)
Stock-based compensation	68	86	97
Impairment of long-lived assets	2,748	—	—
Impairment of goodwill	—	335	355
Debentures fair value adjustment	377	—	—
Other	141	36	9
Net changes in working capital items	1,259	487	(231)
Net cash provided by (used in) operating activities	(159)	2,303	2,912
Cash flows from investing activities			
Acquisition of long-term investments	(229)	(296)	(355)
Proceeds on sale or maturity of long-term investments	284	227	376
Acquisition of property, plant and equipment	(283)	(418)	(902)
Proceeds on sale of property, plant and equipment	49	5	—
Acquisition of intangible assets	(1,080)	(1,005)	(2,217)
Business acquisitions, net of cash acquired	(7)	(60)	(226)
Acquisition of short-term investments	(1,699)	(1,472)	(250)
Proceeds on sale or maturity of short-term investments	1,925	779	550
Net cash used in investing activities	(1,040)	(2,240)	(3,024)
Cash flows from financing activities			
Issuance of common shares	3	—	9
Tax deficiencies related to stock-based compensation	(13)	(11)	(2)
Purchase of treasury stock	(16)	(25)	(156)
Issuance of debt	1,250	—	—
Net cash provided by (used in) financing activities	1,224	(36)	(149)
Effect of foreign exchange gain (loss) on cash and cash equivalents	5	(5)	(3)
Net increase (decrease) in cash and cash equivalents for the year	30	22	(264)
Cash and cash equivalents, beginning of year	1,549	1,527	1,791
Cash and cash equivalents, end of year	$ 1,579	$ 1,549	$ 1,527

See notes to consolidated financial statements.

BlackBerry Limited
Notes to the Consolidated Financial Statements
In millions of United States dollars, except share and per share data, and except as otherwise indicated

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

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

Basis of presentation and preparation

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

The Company's fiscal year end date is the 52 or 53 weeks ending on the last Saturday of February, or the first Saturday of March. The fiscal years ending March 1, 2014 and March 2, 2013 comprise 52 weeks and the fiscal year ended March 3, 2012 comprises 53 weeks.

Accounting Policies

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

Cash and cash equivalents

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

Accounts receivable, net

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

Investments with maturities 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 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 accumulated other comprehensive income.

Derivative financial instruments

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

The Company records all derivative instruments at fair value on the consolidated balance sheets. The fair value of these instruments is calculated based on notional and exercise values, transaction rates, market quoted currency spot rates, forward points, 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 accumulated other comprehensive income, net of tax, and subsequently reclassified into income in the same period or periods in which the hedged item affects income. The ineffective portion of the derivative's gain or loss is recognized in current income. In order for the Company to receive hedge accounting treatment, the cash flow hedge must be highly effective in offsetting changes in the fair value of the hedged item and the relationship between the hedging instrument and the associated hedged item must be formally documented at the inception of the hedge relationship. Hedge effectiveness is formally assessed, both at hedge inception and on an ongoing basis, to determine whether the derivatives used in hedging transactions are highly effective in offsetting changes in the value of the hedged items and whether they are expected to continue to be highly effective in future periods.

The Company formally documents relationships between hedging instruments and associated hedged items. This documentation includes: identification of the specific foreign currency asset, liability or forecasted transaction being hedged; the nature of the risk being hedged; the hedge objective; and the method of assessing hedge effectiveness. If an

anticipated transaction is deemed no longer likely to occur, the corresponding derivative instrument is de-designated as a hedge and any associated unrealized gains and losses in accumulated other comprehensive income are recognized in income at that time. Any future changes in the fair value of the instrument are recognized in current income.

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 8 years
Furniture and fixtures	Declining balance at 20% per annum

Goodwill

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

The Company's entire goodwill balance was written off in fiscal 2013.

Intangible assets

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

The useful lives of intangible assets are evaluated quarterly to determine if events or circumstances warrant a revision to their remaining period of amortization. Legal, regulatory and contractual factors, the effects of obsolescence, demand, competition and other economic factors are potential indicators that the useful life of an intangible asset may be revised.

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 revenues or adverse changes in the economic environment.

When significant 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 Company's estimated undiscounted future cash flows to the carrying amount of its net assets, since the Company consists of one asset group. If the net cash flows of the Company exceed 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, the Company. Fair value should be 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 Company'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 Company's assets on a relative basis, with the limitation that the carrying value of each asset cannot be reduced to a value lower that its fair value. The total impairment amount allocated is recognized as a non-cash impairment loss.

Assets held for sale and discontinued operations

When certain criteria are met, the Company reclassifies assets and related liabilities as held for sale at the lower of their carrying value or fair value less costs to sell and, if material, presents them separately on the Company’s consolidated balance sheets. If the carrying value exceeds the fair value less costs to sell, a loss is recognized. If the plan to sell an asset includes a leaseback arrangement for which the Company will retain more than a minor portion of the use of the asset, then the asset is not reclassifed as held for sale as all criteria are deemed not to have been met. Assets classified as held for sale are no longer amortized. Comparative figures are reclassified to conform to the current year’s presentation.

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

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 convertible debentures at fair value in accordance with the fair value option. Each period, the fair value of the convertible debentures will be recalculated and resulting gains and losses from the change in fair value of the convertible debentures will be recognized in income.

Revenue Recognition

The Company considers revenue realized or realizable and 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 the future price reduction can be reliably estimated or based on contractual caps, provided that the Company has not granted refunds in excess of those caps and provided that 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 of future product offerings. If there is a future risk of 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. Shipments of BlackBerry 10 devices, and BlackBerry 7 devices in certain regions, are recognized as revenue when the devices sell through to end customers.

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.

Service

Revenue from service 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 prebilling is recorded as deferred revenue. Service revenue also includes the recognition of previously deferred revenue related to multi-element arrangements for non-software services and software upgrade rights related to BlackBerry 10 devices.

Software

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

Other

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

Shipping and Handling Costs

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

Multiple-Element Arrangements

The Company enters into revenue arrangements that may consist of multiple deliverables of its product and service offerings. The Company's typical multiple-element arrangements involve: (i) BlackBerry 7 or earlier handheld devices with services, (ii) BlackBerry 10 handheld devices with unspecified software upgrades on a when-and-if available basis along with undelivered non-software services, 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 vendor-specific objective evidence of selling price ("VSOE"). In certain limited instances when the Company is unable to establish the selling price using VSOE, the Company attempts to establish the selling price of each element based on acceptable third party evidence of selling price ("TPE"); however, the Company is generally unable to reliably determine the selling prices of similar competitor products and services on a stand-alone basis. In these instances, the Company uses best estimated selling price ("BESP") in its allocation of arrangement consideration. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service was sold on a stand-alone basis.

Beginning in January 2013, the Company introduced its BlackBerry 10 devices which use the Company's network infrastructure in a different manner than BlackBerry 7 or earlier devices. As a result, for arrangements involving multiple deliverables including the BlackBerry 10 device and the essential operating system software, as well as unspecified 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 ratably over the 24-month estimated life of the devices.

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 $10-$20 per BlackBerry 10 device.

Income taxes

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

Significant judgment is also required in evaluating the Company's uncertain income tax positions and provisions for income taxes. Liabilities for uncertain income tax positions are recognized based on a two-step approach. The first step is

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

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

Research and development

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

Comprehensive income

Comprehensive income is defined as the change in net assets of a business enterprise during a period from transactions and other events and circumstances from non-owner sources and includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company's reportable items of comprehensive income are cash flow hedges as described in Note 15 and changes in the fair value of available-for-sale investments as described in Note 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 year. The treasury stock method is used for the calculation of the dilutive effect of stock options.

Stock-based compensation plans

The Company has stock-based compensation plans, which are described in Note 9(b) to the Consolidated Financial Statements.

The 2014 Equity Incentive Plan (the "2014 Plan") was adopted during fiscal 2014 and replaced the previous Equity Incentive Plan and Restricted Share Unit Plan (the "Prior Plans"). Awards previously granted under the Prior Plans will continue to be governed by the terms of the Prior Plans and by any amendments approved by the Company's Board of Directors. The 2014 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 2014 Plan was 13,375,000 calculated at March 2, 2013. Any shares that are subject to options granted after fiscal 2013 will be 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 will be counted against this limit as one share for every RSU. Awards previously granted under the Prior Plans and the 2014 Plan that are forfeited, expire or settled in cash, will be added to the shares available under the 2014 Plan. Options forfeited will be counted as 0.625 shares to the shares available under the 2014 Plan. Shares issued as awards other than options (i.e., RSUs) forfeited, expire, settled in cash or sold to cover withholding tax requirements shall be counted as one share added to the shares available under the 2014 Plan. In addition to awards under the 2014 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 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 is recognized rateably over the vesting period. The BSM model requires various judgmental assumptions including volatility and expected option life. In addition, judgment is also applied in estimating the amount of stock-based awards that are expected to be forfeited, and if actual results differ significantly from these estimates, stock-based compensation expense and our results of operations would be impacted.

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

At the Company's discretion, RSUs are redeemed for either common shares issued by the Company, common shares purchased on the open market by a trustee selected by the Company or the cash equivalent on the vesting dates established by the Board of Directors or the Compensation, Nomination and Governance Committee of the Board of Directors. The RSUs generally vest over a three-year period, either on the third anniversary date, in equal installments or 25% per year in years one and two and 50% in year three, 50% in year two and three or over a five-year period, 25% per year in year 3 and 4 and 50% in year 5 on each anniversary date over the vesting period. For RSUs granted on performance, the Company estimates its achievement against the performance goals which are based on the Company's business plan approved by the Board of Directors. The estimated achievement is updated for the Company's outlook for the fiscal year as at the end of each fiscal quarter. Compensation cost will only be recognized to the extent that performance goals are achieved. The Company classifies RSUs as equity instruments as the Company has the ability and intent to settle the awards in common shares. The compensation expense is calculated based on the fair value of each RSU as determined by the closing value of the Company's common shares on the business day of the grant date. The Company recognizes compensation expense over the vesting period of the RSU.

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

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

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

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, revenues and expenses and the disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates relate to the determination of reserves for various litigation claims, provisions for excess and obsolete inventories and liabilities for purchase commitments with contract manufacturers and suppliers, provisions for warranty, revenue related estimates including VSOE, 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.

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.

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 recently completed 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 against inventory and supply commitments of approximately $2.4 billion in fiscal 2014 related to Blackberry 10 devices.

Valuation of Long-Lived Assets

The 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.

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 (collectively, the "Purchasers") were investing in the Company through the $1.0 billion private placement of convertible debentures (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 revenues, the generation of operating losses and the decrease in cash flows from operations as indicators of potential long-lived asset ("LLA") impairment. Further, the Company believes that its recently completed 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 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 (the "LLA Impairment Charge") of $2.7 billion in fiscal 2014.

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.

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. 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 devices decreased during fiscal 2014, causing the number of BlackBerry 10 devices in the channel to increase above the Company's expectations. In order to improve sell-through levels and stimulate global demand for BlackBerry 10 devices, the Company continued to execute on sell-through programs and reduced the price on new shipments of BlackBerry 10 smartphones during fiscal 2014. The Company plans to implement further sell-through programs with its carrier and distributor partners, which could be applicable to BlackBerry 10 devices shipped in fiscal 2014. As previously disclosed, the Company can no longer reasonably estimate the amount of the potential sell-through programs that may be offered on certain BlackBerry devices in future periods, resulting in revenues for BlackBerry 10 devices, and BlackBerry 7 devices in certain regions, being recognized when the devices sell through to end customers.

2. ADOPTION OF ACCOUNTING POLICIES

In February 2013, the Financial Accounting Standards Board issued authoritative guidance to improve the reporting of reclassifications out of accumulated other comprehensive income (loss) ("AOCI"). The guidance requires an entity to present changes in AOCI by component and report the effect of significant reclassifications out of AOCI on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. The new authoritative guidance became effective for annual and interim reporting periods beginning on or after December 15, 2012, with early adoption permitted. The Company adopted this guidance in the first quarter of fiscal 2014. As a result, the Company presents, by component, changes in AOCI and the effect of significant reclassifications out of AOCI on the respective line items in net income in Note 14.

In July 2013, the Financial Accounting Standards Board issued authoritative guidance to eliminate diversity in practice related to the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance requires that under certain circumstances, an unrecognized tax benefit is to be presented in the financial statements as a reduction to a deferred tax asset as opposed to being presented as a liability. The new authoritative guidance will become effective for fiscal years and interim reporting periods beginning after December 15, 2013, with early adoption and retrospective application permitted. The Company adopted this guidance in the fourth quarter of fiscal 2014. As a result, the Company has presented the unrecognized tax benefit as a reduction to the deferred tax asset in the consolidated balance sheets.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

	Cost Basis	Unrealized Gains	Unrealized Losses	Other-than-temporary Impairment	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments
As at March 1, 2014								
Bank balances	$ 708	$ —	$ —	—	$ 708	$ 708	$ —	$ —
Bankers' acceptances/Bearer deposit notes	392	—	—	—	392	332	60	—
Commercial paper	15	—	—	—	15	15	—	—
U.S. treasury bills/notes	879	—	—	—	879	253	626	—
Non-U.S. treasury bills/notes	480	—	—	—	480	241	239	—
Non-U.S. government sponsored enterprise notes	55	—	—	—	55	30	25	—
Corporate notes/bonds	4	—	—	—	4	—	—	4
Auction-rate securities	41	1	—	(6)	36	—	—	36
Other investments	89	—	—	—	89	—	—	89
	$ 2,663	$ 1	$ —	$ (6)	$ 2,658	$ 1,579	$ 950	$ 129
As at March 2, 2013								
Bank balances	$ 431	$ —	$ —	$ —	$ 431	$ 431	$ —	$ —
Money market funds	5	—	—	—	5	5	—	—
Bankers' acceptances/Bearer deposit notes	114	—	—	—	114	114	—	—
Non-U.S. government promissory notes	50	—	—	—	50	50	—	—
Term deposits/certificates	157	—	—	—	157	132	25	—
Commercial paper	629	—	—	—	629	534	95	—
Non-U.S. treasury bills/notes	282	—	—	—	282	233	49	—
U.S. treasury bills/notes	619	—	—	—	619	—	602	17
U.S. government sponsored enterprise notes	156	—	—	—	156	10	146	—
Non-U.S. government sponsored enterprise notes	26	—	—	—	26	26	—	—
Corporate notes/bonds	217	1	—	—	218	14	186	18
Asset-backed securities	102	—	—	—	102	—	2	100
Auction rate securities	41	1	—	(6)	36	—	—	36
Other investments	50	—	—	—	50	—	—	50
	$ 2,879	$ 2	$ —	$ (6)	$ 2,875	$ 1,549	$ 1,105	$ 221

As at March 1, 2014, the Company's other investments consisted of cost method investments of $4 million (March 2, 2013 -$4 million) and equity method investments of $85 million (March 2, 2013 -$46 million).

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

	For the year ended		
	March 1, 2014	March 2, 2013	March 3, 2012
Realized gains	$ —	$ 11	$ 1
Realized losses	—	—	—
Net realized gains	$ —	$ 11	$ 1

The contractual maturities of available-for-sale investments as at March 1, 2014 were as follows:

	Cost Basis	Fair Value
Due in one year or less	$ 1,821	$ 1,821
Due in one to five years	4	4
Due after five years	35	36
	$ 1,860	$ 1,861

As at March 1, 2014 and March 2, 2013, the Company had no investments with continuous unrealized losses.

The Company engages in limited securities lending to generate fee income. Collateral, which exceeds the market value of the loaned securities, is retained by the Company until the underlying security has been returned to the Company. As at March 1, 2014, the Company had loaned securities (which are included in short-term investments) with a market value of approximately $100 million (March 2, 2013 - nil) consisting of non-U.S. treasury bills/notes, to major Canadian banks. The Company holds collateral with a market value that exceeds the value of securities lent, consisting of non-U.S. treasury bills/notes issued by the federal and provincial governments of Canada.

In valuing the 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 March 1, 2014 and March 2, 2013.

4. FAIR VALUE MEASUREMENTS

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

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

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

Recurring Fair Value Measurements

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

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

For cash equivalents, the independent third party valuator utilizes amortized cost, as the short-term nature of the securities approximates fair value. For short-term and long-term investments, the independent third party valuator provides fair values determined from quoted prices that it obtains from vendors. The Company then corroborates the fair values received from the independent third party valuator for its investment portfolio against the results of its own internal collection of quoted prices from brokers in order to assess the reasonability of the pricing provided by the independent third party valuator.

The bankers' acceptances/bearer deposit notes and term deposits/certificates held by the Company are all issued by major banking organization and have investment grade ratings.

The U.S. treasury bills/notes held by the Company are issued by the United States Department of the Treasury and have investment grade ratings.

The non-U.S. treasury bills/notes held by the Company are issued by the Federal or Provincial governments of Canada and have investment grade ratings.

The non-U.S. government sponsored enterprise notes held by the Company are primarily issued by investment banks backed by countries across the globe and all have investment grade ratings.

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 fair values of corporate notes/bonds classified as Level 3, which represent investments in securities for which there is not an active market, are estimated using a discounted cash flow pricing methodology incorporating unobservable inputs such as anticipated monthly interest and principal payments received, existing and estimated defaults, and collateral value. The corporate notes/bonds classified as Level 3 held by the Company consist of securities received in a payment-in-kind distribution from a former structured investment vehicle. The fair value of auction rate securities is estimated using a discounted cash flow model incorporating estimated weighted-average lives based on contractual terms, assumptions concerning liquidity, and credit adjustments of the security sponsor to determine timing and amount of future cash flows. Some of these inputs are unobservable.

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

The fair value of the Company's convertible debenture has been determined using the significant inputs of principal value, interest rate spreads and curves, embedded call option dates and prices, the stock price and volatility of the Company's listed common shares, and the Company's implicit credit spread.

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

As at March 1, 2014	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale investments				
Bankers' acceptances	$ —	$ 392	$ —	$ 392
Term deposits/certificates	—	15	—	15
U.S. treasury bills/notes	—	879	—	879
Non-U.S. treasury bills/notes	—	480	—	480
Non-U.S. government sponsored enterprise notes	—	55	—	55
Corporate notes/bonds	—	—	4	4
Auction rate securities	—	—	36	36
Total available-for-sale investments	—	1,821	40	1,861
Currency forward contracts	—	5	—	5
Currency option contracts	—	2	—	2
Total assets	$ —	$ 1,828	$ 40	$ 1,868
Liabilities				
Currency forward contracts	$ —	$ 26	$ —	$ 26
Currency option contracts	—	2	$ —	2
Convertible debentures	—	1,627	—	1,627
Total liabilities	$ —	$ 1,655	$ —	$ 1,655

As at March 2, 2013	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale investments				
Money market funds	$ 5	$ —	$ —	$ 5
Bankers' acceptances/Bearer deposit notes	—	114	—	114
Non-U.S. government promissory notes	—	50	—	50
Term deposits/certificates	—	157	—	157
Commercial paper	—	629	—	629
Non-U.S. treasury bills/notes	—	282	—	282
U.S. treasury bills/notes	—	619	—	619
U.S. government sponsored enterprise notes	—	156	—	156
Non-U.S. government sponsored enterprise notes	—	26	—	26
Corporate notes/bonds	—	213	5	218
Asset-backed securities	—	102	—	102
Auction rate securities	—	—	36	36
Total available-for-sale investments	5	2,348	41	2,394
Currency forward contracts	—	57	—	57
Currency option contracts	—	2	—	2
Total assets	$ 5	$ 2,407	$ 41	$ 2,453
Liabilities				
Currency forward contracts	$ —	$ 24	$ —	$ 24
Currency option contracts	—	11	—	11
Total liabilities	$ —	$ 35	$ —	$ 35

The following table summarizes the changes in fair value of the Company's Level 3 assets for the years ended March 2, 2013 and March 1, 2014:

	Level 3
Balance at March 3, 2012	$ 68
Sale of Level 3 assets	(25)
Principal payments	(2)
Balance at March 2, 2013	41
Principal repayments	(1)
Balance at March 1, 2014	$ 40

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. There were no significant transfers in or out of Level 3 assets during the year ended March 1, 2014 ($25 million transferred out of Level 3 assets representing the sale of the Company's unsecured claim on assets held at Lehman Brothers International (Europe) ("LBIE") at the time of LBIE's bankruptcy for the year ended March 2, 2013).

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 paydown schedule based upon the underlying collateral, the value of the underlying collateral which would be realized in the event of a waterfall event, an estimate of the likelihood of a waterfall event and an estimate of the likelihood of a permanent auction suspension. Significant changes in these unobservable inputs would result in significantly different fair value measurements. Generally, a change in the assumption used for the probability of a waterfall event is accompanied by a directionally opposite change in the assumption used for the probability of a permanent suspension. A waterfall event occurs if the funded reserves of the securities become insufficient to make the interest payments, resulting in the disbursement of the securities' underlying collateral, the value which is currently greater than the fair value of the securities, to the security holders.

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

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

As at March 1, 2014	Fair Value	Valuation Technique	Unobservable Input	Range (weighted average)	Effect of Significant Increase/(Decrease) in Input on Fair Value
Auction rate securities	$ 36	Discounted cash flow	Weighted-average life	8 - 19 years (14 years)	(Decrease)/increase
			Collateral value (as a % of fair value)	101 - 133% (117%)	Increase/(decrease)
			Probability of waterfall event	5 - 10% (8%)	Increase/(decrease)
			Probability of permanent suspension of auction	5 - 10% (8%)	(Decrease)/increase
Corporate bonds/notes	$ 4	Discounted cash flow	Anticipated monthly principal and interest payments	$0.1 million	Increase/(decrease)
			Yearly decrease in payments	10%	(Decrease)/increase
			Collateral value (as a % of fair value)	138%	Increase/(decrease)
			Current securities in technical default, by collateral grouping	0 - 100% (13%)	(Decrease)/increase
			Average recovery rate of securities in technical default	30%	Increase/(decrease)
			Additional defaults assumption	0 - 44% (18%)	(Decrease)/increase

Non-Recurring Fair Value Measurements

Assets Held for Sale

As described in Note 11, the Company has decided to sell certain redundant assets and as a result, certain property, plant and equipment assets have been classified as held for sale on the Company's consolidated balance sheets as at March 1, 2014, valued at $209 million, the lower of carrying value and fair value less costs to sell. Of the total assets held for sale, $194 million were measured at fair value less costs to sell.

The fair values of the Company's real estate assets held for sale were determined using bids from prospective purchasers, executed purchase and sale agreements or letters of intent, and market appraisals conducted for the Company by certified appraisers. The fair values of the Company's equipment assets held for sale were determined using executed purchase and sale agreements, bids received from prospective purchasers, or replacement cost or sales comparison approaches with inputs including, but not limited to, original costs, inflation indices, useful lives, effective ages, and market-derived depreciation curves for similar assets. Some of these inputs are unobservable.

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

As at March 1, 2014	Level 1	Level 2	Level 3	Total
Assets held for sale				
Real estate	$ —	$ 150	$ —	$ 150
Equipment	—	29	15	44
Total assets held for sale	$ —	$ 179	$ 15	$ 194

LLA Impairment

During fiscal 2014, the Company conducted an LLA impairment test on its held and used assets, and as a result of that test, determined that the carrying values of certain of the Company's assets exceeded their fair values as at the Measurement Date. Accordingly, the Company recorded the LLA Impairment Charge of approximately $2.7 billion and

presented the impaired assets at their fair values on the Company's balance sheets as at November 30, 2013. See Note 1 for details related to the LLA impairment test performed.

The fair values of the Company's real estate assets were determined using market appraisals conducted by certified appraisers.

The fair values of the Company's property, plant and equipment, other than real estate assets ("Personal Property"), were determined using replacement cost or sales comparison approaches with inputs including, but not limited to, original costs, inflation indices, useful lives, effective ages, and market-derived depreciation curves for similar assets. Some of these inputs are unobservable.

The fair value of certain of the Company's licenses, representing payments relating to licensing agreements, were determined using a volume ratio approach, including a comparison of the Company's current average quarterly unit volumes for each license to those known at the time the Company entered into the license. Some of the inputs are unobservable.

The following table presents the Company's assets and liabilities that were measured at fair value on a non-recurring basis as at November 4, 2013 (the date of impairment) and which have not subsequently been reclassified as held for sale:

As at November 4, 2013	Level 1	Level 2	Level 3	Total
Assets held and used				
Property, plant and equipment				
Real estate	$ —	$ 594	$ —	$ 594
Personal Property	—	—	408	408
Total property, plant and equipment	—	594	408	1,002
Intangible assets				
Licenses	—	—	226	226
Total assets held and used	$ —	$ 594	$ 634	$ 1,228

The Company's Level 3 assets measured on a non-recurring basis consist of personal property and licenses that were written down to fair value related to the LLA Impairment Charge.

The Company's personal property that was written down was valued using replacement cost or sales comparison approaches, both utilizing unobservable inputs. The unobservable inputs used in the valuations are the current effective age of the personal property being valued and the estimated useful life.

The licenses that were written down to fair value related to the LLA Impairment Charge were valued using a volume ratio approach incorporating unobservable inputs. The unobservable inputs used in the valuation are the current volume of units subject to the licensing agreements and the volume of units as of the date the licenses were entered into, which represents the volume ratio. This ratio was applied to the net book value of the licenses in order to determine its fair value. Significant changes in these unobservable inputs could result in significantly different fair value measurements.

The following table presents the significant unobservable inputs used in the fair value measurement of each of the above Level 3 assets:

As at March 1, 2014	Fair Value	Valuation Technique	Unobservable Input	Range (weighted average)
Personal Property - held for sale	$ 15	Discounted cash flow	Effective age	0 - 14 years (3 years)
			Useful life	2 - 10 years (5 years)

As at November 4, 2013	Fair Value	Valuation Technique	Unobservable Input	Range (weighted average)
Personal Property - held in use	$ 408	Replacement cost of sales comparison	Effective age	0 - 14 years (3 years)
			Useful life	2 - 10 years (5 years)
Licenses	$ 226	Volume ratio	Volume ratio	10 - 33% (17%)

5. CONSOLIDATED BALANCE SHEETS DETAILS

Accounts receivable, net

The allowance for doubtful accounts as at March 1, 2014 is $17 million (March 2, 2013 -$17 million).

There were no customers that comprised more than 10% of accounts receivable as at March 1, 2014 (March 2, 2013 – no customers that comprised more than 10%).

Inventories

Inventories were comprised of the following:

	As at	
	March 1, 2014	March 2, 2013
Raw materials	$ 51	$ 271
Work in process	156	278
Finished goods	37	54
	$ 244	$ 603

During fiscal 2014, the Company recorded charges against inventory and supply commitments of approximately $2.4 billion. The charges included a write-down of inventory of approximately $1.6 billion and supply commitments of approximately $782 million.

Property, plant and equipment, net

Property, plant and equipment were comprised of the following:

	As at	
	March 1, 2014	March 2, 2013
Cost		
Land	$ 71	$ 93
Buildings, leasehold improvements and other	737	1,120
BlackBerry operations and other information technology	1,297	2,440
Manufacturing equipment, research and development equipment and tooling	541	875
Furniture and fixtures	21	104
	2,667	4,632
Accumulated amortization	1,725	2,559
Net book value	$ 942	$ 2,073

As at March 1, 2014, the carrying amount of assets under construction was $45 million (March 2, 2013 -$109 million). Of this amount, $34 million was included in buildings, leasehold improvements and other (March 2, 2013 -$62 million); $2 million was included in BlackBerry operations and other information technology (March 2, 2013 -$36 million); $9 million was included in manufacturing equipment, research and development equipment, and tooling (March 2, 2013 - $11 million); and nil was included in furniture and fixtures (March 2, 2013 - $0.4 million).

For the year ended March 1, 2014, amortization expense related to property, plant and equipment was $532 million (March 2, 2013 -$721 million; March 3, 2012 -$660 million).

Intangible assets, net

Intangible assets were comprised of the following:

	As at March 1, 2014		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 387	$ 284	$ 103
Intellectual property	2,176	855	1,321
	$ 2,563	$ 1,139	$ 1,424

	As at March 2, 2013		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 432	$ 257	$ 175
Intellectual property	4,382	1,127	3,255
	$ 4,814	$ 1,384	$ 3,430

During fiscal 2014, the additions to intangible assets primarily consisted of payments relating to amended or renewed licensing agreements, as well as agreements with third parties for the use of intellectual property, software, messaging services and other BlackBerry related features.

For the year ended March 1, 2014, amortization expense related to intangible assets was $738 million (March 2, 2013 -$1.2 billion; March 3, 2012 -$863 million). Total additions to intangible assets in fiscal 2014 were $1.1 billion (2013 -$1.2 billion).

Based on the carrying value of the identified intangible assets as at March 1, 2014 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: 2015 - $362 million; 2016 - $195 million; 2017 - $176 million; 2018 - $139 million; and 2019 - $128 million.

The weighted-average remaining useful life of the acquired technology is 3.7 years (2013 -3.2 years).

Impairment of long-lived assets

During fiscal 2014, the Company recorded the LLA Impairment Charge of approximately $2.7 billion, of which $852 million of the charge was applicable to property, plant and equipment and $1.9 billion was applicable to intangible assets. See Note 1 and 4 for a description of the LLA impairment test performed and the conclusions made by the Company.

Goodwill

Changes to the carrying amount of goodwill during the fiscal year ended March 1, 2014 were as follows:

	Gross Amount	Accumulated Impairment Losses	Net Amount
Balance as at March 3, 2012	$ 659	$ (355)	$ 304
Goodwill acquired through business combinations during the year	31	—	31
Goodwill impairment charge	—	(335)	(335)
Balance as at March 2, 2013 and March 1, 2014	$ 690	$ (690)	$ —

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

Due to business conditions and a continued significant decline in the Company's market capitalization, the Company concluded that goodwill impairment indicators existed and an interim goodwill impairment assessment was required in fiscal 2013. In the first step of the goodwill impairment test, the estimated fair value of the Company was determined

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

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

Accrued liabilities

Accrued liabilities were comprised of the following:

	As at	
	March 1, 2014	March 2, 2013
Vendor inventory liabilities	244	130
Warranty	204	318
Royalties	106	501
Carrier liabilities	153	141
Other	507	764
	$ 1,214	$ 1,854

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

6. BUSINESS ACQUISITIONS

There were no material business acquisitions made by the Company in fiscal 2014.

During fiscal 2013, the Company purchased for cash consideration 88% of the shares of Paratek Microwave Inc. ("Paratek"), representing all remaining shares of Paratek which were not previously held by the Company. Immediately prior to the acquisition date, the Company owned a 12% interest in Paratek. The non-controlling interest had a carrying value of $20 million and was re-measured at a fair value of $20 million, and resulted in no gain or loss. The valuation was based on the application of a minority interest discount to the aggregate purchase consideration paid and then allocating the implied value of Paratek, on a minority interest basis, across the shares outstanding. The acquired technology will be incorporated into the Company's products to enhance radio frequency tuning technologies.

The acquisitions were accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed were measured at their fair values as of the date of acquisition. The excess of the acquisition price over such fair

value, if any, is recorded as goodwill, which is not expected to be deductible for tax purposes. The Company includes the operating results of each acquired business in the consolidated financial statements from the date of acquisition.

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

	For the year ended March 2, 2013
Assets purchased	
Current assets	$ 4
Property, plant and equipment	2
Other assets	4
Customer relationship intangible	10
Acquired technology	96
Deferred income tax asset	39
Goodwill[(1)]	31
	186
Liabilities assumed	(23)
Deferred income tax liability	(38)
	(61)
Net non-cash assets acquired	125
Cash acquired	1
Purchase price	$ 126
Consideration	
Cash consideration	$ 93
Fair value of equity interest previously held	20
Contingent consideration[(2)]	13
	$ 126

(1) Goodwill represents the excess of the acquisition price over the fair value of net assets acquired, which is not expected to be deductible for tax purposes when goodwill results from share purchases. None of the goodwill resulting from certain assets purchased in fiscal 2013 is expected to be deductible for tax purposes. The entire goodwill balance was included in the goodwill impairment charge incurred in fiscal 2013, as discussed in Note 5.

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

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

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

7. INCOME TAXES

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

	For the year ended		
	March 1, 2014	March 2, 2013	March 3, 2012
Statutory Canadian tax rate	26.6%	26.6%	28.0%
Expected provision for (recovery of) income taxes from continuing operations	$ (1,908)	$ (324)	$ 425
Differences in income taxes resulting from:			
Valuation allowance	781	—	—
Investment tax credits	(77)	(127)	(138)
Canadian tax rate differences	(82)	(125)	(21)
Change in unrecognized income tax benefits	—	(116)	—
Non-deductible goodwill impairment	—	84	90
Foreign tax rate differences	(10)	6	12
Other differences	(15)	10	(21)
	$ (1,311)	$ (592)	$ 347

	For the year ended		
	March 1, 2014	March 2, 2013	March 3, 2012
Income (loss) from continuing operations before income taxes:			
Canadian	$ (7,212)	$ (1,365)	$ 1,272
Foreign	28	145	246
	$ (7,184)	$ (1,220)	$ 1,518

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

	For the year ended		
	March 1, 2014	March 2, 2013	March 3, 2012
Current			
Canadian	$ (1,203)	$ (760)	$ 176
Foreign	77	88	181
Deferred			
Canadian	(184)	68	34
Foreign	(1)	12	(44)
	$ (1,311)	$ (592)	$ 347

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

	As at	
	March 1, 2014	March 2, 2013
Assets		
Property, plant and equipment	$ 430	$ —
Non-deductible reserves	120	182
Minimum taxes	120	—
Convertible debenture (see note 8)	95	—
Research and development	41	—
Tax loss carryforwards	25	28
Other	25	2
Deferred income tax assets	856	212
Valuation allowance	783	—
Deferred income tax assets net of valuation allowance	73	212
Liabilities		
Property, plant and equipment	—	(287)
Research and development	—	(31)
Withholding tax on unremitted earnings	(32)	—
Deferred income tax liabilities	(32)	(318)
Net deferred income tax asset/(liability)	$ 41	$ (106)
Deferred income tax asset - current	$ 73	$ 139
Deferred income tax liability - long-term	(32)	(245)
	$ 41	$ (106)

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 significant increases in deductible temporary differences in fiscal 2014 in relation to the LLA Impairment Charge, which was not currently deductible for tax purposes. In addition, the Company has three years of cumulative losses for fiscal 2014. As a result, the Company was unable to recognize the benefit relating to a significant portion of deferred tax assets that arose in fiscal 2014, which resulted in the recognition of a $783 million valuation allowance against its deferred tax assets. The deferred tax recovery is partially offset by this deferred tax valuation allowance of $781 million and included in the income tax provision in fiscal 2014 (March 2, 2013 - nil). 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.

During the third quarter, the Company took steps to accelerate the receipt of a portion of the tax refund to which it is entitled. The Canadian federal and Ontario provincial Ministers of Finance had indicated to the Company that they would be prepared to recommend measures such that the acceleration would not jeopardize the entitlement to the balance of its tax refund. The Company's actions resulted in a November 3, 2013 taxation year end (triggering the entitlement to the tax refund accrued to that date). In December 2013, Remission Orders were made by the Canadian federal and Ontario provincial governments which preserved the Company's ability to carry back losses for the balance of its fiscal 2014 year and for its fiscal 2015 year on the same basis as without the November 3, 2013 taxation year end. The tax provision includes the impact of the Remission Orders in accordance with ASC 740.

Given the change in financial circumstances for the Company in fiscal 2014 (see Note 1 - Critical Accounting Estimates - Valuation of Long-Lived Assets), a determination was made that the Company no longer has plans to permanently

reinvest the cumulative earnings of its foreign subsidiaries. As a result, $32 million relating to future withholding taxes was accrued as a deferred tax liability.

The Company's total unrecognized income tax benefits as at March 1, 2014 and March 2, 2013 were $8 million and $29 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:

	March 1, 2014	March 2, 2013	March 3, 2012
Unrecognized income tax benefits, opening balance	$ 29	$ 146	$ 164
Increase for income tax positions of prior years	5	9	15
Increase for income tax positions of current year	—	2	—
Settlement of tax positions	(23)	(152)	(8)
Expiration of statute of limitations	—	—	(24)
Other	(3)	24	(1)
Unrecognized income tax benefits, ending balance	$ 8	$ 29	$ 146

As at March 1, 2014, all of the unrecognized income tax benefits of $8 million have been netted against deferred income tax assets on the Company's consolidated balance sheets in accordance with ASU 2013-11. See Note 2 for details on ASU 2013-11.

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

Jurisdiction	
Canada[1]	Fiscal 2009 - 2014
United States[2]	Fiscal 2012 - 2014
United Kingdom	Fiscal 2011 - 2014

(1) Includes federal as well as provincial and state jurisdictions, as applicable.
(2) Pertains to federal tax years. Certain state jurisdictions remain open from fiscal 2010 through fiscal 2014.

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 $5 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 March 1, 2014 was approximately $1 million (March 2, 2013 – approximately $6 million). The amount of penalties accrued as at March 1, 2014 was nominal (March 2, 2013 – nominal).

As at March 1, 2014, the Company has the following net operating loss carryforwards and tax credits which are not recognized for accounting purposes and are scheduled to expire in the following years:

Year of Expiry	Net Operating Losses	Capital Losses	Research and Development Tax Credits	Minimum Taxes
2026	$ 4	$ —	$ —	$ —
2029	16	—	—	—
2030	—	—	1	—
2031	28	—	1	120
2032	2	—	—	—
2033	—	—	32	—
2034	—	—	29	—
Indefinite	—	6	—	—
	$ 50	$ 6	$ 63	$ 120

8. LONG-TERM DEBT

Convertible Debentures

In November 2013, the Purchasers invested in the Company through a $1.0 billion private placement of Debentures, with an option to purchase an additional $250 million principal amount of Debentures. On January 16, 2014, Fairfax exercised the option to invest the $250 million in principal amount.

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 are 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 one quarter of the Debenture holders. 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 Financial Holdings Limited) 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 through the Company's 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 March 1, 2014, the fair value of the Company's convertible debt was $1.6 billion. The difference between the fair value of the Debentures and the unpaid principal balance of $1.3 billion is $377 million. For additional information about the fair value measurement of the Debentures, see Note 4.

The Company recorded a non-cash charge associated with the change in the fair value of the Debentures of $377 millon in fiscal 2014. This charge is presented on a separate line in the Company's statements of operations. 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.

The Company recorded interest expense related to the Debentures of $ 21 million, which has been included in investment income (loss) in the statements of operations in fiscal 2014. The Company is required to make quarterly interest-only

payments of approximately $19 million per year during the seven years. 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, 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.

9. CAPITAL STOCK

(a) Capital stock

The Company is authorized to issue an unlimited number of non-voting, redeemable, retractable Class A common shares, an unlimited number of voting common shares and an unlimited number of non-voting, cumulative, redeemable, retractable preferred shares. At March 1, 2014 and March 2, 2013, there were no Class A common shares or preferred shares outstanding.

The following details the changes in issued and outstanding common shares for the three years ended 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 February 26, 2011	523,869	$ 2,359	2,753	$ (160)
Exercise of stock options	291	9	—	—
Stock-based compensation	—	97	—	—
Tax deficiencies related to stock-based compensation	—	(2)	—	—
Purchase of treasury stock	—	—	6,317	(156)
Treasury shares released for RSU settlements	—	(17)	(359)	17
Common shares outstanding as at March 3, 2012	524,160	2,446	8,711	(299)
Stock-based compensation	—	86	—	—
Tax deficiencies related to stock-based compensation	—	(11)	—	—
Purchase of treasury stock	—	—	3,006	(25)
Treasury shares released for RSU settlements	—	(90)	(2,697)	90
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)

The Company had 527 million voting common shares outstanding, 3 million options to purchase voting common shares, 24 million RSUs and 0.2 million DSUs outstanding as at March 24, 2014.

(b) Stock-based compensation

Stock Option Plan

The Company recorded a charge to income and a credit to paid-in-capital of approximately $5 million in fiscal 2014 (fiscal 2013 - $8 million; fiscal 2012 - $27 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 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 14 million shares in the equity pool available for future grants under the Company's 2014 Plan as at March 1, 2014. Under the 2014 Plan, any shares that are issued as options shall be counted as 0.625 shares against the 2014 Plan's total shares in the equity pool available for future grants and shares issued as awards other than options (i.e., RSUs) shall be counted as one share against the 2014 Plan's total shares in the equity pool available for future grants.

A summary of option activity since February 26, 2011 is shown below:

	Options Outstanding			
	Number (000's)	Weighted-Average Exercise Price	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 26, 2011	4,610	$ 70.36		
Exercised during the year	(291)	29.70		
Forfeited/cancelled/expired during the year	(701)	64.58		
Balance as at March 3, 2012	3,618	73.86		
Granted during the year	5,288	7.86		
Forfeited/cancelled/expired during the year	(1,646)	60.86		
Balance as at March 2, 2013	7,260	27.53		
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	3.32	$ 8
Vested and expected to vest as at March 1, 2014	3,153	$ 12.23	3.31	$ 6
Exercisable as at March 1, 2014	1,290	$ 18.57	2.93	$ 3

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the aggregate difference between the closing stock price of the Company's common shares on March 1, 2014 and the exercise price for in-the-money options) that would have been received by the option holders if all in-the-money options had been exercised on March 1, 2014. The intrinsic value of stock options exercised during fiscal 2014, calculated using the average market price during the year, was approximately $0.59 per share.

A summary of unvested stock options since March 2, 2013 is shown below:

	Options Outstanding	
	Number (000's)	Weighted-Average Grant Date Fair Value
Balance as at March 2, 2013	5,187	$ 4.71
Vested during the year	(1,517)	5.03
Forfeited during the year	(1,693)	4.71
Balance as at March 1, 2014	1,977	$ 4.48

As at March 1, 2014, there was $9 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 1.34 years. The total fair value of stock options vested during the year ended March 1, 2014 was $8 million.

Cash received from the stock options exercised for the year ended March 1, 2014 was $3 million (March 2, 2013 - nil; March 3, 2012 - $9 million). Tax deficiencies incurred by the Company related to the stock options exercised was $2 million at March 1, 2014 (March 2, 2013 – tax deficiency of $1 million; March 3, 2012 – tax deficiency of $2 million).

During the year ended March 1, 2014, there were no stock options granted (March 2, 2013 - 5,288,040; March 3, 2012 - there were no stock options granted).

Restricted Share Unit Plan

The Company recorded compensation expense with respect to RSUs of approximately $63 million in the year ended March 1, 2014 (March 2, 2013 -$78 million; March 3, 2012 -$70 million).

A summary of RSU activity since February 26, 2011 is shown below:

	RSUs Outstanding			
	Number (000's)	Weighted-Average Grant Date Fair Value	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 26, 2011	2,703	$ 57.40		
Granted during the year	7,093	25.33		
Vested during the year	(359)	60.42		
Forfeited/cancelled during the year	(842)	45.73		
Balance as at March 3, 2012	8,595	31.96		
Granted during the year	11,189	7.94		
Vested during the year	(2,697)	38.96		
Forfeited/cancelled during the year	(1,902)	25.46		
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	2.86	$ 244
Vested and expected to vest March 1, 2014	23,736	$ 8.11	2.89	$ 237

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the aggregate closing share price of the Company's common shares on March 1, 2014) that would have been received by RSU holders if all RSUs had been vested on March 1, 2014.

Tax deficiencies incurred by the Company related to the RSUs vested was $11 million for the year ended March 1, 2014 (March 2, 2013 - $10 million; March 3, 2012 - nil).

In order to comply with its obligation to deliver shares upon vesting, the Company purchases shares via a trustee selected by the Company or issues new common shares. During the year ended March 1, 2014, the Company purchased 1,641,447 common shares for total cash consideration of approximately $16 million (March 2, 2013 - 3,005,670 common shares were purchased for total cash consideration of approximately $25 million). These purchased shares are classified as treasury stock for accounting purposes and included in the shareholders' equity section of the Company's consolidated balance sheets.

As at March 1, 2014, there was $167 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 2.04 years.

During the year ended March 1, 2014, there were 21,741,154 RSUs granted (March 2, 2013 – 11,189,498 RSUs were granted), of which 16,210,460 will be settled upon vesting by the issuance of new common shares and 10,521,418 of which were granted as an inducement grant and are exempt from the equity pool under the Company's 2014 Plan.

Deferred Share Unit Plan

The Company issued 128,272 DSUs in the year ended March 1, 2014. There were 0.2 million DSUs outstanding as at March 1, 2014 (March 2, 2013 - 0.3 million). The Company had a liability of $2.4 million in relation to the DSU plan as at March 1, 2014 (March 2, 2013 - $4.3 million).

10. COMMITMENTS AND CONTINGENCIES

(a) Credit facility

The Company has a $525 million asset-backed lending arrangement (the "Facility") for working capital and general corporate purposes with a syndicate of commercial banks. The Facility, which is subject to certain availability criteria and limits and customary financial covenants, expires on August 27, 2016 and is secured by the Company's accounts receivable, inventory, equipment, mortgages on certain real property and a stock pledge of certain subsidiaries. The Company has utilized approximately $5 million of the Facility for its outstanding letters of credit as of March 1, 2014.

(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		
2015	$	47
2016		38
2017		28
2018		25
2019		20
Thereafter		38
	$	196

For the year ended March 1, 2014, the Company incurred rental expense of $80 million (March 2, 2013 - $91 million; March 3, 2012 - $91 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.

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

Additional lawsuits and claims, including purported class actions and derivative actions, may be filed or made based upon the Company's historical stock option granting practices. Management assesses such claims in accordance with the policy described above.

As of March 1, 2014, there are claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable, therefore an accrual has been made that is not material to the Company's financial statements. 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, which does not require the claimant to specifically identify the patent that has allegedly been infringed; damages sought that are unspecified, unsupportable, unexplained or uncertain; discovery not having been started or

incomplete; the complexity of the facts that are in dispute (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 not having engaged in any meaningful settlement discussions; the possibility that other parties may share in any ultimate liability; and the often slow pace of patent litigation.

Though the Company does not believe the following legal proceedings will result in a significant loss, and does not believe they are claims for which the outcomes are determinable or where the amounts of the loss can be reasonably estimated, the Company has included the following summaries of certain of its legal proceedings that it believes may be of interest to its investors.

On October 31, 2008, Mformation Technologies, Inc. ("Mformation") filed a patent infringement lawsuit against the Company in the U.S. District Court for the Northern District of California. The patents in suit include U.S. Patent Nos. 6,970,917 and 7,343,408. These patents are generally directed to remote device management functionality. A jury trial began on June 19, 2012. On July 13, 2012, the jury found that the Company had infringed the asserted patent claims, awarding damages of $147.2 million. On August 8, 2012, Judge Ware overturned the jury verdict and granted judgment of non-infringement as a matter of law. On September 5, 2012, Mformation filed a motion for a new trial. On September 6, 2012, Mformation filed a notice of appeal to the U.S. Court of Appeals for the Federal Circuit. However, the Federal Circuit deactivated the appeal while the motion for new trial was pending. On September 20, 2012, the case was reassigned to Judge Edward M. Chen, in view of Judge Ware's retirement from the bench. Judge Chen subsequently denied Mformation's motion for new trial on November 15, 2012. On December 4, 2012, the court denied Mformation's motion for relief from costs. The Federal Circuit reactivated the appeal on December 20, 2012 after Mformation filed a new notice of appeal. On January 3, 2013, a new entity, Mformation Software Technologies, Inc. ("MST"), filed a motion to substitute parties, alleging that Mformation had dissolved and that MST had assumed the rights, but not the liabilities, to the litigation. On January 14, 2013, the Company filed an opposition to MST's motion, combined with a motion to dismiss. On April 8, 2013, MST filed its opening substantive brief. On November 21, 2013, after a limited remand to the District Court, the Federal Circuit denied both MST's motion to substitute and the Company's motion to dismiss. On December 23, 2013, the Company filed its responsive substantive brief, and MST filed a reply brief on January 9, 2014. Proceedings are ongoing.

On April 2, 2012, NXP B.V. ("NXP") filed a lawsuit against the Company in the U.S. District Court for the Middle District of Florida (Orlando Division). NXP asserted that the Company infringes U.S. Patent Nos. 7,330,455; 6,434,654; 6,501,420; 5,597,668; 5,639,697; and 5,763,955. NXP alleges that its patents are generally directed to certain wireless technologies including 802.11 standards GPS and embedded memory technology, as well as certain methods of manufacture for semiconductor devices. The complaint seeks monetary damages, an injunction, and other relief that the court deems just and proper. The Company filed its Answer on May 30, 2012. Prior to trial, NXP dropped patents 5,597,668; 5,639,697; and 5,763,955. The trial began on March 24, 2014. Proceedings are ongoing.

On September 10, 2013, Cypress Semiconductor Corp. ("Cypress") filed a lawsuit against the Company in the U.S. District Court for the Northern District of California. Cypress asserted that the Company infringes U.S. Patent Nos. 6,012,103; 6,249,825; and 6,493,770, generally relating to reconfiguration of a peripheral device connected to a host computer. Cypress also asserted that the Company infringes U.S. Patent Nos. 8,004,497; 8,059,015; and 8,519,973, generally relating to capacitive touchscreens. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper. On November 4, 2013, the Company filed an answer and counterclaims. The Company asserted that Cypress infringes U.S. Patent Nos. 7,834,586, 7,986,127, and 8,169,187, generally directed to USB charging. The counterclaims seek an injunction, monetary damages, and other relief that the court deems just and proper. On December 2, 2013, Cypress filed an answer to the Company's counterclaims. Proceedings are ongoing.

On November, 4, 2013, the Company filed a lawsuit against Cypress Semiconductor Corp. ("Cypress") in the U.S. District Court for the Northern District of Texas. The Company asserted that Cypress infringes U.S. Patent No. 6,034,623, generally directed to a radio modem with radio and telemetry functions, and U.S. Patent No. 6,833,686, generally directed to an adaptive rate battery charging circuit. On January 13, 2014, Cypress filed an answer to the complaint. On January 30, 2014, Cypress filed petitions for inter partes review for both patents in the U.S. Patent and Trademark Office. On February 4, 2014, Cypress filed a motion to stay the lawsuit pending the inter partes reviews. Proceedings are ongoing.

On January 3, 2014, the Company filed a lawsuit against Typo Products LLC ("Typo") in the U.S. District Court for the Northern District of California. The Company asserted that Typo infringes U.S. Patent Nos. 7,629,964, and 8,162,552, generally directed to a keyboard for use with a mobile communication device. The Company also asserted that Typo infringed U.S. Design Patent No. D685,775, generally directed to a keyboard design, and trade dress relating to

keyboards. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper. On January 22, 2014, the Company filed a motion for preliminary injunction to enjoin Typo from infringing U.S. Patent No. 7,629,964 and U.S. Design Patent No. D.685,775. Typo filed its opposition on February 5, 2014, and the Company filed a reply on February 12, 2014. Proceedings are ongoing.

Between May and August 2011, several purported class action lawsuits were filed against the Company and certain of its present or former officers in the U.S. District Court for the Southern District of New York, two of which have been voluntarily dismissed. On January 6, 2012, Judge Richard S. Sullivan consolidated the remaining three actions and appointed both lead plaintiff and counsel. On April 5, 2012, plaintiff filed the Consolidated Amended Class Action Complaint, alleging that during the period from December 16, 2010 through June 16, 2011, the Company and certain of its officers made materially false and misleading statements regarding the Company's financial condition and business prospects, and seek unspecified damages. Defendants brought a motion to dismiss the claim with prejudice, which was granted on March 29, 2013. On April 25, 2013, Plaintiff filed a Notice of Appeal. The appeal was argued on November 7, 2013 with judgment reserved. Proceedings are ongoing.

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. The purported class action claims seek unspecified damages. Motions for the appointment of Lead Plaintiff and counsel have been filed in the U.S. proceedings. Proceedings are ongoing in all cases.

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

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

The Company also uses some custom components that are not common to the rest of the industry, and new products introduced by the Company often utilize custom components available from only one source for a period of time. When a component or product uses new technologies, initial capacity constraints may exist until the suppliers' yields have matured or manufacturing capacity has increased. If the Company's supply of components for a new or existing product were delayed or constrained, the Company's financial condition and operating results could be materially adversely affected. Further, if the Company was not able to find an alternative source for the necessary quantities, the Company's business and financial performance could also be materially adversely affected. Continued availability of these components at acceptable prices, or at all, may be affected if those suppliers 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 Europe, Asia or Mexico. A significant concentration of this manufacturing is currently performed by a small number of outsourcing partners. Although the Company works closely with its outsourcing partners on manufacturing schedules, the Company's operating results could be adversely affected if its outsourcing partners were unable to meet their production commitments.

(e) Indemnifications

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

The Company has entered into indemnification agreements with its directors and current and former executive officers. Under these agreements, the Company agreed, subject to applicable law, to indemnify its directors and executive officers against all costs, charges and expenses reasonably incurred by such individuals in respect of any civil, criminal or administrative action which could arise by reason of their status as directors or officers. The Company maintains liability insurance coverage for the benefit of its directors and current and former executive officers. 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 2013 for additional information regarding the Company's indemnification agreements with its directors and current and former executive officers.

11. COST OPTIMIZATION PROGRAMS

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

In March 2012, the Company commenced the CORE program with the objective of improving the Company's operations and increasing efficiency. The program includes, among other things, the streamlining of the BlackBerry smartphone product portfolio, the optimization of the Company's global manufacturing footprint, the outsourcing of global repair services, the alignment of the Company's sales and marketing teams and a reduction in the global workforce. On September 20, 2013, the Company announced that it had commenced implementation of a further workforce reduction of approximately 4,500 positions to bring the total workforce to approximately 7,000 full-time global employees and that it was targeting an approximate 50% reduction in operating expenditures by the end of the first quarter of fiscal 2015. The Company expects to incur approximately $100 million in additional cash and non-cash, pre-tax charges related to the CORE program by the end of the first quarter of fiscal 2015.

The Company incurred approximately $512 million in total pre-tax charges related to the CORE program and strategic review process in fiscal 2014, related to one-time employee termination benefits, facilities and manufacturing network simplification costs as well as legal and financial advisory costs related to the recently completed strategic review process. Other charges and cash costs may occur as programs are implemented or changes are completed.

The following table sets forth the activity in the Company's CORE program liability for fiscal 2013 and fiscal 2014:

	Employee Termination Benefits	Facilities Costs	Manufacturing Costs	Total
Balance as at March 3, 2012	$ —	$ —	$ —	$ —
Charges incurred	123	32	65	220
Cash payments made	(114)	(14)	(63)	(191)
Balance as at March 2, 2013	9	18	2	29
Charges incurred	190	93	65	348
Cash payments made	(186)	(58)	(41)	(285)
Balance as at March 1, 2014	$ 13	$ 53	$ 26	$ 92

The CORE program charges incurred in fiscal 2013 and fiscal 2014 were as follows:

	For the year ended	
	March 1, 2014	March 2, 2013
Cost of sales	$ 103	$ 96
Research and development	76	27
Selling, marketing and administration [(1)]	333	97
Total CORE program charges	$ 512	$ 220

[(1)] CORE program charges in selling, marketing and administration include costs associated with the Company's recently completed strategic review process as well as losses incurred related to the write-down to fair value less costs to sell of the assets classified as held for sale, as noted below.

There were no CORE charges incurred during fiscal 2012.

As part of the CORE program, the Company has decided to sell certain redundant assets and discontinue certain operations to drive cost savings and efficiencies in the Company. As a result, certain property, plant and equipment assets

have been classified as held for sale on the Company's consolidated balance sheets as at March 1, 2014, valued at $209 million (March 2, 2013 - $354 million), the lower of carrying value and fair value less costs to sell. Further, the Company has recorded losses of approximately $110 million in fiscal 2014 (nil in fiscal 2013) related to the write-down to fair value less costs to sell of the assets held for sale. Assets held for sale are expected to be sold within the next twelve months.

In fiscal 2013, the Company sold 100% of the shares of its wholly-owned subsidiary, NewBay Software Limited ("NewBay") and as a result, the operating results of NewBay are presented as discontinued operations in the Company's consolidated statements of operations for the fiscal years ended March 2, 2013 and March 3, 2012.

The following table sets forth the components of the Company's loss from discontinued operations:

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

Carrying values of significant assets and liabilities of NewBay at the time of sale include property, plant and equipment and intangible assets of $41 million, current assets of $15 million and accrued liabilities of $13 million.

Fiscal 2012 Cost Optimization Program

In June 2011, the Company initiated a cost optimization program (the "2012 Cost Optimization Program") that included a global workforce reduction of approximately 2,000 employees, representing approximately 10% of the total global workforce. The Company incurred approximately $125 million in total pre-tax charges related to the 2012 Cost Optimization Program in fiscal 2012. All of the pre-tax charges were related to one-time employee termination benefits, and the identification of redundant facilities. During fiscal 2013 and fiscal 2014 the Company made cash payments related to employee termination benefits and facilities costs, as shown in the table below. No further charges are expected to be incurred under this plan.

The following table sets forth the activity in the Company's 2012 Cost Optimization Program liability for fiscal 2013 and fiscal 2014:

	Employee Termination Benefits	Facilities Costs	Total
Balance as at March 3, 2012	$ 10	$ 44	$ 54
Cash payments made	(10)	(24)	(34)
Balance as at March 2, 2013	—	20	20
Cash payments made	—	(9)	(9)
Balance as at March 1, 2014	$ —	$ 11	$ 11

12. PRODUCT WARRANTY

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

The change in the Company's warranty expense and actual warranty experience from February 26, 2011 to March 1, 2014 as well as the accrued warranty obligations are set forth in the following table:

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

13. EARNINGS (LOSS) PER SHARE

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

	For the year ended		
	March 1, 2014	March 2, 2013	March 3, 2012
Income (loss) for basic and diluted earnings (loss) per share available to common shareholders from continuing operations	$ (5,873)	$ (628)	$ 1,171
Loss for basic and diluted loss per share available to common shareholders from discontinued operations	$ —	$ (18)	$ (7)
Weighted-average number of shares outstanding (000's) - basic	525,168	524,160	524,101
Effect of dilutive securities (000's) - stock-based compensation [1][2]	—	—	89
Weighted-average number of shares and assumed conversions (000's) - diluted	525,168	524,160	524,190
Earnings (loss) per share - reported			
Basic and diluted earnings (loss) per share from continuing operations	$ (11.18)	$ (1.20)	$ 2.23
Basic and diluted loss per share from discontinued operations	—	(0.03)	(0.01)
Total basic and diluted earnings (loss) per share	$ (11.18)	$ (1.23)	$ 2.22

[1] 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 year ended March 1, 2014 as to do so would be antidilutive. As at March 1, 2014, there were 346,264 options and 17,620,882 RSUs outstanding that were in-the-money and may have a dilutive effect on earnings (loss) per share in future periods.

[2] The Company has not presented the dilutive effect of the Debentures as to do so would be antidilutive. See Note 8 for details on the Debentures.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

	As at		
	March 1, 2014	March 2, 2013	March 3, 2012
Accumulated net unrealized gains on available-for-sale investments	$ 1	$ 2	$ 2
Accumulated net unrealized gains (losses) on derivative instruments designated as cash flow hedges	(9)	(6)	38
Accumulated other comprehensive income (loss)	$ (8)	$ (4)	$ 40

The effects on net income of amounts reclassified from AOCI into income by component for the year ended March 1, 2014 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
Revenue	$ (7)	$ —	$ (7)
Selling, marketing and administration	(17)	—	(17)
Research and development	(6)	—	(6)
Cost of sales	(2)	—	(2)
Recovery of income taxes	6	—	6
Total amount reclassified into income, net of tax	$ (26)	$ —	$ (26)

15. DERIVATIVE FINANCIAL INSTRUMENTS

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

	As at March 1, 2014	
Assets (Liabilities)	Notional Amount	Estimated Fair Value
Currency forward contracts - asset	$ 585	$ 5
Currency option contracts - asset	186	2
Currency forward contracts - liability	1,304	(26)
Currency option contracts - liability	72	(2)

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

Foreign Exchange

The Company uses derivative instruments to manage exposures to foreign exchange risk resulting from transactions in currencies other than its functional currency, the U.S. dollar. The Company's currency risk management objective in holding derivative instruments is to reduce the volatility of current and future income as a result of changes in foreign currency exchange rates. To limit its exposure to adverse movements in foreign currency exchange rates, the Company enters into foreign currency forward and option contracts.

The majority of the Company's revenues for the fiscal year ended March 1, 2014 were transacted in U.S. dollars. However, portions of the revenues are denominated in Canadian dollars, Euros, and British Pounds. Purchases of raw materials are primarily transacted in U.S. dollars. Other expenses, consisting of the majority of salaries, certain operating costs and manufacturing overhead are incurred primarily in Canadian dollars. The Company enters into forward and option contracts to hedge portions of these anticipated transactions to reduce the volatility on income associated with the foreign currency exposures. The Company also enters into forward and option contracts to reduce the effects of foreign exchange gains and losses resulting from the revaluation of certain foreign currency monetary assets and liabilities. At March 1, 2014 approximately 35% of cash and cash equivalents, 26% of accounts receivables and 12% of accounts payable and accrued liabilities are denominated in foreign currencies (March 2, 2013 – 19%, 29% and 5%).

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 whether it is designated as a hedge.

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

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

The Company enters into forward and option contracts to hedge exposures relating to foreign currency anticipated transactions. These contracts have been designated as cash flow hedges, with the effective portion of the change in fair value initially recorded in accumulated other comprehensive income and subsequently reclassified to income in the period in which the cash flows from the associated hedged transactions affect income. Any ineffective portion of the change in fair value of the cash flow hedge is recognized in current period income. For fiscal year ended March 1, 2014, there was $4 million in realized losses on forward contracts which were ineffective upon maturity (fiscal year ended March 2, 2013 - $8 million in realized gains). As at March 1, 2014 and March 2, 2013, the outstanding derivatives designated as cash flow hedges were considered to be fully effective. The maturity dates of these instruments range from March 2014 to December 2014. As at March 1, 2014, the net unrealized loss on these forward and option contracts (including option premiums paid) was $8 million (March 2, 2013 - net unrealized loss of $8 million). Unrealized gains associated with these contracts were recorded in other current assets and accumulated other comprehensive income (loss). Unrealized losses were recorded in accrued liabilities and AOCI. Option premiums were recorded in AOCI. As at March 1, 2014, the Company estimates that approximately $8 million of net unrealized losses including option premiums on these forward and option contracts will be reclassified into income within the next twelve months.

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

	As at			
	March 1, 2014		March 2, 2013	
	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Currency forward contracts - asset	Other current assets	$ —	Other current assets	$ 13
Currency option contracts - asset	Other current assets	1	Other current assets	2
Currency forward contracts - liability	Accrued liabilities	(7)	Accrued liabilities	(10)
Currency option contracts - liability	Accrued liabilities	(1)	Accrued liabilities	(10)
Currency option contracts - premiums	Accumulated other comprehensive loss	(1)	Accumulated other comprehensive loss	(3)

During fiscal 2014, changes in forecasts and uncertainty in the probability of cash flows caused certain forward and option contracts hedging exposures relating to anticipated foreign currency transactions to no longer qualify for hedge accounting, and the Company de-designated and closed these forward and option contracts. As a result, unrealized losses of $9 million (fiscal 2013 – nil) were transferred from AOCI to selling, marketing and administration.

The following table shows the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive income (loss) for the year ended March 1, 2014:

	Amount of Gain (Loss) Recognized in OCI on Derivative Instruments (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)
Currency option contracts	$ —	Revenue	$ (7)
Currency forward contracts	(1)	Cost of sales	(2)
Currency forward contracts	(2)	Selling, marketing and administration	(4)
Currency forward contracts	(4)	Research and development	(6)
Currency option contracts	(1)	Research and development	—

	Amount of Gain (Loss) Recognized in Income on Derivative Instruments (Ineffective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Ineffective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Ineffective Portion)
Currency forward contracts	$ —	Selling, marketing and administration	$ (4)

	Amount of Gain (Loss) Recognized in Income on Derivative Instruments (Unqualified Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Unqualified Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Unqualified Portion)
Currency forward contracts	$ —	Selling, marketing and administration	$ (9)

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

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

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

In addition to the outstanding forward and option contracts hedging exposures relating to anticipated foreign currency transactions that no longer qualify for hedge accounting, the Company has also entered into other forward and option

contracts hedging anticipated foreign currency transactions on which it did not apply hedge accounting. Any realized and unrealized gains and losses on these contracts are recognized in income each period. The maturity dates of these instruments range from March 2014 to July 2014. As at March 1, 2014, there were unrealized losses (net of premium paid) of $6 million recorded in respect of these instruments (March 2, 2013 - no unrealized gains or losses). 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 fair values of derivative instruments hedging anticipated foreign currency transactions on which the Company did not or could not apply hedge accounting on the consolidated balance sheets:

	As at			
	March 1, 2014		March 2, 2013	
	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Currency forward contracts - asset	Other current assets	$ —	Other current assets	$ —
Currency option contracts - asset	Other current assets	—	Other current assets	—
Currency forward contracts - liability	Accrued liabilities	(4)	Accrued liabilities	—
Currency option contracts - liability	Accrued liabilities	—	Accrued liabilities	—

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 2014 to May 2014. As at March 1, 2014, net unrealized losses (net of premium paid) of $10 million were recorded in respect of these instruments (March 2, 2013 - net unrealized gains of $29 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 fair values of derivative instruments that are not subject to hedge accounting on the consolidated balance sheets:

	As at			
	March 1, 2014		March 2, 2013	
	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Currency forward contracts - asset	Other current assets	$ 5	Other current assets	$ 44
Currency option contracts - asset	Other current assets	1	Other current assets	—
Currency forward contracts - liability	Accrued liabilities	(15)	Accrued liabilities	(14)
Currency option contracts - liability	Accrued liabilities	(1)	Accrued liabilities	(1)

The following table shows the impact of derivative instruments that are not subject to hedge accounting on the consolidated statement of operations for the year ended March 1, 2014:

	Location of Gain (Loss) Recognized in Income on Derivative Instruments	Amount of Gain (Loss) in Income on Derivative Instruments
Currency forward contracts	Selling, marketing and administration	$ 16
Currency option contracts	Selling, marketing and administration	11

The following table shows the impact of derivative instruments that are not subject to hedge accounting on the consolidated statement of operations for the year ended March 2, 2013:

	Location of Gain (Loss) Recognized in Income on Derivative Instruments	Amount of Gain (Loss) in Income on Derivative Instruments
Currency forward contracts	Selling, marketing and administration	$ 38
Currency option contracts	Selling, marketing and administration	8

Credit Risk

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations. The Company mitigates this risk by limiting counterparties to highly rated financial institutions and by continuously monitoring their creditworthiness. The Company's exposure to credit loss and market risk will vary over time as a function of currency exchange rates. The Company measures its counterparty credit exposure as a percentage of the total fair value of the applicable derivative instruments. Where the net fair value of derivative instruments with any counterparty is negative, the Company deems the credit exposure to that counterparty to be nil. As at March 1, 2014, 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 100% (March 2, 2013 - 29%; March 3, 2012 - 30%). As at March 1, 2014, the Company had a total credit risk exposure across all counterparties with outstanding or unsettled foreign exchange derivative instruments of nil on a notional value of $11 million (March 2, 2013 -$35 million total risk exposure on a notional value of $1.8 billion).

The Company maintains Credit Support Annexes ("CSAs") with several of its counterparties. These CSAs require that the outstanding net position of all contracts to be made whole by the paying or receiving of collateral to or from the counterparties on a daily basis, subject to exposure and transfer thresholds. As at March 1, 2014, the Company had paid $15 million of collateral to counterparties, which approximated the fair value of those contracts. As with the derivatives recorded in an unrealized loss position, this amount is recorded in other current 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 March 1, 2014, no single issuer represented more than 33% of the total cash, cash equivalents and investments (March 2, 2013 - no single issuer represented more than 22% of the total cash and cash equivalents and investments), and that issuer was the United States Department of 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 convertible debentures with a fixed interest rate. Consequently, the Company is exposed to interest rate risk as a result of the long term of the debentures. The fair value of the debentures will fluctuate with changes in prevailing interest rates. The Company does not currently utilize interest rate derivative instruments to hedge its investment portfolio.

16. SEGMENT DISCLOSURES

The Company is organized and managed as a single reportable operating segment. The Company currently sells an integrated BlackBerry wireless communications platform solution, which includes the sale of BlackBerry handheld devices and the provision of data communication, compression and security infrastructure services, which enable BlackBerry handheld wireless devices to send and receive wireless messages and data. For enterprise customers, the Company currently sells an integrated BlackBerry Enterprise Server software solution that gives corporate and government customers the ability to set and enforce specific information technology policies to manage their BlackBerry handheld wireless devices when the data services pass through BlackBerry's Relay and Provisioning infrastructure.

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

	For the year ended					
	March 1, 2014		March 2, 2013		March 3, 2012	
North America						
Canada	$ 491	7.2%	$ 661	6.0%	$ 1,260	6.8%
United States	1,320	19.4%	2,235	20.2%	4,182	22.7%
	1,811	26.6%	2,896	26.2%	5,442	29.5%
Europe, Middle East and Africa						
United Kingdom	604	8.9%	1,238	11.2%	1,919	10.4%
Other	2,387	35.0%	3,264	29.5%	5,743	31.2%
	2,991	43.9%	4,502	40.7%	7,662	41.6%
Latin America	907	13.3%	2,114	19.1%	2,646	14.4%
Asia Pacific	1,104	16.2%	1,561	14.0%	2,673	14.5%
	$ 6,813	100.0%	$ 11,073	100.0%	$ 18,423	100.0%

	For the year ended		
	March 1, 2014	March 2, 2013	March 3, 2012
Revenue mix			
Hardware	$ 3,785	$ 6,648	$ 13,794
Service	2,698	3,910	4,074
Software	235	261	318
Other	95	254	237
	$ 6,813	$ 11,073	$ 18,423

	As at	
	March 1, 2014	March 2, 2013
Property, plant and equipment and intangible assets		
Canada	$ 2,058	$ 4,895
United States	239	395
United Kingdom	7	30
Other	62	169
	$ 2,366	$ 5,489
Total assets		
Canada	$ 2,362	$ 8,252
United States	2,207	1,713
United Kingdom	954	1,071
Other	2,029	2,129
	$ 7,552	$ 13,165

Information about major customers

There were no customers that comprised more than 10% of the Company's revenue in fiscal 2014 (fiscal 2013 – no customers that comprised more than 10%; fiscal 2012 – no customers that comprised more than 10%).

17. CASH FLOW INFORMATION

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

	For the year ended		
	March 1, 2014	March 2, 2013	March 3, 2012
Accounts receivable	$ 1,381	$ 709	$ 898
Other receivables	124	218	(168)
Inventories	359	426	(409)
Income taxes receivable	224	(463)	(135)
Other current assets	(26)	(177)	(143)
Accounts payable	(590)	296	(90)
Accrued liabilities	(251)	(801)	(156)
Income taxes payable	—	—	(179)
Deferred revenue	38	279	151
	$ 1,259	$ 487	$ (231)

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

	For the year ended		
	March 1, 2014	March 2, 2013	March 3, 2012
Interest paid during the year	$ 29	$ —	$ —
Income taxes paid during the year	131	107	684
Income tax refunds received during the year	1,447	390	—

(c) Additional information

Advertising expense, which includes media, agency and promotional expenses totaling $843 million (March 2, 2013 -$925 million; March 3, 2012 - $864 million) is included in selling, marketing and administration expenses for the fiscal year ended March 1, 2014.

Selling, marketing and administration expense for the fiscal year ended March 1, 2014 included $62 million with respect to foreign exchange losses (March 2, 2013 – gain of $87 million; March 3, 2012 – loss of $40 million).

18. SUBSEQUENT EVENTS

On March 21, 2014, the Company announced that it has entered into an agreement pursuant to which it will sell the majority of its real estate holdings in Canada. The announced transaction is part of the Company's ongoing program to improve operational efficiencies, optimize resource usage and shift resources to support operations as the business continues to evolve.

Under the terms of the agreement, the Company will sell more than 3 million square feet of space as well as vacant lands. The Company will also lease back a portion of the space. CBRE Limited served as an advisor to the Company for this transaction. The agreement is expected to close in the first quarter of fiscal 2015. The transaction is subject to certain conditions, and the transaction may not be completed on the negotiated terms, or at all. Additional terms of the transaction will be announced once the principal conditions are satisfied or waived by the parties.

Exhibit 1.3

BLACKBERRY LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS AND FISCAL YEAR ENDED MARCH 1, 2014

March 28, 2014

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, formerly Research In Motion Limited (the "Company" or "BlackBerry"), for the fiscal year ended March 1, 2014. The Consolidated Financial Statements are presented in U.S. dollars and have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). All financial information in this MD&A is presented in U.S. dollars, unless otherwise indicated.

The Company has prepared this MD&A with reference to *National Instrument 51-102* "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Under the U.S./Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which are different from those of the United States. This MD&A provides information for the fiscal year ended March 1, 2014 and up to and including March 28, 2014.

Additional information about the Company, including the Company's Annual Information Form for the fiscal year ended March 1, 2014 (the "AIF"), which is included in the Company's Annual Report on Form 40-F for the fiscal year ended March 1, 2014 (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 plans, strategies and objectives, including the anticipated benefits of the strategic initiatives described below, and the anticipated opportunities and challenges for the Company in fiscal 2015;
- the Company's expectations with respect to the sufficiency of its financial resources , including the Company's anticipated receipt of a significant income tax refund in the first half of fiscal 2015;
- the Company's expectations regarding targeting break-even cash flow results by the end of fiscal 2015 and reaching profitability in fiscal 2016**;**
- the Company's expectations regarding new product initiatives and their timing, including BlackBerry Enterprise Service ("BES") 10, BES 12, BlackBerry 10 smartphones and services related to BlackBerry Messenger ("BBM"), QNX software products and the QNX cloud-based machine to machine solution (the "QNX Cloud");
- the Company's plans and expectations regarding its existing and new service offerings, assumptions regarding its service revenue model, and the anticipated levels of decline in service revenue in the first quarter of fiscal 2015;
- anticipated demand for, and the Company's plans and expectations relating to, the Company's BlackBerry 7 and 10 smartphones, including programs to drive sell-through of these smartphones;
- the Company's ongoing efforts to streamline its operations and its expectations relating to the benefits of its Cost Optimization and Resource Efficiency ("CORE") program and similar strategies;
- the Company's plans to continue implementation of a workforce reduction of approximately 4,500 positions;
- the Company's plans and expectations regarding marketing and promotional programs ;
- the Company's estimates of purchase obligations and other contractual commitments ; and
- assumptions and expectations described in the Company's critical accounting estimates and accounting policies.

The words "expect", "anticipate", "estimate", "may", "will", "should", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements in this MD&A, including in the sections entitled "Overview", "Overview - CORE and Operational Restructuring", "Overview - Strategic Initiatives", "Fiscal 2014 Operating Results - Executive Summary", "Results of Continuing Operations - Fiscal year ended March 1, 2014 compared to fiscal year ended March 2, 2013 - Revenue - Revenue by Category - Service Revenue", "Results of Continuing Operations - Fiscal year ended March 1, 2014

compared to fiscal year ended March 2, 2013 - Revenue - Revenue Trends", "Summary Results of Continuing Operations - Three months ended March 1, 2014 compared to three months ended March 2, 2013 - Revenue - Revenue by Category - Service Revenue", "Financial Condition - Liquidity and Capital Resources - Current Assets", "Financial Condition - Liquidity and Capital Resources - Investing Activities" and "Financial Condition - Credit Facilities 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 products based on the BlackBerry 10 platform, 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 Company's AIF, which is included in the Company's Annual Report. These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements:

- risks related to the Company's ability to implement and to realize the benefits of its strategic initiatives, including a return to the Company's core strengths of enterprise and security, changes to the Company's Devices business, including the new partnership with Foxconn Technology Group ("Foxconn"), and the planned transition to an operating unit organizational structure consisting of the Devices business, Enterprise Services, QNX Embedded business and Messaging;
- the Company's ability to maintain its existing relationships with its enterprise customers and the Company's ability to transition its enterprise customers to the BES 10 platform and deploy BlackBerry 10 smartphones, and the risk that current BES 10 test installations may not convert to commercial installations;
- the Company's ability to enhance its current products and services, or develop new products and services in a timely manner or at competitive prices, including risks related to new product introductions and adoption and the relevance of hardware in light of the Company's decreasing market share of the smartphone industry;
- the risk that uncertainty relating to the Company's previously disclosed announcements concerning the Company's operational restructuring, recent management changes and the Company's workforce reductions, may adversely impact the Company's business, existing and future relationships with business partners and end customers of its products and services, and its ability to attract and retain key employees;
- risks related to the Company's ability to offset or mitigate the impact of the decline in the Company's service access fees on its consolidated revenue by developing an integrated services and software offering;
- intense competition, rapid change and significant strategic alliances within the Company's industry, including recent and potential future strategic transactions by its competitors or carrier partners, which could continue to weaken the Company's competitive position or could continue to require the Company to reduce its prices to compete effectively;
- the Company's ability to adapt to, and realize the anticipated benefit of, its recent board of directors ("Board of Directors") and management changes;
- the Company's increasing reliance on third-party manufacturers for certain products and its ability to manage its production and repair process, and risks related to the Company changing manufacturers or reducing the number of manufacturers or suppliers it uses;
- risks related to the Company's ability to implement and to realize the benefits of its previously-disclosed operational restructuring initiatives, including the CORE program, and its ability to continue to realize cost reductions in the future, including the Company's ongoing efforts to continue to implement a workforce reduction of approximately 4,500 positions by the end of the first quarter of fiscal 2015;
- the risk that workforce reductions may result in a disruption to business critical processes and the effectiveness of the Company's internal controls;
- the Company's ability to maintain its existing relationships with its network carrier partners and distributors, and its reliance on its network carrier partners to help promote the BlackBerry 10 platform and BlackBerry 10 smartphones;
- risks related to the Company's ability to maintain or increase its liquidity, its existing cash balance, its ability to access existing or potential alternative sources of funding, the sufficiency of its financial resources, and its ability to service its debt;
- risks related to the Company's significant indebtedness;

- the Company's ability to address inventory and asset risk, including its ability to sell its inventory of BlackBerry 10 products, manage its purchase obligations with its manufacturing partners and the potential for additional charges related to its inventory, as well as its ability to mitigate inventory risk through its new partnership with Foxconn;
- the potential for additional charges relating to the impairment of intangible assets recorded on the Company's balance sheet;
- the occurrence or perception of a breach of the Company's security measures, or an inappropriate disclosure of confidential or personal information;
- the Company's ability to successfully maintain and enhance its brand in light of recent challenges;
- the efficient and uninterrupted operation of the Company's network operations center and the networks of its carrier partners, and the risk of other business interruptions, including costs, potential liabilities, lost revenues and reputational damage associated with service interruptions;
- risks associated with the Company's foreign operations, including risks related to recent political and economic developments in Venezuela and Argentina, and the impact of foreign currency restrictions that continue to impact its ability to recognize revenue from sales of services in Venezuela and recently, Argentina;
- general commercial litigation, class action and other litigation claims, including purported class action claims relating to the Company or its operations;
- risks associated with litigation claims against the Company arising from the Company's practice of providing a forward-looking outlook to its shareholders with respect to certain financial metrics, including the Company's practice of updating a previous outlook where circumstances warrant;
- 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;
- third-party claims for infringement of intellectual property rights by the Company and the outcome of any litigation with respect thereto;
- the Company's ability to successfully obtain patent or other proprietary or statutory protection for its technologies and products;
- reliance on strategic alliances and relationships with third-party network infrastructure developers, software platform vendors and service platform vendors, including the Company's ability to promote and advance the development of an ecosystem of applications and services for the BlackBerry 10 platform;
- potential liabilities or costs related to the collection, storage, transmission, use and disclosure of user and personal information;
- the Company's reliance on its suppliers for functional components, including the suppliers the Company has selected for its BlackBerry 10 smartphones, and the risk that suppliers will not supply components on a timely basis, in sufficient quantities or of the desired quality;
- the Company's ability to obtain rights to use software or components supplied by third parties;
- the Company's ability to expand and manage BlackBerry® World™, including its ability to encourage developers to continue to develop applications for BlackBerry® World™;
- restrictions on import and use of the Company's products and services in certain countries due to encryption of the products and services;
- the continued quality and reliability of the Company's products and services and the potential effect of defects in products and services;
- risks as a result of actions of activist shareholders;
- risks related to the Company possibly losing its foreign private issuer status under U.S. federal securities laws, resulting in additional expenses associated with compliance with the U.S. securities laws applicable to U.S. domestic issuers and inability to utilize certain benefits available to foreign private issuers;
- government regulation of wireless spectrum and radio frequencies;
- reduced spending by customers due to the uncertainty of economic and geopolitical conditions;
- risks associated with acquisitions, investments and other business initiatives;
- foreign exchange risks as the Company transacts globally in currencies other than the U.S. dollar;
- regulation, certification and health risks, and risks relating to the misuse of the Company's products;
- tax liabilities, resulting from changes in tax laws or otherwise, associated with the Company's worldwide operations;

- market and credit risk associated with the Company's cash, cash equivalents and short-term or long-term investments;
- the potential impact of copyright levies in numerous countries; and
- costs and other burdens associated with recently adopted regulations regarding conflict minerals .

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 operational restructuring, recent management changes and the strategic initiatives described in this MD&A. See "Overview - CORE and Operational Restructuring", "Overview - Strategic Review, Debenture Financing and Management Changes", and "Overview - Strategic Initiatives".

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

Overview

A global leader in mobile communications, the Company revolutionized the mobile industry with the introduction of the BlackBerry solution in 1999. Today, the Company aims to inspire the success of its millions of customers around the world by continuously pushing the boundaries of mobile experiences. Founded in 1984 and based in Waterloo, Ontario, the Company operates offices in North America, Europe, 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).

With the BlackBerry platform, the Company believes it offers a market-leading mobile communications experience with push-based connectivity, industry-leading security and enterprise manageability, excellent radio performance and differentiated social applications, such as BBM, that provide immediacy, productivity and collaboration. Historically, the wireless communications market has been highly segmented. Where previously the market was segmented into distinct enterprise and consumer/extreme productivity segments, the market has increasingly evolved in recent years and there is now significant overlap between the segments. The enterprise market is now characterized by a combination of enterprise-deployed devices and devices that are purchased by consumers but also used in the corporate environment, commonly referred to as "Bring Your Own Device" or BYOD. These consumer devices are supported in a corporate environment by information technology ("IT") departments for access to corporate messaging and data applications. As the market has evolved, IT departments now look for enterprise mobility solutions that can handle a range of requirements. The Company has introduced products to address this market shift including BlackBerry 10 smartphones with BlackBerry Balance, BES 10 and the recently announced BES 12 platform, which will unify the support for BBOS and BlackBerry 10 devices, together with that for iOS, Android and Windows Phone, as well as Secure Work Space, which give IT departments the ability to securely monitor and control multiple OS platforms, and securely protect corporate data on an employee's personal smartphone or tablet. The Company believes that it remains the mobile device management leader and continues to see confidence from its customers through the increasing penetration in BES 10, where the Company now has approximately 33,000 commercial and test servers installed to date, up from 30,000 in December 2013. The Company's latest devices are its BlackBerry 10 smartphone models, including the Z30, Z10, Q10 and Q5, each with Long Term Evolution capability on next generation, "4G" networks. These 4G networks offer a number of improvements over the previous generations, with improved download and upload speeds being the most widely promoted. Wireless carriers in the United States have been aggressively deploying and marketing 4G networks. Deployment of 4G networks remains relatively limited globally, but wireless operators in many international markets are expected to move aggressively to these new networks in the coming years.

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 Continuing Operations – Three months ended March 1, 2014 compared to three months ended March 2, 2013 – Revenue – Revenue Trends". Some of the Company's main device and enterprise competitors include Apple Inc., Google Inc., Samsung Electronics Co., Ltd., LG Electronics Mobile Communications Company, Lenovo Group Ltd., HTC Corporation, Huawei Technologies Co., Ltd., Microsoft Corporation, Nokia Corporation, ZTE Corporation, IBM Corporation, SAP AG, Citrix Systems, Inc., VMware, Inc., Mobile Iron, Inc., and Good Technology Corporation. Competitors of the Company's QNX business include Microsoft Corporation, Green Hills Software, Intel Corporation, MontaVista Software, Mentor Graphics Corporation, and Sysgo AG. Products that compete with the Company's BBM service include WhatsApp, Facebook Messenger, Skype, Line, iMessage, WeChat, Viber, Kik, Kakao Talk, Telegram and Snapchat.

The Company has approximately $2.7 billion in cash, cash equivalents and investments as of March 1, 2014, including the $1.25 billion of gross cash proceeds from the issuances of 6% unsecured subordinated convertible debentures on November 13, 2013 and January 16, 2014, as described below (the "Debentures"). In fiscal 2014, the Company had sales of $ 6.8 billion and incurred a loss from continuing operations of $5.9 billion, or $11.18 per share diluted. The loss reflects a non-cash, pre-tax net charge against long-lived assets of approximately $2.7 billion, primarily non-cash, pre-tax charges against inventory and supply commitments of approximately $2.4 billion, pre-tax restructuring charges of $512 million related to the CORE program as well as financial and legal advisory and other consulting costs related to the Company's strategic review process and a non-cash net charge associated with the change in the fair value of the Debentures of $377 million recorded in fiscal 2014. See "Non-GAAP Financial Measures", "Overview – Long-Lived Asset Impairment Charge", "Overview – Inventory Charges", "Overview – CORE and Operational Restructuring" and "Overview – Debentures Fair Value Adjustment".

CORE and Operational Restructuring

As part of the Company's operational and strategic review, the Company commenced the CORE program in March 2012. The CORE program is a Company-wide initiative with the objective of streamlining the Company's operations and increasing efficiency. The program includes, among other things, the optimization of the Company's global manufacturing footprint to reduce complexity and improve delivery performance, the outsourcing of global repair services, the alignment of the Company's sales and marketing teams to prioritize marketing efforts to effectively leverage its marketing windows and a reduction in the global workforce, including a reduction in the number of layers of management to reduce complexity, drive accelerated execution and decision making, improve performance and increase the transparency of accountability. The Company continued to execute on the planned headcount reductions in fiscal 2014. Through the CORE program, the Company reported significant savings in fiscal 2014 and has implemented plans to sustain the majority of savings in fiscal 2015. The Company incurred charges related to the CORE program as well as the strategic review process of approximately $512 million in fiscal 2014, including $148 million incurred in the fourth quarter of fiscal 2014.

As part of the CORE program and operational restructuring, the Company has been reviewing all aspects of its operations, including the sale of certain assets. In fiscal 2014, certain assets were classified as held for sale and are presented separately on the Company's consolidated balance sheet until they are disposed. Assets held for sale include property, plant and equipment and intangible assets that are expected to be sold within the next twelve months.

The Company previously announced that it was targeting an approximate 50% reduction in operating expenditures by the end of the first quarter of fiscal 2015, compared to its first quarter of fiscal 2014 run rate. In the fourth quarter of fiscal 2014, the Company achieved this target and reduced quarterly operating expenditures by approximately 51% compared to the first quarter of fiscal 2014. As previously communicated, the Company is continuing to implement a workforce reduction of approximately 4,500 positions to bring the total workforce to approximately 7,000 full-time employees (the Company had approximately 8,000 full-time employees at March 1, 2014). The Company expects to incur approximately $100 million in additional cash and non-cash, pre-tax charges related to the CORE program by the end of the first quarter of fiscal 2015. Beyond the first quarter of fiscal 2015, the Company plans to further streamline its operations and reduce its controllable spend cost base as it continues its transformation.

Strategic Review, Debenture Financing and Management Changes

On August 12, 2013, the Company announced that its Board of Directors had formed a Special Committee to explore strategic alternatives to enhance value and increase scale in order to accelerate BlackBerry 10 deployment. The Special Committee engaged in a process to review potential alternatives, with the assistance of its financial and legal advisors, which included possible joint ventures, strategic partnerships or alliances, a sale of the Company or other possible transactions. While the Special Committee focused on exploring alternatives, the Company continued with its strategy of reducing cost, driving efficiency and accelerating the deployment of BES 10, as well as driving adoption of BlackBerry 10 smartphones, working towards launching the multi-platform BBM social messaging service, and pursuing mobile computing opportunities by leveraging the secure and reliable BlackBerry Global Data Network.

On September 23, 2013, the Company announced that it had signed a letter of intent (the "LOI") with Fairfax Financial Holdings Limited ("Fairfax"), a Canadian company led by Prem Watsa, under which a consortium to be led by Fairfax (the "Fairfax Consortium") proposed to acquire the Company subject to due diligence. The LOI contemplated a transaction in which the Company's shareholders would receive $9 in cash for each common share of the Company they held, in a transaction valued at approximately $4.7 billion. The LOI contemplated that the Fairfax Consortium would acquire for cash all of the outstanding shares of BlackBerry not held by Fairfax. Fairfax, which owned at the time, approximately 9.9% of the Company's outstanding common shares, intended to contribute the shares of BlackBerry it held into the transaction. The Board of Directors, acting on the recommendation of the Special Committee, approved the terms of the LOI. Completion of the transaction was subject to a number of conditions, including due diligence, negotiation and execution of a definitive agreement by November 4, 2013 and customary regulatory and shareholder approvals.

On November 4, 2013, the Company announced that, in lieu of the transaction contemplated by the LOI, it had entered into an agreement pursuant to which Fairfax and other institutional investors (collectively, the "Purchasers") would subscribe for $1 billion aggregate principal amount of Debentures, with an option to purchase an additional $250 million principal amount of Debentures. 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. The Debentures are convertible into common shares of BlackBerry at a price of $10.00 per common share, which was a 28.7% premium to the closing price of BlackBerry common shares on November 1, 2013. The Debentures have a term of seven years. Fairfax, a related party, owns $500 million principal amount of Debentures and receives interest at the same rate as other debenture holders. Based on the number of common shares outstanding at March 1, 2014, if all of the $1.25 billion of Debentures were converted, the common shares issued upon conversion would represent approximately 19.2% of the common shares outstanding after giving effect to the conversion.

The announcement of the initial tranche of the Debenture financing on November 4, 2013 marked the conclusion of the review of strategic alternatives previously announced on August 12, 2013.

Upon closing of the Debenture financing on November 13, 2013, John S. Chen was appointed Executive Chair of BlackBerry's Board of Directors and, in that role, is responsible for the strategic direction, strategic relationships and organizational goals of BlackBerry. Thorsten Heins stepped down as Chief Executive Officer and Mr. Chen was named Interim Chief Executive Officer. Prem Watsa was appointed Lead Director and Chair of the Compensation, Nomination and Governance Committee, and Thorsten Heins and David Kerr resigned from the Board of Directors.

In addition, the Company made additional significant organizational and personnel changes. On November 25, 2013, the Company announced the resignation of Roger Martin as a director, and the departures of Kristian Tear, Chief Operating Officer, and Frank Boulben, Chief Marketing Officer. On the same day, the Company announced that James Yersh had replaced Brian Bidulka as its Chief Financial Officer. Mr. Bidulka was retained as a special advisor to the Chief Executive Officer for the remainder of fiscal 2014 to assist with the transition. The Company also announced the following executive officer appointments during fiscal 2014: on December 17, 2013, John Sims as President, Global Enterprise Services; on December 18, 2013, James S. Mackey as Executive Vice President for Corporate Development and Strategic Planning and Mark Wilson as Senior Vice President, Marketing (effective January 2014); on January 6, 2014, Ron Louks as President, Devices and Emerging Solutions; and on January 13, 2014, Eric Johnson as President, Global Sales. The Company believes that these changes will help it continue its transition and focus on its principal strategic initiatives.

Strategic Initiatives

On December 20, 2013, the Company announced that it intends to focus on three key strategic initiatives: (1) returning the Company to its core strengths of enterprise and security; (2) implementing changes in the Company's Devices business to provide operational flexibility to meet the needs of its customers and to mitigate the financial risk to the Company; and (3) its planned transition to an operating unit organizational structure consisting of the Devices business, Enterprise Services, QNX Embedded business and Messaging .

(1) Focus on Enterprise and Security

The Company is renewing its focus on its core strengths of enterprise and security, with a greater focus on regulated industry customers in the government, financial services, medical and telecommunications sectors. The Company expects this renewed focus to include additional investments in advanced security capabilities and an expansion of the Company's product and service offerings in the enterprise space through both organic investment and potential acquisitions of complementary businesses and assets. The Company is further investing in its enterprise sales force and focus their efforts on regulated industries.

(2) Changes to the Devices business

The Company is implementing changes to its hardware model, which has involved, in part, an improved approach to manufacturing to meet the needs of the Company's customers. The Company's joint device development and manufacturing agreement with Foxconn demonstrates BlackBerry's commitment to the device market for the long-term and its determination to remain the innovation leader in secure end-to-end wireless solutions. Under this new partnership, Foxconn is jointly developing and manufacturing certain new BlackBerry devices and managing the inventory associated with those devices.

The initial focus of the partnership is the recently announced Z3 smartphone for Indonesia and other fast-growing markets, expected to launch in the spring of 2014. The devices manufactured by Foxconn will be purchased and resold by BlackBerry. The Company expects that the partnership with Foxconn will enable the Company to focus on iconic design, world-class security, software development and enterprise mobility management while simultaneously addressing fast-growing markets, leveraging Foxconn's scale, efficiency and supply chain to allow the Company to compete more effectively while reducing the Company's inventory risk. The Company's new hardware model will also strive 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.

(3) Planned Transition to Operating Unit Organizational Structure

The Company has announced that it is planning to transition to an operating unit organizational structure consisting of the Devices business, Enterprise Services, QNX Embedded business and Messaging. BlackBerry offerings in each of the four areas are differentiated and positioned around key themes such as security, productivity and communications. Based on the Company's broad product portfolio and areas of differentiation, BlackBerry's current focus is on serving enterprise customers, particularly in regulated industries including financial services, government and healthcare. The Company's goal is to maintain its market leadership in the enterprise mobility segment by continuing to extend the functionality of its BES infrastructure beyond enterprise mobility management, to include application management, application enablement and application development and, on top of this extensive foundation, deliver additional horizontal and vertical applications. To achieve this vision, BlackBerry plans to align its businesses and operations around the four core 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.

The four core areas of business focus are as follows:

Devices business

BlackBerry's strategy in its Devices business is focused on delivering smartphone products that highlight BlackBerry technology strengths and areas of differentiation, in alignment with specific market opportunities and target segments. As a result, the Company expects to offer choice to both the enterprise and consumer markets through a portfolio of premium, affordable, QWERTY and full-touch smartphone products. This portfolio will continue to include the manufacture and sale of BlackBerry 7 smartphones for as long as there is demand for these products in the market. As described above, to drive cost and operational efficiencies, BlackBerry has entered into a joint device development and manufacturing agreement with Foxconn. The initial focus of this partnership is the development in early 2014 of the BlackBerry Z3, an all-touch BlackBerry 10 smartphone designed for Indonesia and other fast-growing markets. The partnership will also deliver the BlackBerry Classic (initially announced as the Q20), a device targeted for BlackBerry loyalists. This device will feature classic BlackBerry features such as the QWERTY keyboard, track pad and utility belt and classic BlackBerry user experiences and battery life.

The Company is focused on driving continued adoption of the BlackBerry 10 OS as a leading mobile platform. The Company expects that the BlackBerry 10 OS will transition the Company from mobile communications into true mobile computing. Expansion of the BlackBerry partner ecosystem and the development of end-to-end offerings that leverage the BlackBerry product portfolio are also key elements of the Company's strategy to re-capture market share in the Devices business.

Enterprise Services

BlackBerry believes it has the largest installed base in the mobile device management ("MDM") market through its BES platform. Security, reliability and productivity are hallmark strengths of the BES platform and are instrumental to its success in the enterprise market, particularly in regulated industries. BlackBerry intends to maintain and strengthen its position as a market leader in the enterprise market through a variety of strategies, including building a high-touch enterprise sales force, focused marketing campaigns, an expanded partner ecosystem and the identification of alternative sales channels. In line with this focus, BlackBerry continues to enhance its enterprise offerings and long-term product strategy. New pricing and migration programs are now available to ease and accelerate customer migration to the BES 10 platform, such as the recently announced EZ pass program that will enable customers to move from BES and other MDM programs to BES 10 or BES 12 at the silver level of service for free. In addition, the Company has announced the next-generation BES 12 platform, which will unify the support for BBOS and BlackBerry 10 devices, together with that for iOS, Android and Windows Phone. The Company's solutions will maintain a key focus on security, productivity and collaboration. The BES 12 platform is in development with significant enhancements to include enhanced multi-platform support, an enhanced architecture for on-premise and cloud deployments and backwards compatibility allowing unification of prior versions of BES. BES 12 will allow businesses to manage the growing IT trend of securely supporting multiple devices and operating systems, as well as employees' personal devices, within a single corporate IT infrastructure. BlackBerry intends to have a continued strategic focus on regulated industries that rely on stringent security needs, as well as on the government market where BlackBerry is the only MDM provider to obtain "authority to operate" and "full operational capability" status with the U.S. DoD. Longer term, the Company plans to focus on additional value-added services to further enhance BlackBerry's enterprise offerings. For example, the Company has announced the planned launch of eBBM Suite, a family of products and services to provide secure, enterprise-class mobile messaging. BlackBerry also intends to leverage its strengths and expand further into new strategic vertical markets.

QNX Embedded business

Over the past 30 years, QNX software has become a significant part of everyday life, with people encountering QNX-controlled systems while driving, shopping, watching television, using the Internet, or even turning on a light. QNX technology is deployed by over 40 automotive original equipment manufacturers in more than 250 vehicle platforms in tens of millions of vehicles throughout North America, Europe and Asia. Based on its proven technology and reputation for reliability, QNX technology is a preferred choice for mission-critical, secure, life safety-critical systems such as air traffic control systems, medical imaging equipment, and nuclear power plants. QNX enables powerful multimedia features and can be found in a variety of products from automotive infotainment systems to casino gaming terminals. The Company sees the opportunity to leverage its full product portfolio, including QNX, to develop machine-to-machine applications to enable a world of ever-more connected wireless devices and plans to address this emerging market with the introduction of the QNX Cloud platform in fiscal 2015.

Messaging

The Company is focused on expanding its base of approximately 85 million BBM users through platform enhancements and cross-platform support. The latest release of BBM delivered numerous new features such as free voice calling over Wi-Fi, one-click sharing of files and photos, Dropbox integration, location sharing and BBM Channels, among others. BBM Channels extends the popular BBM experience to brands, artists, businesses and communities, connecting consumers and groups in real-time. BBM is now available on iOS and Android platforms, in addition to BlackBerry 10, responding to smartphone users' desire to be able to connect to all of their friends and family, regardless of the smartphone they carry. Future BBM releases will be made available to Windows Phone and Nokia X customers, as announced in February 2014. The Company has also announced that BBM will be pre-loaded on LG smartphones in markets around the world and a variety of Android-based smartphones from leading OEMs across Africa, India, Indonesia, Latin America and the Middle East. The Company believes that a corresponding increase in the user base for the BBM service could lead to increased opportunities for monetization of the services offered through the platform, through advertising or through the implementation of the solutions by enterprise customers.

The Company also announced the eBBM Suite, a new family of products and services that work with BlackBerry smartphones and the BlackBerry enterprise solution, BES and BES 10, to provide enterprise-class mobile messaging that brings together the core strengths of BBM with features and capabilities aimed at enterprises. BBM Protected will be the first solution offered in the eBBM Suite and the Company believes it will provide regulated industries the most secure and reliable real-time mobile messaging in the industry.

Sources of Revenue

The Company's primary revenue stream is generated by the BlackBerry wireless solution, which includes sales of BlackBerry ® handheld devices, services and software. The BlackBerry wireless solution provides users with a wireless extension of their work and personal email accounts, including Microsoft® Outlook®, IBM® Lotus Notes®, Novell® GroupWise® and many ISP email services.

The Company generates hardware revenues from sales, primarily to carriers and distributors, of BlackBerry handheld devices, which provide users with the ability to send and receive wireless messages and data. The Company's BlackBerry handheld devices also incorporate a mobile phone, web-browsing and multimedia capabilities and enable the use of data functions such as calendar, address book, task and memo lists and other functions associated with personal organizers. During fiscal 2014, the Company continued to launch new BlackBerry 10 smartphones including the BlackBerry Q10, Q5 and Z30 as well as BlackBerry 7 devices such as the BlackBerry 9720. Customer adoption of the Company's next-generation BlackBerry 10 platform and the delivery of high quality, full-featured BlackBerry 10 smartphones remain one of the Company's top priorities.

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

Many of the Company's competitors do not charge a SAF or equivalent fee as they recover their infrastructure and services expense in alternate manners. Thus, the Company has faced significant pressure to reduce its existing SAF, especially for the consumer market. In response to these pressures, the Company has been implementing certain price reduction programs in an effort to maintain and grow its subscriber base.

As customers continue to transition to BlackBerry 10, the Company expects SAF revenue to decline further, but expects to generate revenues to mitigate the loss of the enterprise portion of SAF revenue from enterprise customers that elect to utilize BES 10, BES 12 and other new products and services. The Company continues to be focused on developing additional

integrated BlackBerry 10 service offerings focused on enterprise customers that leverage the Company's strengths such as BBM, security and manageability to generate new service revenue streams. Customers that require enhanced services, including advanced security, mobile device management, secure enterprise instant messaging and other services, are expected to continue to generate monthly service revenue. Other customers who do not utilize such services are expected to generate less or no service revenue. The Company believes that offering alternative levels of service and pricing will better meet the needs of its customers. In addition, the Company believes that by offering these services it may be able to expand the size of its addressable market for recurring service revenue. The Company believes this strategy will help broaden the BlackBerry ecosystem over time, which will potentially give the Company and its application developers access to a broader market into which to sell their respective services.

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

The Company also generated revenue from the embedded market through licensing QNX software products and providing professional services to support customers in developing their products.

An important part of the Company's BlackBerry wireless solution is the software that is installed at the corporate or small- and medium-size enterprise server level, and in some cases, on personal computers. Software revenues include fees from licensing the Company's BES software, BlackBerry® Client Access Licenses ("CALs"), which are charged for each subscriber using the BlackBerry service via a BES, maintenance and upgrades to software and technical support.

Revenues are also generated from non-warranty repairs and sales of accessories.

Long-Lived Asset Impairment Charge

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 the Purchasers were investing in the Company through the $1.0 billion private placement of Debentures in lieu of finalizing the purchase of the Company as contemplated in the previously-announced LOI. The Company further identified the continuing decline in revenues, the generation of operating losses and the decrease in cash flows from operations as indicators of potential long-lived asset ("LLA") impairment. Further, the Company believes that its recently completed 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 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 (the "LLA Impairment Charge") of $2.7 billion ($2.5 billion after tax, $4.71 per share diluted), in fiscal 2014. Significant judgment was required in calculating the LLA Impairment Charge. See "Critical Accounting Estimates - Valuation of LLA", "Cautionary Statement Regarding Forward-Looking Statements" and the "Risk Factors" section of the AIF, which is included in the Annual Report, including the risk factors titled "The Company may be required to record long-lived asset impairment charges, which could adversely impact the Company's financial results" and "The Company faces substantial inventory and other asset risk, including risks related to its ability to sell its inventory of BlackBerry 10 products, manage its purchase obligations with its manufacturing partners and the potential for additional charges related to its inventory, as well as risks related to its ability to mitigate inventory risk through its new partnership with Foxconn".

Inventory Charges

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 recently completed 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 against inventory and supply commitments of approximately $934 million ($666 million after tax, or $1.27 per share diluted), which was primarily attributable to BlackBerry Z10 devices (the "Z10 Inventory Charge") in the second quarter of fiscal 2014, and approximately $1.6 billion ($1.3 billion after tax, or $2.56 per share diluted), which was primarily attributable to BlackBerry 10 devices (the "Q3 Fiscal 2014 Inventory Charge") in the third quarter of fiscal 2014. The Z10 Inventory Charge and the Q3 Fiscal 2014 Inventory Charge were subsequently adjusted in the fourth quarter of fiscal 2014 to reflect increased sell through rates, relative to the estimates and assumptions previously considered, resulting from discounted pricing and revised orders on hand for devices and components of BlackBerry 10 products, resulting in a reduction of the original charges incurred of approximately $149 million ($106 million after tax, or $0.20 per share diluted), which was recorded as a reduction of cost of goods sold in the fourth quarter of fiscal 2014 (the "Q4 Fiscal 2014 Inventory Recovery").

Debentures Fair Value Adjustment

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, such as the Company's put option on the debt and the conversion option for the investors, among others. The primary factors that influence the fair value adjustment are the Company's share price as well as associated volatility driven by the fluctuation of the Company's share price. 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 fiscal 2014, the Company recorded a non-cash charge associated with the change in the fair value of the Debentures of approximately $377 million, including a $382 million ($382 million after tax, or $0.73 per share diluted) charge in the fourth quarter (the " Q4 Fiscal 2014 Debentures Fair Value Adjustment"), partially offset by a gain of $5 million recorded in the third quarter of fiscal 2014.

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 March 28, 2014, the Company announced financial results for fiscal 2014, which included certain non-GAAP financial measures, including adjusted gross margin, adjusted gross margin percentage, adjusted loss from continuing operations before taxes, adjusted loss from continuing operations and adjusted diluted loss per share from continuing operations that excluded the pre-tax LLA Impairment Charge of $2.7 billion ($2.5 billion after tax), the pre-tax Q3 Fiscal 2014 Inventory Charge of $1.6 billion ($1.3 billion after tax), the pre-tax Z10 Inventory Charge of $934 million ($666 million after tax), pre-tax restructuring charges of $512 million ($398 million after tax) related to the CORE program as well as financial and legal advisory and other consulting costs related to the Company's strategic review process, the Debentures Fair Value Adjustment of $382 million ($382 million after tax) and the Q4 Fiscal 2014 Inventory Recovery of $149 million ($106 million after tax) incurred in fiscal 2014. Similar non-GAAP financial measures were included in the Company's presentation of its financial results for the fourth quarter of fiscal 2014. Certain of these charges and other items are presented in the table below. 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 from continuing operations before taxes, adjusted loss from continuing operations, adjusted diluted loss per share from continuing operations and similar measures do not have any standardized meaning prescribed by U.S. GAAP and are therefore unlikely to be comparable to similarly titled measures reported by other companies. These non-GAAP financial measures should be considered in the context of the U.S. GAAP results, which are described in this MD&A. A reconciliation of these non-GAAP financial measures to the most directly comparable U.S. GAAP measures was included in the Company's press release, dated March 28, 2014, and is reflected in the table below.

	For the Fiscal Year Ended			
	Gross Margin	Loss from continuing operations before income taxes	Loss from continuing operations	Diluted loss per share from continuing operations
As reported	$ (43)	$ (7,184)	$ (5,873)	$ (11.18)
LLA Impairment Charge	—	2,748	2,475	4.71
Q3 Fiscal 2014 Inventory Charge	1,592	1,592	1,347	2.56
Z10 Inventory Charge	934	934	666	1.27
CORE program charges	103	512	398	0.76
Debentures Fair Value Adjustment	—	382	382	0.73
Q4 Fiscal 2014 Inventory Recovery	(149)	(149)	(106)	(0.20)
Adjusted	$ 2,437	$ (1,165)	$ (711)	$ (1.35)

Accounting Policies and Critical Accounting Estimates

Accounting Policies

Please see Note 1 of the Company's Consolidated Financial Statements for a description of the Company's significant accounting policies, which is included in the Company's 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. The Company's significant accounting policies are described in Note 1 to the Consolidated Financial Statements. Except as noted below, there have not been any changes to the Company's critical accounting estimates during the past three fiscal years.

Valuation of LLA

The 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 Company's 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 judgement and assumptions by management. Different judgements could yield different results.

In fiscal 2014, the Company recorded the LLA Impairment Charge. See "Non-GAAP Financial Measures" and "Overview - Long-Lived Asset Impairment Charge".

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. Further, the Company's expectations with respect to its inventory and asset risk (including its ability to sell its inventory of BlackBerry 10 products and manage its purchase obligations with its manufacturing partners) and the potential for additional charges related to inventory are forward-looking statements that are subject to the inherent risk of forecasting the Company's financial results and performance for future periods, particularly over longer periods, given the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the wireless communications industry. As noted above, 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 operational restructuring, recent management changes and the strategic initiatives described in this MD&A. See "Overview - CORE and Operational Restructuring", "Overview - Strategic Review, Debenture Financing and Management Changes", "Overview - Strategic Initiatives", "Cautionary Statement Regarding Forward-Looking Statements" and the "Risk Factors" section of the AIF, which is included in the Annual Report, including the risk factors titled "Intense competition, rapid change and significant strategic alliances within the Company's industry, including potential future strategic transactions by its competitors or carrier partners, could continue to weaken the Company's competitive position or may continue to require the Company to reduce its prices to compete effectively" and "The Company faces substantial inventory and other asset risk, including risks related to its ability to sell its inventory of BlackBerry 10 products, manage its purchase obligations with its manufacturing partners and the potential for additional charges related to its inventory, as well as risks related to its ability to mitigate inventory risk through its new partnership with Foxconn."

In fiscal 2014, the Company recorded the Z10 Inventory Charge, the Q3 Fiscal 2014 Inventory Charge and the Q4 Fiscal 2014 Inventory Recovery. See "Non-GAAP Financial Measures" and "Overview - Inventory Charges".

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 Continuing Operations - Three months ended March 1, 2014 compared to three months ended March 2, 2013 - Income Taxes".

Assets Held for Sale

The Company applies judgment in determining whether the criteria for reclassifying assets as held for sale are met including the assessment of sale leaseback arrangements included in the plan to sell. Further, in determining fair values less costs to sell,

the Company utilizes third party appraisals, based on discounted cash flow or market comparable valuation approaches. The Company estimates costs to sell based on historical costs incurred for similar transactions. Should any of the estimates change, or if the actual proceeds of disposal differ from the estimate of fair value, it could have a material impact on earnings.

Adoption of Accounting Policies

In February 2013, the Financial Accounting Standards Board issued authoritative guidance to improve the reporting of reclassifications out of accumulated other comprehensive income (loss) ("AOCI"). The guidance requires an entity to present changes in AOCI by component and report the effect of significant reclassifications out of AOCI on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. The new authoritative guidance became effective for annual and interim reporting periods beginning on or after December 15, 2012, with early adoption permitted. The Company adopted this guidance in the first quarter of fiscal 2014. As a result, the Company presents, by component, changes in AOCI and the effect of significant reclassifications out of AOCI on the respective line items in net income in Note 14 to the Consolidated Financial Statements.

In July 2013, the Financial Accounting Standards Board issued authoritative guidance to eliminate diversity in practice related to the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance requires that under certain circumstances, an unrecognized tax benefit is to be presented in the financial statements as a reduction to a deferred tax asset as opposed to being presented as a liability. The new authoritative guidance will become effective for fiscal years and interim reporting periods beginning after December 15, 2013, with early adoption and retrospective application permitted. The Company has adopted this guidance in the fourth quarter of fiscal 2014. As a result, the Company has presented the unrecognized tax benefit as a reduction to the deferred tax asset in the consolidated balance sheets.

Fiscal 2014 Operating Results – Executive Summary

The following table sets forth certain consolidated statement of operations data, which is expressed in millions of dollars, for the periods indicated, except for share and per share amounts, as well as certain consolidated balance sheet data, as at March 1, 2014, March 2, 2013, and March 3, 2012, which is expressed in millions of dollars.

	As at and for the Fiscal Year Ended				
	March 1, 2014	March 2, 2013	Change Fiscal 2014/2013	March 3, 2012	Change Fiscal 2013/2012
	(in millions, except for share and per share amounts)				
Revenue[1]	$ 6,813	$ 11,073	$ (4,260)	$ 18,423	$ (7,350)
Cost of sales[2][3][4]	6,856	7,639	(783)	11,848	(4,209)
Gross margin	(43)	3,434	(3,477)	6,575	(3,141)
Operating expenses					
Research and development[2]	1,286	1,509	(223)	1,556	(47)
Selling, marketing and administration [2]	2,103	2,111	(8)	2,600	(489)
Amortization	606	714	(108)	567	147
Impairment of long-lived assets [5]	2,748	—	2,748	—	—
Impairment of goodwill[6][7]	—	335	(335)	355	(20)
Debenture fair value adjustment[8]	377	—	377	—	—
	7,120	4,669	2,451	5,078	(409)
Operating income (loss)	(7,163)	(1,235)	(5,928)	1,497	(2,732)
Investment income (loss)	(21)	15	(36)	21	(6)
Income (loss) from continuing operations before income taxes	(7,184)	(1,220)	(5,964)	1,518	(2,738)
Provision for (recovery of) income taxes[9]	(1,311)	(592)	(719)	347	(939)
Income (loss) from continuing operations	(5,873)	(628)	(5,245)	1,171	(1,799)
Loss from discontinued operations	—	(18)	18	(7)	(11)
Net income (loss)	$ (5,873)	$ (646)	$ (5,227)	$ 1,164	$ (1,810)
Basic earnings (loss) per share					
Basic and diluted earnings (loss) per share from continuing operations	$ (11.18)	$ (1.20)		$ 2.23	
Basic and diluted loss per share from discontinued operations	—	(0.03)		(0.01)	
Total basic and diluted earnings (loss) per share	$ (11.18)	$ (1.23)		$ 2.22	
Weighted-average number of shares outstanding (000's)					
Basic	525,168	524,160		524,101	
Diluted	525,168	524,160		524,190	
Total assets	$ 7,552	$ 13,165	$ (5,613)	$ 13,731	$ (566)
Total liabilities	3,927	3,705	222	3,631	$ 74
Total long-term liabilities	1,659	245	1,414	242	$ 3
Shareholders' equity	3,625	9,460	(5,835)	10,100	$ (640)

(1) During fiscal 2012, the Company experienced a service interruption which resulted in the loss of service revenue and the payment of penalties of approximately $54 million related to the unavailability of the Company's network (the "2012 Service Interruption").

(2) Cost of sales included $103 million, research and development included $76 million, and selling, marketing and administration expenses included $333 million in charges related to the Company's CORE program and strategic review process during fiscal 2014. See "Overview – CORE and Operational Restructuring" and "Non-GAAP Financial Measures".

(3) Cost of sales included the Z10 Inventory Charge of approximately $934 million, the Q3 Fiscal 2014 Inventory Charge of approximately $1.6 billion and the Q4 Fiscal 2014 Inventory Recovery incurred in fiscal 2014. See "Overview - Inventory Charges" and "Non-GAAP Financial Measures".

(4) During fiscal 2012, the Company recorded pre-tax charges on its inventory of BlackBerry PlayBooks of approximately $485 million (the "PlayBook Inventory Charge") and BlackBerry 7 smartphones of approximately $267 million (the " 2012 BlackBerry 7 Inventory Charge").

(5) In the third quarter of fiscal 2014, the Company performed an LLA impairment test and based on the results of that test, the Company recorded the LLA Impairment Charge of approximately $2.7 billion. See "Overview - Long-Lived Asset Impairment Charge" and "Non-GAAP Financial Measures".

(6) During fiscal 2013, the Company performed a goodwill impairment test and based on the results of that test, the Company recorded a pre-tax goodwill impairment charge of approximately $335 million (the "2013 Goodwill Impairment Charge").

(7) During fiscal 2012, the Company performed a goodwill impairment test and based on the results of that test, the Company recorded a pre-tax goodwill impairment charge of approximately $355 million (the "2012 Goodwill Impairment Charge").

(8) In fiscal 2014, the Company recorded a non-cash charge associated with the change in the fair value of the Debentures of approximately $377 million, including a $382 million charge in the fourth quarter (the "Q4 Fiscal 2014 Debentures Fair Value Adjustment"). See "Overview - Debentures Fair Value Adjustment" and "Non-GAAP Financial Measures".

(9) During fiscal 2013, the Company recorded an income tax benefit of $166 million related to the settlement of uncertain tax positions, including related interest and foreign exchange gains.

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

	March 1, 2014	March 2, 2013	Change Fiscal 2014/2013	March 3, 2012	Change Fiscal 2013/2012
Revenue	100.0 %	100.0 %	—	100.0 %	— %
Cost of sales	100.6 %	69.0 %	31.6 %	64.3 %	4.7 %
Gross margin	(0.6)%	31.0 %	(31.6)%	35.7 %	(4.7)%
Operating expenses					
Research and development	18.9 %	13.6 %	5.3 %	8.4 %	5.2 %
Selling, marketing and administration	30.9 %	19.1 %	11.8 %	14.1 %	5.0 %
Amortization	8.9 %	6.4 %	2.5 %	3.1 %	3.3 %
Impairment of long-lived assets	40.3 %	— %	40.3 %	— %	— %
Impairment of goodwill	— %	3.0 %	(3)%	1.9 %	1.1 %
Debentures fair value adjustment	5.5 %	— %	5.5 %	— %	— %
	104.5 %	42.1 %	62.4 %	27.5 %	14.6 %
Operating income (loss)	(105.1)%	(11.1)%	(94)%	8.2 %	(19.3)%
Investment income (loss)	(0.3)%	0.1 %	(0.4)%	0.1 %	— %
Income (loss) from continuing operations before income taxes	(105.4)%	(11.0)%	(94.4)%	8.3 %	(19.3)%
Provision for (recovery of) income taxes	(19.2)%	(5.3)%	(13.9)%	1.9 %	(7.2)%
Income (loss) from continuing operations	(86.2)%	(5.7)%	(80.5)%	6.4 %	(12.1)%
Loss from discontinued operations, net of tax	— %	(0.2)%	0.2 %	— %	(0.2)%
Net income (loss)	(86.2)%	(5.9)%	(80.3)%	6.4 %	(12.3)%

Revenue from continuing operations for fiscal 2014 was $6.8 billion, a decrease of approximately $4.3 billion, or 38.5%, from $11.1 billion in fiscal 2013. Hardware revenue decreased by $2.9 billion, or 43.1%, to $3.8 billion. The Company believes that the significant decrease in hardware revenue over the prior fiscal year was primarily attributable to decreased demand and lower sell-through for the Company's new devices, due to the very intense competition. The Company also believes that uncertainty surrounding its recently completed strategic review process, as well as previously disclosed announcements concerning the Company's operational restructuring, recent management changes and the Company's workforce reductions, may have continued to negatively impact demand for the Company's products in fiscal 2014. The number of BlackBerry handheld devices recognized decreased by approximately 14.4 million, or 51.2%, to approximately 13.7 million in fiscal 2014, compared to approximately 28.1 million in fiscal 2013. The majority of the devices recognized in fiscal 2014 were BlackBerry 7 devices . During fiscal 2014, approximately 20.5 million (fiscal 2013 - 36.1 million) BlackBerry smartphones were sold through to end customers, which included shipments made and recognized prior to fiscal 2014 and which reduced the Company's inventory in channel. Of the devices that sold through to end customers in fiscal 2014, approximately 15.5 million were BlackBerry 7 devices. Service revenue decreased by $1.2 billion to $2.7 billion in fiscal 2014, which was primarily attributable to a lower number of BlackBerry users and lower revenue from those users , compared to fiscal 2013. The decrease also reflects the impact of a $240 million service revenue deferral related to carriers in Venezuela (the " Fiscal 2014 Venezuela Service Revenue Deferral") and a $13 million service revenue deferral related to carriers in Argentina (the " Q4 Fiscal 2014 Argentina Service Revenue Deferral") as discussed in "Results of Continuing Operations - Fiscal year ended March 1, 2014 compared to fiscal year ended March 2, 2013 - Revenue - Revenue by Category - Service Revenue". The Company expects service revenue to decline in the first quarter of fiscal 2015 by a percentage consistent with the decline experienced in the fourth quarter of fiscal 2014. Software revenue decreased by $26 million in fiscal 2014 to $235 million, compared to $261 million in fiscal 2013, which was primarily attributable to decreases in technical support and CAL revenues, partially offset by an increase in QNX revenue. Other revenue decreased by $159 million to $95 million in fiscal 2014 compared to fiscal 2013, which was primarily attributable to non-warranty repair revenue and also reflects gains on revenue hedging instruments experienced in fiscal 2013 and not repeated in fiscal 2014 as well as decreases in licensing and accessory revenues.

The Company's net loss from continuing operations for fiscal 2014 was $5.9 billion, or $11.18 per share (basic and diluted), reflecting an an unfavourable increase in net loss of $5.2 billion compared to net loss from continuing operations of $628 million, or $1.20 per share (basic and diluted), in fiscal 2013. The increase in net loss takes into account the non-cash LLA Impairment Charge, the primarily non-cash Q3 Fiscal 2014 Inventory Charge, the non-cash Z10 Inventory Charge, the non-cash Q4 Fiscal 2014 Debentures Fair Value Adjustment, restructuring charges of approximately $398 million, after tax, related to the Company's CORE program and strategic review process, and the Q4 Fiscal 2014 Inventory Recovery incurred in fiscal 2014 (see "Non-GAAP Financial Measures") as well as the impact of an income tax benefit of $166 million related to the settlement of uncertain tax positions, including related interest and foreign exchange gains, the non-cash 2013 Goodwill Impairment Charge and restructuring charges of approximately $151 million, after tax, incurred in fiscal 2013. The unfavourable increase in net loss is also attributable to a decrease in the Company's gross margin, partially offset by an increase in the recovery of income taxes and a reduction in operating expenditures. The decrease in consolidated gross margin was primarily attributable to decreases in service revenue and the number of devices for which revenue was recognized compared to fiscal 2013. The decrease in consolidated gross margin also reflects the Company's fixed costs being allocated over lower shipment volumes. Hardware revenues have lower gross margins than the Company's consolidated gross margin. Service revenues earn higher gross margins than sales of handheld devices.

In the first quarter of fiscal 2015, the Company anticipates maintaining its strong cash position and continuing to look for opportunities to streamline operations. The Company is targeting break-even cash flow results by the end of fiscal 2015 and reaching profitability in fiscal 2016 .

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

Results of Continuing Operations

Fiscal year ended March 1, 2014 compared to fiscal year ended March 2, 2013

Revenue

Revenue from continuing operations for fiscal 2014 was $6.8 billion, a decrease of approximately $4.3 billion, or 38.5%, from $11.1 billion in fiscal 2013.

Comparative breakdowns of the significant revenue categories and geographic regions are set forth in the following table:

	For the Fiscal Year Ended					
	March 1, 2014		March 2, 2013		Change Fiscal 2014/2013	
Millions of BlackBerry handheld devices recognized	13.7		28.1		(14.4)	(51.2)%
Revenue *(in millions)*						
Hardware	$ 3,785	55.5%	$ 6,648	60.0%	$ (2,863)	(43.1)%
Service	2,698	39.6%	3,910	35.3%	(1,212)	(31.0)%
Software	235	3.5%	261	2.4%	(26)	(10.0)%
Other	95	1.4%	254	2.3%	(159)	(62.6)%
	$ 6,813	100.0%	$ 11,073	100.0%	$ (4,260)	(38.5)%
Revenue by Geography *(in millions)*						
North America	$ 1,811	26.6%	$ 2,896	26.2%	$ (1,085)	(37.5)%
Europe, Middle East and Africa	2,991	43.9%	4,502	40.7%	(1,511)	(33.6)%
Latin America	907	13.3%	2,114	19.1%	(1,207)	(57.1)%
Asia Pacific	1,104	16.2%	1,561	14.0%	(457)	(29.3)%
	$ 6,813	100.0%	$ 11,073	100.0%	$ (4,260)	(38.5)%

Revenue by Category

Hardware Revenue

Hardware revenue was $3.8 billion, or 55.5% of consolidated revenue, in fiscal 2014 compared to $6.6 billion, or 60.0% of consolidated revenue, in fiscal 2013, representing a decrease of 43.1%. This decrease in hardware revenue over the prior fiscal year was primarily attributable to a decrease in the volume of BlackBerry handheld devices recognized by approximately 14.4 million, or 51.2%, to approximately 13.7 million BlackBerry handheld devices in fiscal 2014, compared to approximately 28.1 million BlackBerry handheld devices recognized in fiscal 2013. The majority of the devices recognized in fiscal 2014 were BlackBerry 7 devices . The Company believes that the significant decrease in hardware revenue over the prior fiscal year was primarily attributable to decreased demand and lower sell-through for the Company's new devices, due to the very intense competition. 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. The Company also believes that uncertainty surrounding its recently completed strategic review process, as well as previously disclosed announcements concerning the Company's operational restructuring, recent management changes and the Company's workforce reductions, may have continued to negatively impact demand for the Company's products in fiscal 2014. In order to improve sell-through levels and stimulate global demand for BlackBerry devices, the Company continues to implement sell-through programs with its carrier and distributor partners. As previously disclosed, the Company can no longer reasonably estimate the amount of the potential sell-through programs that may be offered on certain BlackBerry devices in future periods, resulting in revenues for BlackBerry 10 devices, and BlackBerry 7 devices in certain regions, being recognized when the devices sell through to end customers. See "Accounting Policies - Revenue Recognition".

During fiscal 2014, approximately 20.5 million BlackBerry smartphones were sold through to end customers, which included shipments made and recognized prior to fiscal 2014 and which reduced the Company's inventory in channel. Of the devices that sold through to end customers in fiscal 2014, approximately 15.5 million were BlackBerry 7 devices. The number of BlackBerry smartphones that were sold through to end customers was 36.1 million in fiscal 2013.

Service Revenue

Service revenue decreased by $1.2 billion, or 31.0%, to $2.7 billion, or 39.6% of consolidated revenue, in fiscal 2014, compared to $3.9 billion, or 35.3% of consolidated revenue, in fiscal 2013. Service revenue in fiscal 2014 included approximately $36 million relating to cash payments received on account of previously deferred service revenue from carriers in Venezuela. The decrease in service revenue is primarily attributable to a lower number of BlackBerry users and lower revenue from those users compared to fiscal 2013, and also reflects the Fiscal 2014 Venezuela Service Revenue Deferral and the Q4 Fiscal 2014 Argentina Service Revenue Deferral, as discussed below.

The year-over-year decrease also resulted from 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. The number of BlackBerry customers continued to decline in fiscal 2014. As previously disclosed, as BlackBerry 10 products use the Company's network infrastructure in a different manner than BlackBerry 7 and previous versions, certain elements of the Company's revenue model have changed. Users of Blackberry 10 devices that require enhanced services, including advanced security, mobile device management and other services, continue to generate monthly service revenue. Other BlackBerry 10 users who do not utilize such services, do not generate service revenue. Service revenue continues to be generated by current and future users of BlackBerry 7 devices and the Company launched a new BlackBerry 7 device, the BlackBerry 9720, in certain markets outside of North America in fiscal 2014. The Company expects service revenue to decline in the first quarter of fiscal 2015 by a percentage consistent with the decline experienced in the fourth quarter of fiscal 2014.

As the business migrates to BlackBerry 10, the Company plans to enhance the business offering with new value-creating services including advanced security tools and additional enterprise services, new services for the Company's strong BBM base, the creation of cross-platform offerings and services that leverage BlackBerry's social media community. In February 2014, the Company announced new enterprise solutions, partnerships and smartphone models, including the next generation of BES (BES 12) that will unify BES 10 and BES 5 onto one platform. BES 12 will enable organizations to develop enterprise-grade applications that are quickly deployed to BlackBerry smartphones and other mobile devices and provide customers with the ability to move securely from on-premise to the cloud effortlessly. The Company also announced a new BES pricing and licensing structure (Silver and Gold) and a new EZ pass program that will enable customers to move from BES and other mobile device management programs to BES 10 or BES 12 at the Silver level of service for free, the eBBM Suite (a new family of products and services, including BBM Protected, that will work with BlackBerry smartphones, BES and BES 10 to provide enterprise-class mobile messaging), the BlackBerry Z3 and the BlackBerry Classic (originally announced as the BlackBerry Q20). No material revenue has yet been recognized from BES 10 but the Company continues to expect gradual revenue contributions from BES 10 and BES 12 beginning in fiscal 2015.

The Fiscal 2014 Venezuela Service Revenue Deferral refers to the fact that, based on the recent political and economic events that have occurred in Venezuela, combined with that country's existing and recently amended foreign currency restrictions, the Company recognized revenues on a cash basis in fiscal 2014. The Company does not sell smartphones directly into the Venezuelan market, nor does it have any operations in Venezuela. Moreover, the Company only invoices its carrier partners in Venezuela in U.S. dollars for service access fees provided to the BlackBerry subscriber base. The invoices are reviewed by the carriers and subsequently, an application is made by them to the government-operated Foreign Exchange Administration Board ("CADIVI") in Venezuela to obtain the necessary U.S. dollars to settle their obligations to the Company. Foreign currency restrictions and other foreign exchange mechanisms implemented by the Venezuelan government have impacted the ability of the Company's Venezuelan carrier partners to timely obtain U.S. dollars in exchange for Venezuelan Bolivars, and the Company is continuing to monitor development in this area as it considers strategies to secure payment of its outstanding invoices. The application and approval process continue to be delayed and the Company's ability to timely obtain U.S. dollars at the official exchange rate remains uncertain. During fiscal 2014, the Company deferred service revenues associated with services rendered in fiscal 2014 of approximately $240 million. The Company also experienced similar currency-related issues in Argentina in the fourth quarter of fiscal 2014, which led to the deterioration of collections from the carriers to whom the Company provides services. As a result, the Company recorded the Q4 Fiscal 2014 Argentina Service Revenue Deferral of approximately $13 million of service revenue associated with service access fees charged to customers in Argentina in the fourth quarter of fiscal 2014.

Software Revenue

Software revenue, which includes fees from licensed BES software, CALs, technical support, maintenance, upgrades and QNX software licensing revenues decreased by $26 million, or 10.0%, to $235 million, or 3.5% of consolidated revenue, in fiscal 2014, compared to $261 million, or 2.4% of consolidated revenue, in fiscal 2013. The decrease was primarily attributable to decreases in technical support and CAL revenues, partially offset by an increase in QNX revenue.

Other Revenue

Other revenue, which includes non-warranty repairs, accessories, licensing revenues and gains and losses on revenue hedging instruments, decreased by $159 million, or 62.6% to $95 million, or 1.4% in fiscal 2014 compared to $254 million, or 2.3% in fiscal 2013. The decrease was primarily attributable to non-warranty repair revenue and also reflects gains on revenue hedging instruments experienced in fiscal 2013 and not repeated in fiscal 2014 as well as decreases in licensing and accessory revenues. See "Market Risk of Financial Instruments - Foreign Exchange" for additional information on the Company's hedging instruments.

Revenue Trends

The Company has continued to encounter challenges adapting to the BYOD movement as many IT departments that previously required employees to use the BlackBerry wireless solution because of its emphasis on security and reliability are permitting employees to choose devices offered by the Company's competitors, who are increasingly promoting the merits of their own security and reliability, and this has impacted the Company's enterprise subscriber account base. To address this evolution of the market, the Company has introduced products, including its portfolio of BlackBerry 10 smartphones with BlackBerry Balance and BES 10, which give IT departments the ability to securely manage BlackBerry devices and other operating system platforms through a single unified interface and to securely protect corporate data on an employee's personal smartphone or tablet. The Company has continued to encounter challenges with the BYOD trend. As previously disclosed, the Company also believes that uncertainty surrounding its recently completed strategic review process may have continued to negatively impact demand for the Company's products in fiscal 2014. The Company plans to refocus its product and services offerings on its end-to-end solution of hardware, software and services for enterprises. The Company has experienced a decline in demand for its products and in its overall market share. The intense competition impacting the Company's financial and operational results that previously affected demand in the United States market is now being experienced globally, including in international markets where the Company has historically experienced rapid growth. The increase in competition encountered by the Company in international markets is due to the recent entry into those markets of global competitors offering high end devices that compete with the Company's BlackBerry 10 devices, as well as other competitors targeting those markets with lower end Android-based devices that compete with the Company's lower cost devices. The decline can also be attributed to consumer preferences for devices with access to the broadest number of applications, such as those available in the iOS and Android environments.

As previously disclosed, the Company has experienced a continued decline in service revenues. See "Summary Results of Continuing Operations – Three months ended March 1, 2014 compared to Three months ended March 2, 2013 – Revenue – Revenue by Category – Service Revenue" and "Overview – Sources of Revenue" for further details related to the Company's assessment of the decline of its service revenues.

Revenue by Geography

North America Revenues

Revenues in North America were $1.8 billion or 26.6% of consolidated revenue in fiscal 2014, reflecting a decrease of $1.1 billion compared to $2.9 billion, or 26.2% of consolidated revenue in fiscal 2013. The decrease in North American revenue is primarily attributable to a decrease in revenue from the United States, which represented approximately 19.4% of total consolidated revenue in fiscal 2014, compared to 20.2% of total consolidated revenue in fiscal 2013, as a result of the intensely competitive dynamics within the United States. Sales in Canada represented approximately 7.2% of the consolidated revenue.

Revenues in the United States have continued to decline and subscriber attrition has remained high due to the intense competition faced by the Company in this market, consumer preferences for devices with access to the broadest number of applications, such as those available in the iOS and Android environments, and the other factors described above. To address this decline, the Company worked with developers to ensure that a broad spectrum of applications including games, multimedia, productivity, enterprise and social media applications would be available on BlackBerry 10 smartphones prior to their introduction. Sales in the United States have also been impacted by the significant number of new Android-based competitors that have entered the market.

Europe, Middle East and Africa Revenues

Revenues in Europe, Middle East and Africa were $3.0 billion or 43.9% of consolidated revenue in fiscal 2014, reflecting a decrease of $1.5 billion compared to $4.5 billion or 40.7% of consolidated revenue in fiscal 2013. Some of the larger markets comprising this region include the United Kingdom, South Africa and United Arab Emirates. The Company launched BlackBerry 10 devices in many countries in this region in fiscal 2014 including Saudi Arabia, the United Arab Emirates, South Africa, the United Kingdom, Slovakia, Austria, Netherlands, Nigeria, France, Germany, Italy, Spain, Turkey, Switzerland, Kuwait, Lebanon, Iraq and Pakistan.

Latin America Revenues

Revenues in Latin America were $907 million or 13.3% of consolidated revenue in fiscal 2014, reflecting a decrease of $1.2 billion compared to $2.1 billion or 19.1% of consolidated revenue in fiscal 2013. Some of the larger markets comprising this region include Argentina, Colombia and Venezuela. The Company launched BlackBerry 10 devices in many countries in this region in fiscal 2014 including Mexico, Colombia, Chile, Brazil, Ecuador and Peru.

Asia Pacific Revenues

Revenues in Asia Pacific were $1.1 billion or 16.2% of consolidated revenue in fiscal 2014, reflecting a decrease of $457 million compared to $1.6 billion or 14.0% of consolidated revenue in fiscal 2013. Some of the larger markets comprising this region include Indonesia and India. In fiscal 2014, the Company launched BlackBerry 10 devices in many countries in this region including Australia, Hong Kong, the Philippines, Malaysia, India, Indonesia and Singapore.

Gross Margin

Consolidated gross margin from continuing operations decreased by $3.5 billion, to a loss of $43 million, or (0.6)% of consolidated revenue, in fiscal 2014, compared to $3.4 billion, or 31.0% of consolidated revenue, in fiscal 2013. Excluding the impacts of the Q3 Fiscal 2014 Inventory Charge, the Z10 Inventory Charge, the Q4 Fiscal 2014 Inventory Recovery, charges related to the CORE program incurred in fiscal 2014, of which $103 million was attributable to cost of sales (see "Non-GAAP Financial Measures"), and the impact of charges related to the CORE program incurred in fiscal 2013, of which $96 million was attributable to cost of sales, gross margin decreased by $1.1 billion.

The $1.1 billion decrease in consolidated gross margin was primarily attributable to decreases in service revenue and the number of devices for which revenue was recognized compared to fiscal 2013. The majority of the devices recognized in fiscal 2014 were BlackBerry 7 devices , which, until recently, have historically had lower gross margins than Blackberry 10 devices. The decrease in consolidated gross margin also reflects the Company's fixed costs being allocated over lower shipment volumes. Hardware revenues have lower gross margins than the Company's consolidated gross margin. Service revenues earn higher gross margins than sales of handheld devices.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expense from continuing operations for fiscal 2014 compared to fiscal 2013.

	For the Fiscal Year Ended *(in millions)*					
	March 1, 2014		March 2, 2013		Change Fiscal 2014/2013	
		% of Revenue		% of Revenue		% of Change
Revenue	$ 6,813		$ 11,073		$ (4,260)	(38.5)%
Operating expenses						
Research and development (1)	1,286	18.9%	1,509	13.6%	$ (223)	(14.8)%
Selling, marketing and administration (1)	2,103	30.9%	2,111	19.1%	(8)	(0.4)%
Amortization	606	8.9%	714	6.4%	(108)	(15.1)%
Impairment of Long Lived Assets (2)	2,748	40.3%	—	—%	2,748	100.0 %
Impairment of Goodwill (3)	—	—%	335	3.0%	(335)	(100.0)%
Debentures fair value adjustment (4)	377	5.5%	—	—%	377	100.0 %
Total	$ 7,120	104.5%	$ 4,669	42.1%	$ 2,451	52.5 %

(1) Research and development and selling, marketing and administration expenses for fiscal 2014 included charges of approximately $76 million and $333 million, respectively, related to the CORE Program.
(2) During fiscal 2014, the Company performed an LLA impairment test and based on the results of that test, the Company recorded the LLA Impairment Charge of approximately $2.7 billion. See "Overview - Long-Lived Asset Impairment Charge".
(3) During fiscal 2013, the Company recorded the pre-tax 2013 Goodwill Impairment Charge of approximately $335 million.

(4) In fiscal 2014, the Company recorded a non-cash net charge associated with the change in the fair value of the Debentures of $377 million, including the Q4 Fiscal 2014 Debentures Fair Value Adjustment of approximately $382 million. See "Overview - Debentures Fair Value Adjustment".

Operating expenses increased by $2.5 billion, or 52.5%, to $7.1 billion or 104.5% of consolidated revenue in fiscal 2014, compared to $4.7 billion or 42.1% of consolidated revenue in fiscal 2013. Excluding the impact of the LLA Impairment Charge of approximately $2.7 billion, the Q4 Fiscal 2014 Debentures Fair Value Adjustment of approximately $382 million and charges incurred as part of the the Company's CORE program and strategic review process during fiscal 2014, of which $409 million were attributable to operating expenditures (see "Non-GAAP Financial Measures"), as well as the impact of the 2013 Goodwill Impairment Charge of approximately $335 million and charges incurred as part of the CORE program during fiscal 2013, of which $124 million were attributable to operating expenditures, operating expenses decreased by $629 million. This decrease was primarily attributable to decreases in salaries and benefits costs due to a reduction in headcount related to the CORE program, legal expenses and marketing and advertising costs. The decrease was partially offset by an increase in consulting costs related to the Company's recently completed strategic review process.

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 $223 million, or 14.8%, to $1.3 billion in fiscal 2014, compared to $1.5 billion in fiscal 2013. Excluding the impact of charges incurred as part of the CORE program during fiscal 2014, of which $76 million was attributable to research and development expenditures, and the impact of the charges incurred as part of the CORE program during fiscal 2013, of which $27 million was attributable to research and development expenditures, research and development expenses decreased by $272 million. The decrease was primarily attributable to decreases in salaries and benefits costs due to a reduction in headcount and other costs savings related to the CORE program, a decrease in research and development device costs as a result of the cancellation of two planned devices. Research and development-related headcount decreased by approximately 30% compared to the end of fiscal 2013.

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 $8 million, or 0.4%, to $2.1 billion in fiscal 2014 compared to $2.1 billion in fiscal 2013. Excluding the impact of charges incurred as part of the CORE program during fiscal 2014, of which $333 million was attributable to selling, marketing and administration expenditures, and the impact of the charges incurred as part of the Company's CORE program and strategic review process during fiscal 2013, of which $97 million was attributable to selling, marketing and administration expenditures, selling, marketing and administration expenses decreased by $244 million. The decrease was primarily attributable to decreases in salaries and benefits costs due to a reduction in headcount related to the CORE program, legal expenses and marketing and advertising expenses, partially offset by an increase in consulting costs related to the Company's recently completed strategic review process. Selling, marketing and administration related headcount decreased by approximately 36%, compared to the end of fiscal 2013.

Amortization Expense

The table below presents a comparison of amortization expense relating to property, plant and equipment and intangible assets recorded as amortization or cost of sales from continuing operations for fiscal 2014 compared to fiscal 2013. Intangible assets are comprised of patents, licenses and acquired technology.

	For the Fiscal Year Ended *(in millions)*					
	Included in Amortization			**Included in Cost of sales**		
	March 1, 2014	March 2, 2013	Change	March 1, 2014	March 2, 2013	Change
Property, plant and equipment	$ 321	$ 402	$ (81)	$ 211	$ 319	$ (108)
Intangible assets	285	312	(27)	453	874	(421)
Total	$ 606	$ 714	$ (108)	$ 664	$ 1,193	$ (529)

Amortization

Amortization expense relating to certain property, plant and equipment and intangible assets decreased by $108 million to $606 million for fiscal 2014, compared to $714 million for fiscal 2013. The decrease in amortization expense reflects the lower cost base of LLA as a result of the LLA Impairment Charge recorded in the third quarter of fiscal 2014, as well as reduced spending on capital assets, partially offset by certain property, plant and equipment and intangible asset additions made over the last four quarters.

Cost of sales

Amortization expense relating to certain property, plant and equipment and intangible assets employed in the Company's manufacturing operations and BlackBerry service operations decreased by $529 million to $664 million for fiscal 2014, compared to $1.2 billion for fiscal 2013. This decrease primarily reflects the impact of amortizing intangible assets over lower shipment volumes and the lower cost base of LLA as a result of the LLA Impairment Charge recorded in fiscal 2014. The decrease was partially offset by renewed or amended licensing agreements and certain property, plant and equipment asset additions made over the last four quarters.

Impairment of Long-Lived Assets

During fiscal 2014, the Company performed an LLA impairment test and based on the results of that test, the Company recorded the LLA Impairment Charge of approximately $2.7 billion. See "Overview - Long-Lived Asset Impairment Charge" and "Critical Accounting Estimates - Valuation of LLA".

Impairment of Goodwill

Due to business conditions and a continued significant decline in the Company's market capitalization, the Company concluded that goodwill impairment indicators existed and an interim goodwill impairment assessment was required for the first quarter of fiscal 2013. The Company used a two-step impairment test to identify potential goodwill impairment and measured the amount of the goodwill impairment loss to be recognized. As a result of the test performed, the Company recorded the 2013 Goodwill Impairment Charge of $335 million, which eliminated the remaining carrying value of its goodwill, and reported this amount as a separate line item in the consolidated statements of operations. The Company's share price and control premium are significant factors in assessing the Company's fair value for purposes of the goodwill impairment assessment. The Company's share price can be affected by, among other things, changes in industry or market conditions, including the effect of competition, changes in the Company's results of operations, and changes in the Company's forecasts or market expectations relating to future results. See "Risk Factors – The market price of the Company's common shares is volatile" in the Company's Annual Information Form and "Critical Accounting Estimates and Accounting Policies – Accounting Policies – Goodwill" in this MD&A.

Investment Income

Investment income decreased by $36 million to a loss of $21 million in fiscal 2014, from a gain of $15 million in fiscal 2013. The decrease primarily reflects interest costs associated with the Debentures, certain one-time gains recorded in fiscal 2013 not repeated in fiscal 2014, recognition of the Company's portion of investment losses in its equity-based investments and the decreases in the Company's average cash and investment balances and yield. The decrease was partially offset by the accrual of interest income for other tax matters. See "Financial Condition - Liquidity and Capital Resources".

Income Taxes

For fiscal 2014, the Company's income tax recovery from continuing operations was $1.3 billion, resulting in an effective income tax recovery rate of approximately 18.2%, compared to income tax recovery of $592 million and an effective income tax rate of approximately 48.5% for the prior fiscal year. The Company's effective income tax recovery rate reflects the geographic mix of earnings in jurisdictions with different tax rates. The Company's lower effective income tax recovery rate in fiscal 2014 primarily reflects certain charges related to the LLA Impairment Charge resulting in the recognition of a deferred tax valuation allowance, which is more fully described below.

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 significant increases in deductible temporary differences in the third quarter of fiscal 2014 in relation to the LLA Impairment Charge, which was not currently deductible for tax purposes. In addition, the Company has three years of cumulative losses for fiscal 2014. As a result, the Company was unable to recognize the benefit relating to a significant portion of deferred tax assets that arose in fiscal 2014, which resulted in a $783 million valuation allowance against its deferred tax assets. The deferred tax recovery is partially offset by this deferred tax valuation allowance of $781 million and included in the income tax provision in fiscal 2014. 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.

During the third quarter of fiscal 2014, the Company took steps to accelerate the receipt of a portion of the tax refund to which it is entitled. The Canadian federal and Ontario provincial Ministers of Finance had indicated to the Company that they would be prepared to recommend measures such that the acceleration would not jeopardize the Company's potential entitlement to the balance of its tax refund. The Company's actions resulted in a November 3, 2013 taxation year end, which triggered the entitlement to the accrued tax refund of $696 million, which the Company received in the third quarter of fiscal 2014. In December 2013, Remission Orders were made by the Canadian federal and Ontario provincial governments which preserved the Company's ability to carry back losses for the balance of fiscal 2014 and for fiscal 2015 on the same basis as without the November 3, 2013 taxation year end. The tax provision includes the impact of the Remission Orders in accordance with ASC 740 because they were made in the fourth quarter.

Given the change in the Company's financial circumstances in the third quarter of fiscal 2014, the Company has provided for foreign withholding taxes of $32 million that would apply on the distribution of the earnings of its non-Canadian subsidiaries as these earnings are no longer intended to be reinvested indefinitely by these subsidiaries.

Net Loss

The Company's net loss from continuing operations for fiscal 2014 was $5.9 billion or $11.18 per share (basic and diluted), reflecting increase in net loss of $5.2 billion compared to net loss from continuing operations of $628 million, or $1.20 per share (basic and diluted) in fiscal 2013. The increase in net loss from continuing operations includes the impacts in fiscal 2014 and 2013 of:

Fiscal 2014

- the LLA Impairment Charge;
- the Q3 Fiscal 2014 Inventory Charge;
- the Z10 Inventory Charge;
- the Q4 Fiscal 2014 Debentures Fair Value Adjustment;
- restructuring charges of approximately $398 million, after tax, related to the Company's CORE program and strategic review process; and
- the Q4 Fiscal 2014 Inventory Recovery.

Fiscal 2013

- an income tax benefit of $166 million related to the settlement of uncertain tax positions, including related interest and foreign exchange gains;
- the 2013 Goodwill Impairment Charge; and
- approximately $151 million, after-tax, of restructuring charges related to the Company's CORE program in fiscal 2013.

Excluding the above items (see "Non-GAAP Financial Measures"), the Company's net loss increased by $394 million compared to fiscal 2013, which reflects a decrease in the Company's gross margin, partially offset by an increase in the recovery of income taxes and a reduction in operating expenditures. The decrease in the Company's consolidated gross margin

is primarily due to decreases in service revenue and the number of devices for which revenue was recognized compared to fiscal 2013 and also reflects the Company's fixed costs being allocated over lower shipment volumes. Hardware revenues have lower gross margins than the Company's consolidated gross margin. Service revenues earn higher gross margins than sales of handheld devices.

The weighted average number of shares outstanding was 525 million common shares for basic and diluted loss per share for the fiscal year ended March 1, 2014 and 524 million common shares for both basic and diluted loss per share for the fiscal year ended March 2, 2013.

Common Shares Outstanding

On March 24, 2014, there were 527 million voting common shares, options to purchase 3 million voting common shares, 24 million restricted share units and 0.2 million deferred share units outstanding.

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

Fiscal year ended March 2, 2013 compared to fiscal year ended March 3, 2012

Revenue

Revenue from continuing operations for fiscal 2013 was $11.1 billion, a decrease of approximately $7.4 billion, or 39.9%, from $18.4 billion in fiscal 2012.

Comparative breakdowns of the significant revenue categories and geographic regions are set forth in the following table:

	For the Fiscal Year Ended					
	March 2, 2013		March 3, 2012		Change Fiscal 2013/2012	
Millions of BlackBerry handheld devices shipped[1]	28.1		49.0		(20.9)	(42.7)%
Millions of BlackBerry PlayBook tablets shipped	1.1		1.3		(0.2)	(15.4)%
Revenue *(in millions)*						
Hardware	$ 6,648	60.0%	$ 13,794	74.9%	$ (7,146)	(51.8)%
Service [2]	3,910	35.3%	4,074	22.1%	(164)	(4.0)%
Software	261	2.4%	318	1.7%	(57)	(17.9)%
Other	254	2.3%	237	1.3%	17	7.2 %
	$ 11,073	100.0%	$ 18,423	100.0%	$ (7,350)	(39.9)%
Revenue by Geography *(in millions)*						
North America	$ 2,896	26.2%	$ 5,442	29.5%	$ (2,546)	(46.8)%
Europe, Middle East and Africa	4,502	40.7%	7,662	41.6%	(3,160)	(41.2)%
Latin America	2,114	19.1%	2,646	14.4%	(532)	(20.1)%
Asia Pacific	1,561	14.0%	2,673	14.5%	(1,112)	(41.6)%
	$ 11,073	100.0%	$ 18,423	100.0%	$ (7,350)	(39.9)%

(1) In fiscal 2013 and fiscal 2012, the Company recognized revenue on handheld devices when shipped. See "Accounting Policies - Revenue Recognition."

(2) During the third quarter of fiscal 2012, the Company experienced the 2012 Service Interruption, which resulted in the loss of service revenue and the payment of penalties of approximately $54 million related to the unavailability of the Company's network.

Hardware revenue was $6.6 billion, or 60.0% of consolidated revenue, in fiscal 2013 compared to $13.8 billion, or 74.9% of consolidated revenue, in fiscal 2012, representing a decrease of 51.8%. This decrease in hardware revenue over the prior fiscal year was primarily attributable to a decrease in the volume of BlackBerry handheld devices shipped by approximately 20.9 million, or 42.7%, to approximately 28.1 million BlackBerry handheld devices in fiscal 2013, compared to approximately 49.0

million BlackBerry handheld devices shipped in fiscal 2012. The decline in the volume of BlackBerry devices shipped was primarily a result of decreased demand for the Company's aging product portfolio in a very competitive environment in which multiple competitors introduced new devices beginning in early fiscal 2013. The Company introduced the first BlackBerry 10 smartphones in certain countries starting on January 31, 2013. The overall decrease in revenue in fiscal 2013 was also attributable to a decrease in average selling prices of BlackBerry 7 handheld devices in fiscal 2013 compared to fiscal 2012 due to the continuation of pricing initiatives to drive sell-through, partially offset by the higher average selling prices of BlackBerry 10 devices. However, the impact of BlackBerry 10 smartphone sales on total revenue for fiscal 2013 was modest since they were only available in certain markets for one month or less prior to the end of fiscal 2013. Delays in the introduction of the BlackBerry 10 smartphones resulted in certain of the current BlackBerry 7 product line being in the market for over one year, which contributed to declining unit shipments and a loss of market share in fiscal 2013 as some customers either awaited the launch of the new BlackBerry 10 smartphones or switched to devices of the Company's competitors.

The number of BlackBerry PlayBook tablets shipped during fiscal 2013 was approximately 1.1 million, representing a decrease of 0.2 million units compared to the prior fiscal year. Overall, BlackBerry PlayBook tablet shipments experienced lower than anticipated sell-through to end users due mainly to intense competition in the tablet market, especially in the United States. During fiscal 2013, the Company continued its ongoing promotional activities to encourage sell-through of the BlackBerry PlayBook tablets.

Service revenue decreased by $164 million, or 4.0%, to $3.9 billion, or 35.3% of consolidated revenue, in fiscal 2013, compared to $4.1 billion, or 22.1% of consolidated revenue, in fiscal 2012. The decrease in service revenue was primarily due to the net decrease in BlackBerry subscribers. The decrease in service revenue also reflected a decrease in average revenue per user ("ARPU"). The decrease in ARPU resulted from pricing reduction programs implemented by the Company to maintain the subscriber base as well as a shift in the mix of the Company's subscriber base from higher tiered unlimited plans to prepaid and lower tiered plans. BlackBerry tiered service plans continued to drive growth in the Company's subscriber base in fiscal 2013, specifically outside North America.

Software revenue, which includes fees from licensed BES software, CALs, technical support, maintenance and upgrades decreased by $57 million, or 17.9%, to $261 million, or 2.4% of consolidated revenue, in fiscal 2013, compared to $318 million, or 1.7% of consolidated revenue, in fiscal 2012. This decrease was primarily attributable to a decrease in CALs and maintenance revenue.

Other revenue, which includes non-warranty repairs, accessories, licensing revenues and gains and losses on revenue hedging instruments, increased by $17 million to $254 million in fiscal 2013 compared to $237 million in fiscal 2012. The majority of the increase was attributable to increases in gains on revenue hedging instruments and IP licensing, partially offset by decreases in non-warranty repair revenues and accessories revenue. See "Market Risk of Financial Instruments - Foreign Exchange" for additional information on the Company's hedging instruments.

Revenues in North America were $2.9 billion or 26.2% of consolidated revenue in fiscal 2013, reflecting a decrease of $2.5 billion compared to $5.4 billion, or 29.5% of consolidated revenue in fiscal 2012. The decrease was primarily attributable to a decrease in revenue from the United States, which represented approximately 20% of total consolidated revenue in fiscal 2013, compared to 23% of total consolidated revenue in fiscal 2012, as a result of shifts in the competitive dynamics within the United States, an aging in-market product portfolio, as well as growth in international markets compared to fiscal 2012. While the Company's BlackBerry 7 upgrade program had been well received by many of its customers, revenues in the United States continued to decline and subscriber attrition remained high due to the intense competition faced by the Company in this market, the lack of an LTE smartphone product and a high-end consumer offering prior to the launch of the BlackBerry Z10 smartphone on March 22, 2013, as well as consumer preferences for devices with access to the broadest number of applications, such as those available in the iOS and Android environments. To address this, the Company worked with developers to ensure that a broad spectrum of applications including games, multimedia, productivity, enterprise and social media applications would be available on BlackBerry 10 smartphones prior to their introduction, which began in certain countries in the fourth quarter of fiscal 2013 and in the United States on March 22, 2013. Sales in the United States were also impacted by the significant number of new Android-based competitors that entered the market. In addition, the increased desire by carriers to sell devices that operate on the new, faster LTE networks being built also impacted the Company's market share in the United States, as these networks featured faster download speeds and enabled carriers to offer higher-value data plans. The Company's first LTE smartphones were the BlackBerry 10 smartphones, which were made available in the United States following the end of fiscal 2013.

Revenues in Europe, Middle East and Africa were $4.5 billion or 40.7% of consolidated revenue in fiscal 2013, reflecting a decrease of $3.2 billion compared to $7.7 billion or 41.6% of consolidated revenue in fiscal 2012. The Company's largest market in this region, the United Kingdom, represented approximately 11% of total consolidated revenue, an increase of 1% from fiscal 2012. The United Kingdom was also the first country to introduce the Company's BlackBerry 10 smartphones into

market on January 31, 2013. Some of the larger markets comprising this region included South Africa, France and United Arab Emirates. Subscriber accounts in Europe, Middle East and Africa remained stable, marginally increasing by 1% since the end of fiscal 2012. In addition to the United Kingdom, the Company launched the BlackBerry Z10 in many countries in this region in the fourth quarter of fiscal 2013 including South Africa, Nigeria, France, Germany, Italy, Spain, Turkey, Switzerland, Kuwait, United Arab Emirates, Lebanon, Iraq and Pakistan.

Revenues in Latin America were $2.1 billion or 19.1% of consolidated revenue in fiscal 2013, reflecting a decrease of $532 million compared to $2.6 billion or 14.4% of consolidated revenue in fiscal 2012. Some of the larger markets comprising this region included Venezuela and Mexico. Subscriber accounts in Latin America increased by 17% since fiscal 2012. The Company launched its first BlackBerry 10 devices in the region in Mexico on March 23, 2013.

Revenues in Asia Pacific were $1.6 billion or 14.0% of consolidated revenue in fiscal 2013, reflecting a decrease of $1.1 billion compared to $2.7 billion or 14.5% of consolidated revenue in fiscal 2012. Some of the larger markets comprising this region included Indonesia and India. Subscriber accounts in Asia Pacific increased by 36% since the end of fiscal 2012. In the fourth quarter of fiscal 2013, the Company launched the BlackBerry Z10 in many countries in this region including Indonesia, India, Malaysia and Singapore.

Gross Margin

Consolidated gross margin from continuing operations decreased by $3.1 billion, to $3.4 billion, or 31.0% of consolidated revenue, in fiscal 2013, compared to $6.6 billion, or 35.7% of consolidated revenue, in fiscal 2012. Excluding the impact of charges related to the CORE program incurred in fiscal 2013, of which $96 million was attributable to cost of sales, and the impacts of the PlayBook Inventory Charge, the 2012 BlackBerry 7 Inventory Charge, the 2012 Service Interruption and charges related to the Company's previous cost optimization program, of which $14 million were attributable to cost of sales, that were incurred in fiscal 2012, gross margin decreased by $3.9 billion.

The $3.9 billion decrease in consolidated gross margin was primarily attributable to the lower volume of BlackBerry handheld devices shipped as a result of the Company's aging product portfolio in a very competitive environment in which multiple competitors introduced new devices beginning in early fiscal 2013 and lower average selling prices of BlackBerry 7 devices due to the continuation of pricing initiatives to drive sell-through. The decrease in gross margin was partially offset by the higher average selling prices of BlackBerry 10 devices shipped, favorable renegotiations of key contracts associated with elements of the Company's hardware business and benefits from a leaner and re-architected supply chain.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, amortization and litigation expenses for fiscal 2013 compared to fiscal 2012.

	For the Fiscal Year Ended *(in millions)*					
	March 2, 2013		March 3, 2012		Change Fiscal 2013/2012	
		% of Revenue		% of Revenue		% of Change
Revenue	$ 11,073		$ 18,423		$ (7,350)	(39.9)%
Operating expenses						
Research and development (1)	$ 1,509	13.6%	$ 1,556	8.4%	$ (47)	(3.0)%
Selling, marketing and administration (1)	2,111	19.1%	2,600	14.1%	(489)	(18.8)%
Amortization	714	6.4%	567	3.1%	147	25.9 %
Impairment of Goodwill	335	3.0%	355	1.9%	(20)	(5.6)%
Total	$ 4,669	42.1%	$ 5,078	27.5%	$ (409)	(8.1)%

(1) Research and development and selling, marketing and administration expenses for fiscal 2013 included charges of approximately $27 million and $97 million, respectively, related to the Company's previous cost optimization program.

Operating expenses decreased by $409 million, or 8.1%, to $4.7 billion or 42.1% of consolidated revenue in fiscal 2013, compared to $5.1 billion or 27.5% of consolidated revenue in fiscal 2012, reflecting the lower consolidated revenue in fiscal 2013. Excluding the impact of the 2013 Goodwill Impairment Charge and charges incurred as part of the CORE program during fiscal 2013, of which $124 million were attributable to operating expenditures, and the 2012 Goodwill Impairment

Charge and charges incurred as part of the Company's previous cost optimization program during fiscal 2012, of which $111 million were attributed to operating expenditures, operating expenses decreased by $402 million. This decrease was primarily attributable to decreased marketing costs, an increase in foreign exchange gains and cost savings related to vendor contracts and a net reduction in headcount related costs driven by the CORE program compared to fiscal 2012.

Research and Development Expenses

Research and development expenses consist primarily of salaries and benefits for technical personnel, new product development costs, travel, office and building infrastructure costs and other employee costs.

Research and development expenses decreased by $47 million, or 3.0%, to $1.5 billion in fiscal 2013, compared to $1.6 billion in fiscal 2012. Excluding the impact of charges incurred as part of the CORE program during fiscal 2013, of which $27 million were attributable to research and development expenditures, and the charges incurred as part of the Company's previous cost optimization program during fiscal 2012, of which $23 million were attributed to research and development expenditures, research and development expenses decreased by $51 million. This decrease was primarily attributable to a reduction in materials costs due to fewer new product introductions as well as a net reduction in headcount related costs driven by the CORE program compared to fiscal 2012. Research and development related headcount decreased by approximately 9%, compared to fiscal 2012.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses consist primarily of marketing, advertising and promotion, salaries and benefits, external advisory fees, information technology costs, office and related staffing infrastructure costs and travel expenses.

Selling, marketing and administration expenses decreased by $489 million, or 18.8%, to $2.1 billion in fiscal 2013 compared to $2.6 billion in fiscal 2012. Excluding the impact of charges incurred as part of the CORE program during fiscal 2013, of which $97 million was attributable to selling, marketing and administration expenditures, and the charges incurred as part of the Company's previous cost optimization program during fiscal 2012, of which $88 million was attributable to selling marketing and administration expenditures, selling, marketing and administration expenses decreased by $498 million. This decrease was primarily attributable to decreased marketing costs, an increase in foreign exchange gains and cost savings related to vendor contracts and a net reduction in headcount related costs driven by the CORE program compared to fiscal 2012. Headcount related to selling, marketing and administration functions decreased by approximately 33%, as compared to fiscal 2012.

Amortization Expense

The table below presents a comparison of amortization expense relating to property, plant and equipment and intangible assets recorded as amortization or cost of sales from continuing operations for fiscal 2013 compared to fiscal 2012. Intangible assets are comprised of patents, licenses and acquired technology.

	For the Fiscal Year Ended *(in millions)*					
	Included in Amortization			**Included in Cost of sales**		
	March 2, 2013	March 3, 2012	Change	March 2, 2013	March 3, 2012	Change
Property, plant and equipment	$ 402	$ 359	$ 43	$ 319	$ 301	$ 18
Intangible assets	312	208	104	874	651	223
Total	$ 714	$ 567	$ 147	$ 1,193	$ 952	$ 241

Amortization

Amortization expense relating to certain property, plant and equipment and intangible assets increased by $147 million to $714 million for fiscal 2013, compared to $567 million for fiscal 2012, which primarily reflected the impact of certain property, plant and equipment and intangible asset additions made over the prior four quarters.

Cost of sales

Amortization expense relating to certain property, plant and equipment and intangible assets employed in the Company's manufacturing operations and BlackBerry service operations increased by $241 million to $1.2 billion for fiscal 2013, compared to $952 million for fiscal 2012. This increase primarily reflected the impact of renewed or amended licensing agreements and certain property, plant and equipment asset additions made over the prior four quarters.

Impairment of Goodwill

Goodwill represents the excess of an acquisition price over the fair value of identifiable net assets acquired. Goodwill is tested for impairment annually, through a two step process, in the fourth quarter of each fiscal year, or more frequently if events or changes in circumstances indicate that goodwill is more likely than not impaired.

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

Due to business conditions and a continued significant decline in the Company's market capitalization, the Company concluded that goodwill impairment indicators existed and an interim goodwill impairment assessment was required for the first quarter of fiscal 2013. The Company used a two-step impairment test to identify potential goodwill impairment and measured the amount of the goodwill impairment loss to be recognized. In the first step, the fair value of the Company was determined using the Company's average market capitalization for the preceding five days from the impairment test date, plus a reasonable control premium, which was established based on recent market transactions. The results from the first step of the goodwill impairment test demonstrated that the carrying value of the Company exceeded its estimated fair value as at the balance sheet date and therefore the second step of the goodwill impairment test was performed.

In the second step of the impairment test, the Company calculated the impairment loss by estimating the implied fair value of goodwill and comparing it with its carrying value. Using the fair value determined in the first step as the acquisition price, the implied fair value of goodwill was calculated as the residual amount of the acquisition price after allocations made to the fair value of net assets, including recognized and unrecognized intangible assets. Based on the results of the second step of the goodwill impairment test, it was concluded that the carrying value of goodwill was impaired. Consequently, the Company recorded the 2013 Goodwill Impairment Charge of $335 million, which eliminated the remaining carrying value of its goodwill, and reported this amount as a separate line item in the consolidated statements of operations.

The Company's share price and control premium are significant factors in assessing the Company's fair value for purposes of the goodwill impairment assessment. The Company's share price can be affected by, among other things, changes in industry or market conditions, including the effect of competition, changes in the Company's results of operations, and changes in the Company's forecasts or market expectations relating to future results. See "Risk Factors – The market price of the Company's common shares is volatile" in the Company's Annual Information Form.

Investment Income

Investment income decreased by $6 million to $15 million in fiscal 2013, from $21 million in fiscal 2012. The decrease in investment income was the result of decreases in the company's average yield on its investments, the recording of the Company's portion of investment losses in its equity-based investments, and the accrual of interest expenses for other tax matters, offset by a gain on the sale of the Company's claim on Lehman Brothers International (Europe) ("LBIE") trust assets which had previously been impaired in fiscal 2011.

Income Taxes

For fiscal 2013, the Company's income tax recovery from continuing operations was $592 million, resulting in an effective income tax recovery rate of approximately 48.5%, compared to income tax expense of $347 million and an effective income tax rate of approximately 22.9% for the prior fiscal year. The Company's effective income tax recovery rate reflected the geographic mix of earnings in jurisdictions with different income tax rates. The higher effective income tax recovery rate in fiscal 2013 primarily reflected the favourable impacts of the $152 million effective settlement of uncertain income tax positions in the third quarter of fiscal 2013 that resulted from prior restructuring of the Company's international operations, carrying operating losses back to prior periods with higher effective income tax rates and the effect of income tax incentives on earnings offset by the unfavourable impact of the 2013 Goodwill Impairment Charge.

Net Income (Loss)

The Company's net loss from continuing operations for fiscal 2013 was $628 million, a decrease of $1.8 billion compared to net income of $1.2 billion in fiscal 2012. The decrease took into account the impact of an income tax benefit of $166 million related to the settlement of uncertain tax positions, including related interest and foreign exchange gains, restructuring charges of $220 million related to the CORE program and the 2013 Goodwill Impairment Charge of $335 million incurred in fiscal 2013, as well as the impacts of the PlayBook Inventory Provision, the 2012 Goodwill Impairment Charge, the 2012 BlackBerry 7 Inventory Provision, the 2012 Service Interruption, and restructuring charges of $125 million related to the Company's previous cost optimization program incurred in fiscal 2012. The decrease was primarily attributable to a decrease in the Company's gross margin, partially offset by a reduction in operating expenses and a recovery of income taxes. The Company's consolidated gross margin in fiscal 2013 was negatively impacted by the lower shipment volumes due to the Company's aging product portfolio in a very competitive environment in which multiple competitors introduced new devices beginning in early fiscal 2013 as well as the continuation of pricing initiatives to drive sell-through for BlackBerry 7 handheld devices and the impact of allocating certain fixed costs, including licensing costs, to lower shipment volumes, compared to fiscal 2012. The decrease in gross margin was partially offset by the higher average selling prices of BlackBerry 10 devices shipped, favorable renegotiations of key contracts associated with elements of the Company's hardware business and benefits from a leaner and re-architected supply chain.

Basic and diluted loss per share from continuing operations were both $1.20 in fiscal 2013, compared to basic and diluted earnings per share ("EPS") from continuing operations of $2.23 in fiscal 2012.

The weighted average number of shares outstanding was 524 million common shares for basic and diluted loss per share for the fiscal year ended March 2, 2013 and the fiscal year ended March 3, 2012.

Common Shares Outstanding

On March 26, 2013, there were 524 million voting common shares, options to purchase 7.2 million voting common shares, 15.1 million restricted share units and 0.3 million deferred share units outstanding.

Summary Results of Continuing Operations

Three months ended March 1, 2014 compared to the three months ended March 2, 2013

The following table sets forth certain unaudited consolidated statement of operations data, which is expressed in millions of dollars, except for share and per share amounts and as a percentage of revenue, for the three months ended March 1, 2014 and March 2, 2013:

	For the Three Months Ended				
	March 1, 2014		March 2, 2013		Change Fiscal 2014/2013
	(in million, except for share and per share amounts)				
Revenue	$ 976	100.0 %	$ 2,678	100.0 %	$ (1,702)
Cost of sales [1][2]	423	43.3 %	1,603	59.9 %	(1,180)
Gross margin	553	56.7 %	1,075	40.1 %	(522)
Operating expenses					
Research and development [1]	246	25.2 %	383	14.3 %	(137)
Selling, marketing and administration [1]	355	36.4 %	523	19.5 %	(168)
Amortization	107	11.0 %	181	6.8 %	(74)
Debentures fair value adjustment [3]	382	39.1 %	—	— %	382
	1,090	111.7 %	1,087	40.6 %	3
Operating loss	(537)	(55.0)%	(12)	(0.5)%	(525)
Investment loss, net	(20)	(2.0)%	(6)	(0.2)%	(14)
Loss from continuing operations before income taxes	(557)	(57.0)%	(18)	(0.7)%	(539)
Recovery of income taxes	(134)	(13.7)%	(112)	(4.2)%	(22)
Income (loss) from continuing operations	(423)	(43.3)%	94	3.5 %	(517)
Income from discontinued operations	—	— %	4	0.2 %	(4)
Net income (loss)	$ (423)	(43.3)%	$ 98	3.7 %	$ (521)
Basic and diluted earnings (loss) per share					
Basic and diluted earnings (loss) per share from continuing operations	$ (0.80)		$ 0.18		
Basic and diluted earnings per share from discontinued operations	—		0.01		
Total basic and diluted earnings (loss) per share	$ (0.80)		$ 0.19		
Weighted-average number of shares outstanding (000's)					
Basic	526,374		524,160		
Diluted	526,374		527,222		

(1) Cost of sales included $17 million, research and development included $21 million, and selling, marketing and administration expenses included $110 million in charges related to the Company's CORE program and strategic review process during fhe fourth quarter of fiscal 2014. See "Overview – CORE and Operational Restructuring".

(2) Cost of sales included the Q4 Fiscal 2014 Inventory Recovery incurred in the fourth quarter of fiscal 2014. See "Overview - Inventory Charges" and "Non-GAAP Financial Measures".

(3) The Company recorded the Q4 Fiscal 2014 Debentures Fair Value Adjustment of approximately $382 million in the fourth quarter of fiscal 2014. See "Overview - Debentures Fair Value Adjustment" and "Non-GAAP Financial Measures".

Revenue

Revenue from continuing operations for the fourth quarter of fiscal 2014 was $976 million, a decrease of approximately $1.7 billion, or 63.6%, from $2.7 billion in the fourth quarter of fiscal 2013.

Comparative breakdowns of the significant revenue categories are set forth in the following table:

	For the Three Months Ended					
	March 1, 2014		March 2, 2013		Change Fiscal 2014/2013	
Millions of BlackBerry handheld devices recognized	1.3		6.0		(4.7)	(78.3)%
Revenue *(in millions)*						
Hardware	$ 358	36.7%	$ 1,640	61.2%	$ (1,282)	(78.2)%
Service	548	56.2%	947	35.4%	(399)	(42.1)%
Software	56	5.7%	63	2.4%	(7)	(11.1)%
Other	14	1.4%	28	1.0%	(14)	(50.0)%
	$ 976	100.0%	$ 2,678	100.0%	$ (1,702)	(63.6)%
Revenue by Geography *(in millions)*						
North America	$ 297	30.4%	$ 587	21.9%	$ (290)	(49.4)%
Europe, Middle East and Africa	412	42.2%	1,227	45.8%	(815)	(66.4)%
Latin America	127	13.0%	479	17.9%	(352)	(73.5)%
Asia Pacific	140	14.4%	385	14.4%	(245)	(63.6)%
	$ 976	100.0%	$ 2,678	100.0%	$ (1,702)	(63.6)%

Revenue by Category

Hardware Revenue

Hardware revenue was $358 million, or 36.7% of consolidated revenue, in the fourth quarter of fiscal 2014, compared to $1.6 billion, or 61.2% of consolidated revenue, in the fourth quarter of fiscal 2013, representing a decrease of $1.3 billion or 78.2%. The Company recognized revenue related to approximately 1.3 million BlackBerry handheld devices in the fourth quarter of fiscal 2014, reflecting a decrease of approximately 4.7 million devices, or 78.3%, compared to approximately 6.0 million BlackBerry handheld devices in the fourth quarter of fiscal 2013. Most devices recognized were BlackBerry 10 devices. The Company believes that the significant decrease in hardware revenue over the prior fiscal year was primarily attributable to decreased demand and lower sell-through for the Company's new devices, due to very intense competition. 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. The Company also believes that previously disclosed announcements concerning the Company's operational restructuring, recent management changes and the Company's workforce reductions, may have continued to negatively impact demand for the Company's products in the fourth quarter of fiscal 2014. In order to improve sell-through levels and stimulate global demand for BlackBerry devices, the Company continues to implement sell-through programs with its carrier and distributor partners. As previously disclosed, the Company can no longer reasonably estimate the amount of the potential sell-through programs that may be offered on certain BlackBerry devices in future periods, resulting in revenues for BlackBerry 10 devices, and BlackBerry 7 devices in certain regions, being recognized when the devices sell through to end customers. See "Accounting Policies - Revenue Recognition".

During the fourth quarter of fiscal 2014, approximately 3.4 million BlackBerry smartphones were sold through to end customers, which included shipments made and recognized prior to the fourth quarter of fiscal 2014 and which reduced the Company's inventory in channel. Of the devices that sold through to end customers in the fourth quarter of fiscal 2014, approximately 2.3 million were BlackBerry 7 devices. The number of BlackBerry smartphones that were sold through to end customers was 4.3 million in the third quarter of fiscal 2014 and 7.7 million in the fourth quarter of fiscal 2013.

Service Revenue

Service revenue decreased by $399 million, or 42.1%, to $548 million, or 56.2% of consolidated revenue, in the fourth quarter of fiscal 2014, compared to $947 million, or 35.4% of consolidated revenue, in the fourth quarter of fiscal 2013. Service revenue in the fourth quarter of fiscal 2014 included approximately $10 million relating to cash payments received on account of previously deferred service revenue from carriers in Venezuela. The decrease in service revenue is primarily attributable to a lower number of BlackBerry users and lower revenue from those users compared to the fourth quarter of fiscal 2013 and also reflects the deferral of service access fees charged to customers in Venezuela in the fourth quarter of fiscal 2014 (the "Q4 Fiscal 2014 Venezuela Service Revenue Deferral") and the Q4 Fiscal 2014 Argentina Service Revenue Deferral.

In the third quarter of fiscal 2014, the Company provided an outlook that it expected service revenue to decline in the fourth quarter of fiscal 2014 by a percentage consistent with the decline experienced in the third quarter of fiscal 2014. Service revenues for the fourth quarter of fiscal 2014 decreased by approximately 13% compared to the third quarter of fiscal 2014, which is consistent with the decline experienced in the third quarter of fiscal 2014.

The year-over-year decrease also resulted from 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. BlackBerry customers continued to decline in the fourth quarter of fiscal 2014. As previously disclosed, as BlackBerry 10 products use the Company's network infrastructure in a different manner than BlackBerry 7 and previous versions, certain elements of the Company's current revenue model have changed. Users of Blackberry 10 devices that require enhanced services, including advanced security, mobile device management and other services, continue to generate monthly service revenue. Other BlackBerry 10 users who do not utilize such services, do not generate service revenue. Service revenue continues to be generated by current and future users of BlackBerry 7 devices. The Company expects service revenue to decline in the first quarter of fiscal 2015 by a percentage consistent with the decline experienced in the fourth quarter of fiscal 2014.

The Q4 Fiscal 2014 Venezuela Service Revenue Deferral relates to the fact that, based on the recent political and economic events that have occurred in Venezuela, combined with that country's existing and recently amended foreign currency restrictions, the Company did not recognize any revenues related to service access fees charged to customers in Venezuela in the fourth quarter of fiscal 2014. The Company does not sell smartphones directly into the Venezuelan market, nor does it have any operations in Venezuela. Moreover, the Company only invoices its carrier partners in Venezuela in U.S. dollars for service access fees provided to the BlackBerry subscriber base. The invoices are reviewed by the carriers and subsequently, an application is made by them to CADIVI in Venezuela to obtain the necessary U.S. dollars to settle their obligations to the Company. Foreign currency restrictions and other foreign exchange mechanisms implemented by the Venezuelan government have impacted the ability of the Company's Venezuelan carrier partners to timely obtain U.S. dollars in exchange for Venezuelan Bolivars, and the Company is continuing to monitor development in this area as it considers strategies to secure payment of its outstanding invoices. The application and approval process continue to be delayed and the Company's ability to timely obtain U.S. dollars at the official exchange rate remains uncertain. The Company deferred all service revenue associated with services rendered in the fourth quarter of fiscal 2014 of approximately $40 million. The Company also experienced similar currency-related issues in Argentina in the fourth quarter of fiscal 2014, which led to the deterioration of collections from the carriers to whom the Company provides services. As a result, the Company recorded the Q4 Fiscal 2014 Argentina Service Revenue Deferral of approximately $13 million of service revenue associated with service access fees charged to customers in Argentina in the fourth quarter of fiscal 2014.

Software Revenue

Software revenue, which includes fees from licensed BES software, client assess licenses, technical support, maintenance, upgrades and QNX software licensing revenues, decreased by $7 million, or 11.1%, to $56 million, or 5.7% of consolidated revenue, in the fourth quarter of fiscal 2014, compared to $63 million, or 2.4% of consolidated revenue, in the fourth quarter of fiscal 2013. This decrease was primarily attributable to a decrease in technical support revenue, partially offset by an increase in revenue from QNX.

Other Revenue

Other revenue, which includes non-warranty repairs, accessories, licensing revenues and gains and losses on revenue hedging instruments, decreased by $14 million or 50.0%, to $14 million in the fourth quarter of fiscal 2014 compared to $28 million in the fourth quarter of fiscal 2013. The decrease was primarily attributable to a decrease in non-warranty repair revenues and also reflects losses on revenue hedging instruments incurred in the fourth quarter of fiscal 2013. See "Market Risk of Financial Instruments – Foreign Exchange" for additional information on the Company's hedging instruments.

Revenue by Geography

North America Revenues

Revenues in North America were $297 million, or 30.4% of consolidated revenue, in the fourth quarter of fiscal 2014, reflecting a decrease of $290 million compared to $587 million, or 21.9% of consolidated revenue, in the fourth quarter of fiscal 2013. The decrease in North American revenue is primarily attributable to a decrease in revenue from the United States, which represented approximately 23.8% of total consolidated revenue in the fourth quarter of fiscal 2014, compared to 14.2% of total consolidated revenue in the fourth quarter of fiscal 2013. Revenues in the United States have continued to decline and subscriber attrition has remained high due to the intense competition faced by the Company in this market. Sales in Canada represented approximately 6.7% of the consolidated revenue.

Europe, Middle East and Africa Revenues

Revenues in Europe, Middle East and Africa were $412 million or 42.2% of consolidated revenue in the fourth quarter of fiscal 2014, reflecting a decrease of $815 million compared to $1.2 billion or 45.8% of consolidated revenue in the fourth quarter of fiscal 2013. Some of the larger markets comprising this region include the United Kingdom, Germany and South Africa. In the fourth quarter of fiscal 2014, the Company continued to launch BlackBerry smartphones in certain countries in this region, including the Z30 in Austria and Hungary, the 9982 in the the United Arab Emirates and Saudi Arabia as well as the 9720 in Bulgaria.

Latin America Revenues

Revenues in Latin America were $127 million or 13.0% of consolidated revenue in the fourth quarter of fiscal 2014, reflecting a decrease of $352 million compared to $479 million or 17.9% of consolidated revenue in the fourth quarter of fiscal 2013. Colombia, Mexico and Venezuela are some of the larger markets comprising this region. In the fourth quarter of fiscal 2014, the Company launched BlackBerry 10 smartphones in certain countries in this region, including the Z30 in Jamaica, Venezuela and Chile as well as the Q5 in Mexico.

Asia Pacific Revenues

Revenues in Asia Pacific were $140 million or 14.4% of consolidated revenue in the fourth quarter of fiscal 2014, reflecting a decrease of $245 million compared to $385 million or 14.4% of consolidated revenue in the fourth quarter of fiscal 2013. Some of the larger markets comprising this region include Indonesia and India. In the fourth quarter of fiscal 2014, the Company launched BlackBerry smartphones in certain countries in this region, including the 9982 and 9720 in Hong Kong as well as the Q5 in New Zealand.

Gross Margin

Consolidated gross margin from continuing operations decreased by $522 million, or 48.6%, to $553 million, or 56.7% of consolidated revenue, in the fourth quarter of fiscal 2014, compared to $1.1 billion, or 40.1% of consolidated revenue, in the fourth quarter of fiscal 2013. Excluding the impact of the Q4 Fiscal 2014 Inventory Recovery and charges related to the CORE program incurred in the fourth quarter of fiscal 2014, of which $17 million was attributable to cost of sales (see "Non-GAAP Financial Measures"), and the impact of charges related to the CORE program incurred in the fourth quarter of fiscal 2013, of which a recovery of $4 million was attributable to cost of sales, gross margin decreased by $650 million.

The $650 million decrease in consolidated gross margin was primarily attributable to decreases in service revenue and the number of devices for which revenue was recognized compared to the fourth quarter of fiscal 2013. Most of the devices recognized in the fourth quarter of fiscal 2014 were BlackBerry 10 devices, which had lower gross margins than BlackBerry 7 devices due to the current sell-through programs offered on BlackBerry 10 smartphones. The decrease in consolidated gross margin also reflects the Company's fixed costs being allocated over lower shipment volumes. Hardware revenues have lower gross margins than the Company's consolidated gross margin. Service revenues earn higher gross margins than sales of handheld devices.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expenses for the quarter ended March 1, 2014, compared to the quarter ended November 30, 2013 and the quarter ended March 2, 2013. The Company believes that it is meaningful to also provide a comparison between the fourth quarter of fiscal 2014 and the third quarter of fiscal 2014 given that the Company's quarterly operating results vary substantially.

	For the Three Months Ended (in millions)					
	March 1, 2014		November 30, 2013		March 2, 2013	
		% of Revenue		% of Revenue		% of Revenue
Revenue	$ 976		$ 1,193		$ 2,678	
Operating expenses						
Research and development [1]	246	25.2%	322	27.0 %	383	14.3%
Selling, marketing and administration [1]	355	36.4%	548	45.9 %	523	19.5%
Amortization	107	11.0%	148	12.4 %	181	6.8%
Impairment of long-lived assets [2]	—	—%	2,748	230.3 %	—	—%
Impairment of goodwill	—	—%	—	— %	—	—%
Debentures fair value adjustment [3]	382	39.1%	(5)	(0.4)%	—	—%
Total	$ 1,090	111.7%	$ 3,761	315.2 %	$ 1,087	40.6%

(1) Research and development and selling, marketing and administration expenses for the fourth quarter of fiscal 2014 included charges of approximately $21 million and $110 million, respectively, related to the Company's CORE program.

(2) In the third quarter of fiscal 2014, the Company recorded the LLA Impairment Charge of approximately $2.7 billion. See "Overview - Long-Lived Asset Impairment Charge" and "Non-GAAP Financial Measures".

(3) In the fourth quarter of fiscal 2014, the Company recorded the Q4 Fiscal 2014 Debentures Fair Value Adjustment of approximately $382 million. See "Overview - Debentures Fair Value Adjustment" and "Non-GAAP Financial Measures".

Operating expenses decreased by $2.7 billion, or 71.0%, to $1.1 billion, or 111.7% of revenue, in the fourth quarter of fiscal 2014, compared to $3.8 billion, or 315.2% of revenue, in the third quarter of fiscal 2014. Excluding the impact of the Q4 Fiscal 2014 Debentures Fair Value Adjustment and charges incurred as part of the Company's CORE program during the fourth quarter of fiscal 2014, of which $131 million were attributable to operating expenditures, as well as the impact of the LLA Impairment Charge of approximately $2.7 billion and the charges incurred as part of the CORE program during the third quarter of fiscal 2014, of which $190 million were attributable to operating expenditures, operating expenses decreased by $246 million (see "Non-GAAP Financial Measures"). The decrease was primarily attributable to decreases in consulting, advertising and promotion spend, salaries and benefit costs due to a reduction in headcount related to the CORE program and research and development device costs as a result of the cancellation of two planned devices.

Operating expenses decreased by $3 million, or 0.3%, to $1.1 billion, or 111.7% of revenue, in the fourth quarter of fiscal 2014, compared to $1.1 billion or 40.6% of revenue, in the fourth quarter of fiscal 2013. Excluding the impact of the Q4 Fiscal 2014 Debentures Fair Value Adjustment and charges incurred as part of the CORE program during the fourth quarter of fiscal 2014, of which $131 million were attributable to operating expenditures (see "Non-GAAP Financial Measures") and charges incurred as part of the CORE program during the fourth quarter of fiscal 2013, of which $33 million were attributable to operating expenses, operating expenses decreased by $477 million. This decrease was primarily attributable to decreases in marketing and advertising expenses, salaries and benefits due to a reduction in headcount related to the CORE program, consulting, outsourcing and legal costs and research and development device costs as a result of the cancellation of two planned devices.

Research and Development Expense

Research and development expenses decreased by $76 million, or 23.6% to $246 million in the fourth quarter of fiscal 2014 compared to $322 million in the third quarter of fiscal 2014. Excluding the impact of charges related to the CORE program incurred during the fourth quarter of fiscal 2014 of $21 million, that were attributable to research and development expenditures, and the charges related to the CORE program incurred during the third quarter of fiscal 2014 of $37 million, that were attributable to research and development expenditures, research and development expenses decreased by $60 million, which was primarily attributable to decreases in salaries and benefits costs due to a reduction in headcount related to the CORE program, consulting and outsourcing costs and research and development device costs as a result of the cancellation of two planned devices. Research and development related headcount decreased by approximately 11%, compared to the third quarter of fiscal 2014.

Research and development expenses decreased by $137 million, or 35.8% to $246 million in the fourth quarter of fiscal 2014 compared to $383 million in the fourth quarter of fiscal 2013. Excluding the impact of charges incurred as part of the CORE program during the fourth quarter of fiscal 2014, of which $21 million were attributable to research and development

expenditures, and charges incurred as part of the CORE program during the fourth quarter of fiscal 2013 of $3 million, that were attributable to research and development expenditures, research and development expenses decreased by $155 million. This decrease was primarily attributable to decreases in salaries and benefits costs due to a reduction in headcount related to the CORE program, consulting and outsourcing costs, and research and development device costs as a result of the cancellation of two planned devices. Research and development related headcount decreased by approximately 30%, compared to the fourth quarter of fiscal 2013.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses decreased by $193 million, or 35.2% to $355 million in the fourth quarter of fiscal 2014 compared to $548 million for the third quarter of fiscal 2014. Excluding the impact of charges related to the CORE program incurred during the fourth quarter of fiscal 2014, of which $110 million was attributable to selling, marketing and administration expenditures, and the charges incurred as part of the CORE program during the third quarter of fiscal 2014, of which $153 million was attributable to selling, marketing and administration, selling marketing and administration expenses decreased by $150 million. This decrease was primarily attributable to consulting, advertising and promotion spend as well as salaries and benefit costs due to a reduction in headcount related to the CORE program. Selling, marketing and administration related headcount decreased by approximately 14%, compared to the third quarter of fiscal 2014.

Selling, marketing and administration expenses decreased by $168 million, or 32.1% to $355 million in the fourth quarter of fiscal 2014 compared to $523 million in the fourth quarter of fiscal 2013. Excluding the impact of charges incurred as part of the CORE program during the fourth quarter of fiscal 2014, of which $110 million was attributable to selling, marketing and administration expenditures, and the charges incurred as part of the CORE program during the fourth quarter of fiscal 2013, of which $30 million was attributable to selling, marketing and administration, selling, marketing and administration expenses decreased by $248 million. This decrease was primarily attributable to advertising and promotion spend as well as salaries and benefit costs due to a reduction in headcount related to the CORE program. Headcount related to selling, marketing and administration functions decreased by approximately 36%, as compared to the fourth quarter of fiscal 2013.

Amortization Expense

The table below presents a comparison of amortization expense relating to property, plant and equipment and intangible assets recorded as amortization or cost of sales for the quarter ended March 1, 2014 compared to the quarter ended March 2, 2013. Intangible assets are comprised of intellectual property and acquired technology.

	For the Three Months Ended *(in millions)*					
	Included in Amortization			**Included in Cost of sales**		
	March 1, 2014	March 2, 2013	Change	March 1, 2014	March 2, 2013	Change
Property, plant and equipment	$ 51	$ 103	$ (52)	$ 16	$ 77	$ (61)
Intangible assets	56	78	(22)	80	136	(56)
Total	$ 107	$ 181	$ (74)	$ 96	$ 213	$ (117)

Amortization

Amortization expense relating to certain property, plant and equipment and certain intangible assets decreased by $74 million to $107 million for the fourth quarter of fiscal 2014 compared to $181 million for the fourth quarter of fiscal 2013. The decrease in amortization expense reflects the lower cost base of LLA as a result of the LLA Impairment Charge recorded on November 4, 2013, in the third quarter of fiscal 2014 as well as reduced spending on capital and intangible assets, partially offset by certain property, plant and equipment and intangible asset additions made over the last four quarters.

Cost of sales

Amortization expense relating to certain property, plant and equipment and certain intangible assets employed in the Company's manufacturing operations and BlackBerry service operations decreased by $117 million to $96 million for the fourth quarter of fiscal 2014 compared to $213 million for the fourth quarter of fiscal 2013. This decrease primarily reflects the impact of amortizing intangible assets over lower shipment volumes and the lower cost base of LLA as a result of the LLA Impairment Charge recorded on November 4, 2013, in the third quarter of fiscal 2014. The decrease was partially offset by renewed or amended licensing agreements and certain property, plant and equipment asset additions made over the last four quarters.

Investment Income

Investment income decreased by $14 million to a loss of $20 million in the fourth quarter of fiscal 2014 from a loss of $6 million in the fourth quarter of fiscal 2013. The decrease in investment income is primarily attributable to interest costs associated with the Company's Debentures, which was partially offset by difference in the recognition of the Company's portion of investment losses in its equity-based investments. See "Financial Condition - Liquidity and Capital Resources" below.

Income Taxes

For the fourth quarter of fiscal 2014, the Company's income tax recovery from continuing operations was $134 million, resulting in an effective income tax recovery rate of approximately 24.2%, compared to an income tax recovery from continuing operations of $112 million and an effective income tax recovery rate of approximately 622.2% for the same period in the prior fiscal year. The Company's effective income tax recovery rate reflects the geographic mix of earnings in jurisdictions with different income tax rates. The Company's 24.2% effective income tax recovery rate in the fourth quarter of fiscal 2014 reflects the recognition of additional deferred tax recoveries and the recognition of additional deferred tax valuation allowance, which is more fully described below.

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 significant increases in deductible temporary differences in the third quarter of fiscal 2014 in relation to the LLA Impairment Charge, which was not currently deductible for tax purposes. In addition, the Company has three years of cumulative losses for fiscal 2014. As a result, the Company was unable to recognize the benefit relating to a significant portion of deferred tax assets that arose in the fourth quarter of fiscal 2014, which resulted in a $55 million valuation allowance against its deferred tax assets. The deferred tax recovery is partially offset by this deferred tax valuation allowance of $55 million and included in the income tax provision in the fourth quarter of fiscal 2014. 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.

During the third quarter, the Company took steps to accelerate the receipt of a portion of the tax refund to which it is entitled. The Canadian federal and Ontario provincial Ministers of Finance had indicated to the Company that they would be prepared to recommend measures such that the acceleration would not jeopardize the entitlement to the balance of its tax refund. The Company's actions resulted in a November 3, 2013 taxation year end, which triggered the entitlement to the accrued tax refund accrued of $696 million, which the Company received prior to November 30, 2013. In December 2013, Remission Orders were made by the Canadian federal and Ontario provincial governments which preserved the Company's ability to carry back losses for the balance of fiscal 2014 and for fiscal 2015 on the same basis as without the November 3, 2013 taxation year end. The tax provision includes the impact of the Remission Orders in accordance with ASC 740 because they were made in the fourth quarter.

The Company has provided for foreign withholding taxes of $32 million that would apply on the distribution of the earnings of its non-Canadian subsidiaries as these earnings are no longer intended to be reinvested indefinitely by these subsidiaries.

Net Income (loss)

The Company's net loss from continuing operations for the fourth quarter of fiscal 2014 was $423 million, or $0.80 per share (basic and diluted), reflecting an unfavourable increase in net loss of $517 million compared to net income from continuing operations of $94 million, or $0.18 per share (basic and diluted), in the fourth quarter of fiscal 2013. The increase in net loss from continuing operations includes the impacts in fiscal 2014 and 2013 of:

Fiscal 2014

- Q4 Fiscal 2014 Debentures Fair Value Adjustment;
- the Q4 Fiscal 2014 Inventory Recovery; and
- restructuring charges of approximately $105 million, after tax, related to the Company's CORE program and strategic review process.

Fiscal 2013

- restructuring charges of approximately $20 million, after tax, related to the Company's CORE program incurred in the fourth quarter of fiscal 2013.

Excluding the items noted above (see "Non-GAAP Financial Measures"), the Company's net loss reflected an unfavourable increase of $156 million. The increase in net loss is also attributable to a decrease in the Company's gross margin, partially

offset by an increase in the recovery of income taxes and a reduction in operating expenditures. The decrease in the Company's consolidated gross margin in the fourth quarter of fiscal 2014 was attributable to decreases in service revenue and the number of devices for which revenue was recognized compared to the fourth quarter of fiscal 2013. The decrease in consolidated gross margin also reflects the Company's fixed costs being allocated over lower shipment volumes. Hardware revenues have lower gross margins than the Company's consolidated gross margin. Service revenues earn higher gross margins than sales of handheld devices.

The weighted average number of shares outstanding was 526 million common shares for basic and diluted loss per share for the fourth quarter of fiscal 2014. The weighted average number of shares outstanding was 524 million common shares for basic earnings per share and 527 million for diluted earnings per share for the fourth quarter of fiscal 2013.

Selected Quarterly Financial Data

The following table sets forth the Company's unaudited quarterly consolidated results of operations data for each of the eight most recent quarters, including the quarter ended March 1, 2014. The information in the table below has been derived from the Company's unaudited interim consolidated financial statements that, in management's opinion, have been prepared on a basis consistent with the audited consolidated financial statements of the Company and include all adjustments necessary for a fair presentation of information when read in conjunction with the audited consolidated financial statements of the Company. The Company's quarterly operating results have varied substantially in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

	Fiscal Year 2014				Fiscal Year 2013			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(in millions, except per share data)							
Revenue	$ 976	$ 1,193	$ 1,573	$ 3,071	$ 2,678	$ 2,727	$ 2,861	$ 2,808
Gross margin	553	(1,264)	(374)	1,042	1,075	830	744	786
Operating expenses	1,090	3,761	1,058	1,211	1,087	1,060	1,102	1,421
Investment income (loss), net	(20)	—	(6)	5	(6)	18	—	3
Income (loss) from continuing operations, before income taxes	(557)	(5,025)	(1,438)	(164)	(18)	(212)	(358)	(632)
Provision for (recovery of) income taxes	(134)	(624)	(473)	(80)	(112)	(226)	(129)	(122)
Income (loss) from continuing operations	(423)	(4,401)	(965)	(84)	94	$ 14	(229)	(510)
Loss from discontinued operations, net of tax	—	—	—	—	4	(5)	(6)	(8)
Net income (loss)	$ (423)	$ (4,401)	$ (965)	$ (84)	$ 98	$ 9	$ (235)	$ (518)
Earnings (loss) per share								
Basic and diluted earnings (loss) per share from continuing operations	$ (0.80)	$ (8.37)	$ (1.84)	$ (0.16)	$ 0.18	$ 0.03	$ (0.44)	$ (0.97)
Basic and diluted earnings (loss) per share from discontinued operations	—	—	—	—	0.01	(0.01)	(0.01)	(0.02)
Total basic and diluted earnings (loss) per share	$ (0.80)	$ (8.37)	$ (1.84)	$ (0.16)	$ 0.19	$ 0.02	$ (0.45)	$ (0.99)

Research and development	$ 246	$ 322	$ 360	$ 358	$ 383	$ 393	$ 366	$ 367
Selling, marketing and administration	355	548	527	673	523	487	556	547
Amortization	107	148	171	180	181	180	180	172
Impairment of long-lived assets	—	2,748	—	—	—	—	—	—
Impairment of goodwill	—	—	—	—	—	—	—	335
Debentures fair value adjustment	382	(5)	—	—	—	—	—	—
Operating expenses	$ 1,090	$ 3,761	$ 1,058	$ 1,211	$ 1,087	$ 1,060	$ 1,102	$ 1,421

Financial Condition

Liquidity and Capital Resources

Cash, cash equivalents, and investments decreased by $217 million to $2.7 billion as at March 1, 2014 from $2.9 billion as at March 2, 2013, primarily as a result of the Company's net loss and net changes in working capital, partially offset by proceeds from the issuance of the Debentures. Substantially all of the Company's cash, cash equivalents, and investments are denominated in U.S. dollars as at March 1, 2014.

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

	As at *(in millions)*		
	March 1, 2014	March 2, 2013	Change
Cash and cash equivalents	$ 1,579	$ 1,549	$ 30
Short-term investments	950	1,105	(155)
Long-term investments	129	221	(92)
Cash, cash equivalents, and investments	$ 2,658	$ 2,875	$ (217)

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

	As at *(in millions)*		
	March 1, 2014	March 2, 2013	Change
Current assets	$ 5,057	$ 7,441	(2,384)
Current liabilities	2,268	3,460	(1,192)
Working capital	$ 2,789	$ 3,981	(1,192)

Current Assets

The decrease in current assets of $2.4 billion at the end of fiscal 2014 from the end of fiscal 2013 was primarily due to decreases in accounts receivable of $1.4 billion, inventories of $359 million, income taxes receivable of $224 million, short term investments of $155 million and other receivables of $120 million.

At March 1, 2014, accounts receivable was $972 million, a decrease of $1.4 billion from March 2, 2013. The decrease reflects the lower revenues recognized during fiscal 2014 as well as an increase in days sales outstanding to 111.2 days in the fourth quarter of fiscal 2014 from 79.9 days at the end of fiscal 2013. Inventories decreased by $359 million at the end of fiscal 2014 compared to March 2, 2013, primarily due to the Q3 Fiscal 2014 Inventory Charge and the Z10 Inventory Charge, which were partially offset by the Q4 Fiscal 2014 Inventory Recovery and purchases of inventory. See "Overview - Inventory Charges" and "Non-GAAP Financial Measures".

As of March 1, 2014, the Company has accounts receivables outstanding related to service access fees provided to wireless service providers in Venezuela and Argentina. See "Results of Continuing Operations - Fiscal year ended March 1, 2014 compared to fiscal year ended March 2, 2013 - Revenue - Revenue by Category - Service Revenue" for a discussion of the Fiscal 2014 Venezuela Service Revenue Deferral and the Q4 Fiscal 2014 Argentina Service Revenue Deferral incurred in fiscal 2014. In fiscal 2014, the Company collected funds related to services rendered of $114 million, which includes services rendered in previous periods, from customers in Venezuela. The Company continues to face challenges in obtaining timely payments on its receivables and will continue to closely monitor its collection efforts in future periods.

The Company also sells products and provides services in additional foreign jurisdictions including Asia-Pacific, the Middle East and Latin America, which expose the Company to political, legal and economic uncertainties and may limit the Company's ability to collect on its sales generating activities, which may have a negative impact on the Company's cash balance. These uncertainties include, but are not limited to, the following:

- challenges with enforcing contracts in local courts;
- currency devaluations in hyper-inflationary markets resulting in a loss of revenues due to their inability to procure the Company's our products and services in the future; and
- stringent and evolving currency exchange restrictions and controls which have resulted and could result in further extended delays or other challenges in the recognition of revenue and the collection of accounts receivables.

See "Cautionary Statement Regarding Forward-Looking Statements" and the "Risk Factors" section of the AIF, which is included in the Annual Report, including the risk factor titled "The Company is subject to risks inherent in foreign operations".

Current Liabilities

The decrease in current liabilities of $1.2 billion at the end of fiscal 2014 from the end of fiscal 2013 was primarily due to decreases in accrued liabilities and accounts payable, partially offset by an increase in deferred revenue. As at March 1, 2014, accrued liabilities were $1.2 billion, reflecting a decrease of $640 million compared to March 2, 2013, which was primarily attributable to decreases in accrued royalties, employee incentives and warranty liabilities, partially offset by an increase in vendor liabilities reflecting the Q3 Fiscal 2014 Inventory Charge, the Z10 Inventory Charge and the Q4 Fiscal 2014 Inventory Recovery. Deferred revenue was $580 million, which reflects an increase of $38 million compared to March 2, 2013 due to an increase in the volume of transactions that did not meet the criteria for revenue recognition as at March 1, 2014. Accounts payable was $474 million as at March 1, 2014, reflecting a decrease of $590 million from March 2, 2013, which was primarily attributable to timing of purchases at the end of fiscal 2014 compared to the end of fiscal 2013.

Cash flows for the fiscal year ended March 1, 2014 compared to the fiscal year ended March 2, 2013 were as follows:

	For the Fiscal Year Ended *(in millions)*	
	March 1, 2014	March 2, 2013
Net cash flows provided by (used in):		
Operating activities	$ (159)	$ 2,303
Investing activities	(1,040)	(2,240)
Financing activities	1,224	(36)
Effect of foreign exchange gain (loss) on cash and cash equivalents	5	(5)
Net increase (decrease) in cash and cash equivalents	$ 30	$ 22

Operating Activities

Net cash flows used in operating activities were $159 million for fiscal 2014 compared to net cash flows provided by operating activities of $2.3 billion in fiscal 2013. The decrease primarily reflects the net loss incurred in fiscal 2014, partially offset by changes in net working capital compared to the same period in the prior fiscal year.

Investing Activities

During the fiscal year ended March 1, 2014, cash flows used in investing activities were $1.0 billion and included intangible asset additions of $1.1 billion, acquisitions of property, plant and equipment of $283 million and business acquisitions of $7 million, which were partially offset by cash flows provided by transactions involving the proceeds on sale or maturity of short-term and long-term investments, net of the costs of acquisitions in the amount of $281 million and proceeds on the sale of property, plant and equipment $49 million. For the same period of the prior fiscal year, cash flows used in investing activities were $2.2 billion and included intangible asset additions of $1.0 billion, property, plant and equipment additions of $418 million and business acquisitions of $60 million, offset by 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 $762 million.

During the fiscal year ended March 1, 2014, the additions of intangible assets primarily consisted of payments relating to amended or renewed licensing agreements, as well as agreements with third parties for the use of intellectual property, software, messaging services and other BlackBerry related features. The decrease in additions of property, plant and equipment for fiscal 2014 was primarily due to the cost saving initiatives of the CORE program, reflecting the Company's targeted investment approach in research and development and manufacturing, as well as its continued investment in network infrastructure, which remains a strategic priority for the Company. In the first quarter of fiscal 2015, the Company expects capital expenditures to be approximately $50 million.

Financing Activities

Cash flows provided by financing activities were $1.2 billion for fiscal 2014, reflecting an increase of $1.3 billion from fiscal 2013 and is primarily attributable to the Company's issuance of the Debentures. See "Overview - Strategic Review, Debenture Financing and Management Changes".

Aggregate Contractual Obligations

The following table sets out aggregate information about the Company's contractual obligations and the periods in which payments are due as at March 1, 2014:

	(in millions)				
	Total	Less than One Year	One to Three Years	Four to Five Years	Greater than Five Years
Operating lease obligations	$ 196	$ 47	$ 67	$ 45	$ 37
Purchase obligations and commitments	1,206	1,206	—	—	—
Long-term debt interest and principal payments	501	75	150	150	126
Total	$ 1,903	$ 1,328	$ 217	$ 195	$ 163

Purchase obligations and commitments amounted to approximately $1.2 billion as at March 1, 2014, with purchase orders with contract manufacturers representing approximately $586 million of the total. The Company also has commitments on account of capital expenditures of approximately $9 million included in this total, primarily for manufacturing and information technology, including service operations. The remaining balance consists of purchase orders or contracts with suppliers of raw materials, as well as other goods and services utilized in the operations of the Company including payments on account of licensing agreements. The expected timing of payments and actual amounts to be paid for these purchase obligations and commitments is estimated based upon current information and the Company's existing contractual arrangements with suppliers. The timing of payments and actual amounts paid may differ from estimates depending upon the timing of receipt of goods and services, changes to agreed-upon amounts for certain obligations, and payment terms or changes to the contractual relationships between the Company and its suppliers. The Company's purchase obligations and commitments generally increase or decrease along with the demand for the Company's products, or as new service offerings are either launched or exited.

Credit Facilities and Other Funding Sources

On November 13, 2013, Fairfax and other institutional investors acquired the Debentures, with an option to purchase an additional $250 million principal amount of Debentures. On December 12, 2013, the Company announced that the expiry of the option to purchase additional Debentures had been extended from December 13, 2013 to January 13, 2014. In January 2014, the Company announced that Fairfax had completed the purchase, through its subsidiaries, of an additional $250 million principal amount of 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 principal amount 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 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 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. The Company is not required to make that offer to Fairfax, its affiliates or any of their joint actors, if they have caused such a change of control.

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 25% of the Debenture holders. During the continuance of an event of default, the interest rate rises to 10% per annum.

The Company has a $525 million asset-backed lending arrangement (the "Facility") for working capital and general corporate purposes with a syndicate of commercial banks. The Facility, which is subject to certain availability criteria and limits and customary financial covenants, expires on August 27, 2016 and is secured by the Company's accounts receivable, inventory, equipment, mortgages on certain real property and a stock pledge of certain subsidiaries. There can be no assurance that the Facility will continue to be available on its current terms or at all. The Company has utilized approximately $5 million of the Facility for its outstanding letters of credit as of March 1, 2014.

Cash, cash equivalents, and investments were $2.7 billion as at March 1, 2014. To mitigate the pressure on the Company's cash flows, the Company's management is focused on maintaining appropriate cash balances, efficiently managing working capital balances and the significant reduction in capital investments through the CORE program and its operational restructuring, and remains focused on managing the liquidity needs of the business. In addition, as described above, the Company continues to

pursue opportunities to attain further cost savings in the coming fiscal quarters as it executes on its operational restructuring plan noted above. The Company has also identified additional opportunities to generate liquidity through the anticipated receipt of a $413 million Canadian income tax refund in the first half of fiscal 2015 and the dispositions of assets, classified as held for sale on the Company's balance sheets. The Company has also announced that it has entered into an agreement for the divestiture of the majority of its real estate holdings in Canada, with an expected closing in the first quarter of fiscal 2015. Based on its current financial projections, the Company believes its financial resources, including the proceeds from the Debentures, the tax refund received in the third quarter of fiscal 2014 and the tax refund expected to be received in the first half of fiscal 2015, together with expected future operating cash generating and operating expense reduction activities, available borrowings under the Facility and access to other potential financing arrangements should be sufficient to meet funding requirements for current financial commitments, for future operating expenditures not yet committed and should provide the necessary financial capacity for the foreseeable future. However, as noted above, the Company's expectations with respect to its cash position and future liquidity are forward-looking statements that are subject to many risks, including the inherent risk of difficulties in forecasting the Company's financial results and performance for future periods, particularly over longer periods, given the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the wireless communications industry. These difficulties in forecasting the Company's financial results and performance are magnified at the present time given the uncertainties related to the Company's operational restructuring, recent management changes and strategic initiatives described in this MD&A. See "Overview - CORE and Operational Restructuring", "Overview - Strategic Review, Debenture Financing and Management Changes", "Overview - Strategic Initiatives", "Cautionary Statement Regarding Forward-Looking Statements" and the "Risk Factors" section of the AIF, which is included in the Annual Report, including the risk factor titled "The Company's ability to maintain or increase its liquidity, its existing cash balance, its ability to access existing or potential alternative sources of funding, the sufficiency of its financial resources, and its ability to service its debt, could be adversely affected by its ability to offer competitive products and services in a timely manner at competitive prices, its ability to collect accounts receivables in jurisdictions with foreign currency controls and its access to the capital markets".The Company does not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K under the Securities Exchange Act of 1934, as amended, or under applicable Canadian securities laws.

Legal Proceedings

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. The Company is subject to a variety of claims (including claims related to patent infringement, purported class actions and other claims in the normal course of business) and may be subject to additional claims either directly or through indemnities against claims that it provides to certain of its partners and customers. In particular, the industry in which the Company competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. The Company has received, and may receive in the future, assertions and claims from third parties that the Company's products infringe on their patents or other intellectual property rights. Litigation has been, and will likely continue to be, necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company's proprietary rights. Regardless of whether claims against the Company have merit, those claims could be time-consuming to evaluate and defend, result in costly litigation, divert management's attention and resources, subject the Company to significant liabilities and could have the other effects that are described in greater detail under "Risk Factors" in the Company's Annual Information Form for the fiscal year ended March 1, 2014, which is included in the Company's Annual Report on Form 40-F, including the risk factors entitled "The Company is subject to general commercial litigation, class action and other litigation claims as part of its operations, and it could suffer significant litigation expenses in defending these claims and could be subject to significant damage awards or other remedies" and "The Company may infringe 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 it is considered probable for a material exposure to result and where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The Company does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

Though the Company does not believe the following legal proceedings will result in a significant loss, and does not believe they are claims for which the outcomes are determinable or where the amounts of the loss can be reasonably estimated, the Company has included the following summaries of certain of its legal proceedings that it believes may be of interest to its investors.

On October 31, 2008, Mformation Technologies, Inc. ("Mformation") filed a patent infringement lawsuit against the Company in the U.S. District Court for the Northern District of California. The patents in suit include U.S. Patent Nos. 6,970,917 and 7,343,408. These patents are generally directed to remote device management functionality. A jury trial began on June 19, 2012. On July 13, 2012, the jury found that the Company had infringed the asserted patent claims, awarding damages of $147.2 million. On August 8, 2012, Judge Ware overturned the jury verdict and granted judgment of non-infringement as a matter of law. On September 5, 2012, Mformation filed a motion for a new trial. On September 6, 2012, Mformation filed a notice of appeal to the U.S. Court of Appeals for the Federal Circuit. However, the Federal Circuit deactivated the appeal while the motion for new trial was pending. On September 20, 2012, the case was reassigned to Judge Edward M. Chen, in view of Judge Ware's retirement from the bench. Judge Chen subsequently denied Mformation's motion for new trial on November 15, 2012. On December 4, 2012, the court denied Mformation's motion for relief from costs. The Federal Circuit reactivated the appeal on December 20, 2012 after Mformation filed a new notice of appeal. On January 3, 2013, a new entity, Mformation Software Technologies, Inc. ("MST"), filed a motion to substitute parties, alleging that Mformation had dissolved and that MST had assumed the rights, but not the liabilities, to the litigation. On January 14, 2013, the Company filed an opposition to MST's motion, combined with a motion to dismiss. On April 8, 2013, MST filed its opening substantive brief. On November 21, 2013, after a limited remand to the District Court, the Federal Circuit denied both MST's motion to substitute and the Company's motion to dismiss. On December 23, 2013, the Company filed its responsive substantive brief, and MST filed a reply brief on January 9, 2014. Proceedings are ongoing.

On April 2, 2012, NXP B.V. ("NXP") filed a lawsuit against the Company in the U.S. District Court for the Middle District of Florida (Orlando Division). NXP asserted that the Company infringes U.S. Patent Nos. 7,330,455; 6,434,654; 6,501,420; 5,597,668; 5,639,697; and 5,763,955. NXP alleges that its patents are generally directed to certain wireless technologies including 802.11 standards GPS and embedded memory technology, as well as certain methods of manufacture for semiconductor devices. The complaint seeks monetary damages, an injunction, and other relief that the court deems just and proper. The Company filed its Answer on May 30, 2012. Prior to trial, NXP dropped patents 5,597,668; 5,639,697; and 5,763,955. The trial began on March 24, 2014. Proceedings are ongoing.

On September 10, 2013, Cypress Semiconductor Corp. ("Cypress") filed a lawsuit against the Company in the U.S. District Court for the Northern District of California. Cypress asserted that the Company infringes U.S. Patent Nos. 6,012,103; 6,249,825; and 6,493,770, generally relating to reconfiguration of a peripheral device connected to a host computer. Cypress also asserted that the Company infringes U.S. Patent Nos. 8,004,497; 8,059,015; and 8,519,973, generally relating to capacitive touchscreens. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper. On November 4, 2013, the Company filed an answer and counterclaims. The Company asserted that Cypress infringes U.S. Patent Nos. 7,834,586, 7,986,127, and 8,169,187, generally directed to USB charging. The counterclaims seek an injunction, monetary damages, and other relief that the court deems just and proper. On December 2, 2013, Cypress filed an answer to the Company's counterclaims. Proceedings are ongoing.

On November, 4, 2013, the Company filed a lawsuit against Cypress Semiconductor Corp. ("Cypress") in the U.S. District Court for the Northern District of Texas. The Company asserted that Cypress infringes U.S. Patent No. 6,034,623, generally directed to a radio modem with radio and telemetry functions, and U.S. Patent No. 6,833,686, generally directed to an adaptive rate battery charging circuit. On January 13, 2014, Cypress filed an answer to the complaint. On January 30, 2014, Cypress filed petitions for inter partes review for both patents in the U.S. Patent and Trademark Office. On February 4, 2014, Cypress filed a motion to stay the lawsuit pending the inter partes reviews. Proceedings are ongoing.

On January 3, 2014, the Company filed a lawsuit against Typo Products LLC ("Typo") in the U.S. District Court for the Northern District of California. The Company asserted that Typo infringes U.S. Patent Nos. 7,629,964, and 8,162,552, generally directed to a keyboard for use with a mobile communication device. The Company also asserted that Typo infringed U.S. Design Patent No. D685,775, generally directed to a keyboard design, and trade dress relating to keyboards. The complaint seeks an injunction, monetary damages, and other relief that the court deems just and proper. On January 22, 2014, the Company filed a motion for preliminary injunction to enjoin Typo from infringing U.S. Patent No. 7,629,964 and U.S. Design Patent No. D.685,775. Typo filed its opposition on February 5, 2014, and the Company filed a reply on February 12, 2014. Proceedings are ongoing.

Between May and August 2011, several purported class action lawsuits were filed against the Company and certain of its present or former officers in the U.S. District Court for the Southern District of New York, two of which have been voluntarily dismissed. On January 6, 2012, Judge Richard S. Sullivan consolidated the remaining three actions and appointed both lead plaintiff and counsel. On April 5, 2012, plaintiff filed the Consolidated Amended Class Action Complaint, alleging that during the period from December 16, 2010 through June 16, 2011, the Company and certain of its officers made materially false and misleading statements regarding the Company's financial condition and business prospects, and seek unspecified damages. Defendants brought a motion to dismiss the claim with prejudice, which was granted on March 29, 2013. On April 25, 2013,

Plaintiff filed a Notice of Appeal. The appeal was argued on November 7, 2013 with judgment reserved. Proceedings are ongoing.

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. The purported class action claims seek unspecified damages. Motions for the appointment of Lead Plaintiff and counsel have been filed in the U.S. proceedings. Proceedings are ongoing in all cases.

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 2014 are transacted in U.S. dollars. Portions of the revenues are denominated in Canadian dollars, Euros and British Pounds. Purchases of raw materials are primarily transacted in U.S. dollars. Other expenses, consisting mainly of salaries, certain operating costs and manufacturing overhead are incurred primarily in Canadian dollars. At March 1, 2014, approximately 35% of cash and cash equivalents, 26% of accounts receivables and 12% of accounts payable are denominated in foreign currencies (March 2, 2013 – 19%, 29% and 5%, respectively). These foreign currencies primarily include the Canadian dollar, Euro and British Pound. As part of its risk management strategy, the Company maintains net monetary asset and/or liability balances in foreign currencies and engages in foreign currency hedging activities using derivative financial instruments, including currency forward contracts and currency options. The Company does not use derivative instruments for speculative purposes. The principal currencies hedged include the Canadian dollar, Euro and British Pound.

The Company enters into forward and option contracts to hedge exposures relating to anticipated foreign currency transactions. These contracts have been designated as cash flow hedges with the effective portion of the change in fair value initially recorded in accumulated other comprehensive income and subsequently reclassified to income when the hedged exposure affects income. Any ineffective portion of the derivative's gain or loss is recognized in current period income. For the fiscal year ended March 1, 2014, there was $4 million in realized losses on forward contracts which were ineffective upon maturity (March 2, 2013 – $8 million in realized gains). As at March 1, 2014 and March 2, 2013, the outstanding derivatives designated as cash flow hedges were considered to be fully effective. As at March 1, 2014, the net unrealized loss on these forward and option contracts was approximately $8 million (March 2, 2013 – net unrealized losses of $8 million) and were recorded in other current assets and accumulated other comprehensive income. Unrealized losses were recorded in accrued liabilities and accumulated other comprehensive income.

The Company enters into forward and option contracts to hedge certain monetary assets and liabilities that are exposed to foreign currency risk. The principal currencies hedged include the Canadian dollar, Euro and British Pound. These contracts are not subject to hedge accounting; as a result, gains or losses are recognized in income each period, generally offsetting the change in the U.S. dollar value of the hedged asset or liability. As at March 1, 2014, net unrealized losses (net of premium paid) of $10 million were recorded (March 2, 2013 – net unrealized gains of $29 million). Unrealized gains associated with these contracts were recorded in other current assets and selling, marketing and administration. Unrealized losses were recorded in accrued liabilities and selling, marketing and administration.

Interest Rate

Cash 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. Consequently, the Company is exposed to interest rate risk as a result of the long term of the Debentures. The fair value of the Debentures will fluctuate with changes in prevailing interest rates. 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 an increasing number of significant telecommunication carriers and distribution partners and on larger more complex contracts with respect to sales of the majority of its products and services. The Company has experienced significant sales growth in the past, resulting in the growth in its carrier customer base in terms of numbers, sales and accounts receivable volumes, and in some instances, new or significantly increased credit limits. The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers, historical trends and economic circumstances. The allowance as at March 1, 2014 was $17 million (March 2, 2013 -$17 million). The Company also places insurance coverage for a portion of its accounts receivable balances. There were no customers that comprised more than 10% of accounts receivable as at March 1, 2014 (March 2, 2013 – no customers that comprised more than 10%). Additionally, there were no customers that comprised more than 10% of the Company's revenue in fiscal 2014 (fiscal 2013 – no customers that comprised more than 10%; fiscal 2012 – no customers that comprised more than 10%).

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations. The Company mitigates this risk by limiting counterparties to highly rated financial institutions and by continuously monitoring their creditworthiness. The Company's exposure to credit loss and market risk will vary over time as a function of currency exchange rates. The Company measures its counterparty credit exposure as a percentage of the total fair value of the applicable derivative instruments. Where the net fair value of derivative instruments with any counterparty is negative, the Company deems the credit exposure to that counterparty to be nil. As at March 1, 2014, 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 100% (March 2, 2013 – 29%).

The Company is exposed to market price and credit risk on its investment portfolio. The Company reduces this risk by investing in liquid, investment grade securities and by limiting exposure to any one entity or group of related entities. As at March 1, 2014 no single issuer represented more than 33% of the total cash, cash equivalents and investments (March 2, 2013 – no single issuer represented more than 22% of the total cash, cash equivalents and investments).

Market values are determined for each individual security in the investment portfolio. The Company assesses declines in the value of individual investments for impairment to determine whether the decline is other-than-temporary. The Company makes this assessment by considering available evidence including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition, the near-term prospects of the individual investment and the Company's ability and intent to hold the debt securities to maturity. The Company did not record any other-than-temporary impairment charges for the fiscal year ended March 1, 2014.

Disclosure Controls and Procedures and Internal Controls

Disclosure Controls and Procedures

As of March 1, 2014, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and its Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13(a)-15(e) and 15(d)-15(e) under the U.S. Exchange Act. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of such date, the Company's disclosure controls and procedures were effective to give reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits under the U.S. Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13(a)-15(f) and 15(d)-15(f) under the U.S. Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisitions, use or dispositions of the Company's assets that could have a material effect on the Company's financial statements.

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of March 1, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, management believes that, as of March 1, 2014, the Company's internal control over financial reporting was effective.

The Company's independent auditors have issued an audit report on the Company's internal control over financial reporting. This report is included with the Consolidated Financial Statements.

Changes in Internal Control Over Financial Reporting

During the fiscal year ended March 1, 2014, 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 March 1, 2014 of our reports dated March 28, 2014 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, and 333-192987] pertaining to the Company's stock option plans of our reports dated March 28, 2014 with respect to the consolidated financial statements of the Company included herein, and the effectiveness of internal control over financial reporting.

Kitchener, Canada,
March 28, 2014

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

Exhibit 31.1

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

I, 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: March 28, 2014

/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: March 28, 2014

/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 March 1, 2014, 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: March 28, 2014

/s/ James Yersh

Name: James Yersh

Title: Chief Financial Officer

Date: March 28, 2014

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.