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(Exceeds 100 pages)

Proceeding/Serial No: **91191059**

Filed: 09/10/2010

Title: *OPPOSER'S NOTICE OF RELIANCE # 2: PRINTED PUBLICATION*

Part 1 of 2

91191059

CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first-class mail in an envelope addressed to: **Trademark Trial and Appeal Board, United States Patent and Trademark Office, P.O.Box 1451, Alexandria, VA 22313-1451**, on September 10, 2010.

By: ______________________
Jeffrey J. Morgan

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

RESEARCH IN MOTION LIMITED	)	
	)	
Opposer,	)	
	)	Serial No.: 77/596,739
v.	)	Mark: VUEBERRY
	)	Opposition No. 91191059
AVOXAMERICA, INC.	)	
	)	
Applicant.	)	

<u>OPPOSER'S NOTICE OF RELIANCE # 2:</u>
<u>PRINTED PUBLICATIONS</u>

Opposer Research In Motion Limited ("RIM" or "Opposer"), pursuant to 37 C.F.R. § 2.120(e), hereby gives notice that it will rely on Research In Motion Limited's 2009 and 2010 Annual Reports, attached hereto as Exhibits 10 and 11, respectively. The Annual Reports are available to the general public on the Internet by download from clickable links at RIM's website at the URL shown in Exhibit 12. The Annual Reports show financial data related to the sale of goods and services under the BLACKBERRY trademark and are relevant to show the fame, notoriety, reputation, prestige and scope of use of the mark.

Additionally, Opposer hereby gives notice that it will further rely on RIM's Annual Information Forms for the fiscal year ended February 28, 2009 and the fiscal year ended February 27, 2010, attached hereto as Exhibits 13 and 14, respectively. The Annual Information Forms are available to the general public on the Securities Exchange Commission's website on the Internet at the URLs shown in Exhibits 13 and 14. The Annual Information Forms show financial data related to the sale of goods and services under the BLACKBERRY trademark and are relevant to show the fame, notoriety, reputation, prestige and scope of use of the mark.

Dated: September 7th, 2010

William R. Towns
Jeffrey J. Morgan
Novak Druce + Quigg LLP
1000 Louisiana Street, 53rd Floor
Houston, Texas 77002

Attorneys for Opposer
Research In Motion Limited

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing OPPOSER'S NOTICE OF RELIANCE #2 was sent by U.S. First Class Mail, postage prepaid, to the following on this 7th day of September, 2010:

Clinton J. Cusick
Muskin & Cusick LLC
100 W. Main Street, Suite 205
Lansdale, PA 19446

Of Novak Druce + Quigg LLP
1000 Louisiana Street, 53rd Floor
Houston, Texas 77002

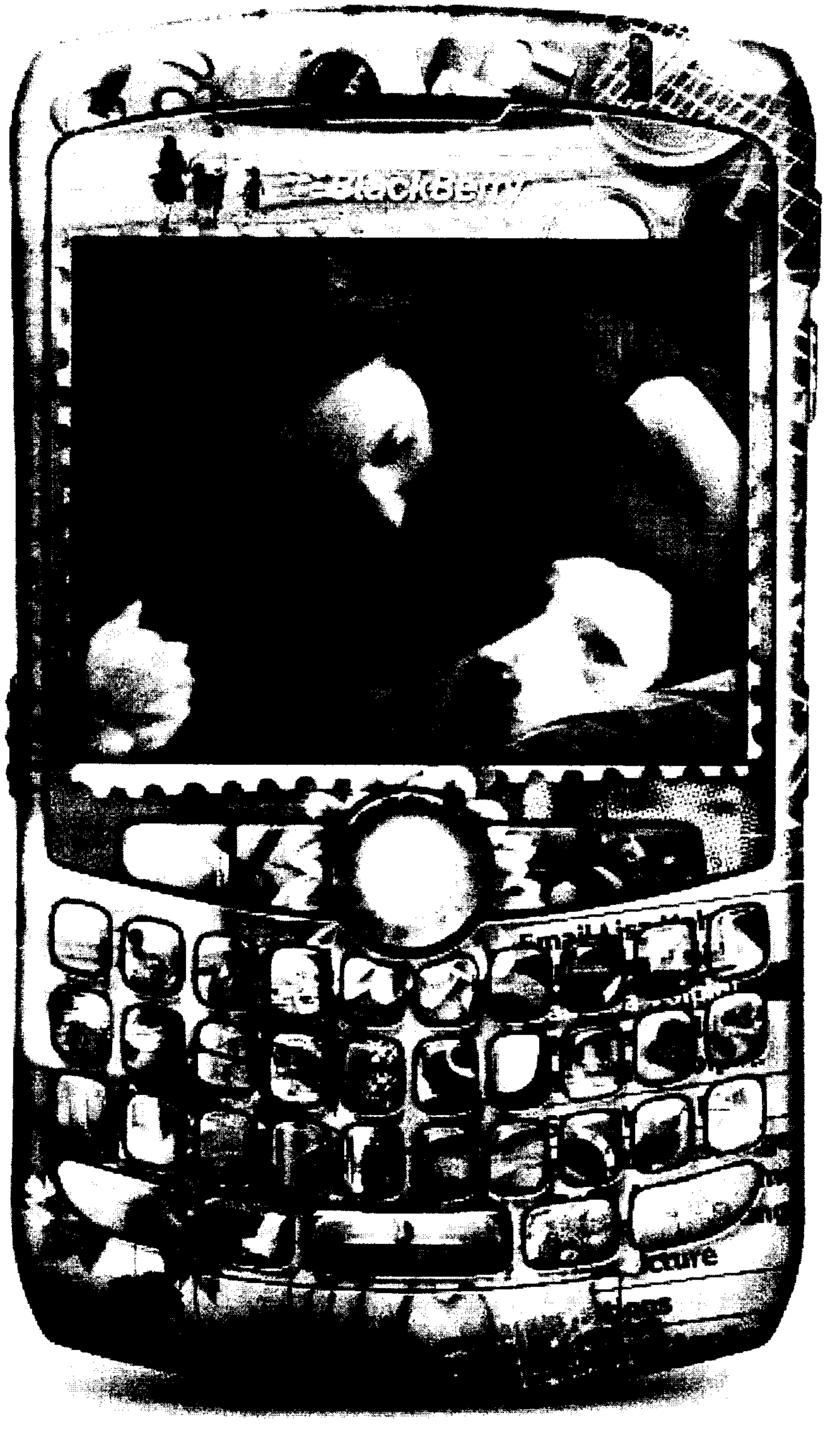
EXHIBIT 10

Submitted with Opposer's Notice of Reliance # 2

Research In Motion Limited v. AvoxAmerica, Inc.
Opposition No. 91191059

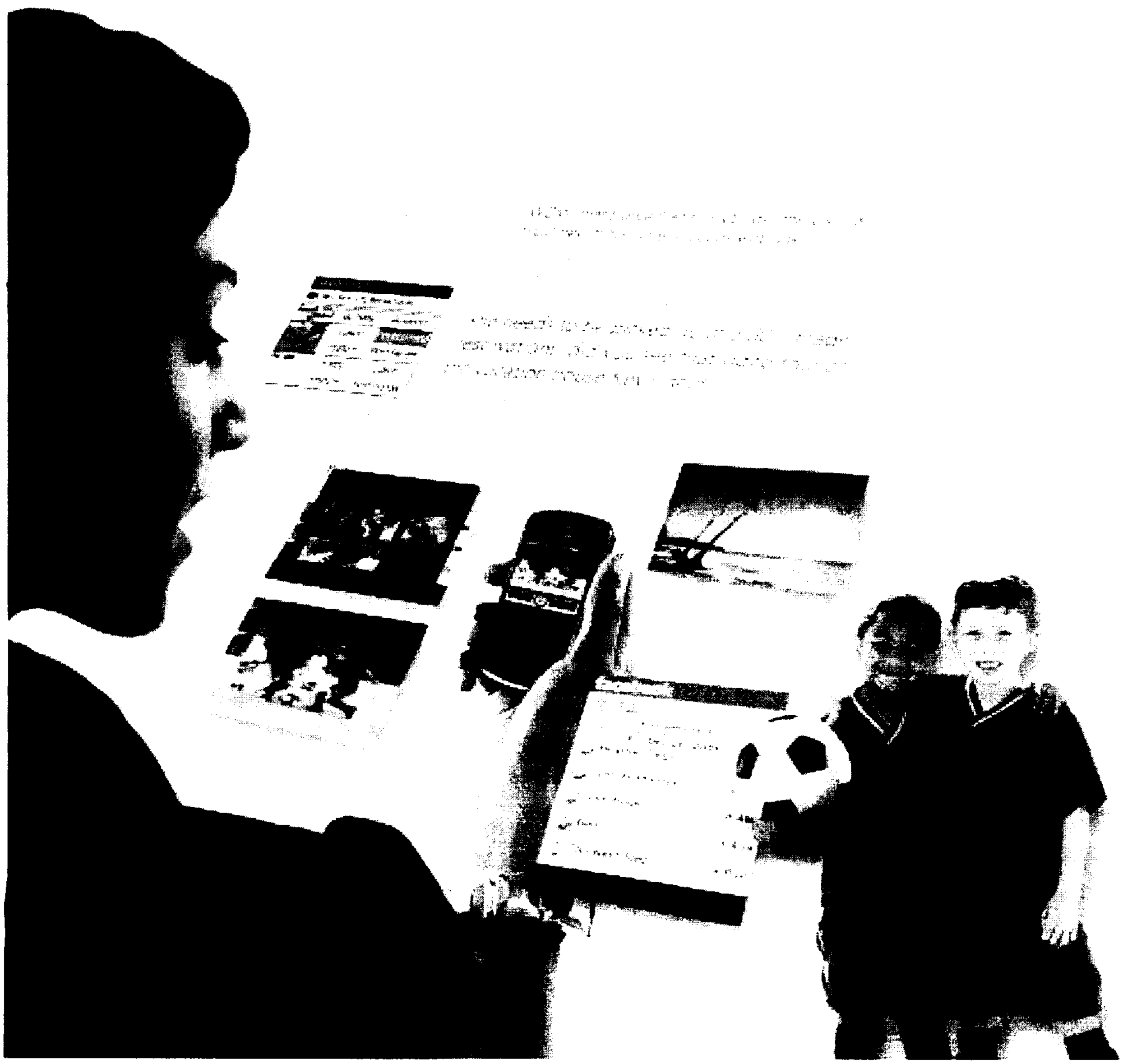
2009 Annual Report

25 Years of Innovation



Life On BlackBerry

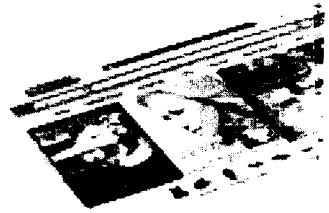
Connect to everything you love in life...

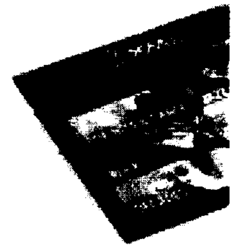


10 Years of BlackBerry.

with BlackBerry.

Research In Motion (RIM) is proud to be celebrating 25 years of innovation and 10 years of BlackBerry®. With over 50 million smartphones shipped, RIM helps users all over the globe connect to the specific people, information and media that makes their worlds go round. The success of BlackBerry products and services is driven by passionate employees, outstanding partnerships, distinctive technological expertise, a commitment to quality and a culture that embraces innovation, customer service and operational excellence.



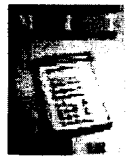


Connect to your favorite entertainment.

Your BlackBerry smartphone puts powerful audio, video and gaming capabilities at your fingertips. Listen to music or watch videos whenever you wish. Play mobile games when you have time on your hands. Take photos or shoot videos of friends. And use built-in GPS to ensure that you find that shop, restaurant or dinner party. Purchase a novel, order flowers, reserve concert tickets and book your next trip – all on your BlackBerry smartphone.

1984

1988



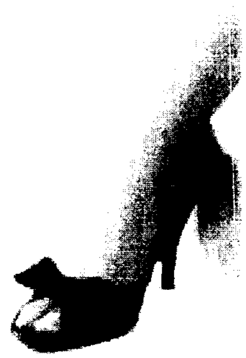
1992

1996


your passio
GUITAR HERO
MOBILE

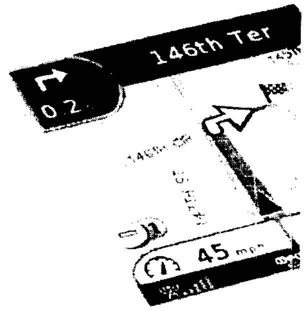
your social networks.

Keep tabs on your social circles. Share recent baby photos and make sure friends see your vacation video clips. Wish Uncle Stu "Happy Birthday," instant message Sophie about lunch, email the mechanic or call Grandma just to say hello. Stay linked to the office while in the field or traveling, send important files to your co-workers and edit documents on the spot. Plan a night out with the girls or a poker game with the guys. Connecting to your social networks has never been easier.



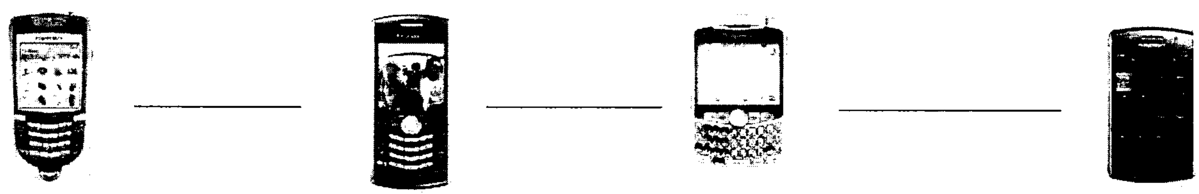
1997 **1999** **2002** **2003**


flickr
Sat, Apr 12, 2008
Birthday dinner
First day in school
facebook
Fri, Dec 26, 2008
your contacts



your interests.

Catch up on the latest news while waiting for your flight. Review last night's sports scores. Review your stock portfolio's performance. Find a great bistro for next Thursday's business lunch. Check the weather before heading to the soccer game. Investigate the registry for gift ideas and get directions to the wedding. Make sure tomorrow's meeting is still on and review the big presentation. Connecting to all of your important information while on the go has never been easier.



2004

2006

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NASDAQ
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The New York Times
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1. U.S. Unveils New Programs to Ease Credit
The Treasury Department and the Fed hope the $800 billion worth of loan and debt programs will ease
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Paris 11:56 PM Monday
Berlin, DE 11:56 PM Monday
Tokyo 6:56 AM Tuesday
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Weather
Sports
Entertainment
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Thousands flock to D.C. for Cherry Blossom Parade
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SATURDAY AFTERNOON
SATURDAY EVENING
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Year In Review

The following discussion contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws, including statements relating to RIM's plans and expectations for fiscal 2010. Many factors could cause RIM's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, as described below under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Special Note Regarding Forward-Looking Statements."

Fellow Shareholders:

Fiscal 2009 was another year of exceptional growth for Research In Motion (RIM). The BlackBerry subscriber account base grew by almost 80% in fiscal 2009, driven by strong sales in both enterprise and consumer markets as well as exceptional market acceptance of the new BlackBerry products launched throughout the year. We are also pleased to report that BlackBerry was the number one selling smartphone brand in North America.

2009 marks the 10th anniversary of the BlackBerry wireless solution, and we are proud to have recently shipped our 50 millionth BlackBerry smartphone. RIM also achieved record financial results with strong revenue and earnings growth, and maintained a strong balance sheet with over $2 billion in cash and investments and no debt. RIM introduced an unprecedented number of new smartphones during the year, with the majority launched in the second half, and continued to expand the reach of the BlackBerry platform into broader market segments.

RIM continues to benefit from the industry shift to smartphones and achieved significant market share in both North America and abroad during fiscal 2009. RIM's position in the market and strong partnerships allowed us to grow substantially despite the turbulent economic environment that has been prevalent throughout fiscal 2009. We are confident in RIM's ability to thrive in fiscal 2010 and are taking steps to position the company to take advantage of the opportunities ahead.

We are proud of RIM's accomplishments during the year and are grateful to the over 12,000 employees around the world whose talents, hard work and determination enabled RIM to maintain its market leading position. We would also like to communicate sincere appreciation to our customers, partners and shareholders for their support throughout fiscal 2009. Some of RIM's achievements during the past year included:

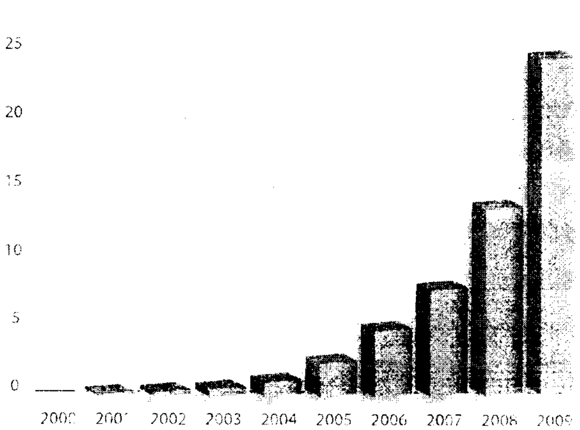
- Revenue growth of 84% from approximately $6 billion to approximately $11 billion;
- The introduction of many new and powerful BlackBerry smartphones, including the BlackBerry® Bold™ smartphone, BlackBerry® Pearl™ Flip smartphone, BlackBerry® Storm™ smartphone, BlackBerry® Curve™ 8350i smartphone, BlackBerry® Curve™ 8330 smartphone and BlackBerry® Curve™ 8900 smartphone;
- Expansion of the BlackBerry subscriber account base to approximately 25 million subscribers, with record quarterly net subscriber account additions of 3.9 million in the fourth quarter;
- The launch of a new, global BlackBerry brand campaign;
- BlackBerry ranked on the Millward Brown Top 100 Most Powerful Brands list at number 51 in the world, and rated as the fastest growing brand on the list with a 390% increase in brand value;
- Shipment of the 50 millionth BlackBerry smartphone in January, with approximately 26 million smartphones shipped in fiscal 2009 alone;
- The addition of over 100 new carrier and distribution partnerships globally;
- Successful penetration of new market segments with approximately 60% of net subscriber account additions in fiscal 2009 coming from non-enterprise customers;
- Enhancement of the mobile experience through powerful partnerships that helped deliver a wide range of compelling mobile applications;
- Expansion of manufacturing capabilities through the addition of new outsourcing partners around the world which allowed us to almost double the number of devices shipped during fiscal 2009; and
- Receipt of the 2009 GSMA Chairman's Award in recognition of RIM's role in pioneering the wireless data industry.

Financial Highlights

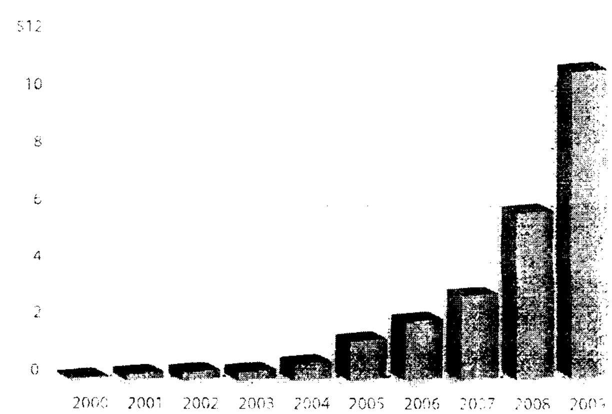
(in thousands of U.S. dollars, except per share amounts)

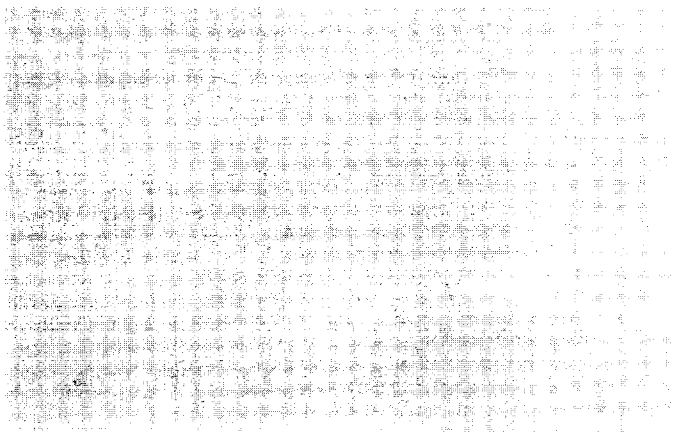
U.S. GAAP	March 1, 2008	March 3, 2007
Statement of Operations data		
Revenue	$ 6,009,395	$ 3,037,103
Gross margin	$ 3,080,581	$ 1,657,802
Research & development and selling, general and administration	1,241,310	774,095
Amortization	108,112	76,879
Investment income	79,361	52,117
Income before income taxes	1,810,520	858,945
Provision for income taxes	516,653	227,373
Net income	$ 1,293,867	$ 631,572
Earnings per share		
Basic	$ 2.31	$ 1.14
Diluted	$ 2.26	$ 1.10
Operating data (percentage of revenue)		
Gross margin	51.3%	54.6%
Research and development	6.0%	7.8%
Selling, marketing and administration	14.7%	17.7%
Balance Sheet data		
Cash, cash equivalents, short-term investments and investments	$ 2,343,996	$ 1,412,878
Total assets	$ 5,511,187	$ 3,088,949
Shareholders' equity	$ 3,933,566	$ 2,483,500

BlackBerry Subscriber Account Base



Annual Revenue





Financial Results and Administration

Revenue in fiscal 2009 grew to approximately $11 billion from $6 billion in the previous year. Hardware continued to represent the largest percentage of revenue at 82%, with service contributing approximately 13%, and software, accessories, and other revenue contributing the remainder. RIM shipped approximately 26 million smartphones in fiscal 2009, which was driven by strong demand from new customers as well as handset upgrades from a loyal customer base.

Gross margin for the year was approximately 46%, down from fiscal 2008. This decline was principally related to the introduction of new feature-rich, premium smartphones with higher associated costs (such as the BlackBerry Bold smartphone, BlackBerry Storm smartphone and BlackBerry Curve 8900 smartphone), an increased percentage of revenue derived from hardware sales relative to software and service fees, and unfavorable trends in foreign exchange rates.

The past year has been a period of significant investment for RIM with the launch of a new brand campaign, an aggressive entry into broader market segments and the expansion of our global R&D capabilities. We plan to leverage these types of investments and take advantage of opportunities for cost improvements to grow RIM's market share and profitability in fiscal 2010.

Operating expenses for the year totaled approximately $2.38 billion and remained flat with the previous year as a percentage of revenue as we continued to invest in brand, channels and R&D.

Net income in fiscal 2009 increased to $1.89 billion or $3.30 per share fully diluted versus $1.29 billion or $2.26 per share fully diluted in the prior year.

Capital expenditures increased from approximately $350 million in fiscal 2008 to approximately $834 million in fiscal 2009. The majority of this investment was for new facilities, computers and equipment to support RIM's growing employee base and the expansion and enhancement of the BlackBerry® Infrastructure. RIM also invested $736 million during the year for acquisitions of intellectual property and companies with strategic technologies that enhance RIM's business.

RIM continues to have a strong balance sheet with no debt and approximately $2.24 billion in cash, cash equivalents, short-term investments and long-term investments.

RIM had over 12,000 employees at the end of fiscal 2009, up from approximately 8,400 employees at the end of fiscal 2008. This increase was spread across all areas of the company including R&D, carrier support, business development, marketing, customer care and manufacturing. We continue to recruit the best talent and believe that RIM's team of dedicated employees is our strongest asset.

Sales, Marketing & Distribution

During the past year, RIM continued to expand the availability of BlackBerry products and services through expansion of distribution channels in North America and around the world. We made significant inroads with retail partners and saw the contribution from these channels grow substantially over the year. Retail sales during the holiday buying season this year were the strongest ever for RIM, and independent surveys indicated that BlackBerry smartphones consistently ranked in the top three bestsellers in North America. BlackBerry smartphones are now available through approximately 475 carriers and distribution channels, in over 160 countries around the world.

R&D and Manufacturing

RIM's product development philosophy has always been defined by the underlying values of innovation, quality and efficiency; and in fiscal 2009, the R&D team did an exceptional job of delivering on these values. RIM undertook the ambitious task of launching a record number of new BlackBerry smartphones that incorporated the latest chipset technologies, next generation network support, new high resolution displays, new and innovative input technologies and completely new user interfaces. The launches of these new products – including the BlackBerry Bold smartphone (RIM's first HSDPA smartphone), the BlackBerry Storm smartphone (RIM's first touch-screen smartphone with the award-winning SurePress™ technology), the BlackBerry Pearl Flip smartphone (RIM's first "clam-shell" smartphone), the iDen-based BlackBerry Curve 8350i smartphone (with Push-to-Talk) and the BlackBerry Curve 8900 smartphone (based on a next generation platform) - were key factors that contributed to the stellar revenue and market share growth experienced by RIM this year.

RIM continues to focus on scaling its R&D, manufacturing and new product introduction capabilities. During the year RIM opened two new R&D centers - one in Germany and one in the United States - while also continuing to grow our Canadian presence. RIM's R&D organization now has over 5,000 employees engaged in areas including advanced research, product development, standards and licensing. In order to support the growing demand for our products, we added significant capacity to our manufacturing organization by adding new outsourcing partners globally to increase flexibility and scalability. In addition, we invested in the upgrade of certain production and test equipment in our own manufacturing facility to enable faster production. These efforts were instrumental in allowing RIM to ramp production quickly during the fall in order to meet the strong demand generated by the new product launches.

Another area of focus during the year was the development of BlackBerry® Enterprise Server version 5.0. This initiative involves a substantial effort from hundreds of engineers and will provide enterprises and their IT departments with the most scalable, manageable and reliable BlackBerry solution yet. We are looking forward to launching the product in the coming months.

BlackBerry in the Enterprise

The enterprise market continues to be very important to RIM's business and there are now over 175,000 organizations with BlackBerry Enterprise Server installed behind the corporate firewall. RIM's enterprise customer base is diversified with significant growth in the past year coming from sectors including Government, Law Enforcement, Health Care and Education.

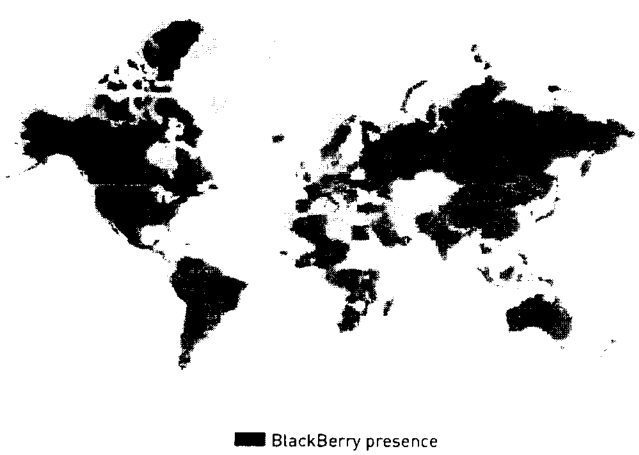
The BlackBerry® Mobile Voice System (BlackBerry MVS) is also beginning to gain traction as organizations look for ways to leverage their existing BlackBerry Infrastructure to reduce telecom costs. BlackBerry MVS enables BlackBerry smartphones to effectively become a mobile desk-phone, with one phone number ringing all devices, a single voice mailbox to manage, internal extension dialing capabilities, and added benefits for IT departments that want better control of the mobile phones in their organization. BlackBerry MVS can also help enterprises reduce international calling costs by leveraging wireline calling rates. Rather than slowing the adoption of BlackBerry MVS, the difficult economic times actually appear to be accelerating interest in the platform due to its potential for a compelling return on investment. Many organizations are looking for ways to reduce costs and BlackBerry MVS is a good fit as it plugs into existing BlackBerry Enterprise Server and telecom infrastructures at very little incremental cost.

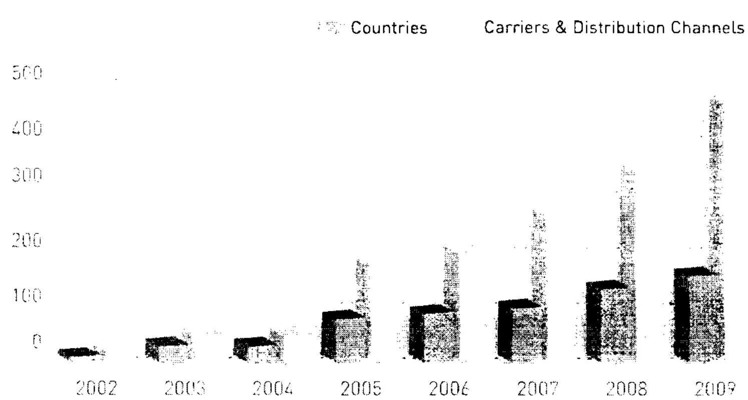
BlackBerry Enterprise Server version 5.0 will be the most significant upgrade to BlackBerry Enterprise Server in over three years and, after many months of planning and testing at over 1,000 beta sites, BlackBerry Enterprise Server v5.0 will be ready soon. This latest release delivers on several key corporate IT imperatives, including increased manageability, lower total cost of ownership, scalability, support for very large scale deployments and easy mobilization of hundreds of applications. BlackBerry Enterprise Server 5.0 will also introduce a number of highly desired user capabilities, including file sharing, the ability to securely download files from the corporate network and enhanced email management features including the ability to create/delete/rename folders and assign flags to messages. This is the most powerful version of BlackBerry Enterprise Server ever and we believe it will further cement RIM's leadership position in the enterprise market.

BlackBerry Application Ecosystem

RIM continued to expand the BlackBerry developer community and to enhance the platform to make it easier for our partners to develop compelling BlackBerry applications. RIM works with a broad range of developers, solution providers and system integrators. Together these groups have already brought thousands of BlackBerry applications and solutions to market and we expect this number to significantly increase with the launch of BlackBerry App World™. BlackBerry App World is an online application storefront designed to help application developers and carriers reach millions of BlackBerry smartphone users and to provide consumers with greater choice, enhanced application discovery and an easy method for managing the purchase, installation and upgrades of mobile applications.

Unprecedented Global Growth





In fiscal 2009 there was a marked increase in the number of consumer applications being developed for the BlackBerry platform as the multimedia features on BlackBerry smartphones continued to increase and as the number of consumers selecting BlackBerry smartphones continued to grow. Application availability for corporate and business use also remains robust with new solutions launched this year for the Health Care, Government, Law Enforcement, Education, Manufacturing, Retail and Professional Services markets, among others.

Other initiatives in fiscal 2009 that were focused on supporting a thriving developer community included the launch of the BlackBerry Partners Fund in partnership with RBC Capital and Thomson Reuters, the hosting of the first annual BlackBerry Developer Conference in California and the introduction of new easy-to-use development tools such as the BlackBerry® JDE Plug-in for Eclipse™.

We look forward to supporting the continued proliferation of the BlackBerry application ecosystem throughout fiscal 2010.

BlackBerry Infrastructure

We continue to invest in the BlackBerry Infrastructure to enhance the BlackBerry smartphone experience and support the growing subscriber account base. In fiscal 2009, the BlackBerry Infrastructure supported more than triple the amount of traffic it did in fiscal 2008 with over 3 petabytes of traffic flowing through the system each month. Our proactive and ongoing investment in infrastructure has enabled us to continue to provide the industry-leading functionality, quality of service, security and scalability required to continue leading the industry and to continue meeting the growing needs of our customers and partners.

Customer Support

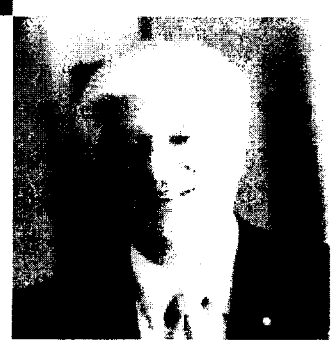
Providing exceptional support for the growing number of BlackBerry customers is an important competitive advantage for RIM and its partners. There are now over 1,500 dedicated technical and affiliated support staff working at five customer support facilities around the world providing 24-hour, 7-days per week, multi-lingual support to meet the needs of our expanding customer base. Four new initiatives were launched by the BlackBerry® Technical Support Services Team in fiscal 2009, including the BlackBerry® Certification Program to allow our partners to enhance their knowledge of BlackBerry hardware and software; BlackBerry® Support Community Forums, a self-service discussion medium where device users and IT administrators come together to ask questions of one another; BlackBerry Expert Support Center (BESC) to provide on-line technical support for accounts that have technical support contracts with RIM; and BlackBerry Answers which acts as both a mobile and desktop self-serve Q&A center. Many of the steps taken by the BlackBerry Technical Support Services Team in fiscal 2009 are designed to support the growing base of consumers and small business users. These new programs are designed to find new efficiencies, automate and streamline support processes, and utilize smart-technologies to aid our customers and partners.

The Year Ahead

We believe RIM is well positioned to take advantage of the exciting opportunities that lie ahead in fiscal 2010. Some of our goals for the year include:

- Expand our customer base in existing and new markets by growing and strengthening our relationships with carriers and distribution partners across the globe;
- Effectively manage costs and operating expenses to grow earnings;
- Continue to launch innovative new products and services to address existing and new market segments;
- Extend RIM's market leadership through innovation and focused investments in R&D;
- Launch BlackBerry Enterprise Server v5.0 and increase the adoption of BlackBerry® MVS in the enterprise;
- Continue to expand and grow our presence in the enterprise market;
- Expand the number and variety of applications and content available for BlackBerry smartphone users through BlackBerry App World and through other partnerships;
- Attract, hire and retain the best available talent to support RIM's customers and partners and to maintain RIM's market leading position; and
- Continue to focus on delivering strong financial performance for our shareholders.

Jim Balsillie



Mike Lazaridis

Financial Contents

management's discussion and analysis of financial condition and results of operations

April 7, 2009

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with the audited consolidated financial statements and the accompanying notes (the "Consolidated Financial Statements") of Research In Motion Limited ("RIM" or the "Company") for the fiscal year ended February 28, 2009. The Consolidated Financial Statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP").

All financial information herein is presented in United States dollars, unless otherwise indicated.

RIM has prepared this MD&A with reference to *National Instrument 51-102* "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Under the U.S./Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. This MD&A provides information for the fiscal year ended February 28, 2009 and up to and including April 7, 2009.

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

Special Note Regarding Forward-Looking Statements

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

- the Company's expectations regarding the average selling price ("ASP") of its BlackBerry devices;
- the Company's estimates regarding revenue sensitivity for the effect of a change in ASP;
- the Company's expectations regarding gross margins and operating expenses;
- the Company's estimates regarding its effective tax rate;
- the Company's expectations relating to the effect of the enactment by the Government of Canada of legislative proposals to implement amendments to the *Income Tax Act (Canada)* with respect to the functional currency tax reporting rules;
- the Company's estimates of purchase obligations and other contractual commitments; and
- the Company's expectations with respect to the sufficiency of its financial resources.

The words "expect", "anticipate", "estimate", "may", "will", "should", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by RIM in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that RIM believes are appropriate in the circumstances. Many factors could cause RIM's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors" section of RIM's Annual Information Form, which is included in RIM's Annual Report on Form 40-F:

- third-party claims for infringement of intellectual property rights by RIM and the outcome of any litigation with respect thereto;
- RIM's ability to successfully obtain patent or other proprietary or statutory protection for its technologies and products;
- RIM's ability to obtain rights to use software or components supplied by third parties;
- reduced spending by customers due to the uncertainty of economic and geopolitical conditions;
- RIM's ability to enhance current products and develop new products;
- RIM's ability to establish new, and to build on existing, relationships with its network carrier partners and distributors;
- RIM's dependence on its carrier partners to grow its BlackBerry subscriber account base;
- RIM's dependence on a limited number of significant customers;
- the efficient and uninterrupted operation of RIM's network operations center and the networks of its carrier partners;
- the occurrence or perception of a breach of RIM's security measures, or an inappropriate disclosure of confidential or personal information;
- RIM's ability to manage production facilities and its reliance on third-party manufacturers for certain products;

- RIM's reliance on its suppliers for functional components and the risk that suppliers will not be able to supply components on a timely basis or in sufficient quantities;
- the continued quality and reliability of RIM's products and services;
- risks associated with RIM's expanding foreign operations;
- restrictions on import and use of RIM's products in certain countries due to encryption of the products and services;
- foreign exchange risks;
- effective management of growth and ongoing development of RIM's service and support operations;
- risks associated with acquisitions, investments and other business initiatives;
- intense competition within RIM's industry, including the possibility that strategic transactions by RIM's competitors or carrier partners could weaken RIM's competitive position or that RIM may be required to reduce its prices to compete effectively;
- dependence on key personnel and RIM's ability to attract and retain key personnel;
- reliance on third-party network infrastructure developers and software platform vendors;
- changes in interest rates affecting RIM's investment portfolio and the creditworthiness of its investment portfolio;
- government regulation of wireless spectrum and radio frequencies;
- continued use and expansion of the Internet;
- regulation, certification and health risks, and risks relating to the misuse of RIM's products;
- tax liabilities, resulting from changes in tax laws or otherwise, associated with RIM's worldwide operations;
- difficulties in forecasting RIM's quarterly financial results and the growth of its subscriber base; and
- risks related to RIM's historical stock option granting practices.

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

Overview

RIM is a leading designer, manufacturer and marketer of innovative wireless solutions for the worldwide mobile communications market. Through the development of integrated hardware, software and services that support multiple wireless network standards, RIM provides platforms and solutions for seamless access to time-sensitive information, including email, phone, short messaging service, Internet and intranet-based applications. RIM technology also enables a broad array of third party developers and manufacturers to enhance their products and services with wireless connectivity to data. RIM's portfolio of award-winning products, services and embedded technologies are used by thousands of organizations around the world and include the BlackBerry® wireless solution, and other software and hardware. The Company's sales and marketing efforts include collaboration with strategic partners and distribution channels to promote the sale of its products and services as well as its own supporting sales and marketing teams.

Sources of Revenue

RIM's primary revenue stream is generated by the BlackBerry wireless solution, which includes sales of BlackBerry wireless devices, software and service. 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®, MSN®/Hotmail, Yahoo! Mail®, POP3/ISP email and others.

RIM generates hardware revenues from sales, primarily to carriers, of BlackBerry wireless devices, which provide users with the ability to send and receive wireless messages and data. RIM's BlackBerry wireless devices also incorporate a mobile phone, a personal information manager ("PIM") including contact, calendar, tasks and memo functionality, which can synchronize with the user's desktop PIM system, and web-browsing capability. Certain BlackBerry devices also include multimedia capabilities.

RIM generates service revenues from billings to its BlackBerry subscriber account base primarily from a monthly infrastructure access fee to a carrier/distributor where a carrier or other distributor bills the BlackBerry subscriber. The BlackBerry subscriber account base is the total of all subscriber accounts that have an active status at the end of a reporting period. Each carrier instructs RIM to create subscriber accounts and determines whether each subscriber account should have an active status. Each carrier is charged a service fee for each subscriber account each month, with substantially all of such service fees having no regard to the amount of data traffic that the subscriber account passes over the BlackBerry architecture. If a carrier instructs RIM to deactivate a subscriber account, then RIM no longer includes that subscriber account in its BlackBerry subscriber account base and ceases billing the carrier with respect to such account from the date of notification of its deactivation. On a quarterly basis, RIM may make an estimate of pending deactivations for certain carriers that do not use a fully-integrated provisioning system. It is, however, each carrier's responsibility to report changes to its subscriber account status on a timely basis to RIM. The number of subscriber accounts is a non-financial metric and is intended to highlight the change in RIM's subscriber base and should not be relied upon as an indicator of RIM's financial performance. The number of subscriber accounts does not have any standardized meaning prescribed by U.S. GAAP and may not be comparable to similar metrics presented by other companies.

An important part of RIM's BlackBerry wireless solution is the software that is installed on corporate server level, and in some cases on personal computers. Software revenues include fees from (i) licensing RIM's BlackBerry Enterprise Server™ ("BES") software; (ii) client access licenses ("CALs"), which are charged for each subscriber using the BlackBerry service via a BES; (iii) maintenance and upgrades to software, and (iv) technical support.

RIM also offers the BlackBerry Connect™ Licensing Program, which enables leading device manufacturers to equip their devices with BlackBerry functionality, in order that users and organizations can connect to BlackBerry wireless services on a broader selection of devices and operating systems. BlackBerry Connect technology enables a variety of leading manufacturers to take advantage of proven BlackBerry architecture to automatically deliver email and other data to a broader choice of wireless devices, operating systems and email applications.

Revenues are also generated from sales of accessories, repair and maintenance programs and non-recurring engineering services ("NRE").

management's discussion and analysis of financial condition and results of operations continued

FOR THE THREE MONTHS AND FISCAL YEAR ENDED FEBRUARY 28, 2009

Fiscal 2009 Operating Results – Executive Summary

The following table sets forth certain consolidated statement of operations data, for the periods indicated, as well as certain consolidated balance sheet data, as at February 28, 2009, March 1, 2008 and March 3, 2007 in thousands of dollars, except for per share amounts.

	As at and for the Fiscal Year Ended				
	February 28, 2009	March 1, 2008	Change 2009/2008	March 3, 2007	Change 2008/2007
	(in thousands, except for per share amounts)				
Revenue	$ 11,065,186	$ 6,009,395	$ 5,055,791	$ 3,037,103	$ 2,972,292
Cost of sales	5,967,888	2,928,814	3,039,074	1,379,301	1,549,513
Gross margin	5,097,298	3,080,581	2,016,717	1,657,802	1,422,779
Expenses					
Research and development	684,702	359,828	324,874	236,173	123,655
Selling, marketing and administration	1,495,697	881,482	614,215	537,922	343,560
Amortization	194,803	108,112	86,691	76,879	31,233
Sub-total	2,375,202	1,349,422	1,025,780	850,974	498,448
Income from operations	2,722,096	1,731,159	990,937	806,828	924,331
Investment income	78,267	79,361	(1,094)	52,117	27,244
Income before income taxes	2,800,363	1,810,520	989,843	858,945	951,575
Provision for income taxes (1)	907,747	516,653	391,094	227,373	289,280
Net income	$ 1,892,616	$ 1,293,867	$ 598,749	$ 631,572	$ 662,295
Earnings per share (2)					
Basic	$ 3.35	$ 2.31	$ 1.04	$ 1.14	$ 1.17
Diluted	$ 3.30	$ 2.26	$ 1.04	$ 1.10	$ 1.16
Weighted-average number of shares outstanding (000's)					
Basic	565,059	559,778		556,059	
Diluted	574,156	572,830		571,809	
Total assets	$ 8,101,372	$ 5,511,187	$ 2,590,185	$ 3,088,949	$ 2,422,238
Total liabilities	$ 2,227,244	$ 1,577,621	$ 649,623	$ 605,449	$ 972,172
Total long-term liabilities	$ 111,893	$ 103,190	$ 8,703	$ 58,874	$ 44,316
Shareholders' equity	$ 5,874,128	$ 3,933,566	$ 1,940,562	$ 2,483,500	$ 1,450,066

Notes:

(1) Provision for income taxes includes the negative impact of fluctuations of the Canadian dollar relative to the U.S. dollar in fiscal 2009 of approximately $99.7 million. See "Non-GAAP Financial Measures" on page 39.

(2) Basic and diluted earnings per share and basic and diluted weighted-average number of shares outstanding for fiscal 2009, fiscal 2008 and fiscal 2007, as presented in the table above, reflect the 3-for-1 stock split implemented by way of a stock dividend that was paid in the second quarter of fiscal 2008.

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

	For the Fiscal Year Ended				
	February 28, 2009	March 1, 2008	Change 2009/2008	March 3, 2007	Change 2008/2007
Revenue	**100.0%**	100.0%	-	100.0%	-
Cost of sales	**53.9%**	48.7%	**5.2%**	45.4%	**3.3%**
Gross margin	**46.1%**	51.3%	**(5.2%)**	54.6%	**(3.3%)**
Expenses					
Research and development	**6.2%**	6.0%	**0.2%**	7.8%	**(1.8%)**
Selling, marketing and administration	**13.5%**	14.7%	**(1.2%)**	17.7%	**(3.0%)**
Amortization	**1.8%**	1.8%	-	2.5%	**(0.7%)**
	21.5%	22.5%	**(1.0%)**	28.0%	**(5.5%)**
Income from operations	**24.6%**	28.8%	**(4.2%)**	26.6%	**2.2%**
Investment income	**0.7%**	1.3%	**(0.6%)**	1.7%	**(0.4%)**
Income before income taxes	**25.3%**	30.1%	**(4.8%)**	28.3%	**1.8%**
Provision for income taxes	**8.2%**	8.6%	**(0.4%)**	7.5%	**1.1%**
Net income	**17.1%**	21.5%	**(4.4%)**	20.8%	**0.7%**

Revenue for fiscal 2009 was $11.07 billion, an increase of $5.06 billion, or 84.1%, from $6.01 billion in fiscal 2008. The number of BlackBerry devices sold increased by approximately 12.2 million, or 88.7%, to approximately 26.0 million in fiscal 2009, compared to approximately 13.8 million in fiscal 2008. Device revenue increased by $4.32 billion, or 90.6%, to $9.09 billion, reflecting primarily the higher number of devices sold. Service revenue increased by $541.9 million to $1.40 billion, reflecting the increase of approximately 11 million net new BlackBerry subscriber accounts since the end of fiscal 2008. Software revenue increased by $17.5 million to $251.9 million in fiscal 2009 and Other revenue increased by $175.3 million to $321.0 million in fiscal 2009.

The Company's net income for fiscal 2009 was $1.89 billion, an increase of $598.7 million, or 46.3%, compared to net income of $1.29 billion in fiscal 2008. Basic earnings per share ("basic EPS") was $3.35 and diluted earnings per share ("diluted EPS") was $3.30 in fiscal 2009 compared to $2.31 basic EPS and $2.26 diluted EPS in fiscal 2008, a 46.0% increase when compared to fiscal 2008.

The $598.7 million increase in net income in fiscal 2009 primarily reflects an increase in gross margin in the amount of $2.02 billion, resulting primarily from the increased number of device shipments, which was partially offset by the decrease of consolidated gross margin percentage and by an increase of $1.33 billion in the Company's investment in research and development, selling, marketing and administration expenses and provision for income taxes, which included the negative impact of $99.7 million due to the significant depreciation of the Canadian dollar relative to the U.S. dollar in the fiscal year. See "Income Taxes".

On February 11, 2009, the Company issued a press release updating its forecast of its net new subscriber accounts and reaffirming its financial guidance of its revenue, gross margin and EPS for the fourth quarter of fiscal 2009. A copy of the press release is available on SEDAR at www.sedar.com and on the SEC's website at www.sec.gov.

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

Critical Accounting Policies and Estimates

General

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are based upon management's historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ significantly from these estimates.

The Company's critical accounting policies and estimates have been reviewed and discussed with the Company's Audit Committee and are set out below. The Company's significant accounting policies are described in Note 1 to the Consolidated Financial Statements. Except as noted below, there have not been any changes to the Company's critical accounting policies and estimates during the past three fiscal years.

Revenue recognition

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

Devices

Revenue from the sale of BlackBerry devices is recognized when title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. For hardware products for which the software is deemed not to be incidental, the Company recognizes revenue in accordance with the American Institute of Certified Public Accountants Statement of Position 97-2, *Software Revenue Recognition* ("SOP 97-2").

Provisions are made at the time of sale for warranties, royalties, price protection, rebates and estimated product returns. If the historical data the Company uses to estimate product returns does not properly reflect future returns, these estimates could be revised. If future returns are higher than estimated, they would result in a reduction of revenue. To date, returns of devices and other products have been negligible. Price protection is recorded based on management's estimate of future price reductions and certain agreed customer inventory levels. To date, the impact of price protection has been negligible. Should the actual experience of price reductions in the future be greater than the Company's historical pattern, it would lead to a reduction in revenue. Rebates and the costs of incentive programs are recorded as a reduction of revenue based on historical experience. If the actual volumes applicable to the rebates and incentive programs in place increase or if additional incentives are provided to customers, this would result in a decrease in device revenue.

Service

Revenue is recognized rateably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the prebilling is recorded as deferred revenue. See "Sources of Revenue" for more information on the calculation of the number of subscriber accounts.

Software

Revenue from licensed software is recognized at the inception of the license term and in accordance with SOP 97-2. 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 that services are provided.

Other

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

Multiple-Element Arrangements

The Company enters into transactions that represent multiple-element arrangements, which may include any combination of hardware, service and software. These multiple-element arrangements are assessed to determine whether they can be separated into more than one unit of accounting or element for the purpose of revenue recognition. When the appropriate criteria for separating revenue into more than one unit of accounting is met and there is vendor specific objective evidence of fair value for all units of accounting or elements in an arrangement, the consideration is allocated to the separate units of accounting or elements based on each unit's relative fair value. This vendor specific objective evidence of fair value is established through prices charged for each revenue element when that element is sold separately. The revenue recognition policies described above are then applied to each unit of accounting.

Allowance for Doubtful Accounts and Bad Debt Expense
The Company is dependent on a number of significant customers and on large complex contracts with respect to sales of the majority of its products, software and services. The Company expects increasing trade receivables balances with its large customers to continue as it sells an increasing number of its wireless devices and software products and service relay access through network carriers and resellers rather than directly.

The Company evaluates the collectability of its trade receivables based upon a combination of factors on a periodic basis. 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 financial position and payment experience), RIM records a specific bad debt provision to reduce the customer's related trade receivable to its estimated net realizable value. If circumstances related to specific customers change, the Company's estimates of the recoverability of trade receivables could be further adjusted, which would affect earnings in the period the adjustments are made.

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

The Company's policy for the valuation of inventory, including the determination of obsolete or excess inventory, requires management to estimate the future demand for the Company's products within specific time horizons. Inventory purchases and purchase commitments are based upon such forecasts of future demand and scheduled rollout of new products. The business environment in which RIM operates is subject to rapid changes in technology and customer demand. The Company performs an assessment of inventory during each reporting period, which includes a review of, among other factors, demand requirements, component part purchase commitments of the Company and certain key suppliers, product life cycle and development plans, component cost trends, product pricing and quality issues. If customer demand subsequently differs from the Company's forecasts, requirements for inventory write-offs that differ from the Company's estimates could become necessary. If management believes that demand no longer allows the Company to sell inventories above cost or at all, such inventory is written down to net realizable value or excess inventory is written off. For further details on the carrying value of inventory as at February 28, 2009, refer to Note 5 to the Consolidated Financial Statements.

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

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

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

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

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

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

The Company has concluded that no impairment relating to intangible assets and goodwill exists as of February 28, 2009.

For further details on the intangible assets and goodwill, refer to Notes 7 and 8 to the Consolidated Financial Statements.

Litigation

The Company is involved in litigation in the normal course of its business. The Company may be subject to claims (including claims related to patent infringement, purported class actions and derivative actions) either directly or through indemnities against these claims that it provides to certain of it partners. Management reviews all of the relevant facts for each claim and applies judgment in evaluating the likelihood and, if applicable, the amount of any potential loss. Where it is considered likely for a material exposure to result and where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The Company does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable. For further details on legal matters, refer to Note 12 (b) of the Consolidated Financial Statements.

Royalties

The Company recognizes its liability for royalties in accordance with the terms of existing license agreements. Where license agreements are not yet finalized, RIM recognizes its current estimates of the obligation in Accrued liabilities in the Consolidated Financial Statements. When the license agreements are subsequently finalized, the estimate is revised accordingly. Management's estimates of royalty rates are based on the Company's historical licensing and royalty payment experience.

Warranty

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

The Company's estimates of costs are based upon historical experience and expectations of future return rates and unit warranty repair cost. To the extent that the Company experiences changes in warranty activity, or changes to costs associated with servicing those obligations, revisions to the estimated warranty liability would be required. For further details on the Company's warranty expense experience and estimates for fiscal 2008, refer to Note 13 to the Consolidated Financial Statements.

Earnings Sensitivity

The Company estimates that a 10% change to either the current average unit warranty repair cost, measured against the device sales volumes currently under warranty as at February 28, 2009, or to the current average warranty return rate, would have resulted in adjustments to warranty expense and pre-tax earnings of approximately $18.4 million, or 1% of consolidated annual net income.

Investments

All cash equivalents and investments, other than cost method investments of $2.5 million and equity method investments of $2.7 million, are categorized as available-for-sale under Statement of Financial Accounting Standard ("SFAS") No. 115 *Accounting for Certain Investments in Debt and Equity Securities*, and are carried at fair value determined under SFAS No. 157 *Fair Value Measurements* ("SFAS 157") with unrealized gains and losses recorded through other comprehensive income. In the event of a decline in value which is other than temporary, the cash equivalents and investments are written down to fair value by a charge to earnings.

Effective for fiscal 2009, the Company adopted SFAS 157, except as it applies to the non-financial assets and non-financial liabilities subject to FASB Staff Position ("FSP") SFAS 157-2, with the impact of adoption described in Note 4 to the Consolidated Financial Statements. SFAS 157 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. SFAS 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value.

- 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 that are supported by little or no market activity.

Given the current market conditions and economic uncertainties, management exercises significant judgment in determining the fair value of the Company's investments and the investment's classification level within the three-tier fair value hierarchy. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. As at February 28, 2009, the Company had approximately 97% of its available-for-sale investments measured at fair value classified in Level 2.

The Company regularly assesses declines in the value of individual investments for impairment to determine whether the decline is other-than-temporary. The Company makes this assessment by considering available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the market value has been less than cost, the financial condition, the near-term prospects of the individual investment and the Company's intent and ability to hold the investments to maturity. In the event that a decline in the fair value of an investment occurs and the decline in value is considered to be other–than-temporary, an appropriate write-down would be recorded. The Company's assessment on whether an investment is other-than-temporarily impaired or not, could change due to new developments or changes in assumptions or risks to any particular investment.

For further details on the Company's investments and fair value conclusions, refer to Note 4 and Note 17 to the Consolidated Financial Statements.

Income taxes

In accordance with SFAS 109, *Accounting for Income Taxes*, the Company uses the liability method of tax allocation to account for income taxes. Under this method, deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company's deferred income tax asset balance represents temporary differences between the financial reporting and tax basis of assets and liabilities, including research and development costs and incentives, capital assets, non-deductible reserves and operating loss carryforwards, net of valuation allowances. The Company 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. The Company records a valuation allowance to reduce deferred income tax assets to the amount management considers to be more likely than not to be realized. If the Company determines that it is more likely than not that it will not be able to realize all or part of its deferred income tax assets in future fiscal periods, the valuation allowance would be increased, resulting in a decrease to net income in the reporting periods when such determinations are made.

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

Significant judgment is required in evaluating the Company's uncertain tax positions and provision for income taxes. The Company uses Financial Accounting Standards Board ("FASB") Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48") in assessing its uncertain tax positions and provision for income taxes. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*, and prescribes a recognition threshold of more likely than not to be sustained upon examination. In addition, FIN 48 provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods and disclosure and transitions. For further details, refer to Note 9 to the Consolidated Financial Statements.

The Company's provision for income taxes is based on a number of estimates and assumptions as determined by management and is calculated in each of the jurisdictions in which it conducts business. The Company's consolidated income tax rates have differed from statutory rates primarily due to the tax impact of ITCs, manufacturing activities, foreign exchange differences, the amount of net income earned in Canada versus other operating jurisdictions and the rate of taxes payable in respect of those other operating jurisdictions. The Company enters into transactions and arrangements in the ordinary course of business in which the tax treatment is not entirely certain. In particular, certain countries in which it operates could seek to tax a greater share of income than has been provided. The final outcome of any audits by taxation authorities may differ from estimates and assumptions used in determining the Company's consolidated tax provision and accruals, which could result in a material effect on the consolidated income tax provision and the net income for the period in which such determinations are made.

Stock-Based Compensation

The Company has an incentive stock option plan for directors, officers and employees of the Company or its subsidiaries. No stock options were granted to independent directors in fiscal 2009.

The Company records stock-based compensation expense in accordance with SFAS 123(R), *Share-Based Payment* ("SFAS 123(R)"). Under the provisions of SFAS 123(R), stock-based compensation expense is estimated at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option-pricing model and is recognized rateably over the vesting period. The BSM model requires various judgmental assumptions including volatility and expected option life. In addition, judgment is also applied in estimating the amount of share-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.

Prior to fiscal 2007, the Company accounted for stock-based compensation using Accounting Principles Board No. 25 *Accounting for Stock Issued to Employees* ("APB 25") and related interpretations. Under APB 25, compensation expense is measured as of the date on which the number of shares subject to the option and exercise price becomes fixed. Generally, this occurs on the grant date and the award is accounted for as a fixed award. If the number of shares subject to the option and grant price are not fixed as of the grant date, the stock option is accounted for as a variable award until such time as the number of shares subject to the option and/or exercise prices becomes fixed, or the stock option is exercised, is cancelled, or expires.

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

The Company has a Restricted Share Unit Plan (the "RSU Plan") under which eligible participants include any officer or employee of the Company or its subsidiaries. The RSU Plan was approved at the Company's Annual General Meeting on July 18, 2005 and received regulatory approval in August 2005. Restricted Share Units ("RSUs") are redeemed for either common shares issued by the Company, common shares purchased on the open market or the cash equivalent on the vesting dates established by the Company. The compensation expense is calculated based on the fair value of the equity award as defined in SFAS 123(R) and the amount is recognized over the vesting period of the RSU.

The Company has a Deferred Share Unit Plan (the "DSU Plan"), adopted by the Board of Directors on December 20, 2007, under which each independent director will be credited with Deferred Share Units ("DSUs") in satisfaction of all or a portion of the cash fees otherwise payable to them for serving as a director of the Company. Grants under the DSU plan replace the stock option awards that were historically granted to independent members of the Board of Directors. After such a director ceases to be a director, DSUs will be redeemed for cash with the redemption value of each DSU or, at the Company's option and subject to receipt of shareholder approval, by way of shares purchased on the open market or issued by the Company. DSUs are accounted for as liability-classified awards under the provisions of SFAS 123(R).

For further details on the Company's stock-based compensation, refer to Note 11 of the Consolidated Financial Statements.

Impact of Accounting Pronouncements Not Yet Implemented

Business Combinations

In December 2007, the FASB issued SFAS 141(R) *Business Combinations* ("SFAS 141(R)"). SFAS 141(R) replaces SFAS 141 *Business Combinations* ("SFAS 141"). SFAS 141(R) is broader in scope than SFAS 141 which applied only to business combinations in which control was obtained by transferring consideration. SFAS 141(R) applies to all transactions and other events in which one entity obtains control over one or more other businesses. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008 and the Company will adopt the standard in the first quarter of fiscal 2010 and its effects are not material to the Company's results of operations and financial condition, as of the filing date, including an acquisition subsequent to year end.

Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB 51
In December 2007, the FASB issued SFAS 160 *Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB 51* ("SFAS 160"). SFAS 160 requires that the noncontrolling interest in the equity of a subsidiary be accounted for and reported as equity, provides revised guidance on the treatment of net income and losses attributable to the noncontrolling interest and changes in ownership interests in a subsidiary and requires additional disclosures that identify and distinguish between the interests of the controlling and noncontrolling owners. The Company will adopt the standard in the first quarter of fiscal 2010 and does not expect the adoption of SFAS 160 to have a material effect on the Company's results of operations and financial condition.

Determination of the Useful Life of Intangible Assets
In April 2008, the FASB issued FSP SFAS 142-3 *Determination of the Useful Life of Intangible Assets* ("FSP SFAS 142-3"). FSP SFAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of the recognized intangible asset under SFAS 142 *Goodwill and Other Intangible Assets* ("SFAS 142"). The intent of the guidance is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R). For a recognized intangible asset, an entity will be required to disclose information that enables users of the financial statements to assess the extent to which expected future cash flows associated with the asset are affected by the entity's intent and/or ability to renew or extend the arrangement. FSP SFAS 142-3 is effective for fiscal years beginning after December 15, 2008. The Company will adopt the standard in the first quarter of fiscal 2010 and the Company does not expect the adoption will have a material impact on the Company's result of operations and financial condition.

International Financial Reporting Standards
In November 2008, the SEC announced a proposed roadmap for comment regarding the potential use by U.S. issuers of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS is a comprehensive series of accounting standards published by the International Accounting Standards Board. Under the proposed roadmap, the Company may be required to prepare financial statements and accompanying notes in accordance with IFRS in fiscal 2015. The SEC will make a determination in 2011 regarding the mandatory adoption of IFRS. The Company is currently assessing the impact that this proposed change would have on the consolidated financial statements, accompanying notes and disclosures, and will continue to monitor the development of the potential implementation of IFRS.

Restatement of Previously Issued Financial Statements

Overview
As discussed in greater detail under "Explanatory Note Regarding the Restatement of Previously Issued Financial Statements" in the MD&A for the fiscal year ended March 3, 2007 and Note 12(c) to the audited consolidated financial statements of the Company for the fiscal year ended March 3, 2007, the Company restated its consolidated balance sheet as of March 4, 2006 and its consolidated statements of operations, consolidated statements of cash flows and consolidated statements of shareholders' equity for the fiscal years ended March 4, 2006 and February 26, 2005, and the related note disclosures (the "Restatement"), to reflect additional non-cash stock compensation expense relating to certain stock-based awards granted prior to the adoption of the Company's stock option plan on December 4, 1996 (as amended from time to time, the "Stock Option Plan") and certain stock option grants during the 1997 through 2006 fiscal periods, as well as certain adjustments related to the tax accounting for deductible stock option expenses. The Restatement was the result of a voluntary internal review (the "Review") by the Company of its historical stock option granting practices. The Restatement did not result in a change in the Company's previously reported revenues, total cash and cash equivalents or net cash provided from operating activities.

OSC Settlement
As previously disclosed, on February 5, 2009, a panel of Commissioners of the Ontario Securities Commission ("OSC") approved a settlement agreement with the Company, Jim

Balsillie, the Co-Chief Executive Officer of the Company, Mike Lazaridis, the President and Co-Chief Executive Officer of the Company, Dennis Kavelman, previously Chief Financial Officer of the Company (currently with the Company in another role), Angelo Loberto, previously Vice-President of Finance (currently with the Company in another role), Kendall Cork, a former Director of the Company, Douglas Wright, a former Director of the Company, James Estill, a Director of the Company and Douglas Fregin, a former Director of the Company, relating to the previously disclosed OSC investigation of the Company's historical stock option granting practices. Pursuant to the terms of the settlement agreement with the OSC, Jim Balsillie agreed not to act as a director of any Canadian reporting issuer until the later of twelve months from the date of the OSC settlement and the Company's public disclosure of how it is addressing the recommendations arising from the independent review. Jim Balsillie, Mike Lazaridis and Dennis Kavelman also agreed to contribute, in aggregate, a total of approximately CAD $83.1 million to the Company, consisting of (i) a total of CAD $38.3 million to the Company in respect of the outstanding benefit arising from incorrectly priced stock options granted to all employees of the Company from 1996 to 2006 and (ii) a total of CAD $44.8 million to the Company (CAD $15.0 million of which had previously been paid) to defray costs incurred by the Company in the investigation and remediation of stock option granting practices and related governance practices at the Company. These contributions are being made through Jim Balsillie, Mike Lazaridis and Dennis Kavelman undertaking not to exercise vested RIM options to acquire an aggregate of 1,160,129 common shares of the Company. These options have a fair value equal to the aggregate contribution amounts determined using a BSM calculation based on the last trading day prior to the day the OSC issued a notice of hearing in respect of the matters giving rise to the settlement. Jim Balsillie, Mike Lazaridis, Dennis Kavelman and Angelo Loberto also paid a total of CAD $9.1 million to the OSC as an administrative penalty and towards the costs of the investigation. Dennis Kavelman is also prohibited from acting as a director or officer of any Canadian reporting issuer until the later of (a) five years from the date of the order approving the settlement, and (b) the date he completes a course acceptable to the staff of the OSC regarding the duties of directors and officers of public companies. Angelo Loberto is also prohibited from acting as a director or officer of any Canadian reporting issuer until he completes a course acceptable to the staff of the OSC regarding the duties of directors and officers of public companies.

As part of the OSC settlement, the Company agreed to enter into an agreement with an independent consultant to conduct a comprehensive examination and review of the Company and report to the Company's board of directors and the staff of the OSC the Company's governance practices and procedures and its internal control over financial reporting. A summary of the consultant's recommendations in the final report will be posted on the OSC's website and disclosed in the Company's MD&A.

SEC Settlements

In addition, as announced by the Company on February 17, 2009, the Company, Jim Balsillie, Mike Lazaridis, Dennis Kavelman and Angelo Loberto, entered into settlements with the SEC that resolved the previously disclosed SEC investigation of the Company's historical stock option granting practices. The Company consented, without admitting or denying allegations in a complaint filed by the SEC, to the entry of an order enjoining it from violations of certain provisions of the U.S. federal securities laws, including the antifraud provisions. The Company was not required to pay disgorgement or a monetary penalty.

Jim Balsillie and Mike Lazaridis consented, without admitting or denying allegations in the complaint filed by the SEC, to the entry of an order enjoining them from violations of certain provisions of the U.S. federal securities laws, including the non-scienter based antifraud provisions. The order also provided that Jim Balsillie and Mike Lazaridis are liable for disgorgement of profits gained as a result of conduct alleged in the complaint together with prejudgment interest, although it also provided that those amounts are deemed paid in full because Jim Balsillie and Mike Lazaridis had already voluntarily paid those amounts to the Company. Those repayments were made earlier as part of a series of recommendations of a Special Committee of the Company's Board of Directors (the "Special Committee") following the Review.

Dennis Kavelman and Angelo Loberto consented, without admitting or denying allegations in the complaint filed by the SEC, to the entry of an order enjoining them from violations of certain provisions of the U.S. federal securities laws, including the antifraud provisions. The order also provided that Dennis Kavelman and Angelo Loberto are liable for disgorgement of profits gained as a result of conduct alleged in the complaint together with prejudgment interest, although it also provided that those amounts are deemed paid in full because Dennis Kavelman and Angelo Loberto had already voluntarily paid those amounts to the Company at the same time and on the same basis as Jim Balsillie and Mike Lazaridis. In addition, Dennis Kavelman and Angelo Loberto each agreed to be prohibited, for a period of five years from acting as an officer or director of a company that is registered or required to file reports with the SEC, and to be barred from appearing or practicing as an accountant before the SEC with a right to reapply after five years.

Jim Balsillie, Mike Lazaridis, Dennis Kavelman and Angelo Loberto also agreed to the payment of monetary penalties totaling, in aggregate, $1.4 million to the SEC as an administrative penalty.

Actions Taken as a Result of the Review

As previously disclosed, the Board of Directors, based on the recommendations of the Special Committee, implemented a number of measures in response to the findings of the Special Committee, including measures that are designed to enhance the oversight and corporate governance of the Company and to strengthen the Company's control over its stock option granting process in particular. These measures include:

- Benefits from Option Grants — All directors and each of RIM's co-Chief Executive Officers and Chief Operating Officers ("c-level officers") agreed in respect of options that were incorrectly priced to return any benefit on previously exercised options and to reprice unexercised options that were incorrectly priced. All vice-presidents of the Company were asked to agree to similar treatment for their options that have dating issues, where those options were granted after the employee's commencement of employment and in the employee's capacity as vice-president. All of the stock options held by directors, c-level officers and vice-presidents that were subject to such repricing have been repriced, and the Company received $8.7 million, including interest, in restitution payments from its directors, c-level officers and vice-presidents in fiscal 2008. In addition to the repricings described above, certain employees of the Company agreed in fiscal 2008 and fiscal 2009 to reprice stock options held by them that were incorrectly priced. The total repriced options for all directors, c-level officers, vice-presidents and employees to date include, in fiscal 2009, 43 stock option grants in respect of options to acquire 752,775 common shares and in fiscal 2008 87 stock option grants in respect of options to acquire 9,426,000 common shares.
- Changes to the Company's Stock Option Granting Practices — In June 2007, the Board of Directors approved a formal policy on granting equity awards, the details of which are described in the Company's Management Information Circular, dated May 28, 2008 (the "Management Information Circular"), a copy of which can be found on SEDAR at www.sedar.com and on the SEC's website at www.sec.gov. In addition, in July 2007, the Board of Directors determined to exclude independent directors from future stock option grants.
- Changes to the Company's Board of Directors, Board Committees and Organizational Structure — In accordance with the Special Committee's recommendations and other considerations, the Board of Directors established in 2007 an Oversight Committee, separated the roles of Chairman and Chief Executive Officer, implemented other changes to the Company's Board of Directors, Audit Committee, Compensation Committee, and Nominating Committee, and changed various management roles. In addition to Barbara Stymiest and John Wetmore, who became directors of the Company in March 2007, David Kerr and Roger Martin were elected as directors of the Company at the Annual General Meeting of the Company on July 17, 2007. Each of the new directors is "independent" within the meaning of applicable securities laws and stock exchange rules. As previously disclosed, each of Douglas Fregin, Kendall Cork and Douglas Wright did not stand for re-election at the Annual General Meeting of the Company in 2007. Kendall Cork and Douglas Wright were appointed to the honorary position of Director Emeritus of the Board effective July 17, 2007 in recognition of their substantial contributions to the Company over many years.
- Other Changes — The Company established an internal audit department and an individual commenced employment with the Company in the fourth quarter of fiscal 2008 in the position of Senior Vice-President, Risk Performance and Audit. This new officer reports directly to the chair of the Audit Committee as well as administratively to the Co-Chief Executive Officer, Jim Balsillie. Additionally, the Company enhanced its capabilities in U.S. GAAP and in securities disclosure and compliance matters issues by establishing two new permanent full-time positions which have been filled, respectively, by an employee with expertise in U.S. GAAP and an employee with expertise in securities disclosure and compliance. The latter employee is assisting in the administration of the Company's equity awards granting program.

Review Costs

Included in the Company's selling, marketing and administration expenses in fiscal 2008 and fiscal 2009 are legal, accounting and other professional costs incurred by the Company as well as other costs incurred by the Company under indemnity agreements in favor of certain officers and directors of the Company, in each case in connection with the Review, the Restatement, and the regulatory investigations and litigation related thereto.

As noted above, Jim Balsillie and Mike Lazaridis, the Company's Co-Chief Executive Officers, voluntarily offered to assist the Company in defraying costs incurred in connection with the Review and the Restatement by contributing CAD $10.0 million (CAD $5.0 million each) of those costs. The Company received these voluntary payments in the second quarter of fiscal 2008, which were recorded net of income taxes as an increase to additional paid-in capital. In addition, as part of the Notice of Application that was filed with the Ontario Superior Court of Justice-Commercial List by a pension fund shareholder, seeking various orders against the Company and named directors, the Company and the other defendants entered into an agreement with the shareholder to settle the Application and a proposed derivative action. Under the settlement, among other things, the Company agreed to the payment of CAD $1.1 million on account of the shareholder's legal costs, and consistent with their earlier voluntary agreement to contribute CAD $5.0 million each to defray the costs incurred by RIM in connection with the Review, Jim Balsillie and Mike Lazaridis, agreed to pay RIM a further CAD $2.5 million each to defray the Review costs incurred by the Company. The Company received these voluntary payments of CAD $2.5 million each in the third quarter of fiscal 2008, which were recorded net of income taxes as an increase to additional paid-in capital. Under the OSC settlement, Jim Balsillie, Mike Lazaridis and Dennis Kavelman agreed to contribute an additional CAD $29.8 million (a total of CAD $44.8 million) to defray costs incurred by the Company in the investigation and remediation of stock options, granting practices and related governance practices at the Company. These contributions are being made through Jim Balsillie, Mike Lazaridis and Dennis Kavelman undertaking not to exercise vested RIM options to acquire an aggregate of 1,160,129 common shares of the Company. These options have a fair value equal to the aggregate contribution amounts determined using a BSM calculation based on the last trading day prior to the day the OSC issued a notice of hearing in respect of the matters giving rise to the settlement.

Risks Related to the Company's Historical Stock Option Granting Practices

As a result of the events described above, the Company continues to be subject to risks which are discussed in greater detail in the "Risk Factors" section of RIM's Annual Information Form, which is included in RIM's Annual Report on Form 40-F.

Results of Operations – Fiscal 2009 Compared to Fiscal 2008 and Fiscal 2007

Fiscal year end February 28, 2009 compared to fiscal year ended March 1, 2008

Revenue

Revenue for fiscal 2009 was $11.07 billion, an increase of $5.06 billion, or 84.1%, from $6.01 billion in fiscal 2008.

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

	Fiscal 2009		Fiscal 2008		Change - Fiscal 2009/2008	
Number of devices sold	26,009,000		13,780,000		12,229,000	88.7%
Average Selling Price ("ASP")	$ 349		$ 346		$ 3	0.9%
Revenues *(in thousands)*						
Devices	$ 9,089,736	82.1%	$ 4,768,610	79.4%	$ 4,321,126	90.6%
Service	1,402,560	12.7%	860,641	14.3%	541,919	63.0%
Software	251,871	2.3%	234,388	3.9%	17,483	7.5%
Other	321,019	2.9%	145,756	2.4%	175,263	120.2%
	$ 11,065,186	100.0%	$ 6,009,395	100.0%	$ 5,055,791	84.1%

Device revenue increased by $4.32 billion, or 90.6%, to $9.09 billion, or 82.1% of consolidated revenue, in fiscal 2009 compared to $4.77 billion, or 79.4%, of consolidated revenue in fiscal 2008. This increase in device revenue over the prior year was primarily attributable to a volume increase of approximately 12.2 million units, or 88.7%, to approximately 26.0 million devices in fiscal 2009 compared to approximately 13.8 million devices in fiscal 2008. ASP increased to $349 in fiscal 2009 from $346 in fiscal 2008 due primarily to a change in the BlackBerry device mix of certain new products that are feature rich and designed to operate on new network technologies. The Company currently expects ASP to be lower in fiscal 2010 when compared to fiscal 2009, as RIM expands its market focus into the consumer market and as the technology continues to mature. ASP is dependent on a number of factors including projected future sales volumes, device mix, new device introductions for the Company's enterprise, prosumer and consumer offerings as well as pricing by competitors in the industry.

The Company estimates that a $10, or 2.9%, change in overall ASP would result in a fiscal year revenue change of approximately $260 million, based upon the Company's volume of devices shipped in fiscal 2009.

Service revenue increased by $541.9 million, or 63.0%, to $1.40 billion or 12.7% of consolidated revenue in fiscal 2009 compared to $860.6 million, or 14.3% of consolidated revenue in fiscal 2008, reflecting the Company's increase in BlackBerry subscriber accounts since fiscal 2008. Net BlackBerry subscriber account additions were approximately 11 million for fiscal 2009 compared to approximately 6.1 million for fiscal 2008. The total BlackBerry subscriber account base at the end of fiscal 2009 was approximately 25 million compared to approximately 14 million at the end of fiscal 2008. The percentage of the subscriber account base outside of North America at the end of fiscal 2009 was approximately 32%.

Software revenue includes fees from licensed BES software, CALs, technical support, maintenance and upgrades. Software revenue increased $17.5 million, or 7.5%, to $251.9 million in fiscal 2009 from $234.4 million in fiscal 2008. The majority of the increase was attributable to maintenance and CALs, offset by a decrease in BES and other software revenues.

Other revenue, which includes accessories, non-warranty repairs, NRE and gains and losses on revenue hedging instruments, increased by $175.3 million to $321.0 million in fiscal 2009 compared to $145.8 million in fiscal 2008. The majority of the increase was attributable to increases in non-warranty repair, gains realized from revenue hedging instruments and sales of accessories. See "Market Risk of Financial Instruments – Foreign Exchange" for additional information on revenue hedging instruments.

Gross Margin

Consolidated gross margin increased by $2.02 billion, or 65.5%, to $5.10 billion, or 46.1% of revenue, in fiscal 2009, compared to $3.08 billion, or 51.3% of revenue, in fiscal 2008. The decrease of 5.2% in consolidated gross margin percentage was primarily due to a decrease in the blended device margins primarily driven by the introduction of certain new feature rich products that incorporate new technologies which were adopted at a faster rate than historically, lower than anticipated unit shipments of previous generation products, and a higher percentage of device shipments which comprised 82.1% of the total revenue mix in fiscal 2009 compared to 79.4% in fiscal 2008. Gross margin percentage for devices is generally lower than the Company's consolidated gross margin percentage. The decrease in gross margin percentage relating to devices was offset in part by improved service margins resulting from cost efficiencies in RIM's network operations infrastructure as a result of the increase in BlackBerry subscriber accounts.

Research and Development, Selling, Marketing and Administration, and Amortization Expense

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expenses for fiscal 2009 compared to fiscal 2008.

Fiscal Year Ended
(in thousands)

	February 28, 2009		March 1, 2008		Change - Fiscal 2009/2008	
		% of Revenue		% of Revenue		% of Change
Revenue	$ 11,065,186		$ 6,009,395		$ 5,055,791	84.1%
Research and development	$ 684,702	6.2%	$ 359,828	6.0%	$ 324,874	90.3%
Selling, marketing and administration	1,495,697	13.5%	881,482	14.7%	614,215	69.7%
Amortization	194,803	1.8%	108,112	1.8%	86,691	80.2%
	$ 2,375,202	21.5%	$ 1,349,422	22.5%	$ 1,025,780	76.0%

Research and Development

Research and development expenditures consist primarily of salaries and benefits for technical personnel, new product development costs, travel, office and related infrastructure costs and recruiting.

Research and development expenditures increased by $324.9 million to $684.7 million, or 6.2% of revenue, in fiscal 2009, compared to $359.8 million, or 6.0% of revenue, in fiscal 2008. The majority of the increases during fiscal 2009 compared to fiscal 2008 were attributable to salaries and benefits due to an increase in the average headcount associated with research and development activities, new product development costs, travel and office and related staffing infrastructure costs.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses consist primarily of marketing, advertising and promotion, salaries and benefits, external advisory fees, office and related staffing infrastructure costs and travel expenses.

Selling, marketing and administration expenses increased by $614.2 million to $1.50 billion for fiscal 2009 compared to $881.5 million for the comparable period in fiscal 2008. As a percentage of revenue, selling, marketing and administration expenses decreased to 13.5% in fiscal 2009 compared to 14.7% in fiscal 2008. The net increase was primarily attributable to increased expenditures for marketing, advertising and promotion expenses including additional programs to support new product launches, salary and benefits expenses primarily as a result of increased personnel, external advisory fees, office and related staffing infrastructure costs and travel expenses.

Amortization

The table below presents a comparison of amortization expense relating to capital assets and intangible assets for fiscal 2009 compared to fiscal 2008.

(in thousands)

	Included in Amortization			Included in Cost of sales		
	Fiscal year end					
	February 28, 2009	March 1, 2008	Change	February 28, 2009	March 1, 2008	Change
Capital assets	**$ 119,209**	$ 87,800	**$ 31,409**	**$ 84,168**	$ 45,248	**$ 38,920**
Intangible assets	**75,594**	20,312	**$ 55,282**	**48,925**	24,006	**24,919**
Total	**$ 194,803**	$ 108,112	**$ 86,691**	**$ 133,093**	$ 69,254	**$ 63,839**

Amortization expense relating to certain capital and certain intangible assets increased by $86.7 million to $194.8 million for fiscal 2009 compared to $108.1 million for the comparable period in fiscal 2008. The increased amortization expense primarily reflects the impact of certain capital and intangible asset expenditures incurred over the last four quarters.

Total amortization expense with respect to intangible assets was $124.5 million in fiscal 2009 compared to $44.3 million in fiscal 2008. Refer to Notes 6 and 7 to the Consolidated Financial Statements.

Cost of sales

Amortization expense with respect to capital assets employed in the Company's manufacturing operations and BlackBerry service operations increased to $84.2 million in fiscal 2009 compared to $45.2 million in fiscal 2008 and is charged to cost of sales in the Consolidated Statements of Operations. The increased amortization expense in fiscal 2009 primarily reflects the impact of amortization expense with respect to these capital asset expenditures incurred over the last four quarters.

The amount of intangible assets amortization charged to cost of sales and was $48.9 million in fiscal 2009 compared to $24.0 million in fiscal 2008.

Investment Income

Investment income decreased by $1.1 million to $78.3 million in fiscal 2009 from $79.4 million in fiscal 2008. The decrease primarily reflects the decrease in yields due to lower interest rates when compared to the prior year, offset partially by an increase in the average cash and cash equivalents, short-term investments and long-term investments balances throughout fiscal 2009 when compared to the same period in the prior year and the gain on sale of investments in fiscal 2009. See "Liquidity and Capital Resources".

Income Taxes

For fiscal 2009, the Company's income tax expense was $907.7 million, resulting in an effective tax rate of 32.4% compared to income tax expense of $516.7 million and an effective tax rate of 28.5% for the same period last year. The Company's effective tax rate reflects the geographic mix of earnings in jurisdictions with different tax rates. The Company's effective tax rate was approximately 3% higher than management's estimate of 29%-30% for the fiscal year primarily due to the significant depreciation of the Canadian dollar relative to the U.S. dollar in the third quarter of fiscal 2009 and its effect on the Company's U.S. dollar denominated assets and liabilities held by the Company's Canadian operating companies that are subject to tax in Canadian dollars. The incremental tax expense in fiscal 2009 resulting from the significant depreciation of the Canadian dollar relative to the U.S. dollar was $99.7 million resulting in an adjusted tax rate of 28.9%. The lower effective tax rate in fiscal 2008 was primarily due to the favorable impact of the depreciation of the U.S. dollar relative to the Canadian dollar.

On December 14, 2007, the Government of Canada enacted legislation that would allow the Company the option to determine its Canadian tax results based on its functional currency (the U.S. dollar) rather than the Canadian dollar. Amending legislation was proposed on November 10, 2008, which included an extension of the deadline to elect, on an annual basis, to use these rules as well as certain clarifications to the rules. In order to utilize the functional currency option for fiscal 2009, the Company filed an election pursuant to the draft legislation in the third quarter of fiscal 2009. Management believes that functional currency tax reporting should significantly reduce the distortion that exchange rate volatility could have on the Company's income tax expense in the future.

On March 12, 2009, subsequent to the Company's fiscal year end, the Government of Canada enacted the amending legislation. As such, the Company will be able to calculate its fiscal 2009 Canadian income tax provision based on its functional currency, the U.S. dollar. While the Company elected for Canadian tax purposes to adopt these rules in the third quarter of fiscal 2009, the Company cannot recognize the related tax benefit of electing to adopt these rules for U.S. GAAP financial reporting purposes until the quarter in which they are enacted resulting in a $99.7 million higher provision for income taxes in fiscal 2009. In the first quarter of fiscal 2010, the Company will record an incremental, one time net benefit of approximately $70 - $100 million to net income relating to the adoption of the amending legislation. In addition, future volatility in the Company's tax rate will be reduced. For more details, please see the Company's "Non-GAAP Financial Measures" and refer to Note 19 to the Consolidated Financial Statements.

Management anticipates the Company's effective tax rate for fiscal 2010 to be approximately 29% to 30%.

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

Net Income

Net income was $1.89 billion in fiscal 2009, compared to net income of $1.29 billion in fiscal 2008. Basic EPS was $3.35 and diluted EPS was $3.30 in fiscal 2009 compared to $2.31 basic EPS and $2.26 diluted EPS, in fiscal 2008.

The $598.7 million increase in net income in fiscal 2009 reflects primarily an increase in gross margin in the amount of $2.02 billion, resulting primarily from the increased number of device shipments, which was partially offset by the decrease of consolidated gross margin percentage and an increase of $1.33 billion in the Company's research and development, selling, marketing and administration expenses and the Company's provision for income taxes, which included the negative impact of $99.7 million due to the significant depreciation of the Canadian dollar relative to the U.S. dollar in the fiscal year. See "Income Taxes".

The weighted average number of shares outstanding was 565.1 million common shares for basic EPS and 574.2 million common shares for diluted EPS for the fiscal year ended February 28, 2009 compared to 559.8 million common shares for basic EPS and 572.8 million common shares for diluted EPS for the fiscal year ended March 1, 2008.

Common Shares Outstanding

On March 31, 2009, there were 566.4 million common shares, 12.6 million options to purchase common shares, 3,334 restricted share units outstanding and 20,208 deferred share units outstanding.

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

Stock Split

The Company declared a 3-for-1 stock split of the Company's outstanding common shares on June 28, 2007. The stock split was implemented by way of a stock dividend. Shareholders received two common shares of the Company for each common share held. The stock dividend was paid in the second quarter of fiscal 2008. All share, earnings per share and stock option data for the current fiscal year and prior comparative periods reflects this stock dividend.

Fiscal year end March 1, 2008 compared to fiscal year ended March 3, 2007

Revenue

Revenue for fiscal 2008 was $6.01 billion, an increase of $2.97 billion, or 97.9%, from $3.04 billion in fiscal 2007.

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

	Fiscal 2008		Fiscal 2007		Change - Fiscal 2008/2007	
Number of devices sold	13,780,000		6,414,000		7,366,000	114.8%
Average Selling Price ("ASP")	$ 346		$ 346		$ -	0.0%
Revenues *(in thousands)*						
Devices	$ 4,768,610	79.4%	$ 2,215,951	73.0%	$ 2,552,659	115.2%
Service	860,641	14.3%	560,116	18.4%	300,525	53.7%
Software	234,388	3.9%	173,187	5.7%	61,201	35.3%
Other	145,756	2.4%	87,849	2.9%	57,907	65.9%
	$ 6,009,395	100.0%	$ 3,037,103	100.00%	$ 2,972,292	97.9%

Device revenue increased by $2.55 billion, or 115.2%, to $4.77 billion, or 79.4% of consolidated revenue, in fiscal 2008 compared to $2.22 billion, or 73.0%, of consolidated revenue in fiscal 2007. This increase in device revenue over the prior year was primarily attributable to a volume increase of approximately 7.4 million units, or 114.8%, to approximately 13.8 million devices in fiscal 2008 compared to approximately 6.4 million devices in fiscal 2007. ASP in both fiscal 2008 and fiscal 2007 was $346.

Service revenue increased by $300.5 million, or 53.7%, to $860.6 million, or 14.3% of consolidated revenue in fiscal 2008 compared to $560.1 million, or 18.4% of consolidated revenue in fiscal 2007, reflecting the Company's increase in BlackBerry subscriber accounts over fiscal 2007. Net BlackBerry subscriber account additions were approximately 6.1 million for fiscal 2008 compared to approximately net 3.1 million for fiscal 2007. The total BlackBerry subscriber account base at the end of fiscal 2008 was over 14 million compared to approximately 8 million at the end of fiscal 2007.

Software revenue includes fees from licensed BES software, CALs, technical support, maintenance and upgrades. Software revenue increased $61.2 million, or 35.3%, to $234.4 million in fiscal 2008 from $173.2 million in fiscal 2007.

Other revenue increased by $57.9 million to $145.8 million in fiscal 2008 compared to $87.8 million in fiscal 2007. The majority of the increase was attributable to increases in accessories and non-warranty repair.

Gross Margin

Consolidated gross margin increased by $1.42 billion, or 85.8%, to $3.08 billion, or 51.3% of revenue, in fiscal 2008, compared to $1.66 billion, or 54.6% of revenue, in fiscal 2007. The decrease of 3.3% in consolidated gross margin percentage was primarily due to a higher percentage of device shipments which comprised 79.4% of the total revenue mix in fiscal 2008 compared to 73.0% in fiscal 2007, as well as changes in the BlackBerry device mix. The decrease in gross margin percentage relating to the increase in percentage of device shipments was offset in part by improved service margins resulting from cost efficiencies in RIM's network operations infrastructure as a result of the increase in BlackBerry subscriber accounts and a decline in certain fixed costs as a percentage of consolidated revenue as the Company continued to realize economies of scale in its manufacturing operations.

Research and Development, Selling, Marketing and Administration, and Amortization Expense

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expenses for fiscal 2008 compared to fiscal 2007.

	Fiscal Year Ended (in thousands)					
	March 1, 2008		March 3, 2007		Change - Fiscal 2008/2007	
		% of Revenue		% of Revenue		% of Change
Revenue	**$ 6,009,395**		$ 3,037,103		**$ 2,972,292**	**97.9%**
Research and development	**$ 359,828**	**6.0%**	$ 236,173	7.8%	**$ 123,655**	**52.4%**
Selling, marketing and administration	**881,482**	**14.7%**	537,922	17.7%	**343,560**	**63.9%**
Amortization	**108,112**	**1.8%**	76,879	2.5%	**31,233**	**40.6%**
	$ 1,349,422	**22.5%**	$ 850,974	28.0%	**$ 498,448**	**58.6%**

Research and Development

Research and development expenditures increased by $123.6 million to $359.8 million, or 6.0% of revenue, in fiscal 2008, compared to $236.2 million, or 7.8% of revenue, in fiscal 2007. The majority of the increases during fiscal 2008, compared to fiscal 2007, were attributable to salaries and benefits due to an increase in the average headcount associated with research and development activities, new product development costs, office and related staffing infrastructure costs and travel.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses increased by $343.6 million to $881.5 million for fiscal 2008 compared to $537.9 million in fiscal 2007. As a percentage of revenue, selling, marketing and administration expenses decreased to 14.7% in fiscal 2008 compared to 17.7% in fiscal 2007. The net increase of $343.6 million was primarily attributable to increased expenditures for marketing, advertising and promotion expenses including additional programs to support new product launches, salary and benefits expenses primarily as a result of increased personnel, external advisory fees, office and related staffing infrastructure costs and travel. The increase also included other costs incurred by the Company under indemnity agreements in favor of certain officers and directors of the Company, in each case in connection with the Review, the Restatement, regulatory investigations relating to the Company's historical option granting practices and related matters.

Amortization

The table below presents a comparison of amortization expense relating to capital assets and intangible assets for fiscal 2008 compared to fiscal 2007.

	(in thousands)					
	Included in Amortization			Included in Cost of sales		
	Fiscal year end					
	March 1, 2008	March 3, 2007	**Change**	**March 1, 2008**	March 3, 2007	**Change**
Capital assets	**$ 87,800**	$ 63,624	**$ 24,176**	**$ 45,248**	$ 29,874	**$ 15,374**
Intangible assets	**20,312**	13,255	**7,057**	**24,006**	19,602	**4,404**
Total	**$ 108,112**	$ 76,879	**$ 31,233**	**$ 69,254**	$ 49,476	**$ 19,778**

Amortization expense relating to certain capital and certain intangible assets increased by $31.2 million to $108.1 million for fiscal 2008 compared to $76.9 million for the comparable period in fiscal 2007. The increased amortization expense primarily reflects the impact of a full year amortization of fiscal 2007 additions plus a partial year's amortization for fiscal 2008 additions.

Total amortization expense with respect to intangible assets was $44.3 million in fiscal 2008 compared to $32.9 million in fiscal 2007.

Cost of sales

Amortization expense with respect to capital assets employed in the Company's manufacturing operations and BlackBerry service operations increased to $45.2 million in fiscal 2008 compared to $29.9 million in fiscal 2007 and is charged to cost of sales in the Consolidated Statements of Operations. The increased amortization expense in fiscal 2008 reflects the impact of a full year's amortization expense with respect to these capital asset expenditures incurred during fiscal 2007 and also incremental amortization with respect to capital asset expenditures incurred during fiscal 2008.

The amount of intangible assets amortization charged to cost of sales was $24.0 million in fiscal 2008 compared to $19.6 million in fiscal 2007.

Investment Income

Investment income increased by $27.3 million to $79.4 million in fiscal 2008 from $52.1 million in fiscal 2007. The increase primarily reflects the increase in cash and cash equivalents, short-term investments and long-term investments when compared to the prior year.

Income Taxes

For fiscal 2008, the Company's income tax expense was $516.7 million, resulting in an effective tax rate of 28.5% compared to income tax expense of $227.4 million or an effective tax rate of 26.5% for fiscal 2007. The Company's effective tax rate reflects the geographic mix of earnings in jurisdictions with different tax rates. The fiscal 2008 effective tax rate increase was partially offset by the significant depreciation of the U.S. dollar relative to the Canadian dollar during fiscal 2008, the impact of enacted Canadian federal income tax rate reductions in the fourth quarter of fiscal 2008 on the Company's deferred income tax asset and liability balances, and the settlement in the third quarter of fiscal 2008 of previously unrecognized ITCs on research and development expenditures attributable to prior fiscal periods. The foreign exchange impact was a result of the U.S. denominated assets and liabilities, and the related timing of these transactions, held by Canadian entities that are subject to tax in Canadian dollars.

Net Income

Net income was $1.29 billion, or $2.31 basic EPS and $2.26 diluted EPS, in fiscal 2008 compared to net income of $631.6 million, or $1.14 basic EPS and $1.10 diluted EPS, in fiscal 2007.

The $662.3 million increase in net income in fiscal 2008 reflects primarily an increase in gross margin in the amount of $1.42 billion, which was offset in part by an increase of $756.5 million in the Company's research and development, selling, marketing and administration expenses and the Company's provision for income taxes.

The weighted average number of shares outstanding was 559.8 million common shares for basic EPS and 572.8 million common shares for diluted EPS for year ended March 1, 2008 compared to 556.1 million common shares for basic EPS and 571.8 million common shares for diluted EPS for the same period in fiscal 2007. Both the weighted average number of shares outstanding and the basic and diluted EPS for year ended March 1, 2008 and year ended March 3, 2007 reflects the 3-for-1 stock split implemented by way of a stock dividend that was paid in the second quarter of fiscal 2008.

Summary Results of Operations

Three months ended February 28, 2009 compared to the three months ended March 1, 2008

The following table sets forth certain unaudited interim consolidated statement of operations data, which is expressed in thousands of dollars and as a percentage of revenue for the interim periods indicated.

	For the Three Months Ended				
	February 28, 2009		March 1, 2008		**Change Q4 Fiscal 2009/2008**
	(in thousands, except for per share amounts)				
Revenue	**$ 3,463,193**	**100.0%**	$ 1,882,705	100.0%	**$ 1,580,488**
Cost of sales	**2,079,615**	**60.0%**	914,483	48.6%	**1,165,132**
Gross margin	**1,383,578**	**40.0%**	968,222	51.4%	**415,356**
Expenses					
Research and development	**182,535**	**5.3%**	104,573	5.6%	**77,962**
Selling, marketing and administration	**406,493**	**11.7%**	267,881	14.2%	**138,612**
Amortization	**61,595**	**1.8%**	31,314	1.7%	**30,281**
	650,623	**18.8%**	403,768	21.4%	**246,855**
Income from operations	**732,955**	**21.2%**	564,454	30.0%	**168,501**
Investment income	**10,568**	**0.3%**	20,114	1.1%	**(9,546)**
Income before income taxes	**743,523**	**21.5%**	584,568	31.0%	**158,955**
Provision for income taxes (1)	**225,264**	**6.5%**	172,067	9.1%	**53,197**
Net income	**$ 518,259**	**15.0%**	$ 412,501	21.9%	**$ 105,758**
Earnings per share					
Basic	**$ 0.92**		$ 0.73		**$ 0.19**
Diluted	**$ 0.90**		$ 0.72		**$ 0.18**
Weighted-average number of shares outstanding (000's)					
Basic	**566,105**		561,837		
Diluted	**572,753**		573,851		

Notes:

(1) Provision for income taxes includes the positive impact of fluctuations of the Canadian dollar relative to the U.S. dollar in the fourth quarter of fiscal 2009 of approximately $3.5 million. See "Non-GAAP Financial Measures" on page 39.

Revenue

Revenue for the fourth quarter of fiscal 2009 was $3.46 billion, an increase of $1.58 billion, or 83.9%, from $1.88 billion in the fourth quarter of fiscal 2008.

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

	Q4 Fiscal 2009		Q4 Fiscal 2008		Change - Fiscal 2009/2008	
Number of devices sold	**7,780,000**		4,372,000		**3,408,000**	**78.0%**
Average Selling Price ("ASP")	**$ 371**		$ 348		**$ 23**	**6.6%**
Revenues *(in thousands)*						
Devices	**$ 2,883,399**	**83.3%**	$ 1,523,167	80.9%	**$ 1,360,232**	**89.3%**
Service	**415,223**	**12.0%**	253,744	13.5%	**161,479**	**63.6%**
Software	**58,756**	**1.7%**	63,071	3.4%	**(4,315)**	**(6.8%)**
Other	**105,815**	**3.0%**	42,723	2.2%	**63,092**	**147.7%**
	$ 3,463,193	**100.0%**	$ 1,882,705	100.0%	**$ 1,580,488**	**83.9%**

Device revenue increased by $1.36 billion, or 89.3%, to $2.88 billion, or 83.3% of consolidated revenue, in the fourth quarter of fiscal 2009 compared to $1.52 billion, or 80.9%, of consolidated revenue in the fourth quarter of fiscal 2008. This increase in device revenue over the prior year is primarily attributable to a volume increase of approximately 3.4 million units, or 78.0%, to approximately 7.8 million devices in the fourth quarter of fiscal 2009 compared to approximately 4.4 million devices in the fourth quarter of fiscal 2008. ASP increased to $371 in the fourth quarter of fiscal 2009 from $348 in the fourth quarter of fiscal 2008 due primarily to a change in the BlackBerry device mix of certain new products that are feature rich and designed to operate on new network technologies. The Company currently expects ASP to be lower in the first quarter of fiscal 2010 when compared to the fourth quarter of fiscal 2009. ASP is dependent on a number of factors, including projected future sales volumes, device mix, new device introductions for the Company's enterprise, prosumer and consumer offerings as well as pricing by competitors in the industry.

The Company estimates that a $10, or 2.7%, change in overall ASP would result in a quarterly revenue change of approximately $78 million, based upon the Company's volume of devices shipped in the fourth quarter of fiscal 2009.

Service revenue increased by $161.5 million, or 63.6%, to $415.2 million, or 12.0% of consolidated revenue in the fourth quarter of fiscal 2009 compared to $253.7 million, or 13.5% of consolidated revenue in the fourth quarter of fiscal 2008, reflecting the Company's increase in BlackBerry subscriber accounts since the fourth quarter of fiscal 2008. Net BlackBerry subscriber account additions were approximately 3.9 million for the fourth quarter of fiscal 2009 compared to approximately 2.2 million for the comparable period last year.

Software revenue decreased $4.3 million, or 6.8%, to $58.8 million in the fourth quarter of fiscal 2009 from $63.1 million in the fourth quarter of fiscal 2008. The majority of the decrease was attributable to lower software revenues related to CALs and BES, partially offset by an increase in software maintenance revenues.

Other revenue increased by $63.1 million to $105.8 million in the fourth quarter of fiscal 2009 compared to $42.7 million in the fourth quarter of fiscal 2008. The majority of the increase was attributable to increases in non-warranty repair, gains realized from revenue hedging instruments and increase in sales of accessories.

Gross Margin

Consolidated gross margin increased by $415.4 million, or 42.9%, to $1.38 billion, or 40.0% of revenue, in the fourth quarter of fiscal 2009, compared to $968.2 million, or 51.4% of revenue, in the same period of the previous fiscal year. The decrease of 11.4% in consolidated gross margin percentage was primarily due to a decrease in the blended device margins primarily driven by the introduction of certain new feature rich products that incorporate new technologies which were adopted at a faster rate than historically, lower than anticipated unit shipments of previous generation products and a higher percentage of device shipments which comprised 83.3% of the total revenue mix in the fourth quarter of fiscal 2009 compared to 80.9% in the same period of fiscal 2008. Gross margin percentage for devices is generally lower than the Company's consolidated gross margin percentage. The decrease in gross margin percentage relating to devices was offset in part by improved service margins resulting from cost efficiencies in

RIM's network operations infrastructure as a result of the increase in BlackBerry subscriber accounts. The Company expects consolidated gross margins to be approximately 43-44% in the first quarter of fiscal 2010, based on the Company's current expectation for product mix, device ASP, current product costs and foreign exchange. Based on the Company's current view and the potential for variation due to these factors, the Company expects consolidated gross margin percentage for fiscal year 2010 to be in the low forties.

Research and Development, Selling, Marketing and Administration, and Amortization Expense

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expenses for the quarter ended February 28, 2009 compared to the quarter ended November 29, 2008 and the quarter ended March 1, 2008. The Company believes it is meaningful to provide a comparison between the fourth quarter of fiscal 2009 and the third quarter of fiscal 2009 given the quarterly increases in revenue realized by the Company during fiscal 2009.

Three Month Fiscal Periods Ended (in thousands)

	February 28, 2009		November 29, 2008		March 1, 2008	
		% of Revenue		% of Revenue		% of Revenue
Revenue	**$ 3,463,193**		$ 2,782,098		$ 1,882,705	
Research and development	**$ 182,535**	**5.3%**	$ 193,044	6.9%	$ 104,573	5.6%
Selling, marketing and administration	**406,493**	**11.7%**	382,968	13.8%	267,881	14.2%
Amortization	**61,595**	**1.8%**	53,023	1.9%	31,314	1.7%
	$ 650,623	**18.8%**	$ 629,035	22.6%	$ 403,768	21.4%

Total research and development, selling, marketing and administration, and amortization expenses for the fourth quarter as a percentage of revenue decreased by 3.8% to 18.8% of revenues when compared to the third quarter of fiscal 2009.

Research and Development

Research and development expenditures increased by $77.9 million to $182.5 million, or 5.3% of revenue, in the fourth quarter of fiscal 2009, compared to $104.6 million, or 5.6% of revenue, in the fourth quarter of fiscal 2008. The majority of the increases during the fourth quarter of fiscal 2009 compared to the fourth quarter of fiscal 2008 were attributable to salaries and benefits due to an increase in the average headcount associated with research and development activities, new product development costs and office and related staffing infrastructure costs.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses increased by $138.6 million to $406.5 million for the fourth quarter of fiscal 2009 compared to $267.9 million for the comparable period in fiscal 2008. As a percentage of revenue, selling, marketing and administration expenses decreased to 11.7% in the fourth quarter of fiscal 2009 compared to 14.2% in the fourth quarter of fiscal 2008. The net increase was primarily attributable to increased expenditures for marketing, advertising and promotion expenses including additional programs to support new product launches, salary and benefits expenses primarily as a result of increased personnel and office and related staffing infrastructure costs.

Amortization

The table below presents a comparison of amortization expense relating to capital assets and intangible assets for the quarter ended February 28, 2009 compared to the quarter ended March 1, 2008.

(in thousands)

	Included in Amortization			Included in Cost of sales		
	Three Month Fiscal Period Ended					
	February 28, 2009	March 1, 2008	Change	February 28, 2009	March 1, 2008	Change
Capital assets	**$ 36,662**	$ 24,662	**$ 12,000**	**$ 28,347**	$ 12,824	**$ 15,523**
Intangible assets	**24,933**	6,652	**18,281**	**26,183**	6,374	**19,809**
Total	**$ 61,595**	$ 31,314	**$ 30,281**	**$ 54,530**	$ 19,198	**$ 35,332**

Amortization expense relating to certain capital and certain intangible assets licenses increased by $30.3 million to $61.6 million for the fourth quarter of fiscal 2009 compared to $31.3 million for the comparable period in fiscal 2008. The increased amortization expense primarily reflects the impact of certain capital and intangible asset expenditures incurred over the last four quarters.

Total amortization expense with respect to intangible assets was $51.1 million in the fourth quarter of fiscal 2009 compared to $13.0 million in the fourth quarter of fiscal 2008. Refer to Notes 6 and 7 to the Consolidated Financial Statements.

Cost of sales

Amortization expense with respect to capital assets employed in the Company's manufacturing operations and BlackBerry service operations increased to $28.3 million in the fourth quarter of fiscal 2009 compared to $12.8 million in the fourth quarter of fiscal 2008 and is charged to cost of sales in the Consolidated Statements of Operations. The increased amortization expense in the fourth quarter of fiscal 2009 primarily reflects the impact of amortization expense with respect to these capital asset expenditures incurred over the last four quarters.

The amount of intangible assets amortization charged to cost of sales and was $26.2 million in the fourth quarter of fiscal 2009 compared to $6.4 million in the fourth quarter of fiscal 2008.

Investment Income

Investment income decreased by $9.5 million to $10.6 million in the fourth quarter of fiscal 2009 from $20.1 million in the fourth quarter of fiscal 2008. The decrease primarily reflects a decrease in yields due to lower interest rates when compared to the prior year. See "Liquidity and Capital Resources".

Income Taxes

For the fourth quarter of fiscal 2009, the Company's income tax expense was $225.3 million, resulting in an effective tax rate of 30.3% compared to income tax expense of $172.1 million and an effective tax rate of 29.4% for the same period last year. The Company's effective tax rate reflects the geographic mix of earnings in jurisdictions with different tax rates. The Company's effective tax rate for the fourth quarter of fiscal 2009 was not significantly impacted by the continued variability in the value of the Canadian dollar relative to the U.S. dollar. The Company's adjusted tax rate for the fourth quarter of fiscal 2009 was 30.8% which was approximately 1% higher than management's estimate of 29%-30% for the quarter. The higher than expected adjusted tax rate was primarily a result of lower than expected ITCs. The lower effective tax rate in the fourth quarter of fiscal 2008 was primarily due to the favorable impact of the depreciation of the U.S. dollar relative to the Canadian dollar.

Net Income

Net income was $518.3 million in the fourth quarter of fiscal 2009, compared to net income of $412.5 million in the fourth quarter of fiscal 2008. Basic EPS was $0.92 and diluted EPS was $0.90 in the fourth quarter of fiscal 2009 compared to $0.73 basic EPS and $0.72 diluted EPS, in the fourth quarter of fiscal 2008.

The $105.8 million increase in net income in the fourth quarter of fiscal 2009 reflects primarily an increase in gross margin in the amount of $415.4 million, resulting primarily from the increased number of device shipments, which was offset in part by the decrease of consolidated gross margin percentage and by an increase of $269.8 million in the Company's investments in research and development, selling, marketing and administration expenses and the Company's provision for income taxes which, included the positive impact of $3.5 million due to the marginal increase of the Canadian dollar relative to the U.S. dollar in the quarter, see "Income Taxes".

Adjusted net income was $514.8 million, adjusted basic EPS was $0.91 and adjusted diluted EPS was $0.90 in the fourth quarter of fiscal 2009. See "Non-GAAP Financial Measures".

The weighted average number of shares outstanding was 566.1 million common shares for basic EPS and 572.8 million common shares for diluted EPS for the quarter ended February 28, 2009 compared to 561.8 million common shares for basic EPS and 573.9 million common shares for diluted EPS for the same period last year.

Selected Quarterly Financial Data

The following table sets forth RIM's unaudited quarterly consolidated results of operations data for each of the eight most recent quarters, including the quarter ended February 28, 2009. The information in the table below has been derived from RIM's unaudited interim consolidated financial statements that, in management's opinion, have been prepared on a basis consistent with the Consolidated Financial Statements of the Company and include all adjustments necessary for a fair presentation of information when read in conjunction with the Consolidated Financial Statements of the Company. RIM's quarterly operating results have varied substantially in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

	Fiscal Year 2009				Fiscal Year 2008			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(in thousands, except per share data)							
Revenue	**$ 3,463,193**	**$ 2,782,098**	**$ 2,577,330**	**$ 2,242,565**	$ 1,882,705	$ 1,672,529	$ 1,372,250	$ 1,081,911
Gross margin	**$ 1,383,578**	**$ 1,269,506**	**$ 1,306,857**	**$ 1,137,357**	$ 968,222	$ 847,872	$ 704,417	$ 560,070
Research and development, Selling, marketing and administration, and Amortization	**650,623**	**629,035**	**604,624**	**490,920**	403,768	357,978	311,464	276,212
Investment income	**(10,568)**	**(31,554)**	**(17,168)**	**(18,977)**	(20,114)	(23,816)	(18,984)	(16,447)
Income before income taxes	**743,523**	**672,025**	**719,401**	**665,414**	584,568	513,710	411,937	300,305
Provision for income taxes (1)	**225,264**	**275,729**	**223,855**	**182,899**	172,067	143,249	124,252	77,085
Net income	**$ 518,259**	**$ 396,296**	**$ 495,546**	**$ 482,515**	$ 412,501	$ 370,461	$ 287,685	$ 223,220
Earnings per share (2)								
Basic	**$ 0.92**	**$ 0.70**	**$ 0.88**	**$ 0.86**	$ 0.73	$ 0.66	$ 0.51	$ 0.40
Diluted	**$ 0.90**	**$ 0.69**	**$ 0.86**	**$ 0.84**	$ 0.72	$ 0.65	$ 0.50	$ 0.39

Research and development	**$ 182,535**	**$ 193,044**	**$ 181,347**	**$ 127,776**	$ 104,573	$ 92,150	$ 88,171	$ 74,934
Selling, marketing and administration	**406,493**	**382,968**	**379,644**	**326,592**	267,881	238,175	197,943	177,483
Amortization	**61,595**	**53,023**	**43,633**	**36,552**	31,314	27,653	25,350	23,795
	$ 650,623	**$ 629,035**	**$ 604,624**	**$ 490,920**	$ 403,768	$ 357,978	$ 311,464	$ 276,212

Notes:

***(1)** Provision for income taxes includes the positive impact of fluctuations of the Canadian dollar relative to the U.S. dollar in the fourth quarter of fiscal 2009 of approximately $3.5 million and the negative impact in the third quarter of fiscal 2009 of approximately $103.2 million. See "Non-GAAP Financial Measures" below.*

***(2)** Basic and diluted earnings per share for fiscal year 2009 and fiscal 2008, as presented in the table above, reflect the 3-for-1 stock split implemented by way of a stock dividend that was paid in the second quarter of fiscal 2008.*

Non-GAAP Financial Measures

The Company's financial statements are prepared in accordance with U.S. GAAP on a basis consistent for all periods presented. In this MD&A, the Company has presented the following "non-GAAP financial measures": adjusted net income, adjusted basic earnings per share and adjusted diluted earnings per share. The term "non-GAAP financial measure" is used to refer to a numerical measure of a company's historical or future financial performance, financial position or cash flows that: (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with U.S. GAAP in a company's statement of income, balance sheet or statement of cash flows; or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Adjusted net income, adjusted basic earnings per share and adjusted diluted earnings per share are non-GAAP financial measures that exclude the impact of exchange rate fluctuations between the Canadian dollar and the U.S. dollar on the Company's tax rate. This section of the MD&A describes the Company's use of such non-GAAP financial measures.

The Company reported an income tax provision for fiscal 2009 that was higher than previously forecasted, the incremental portion of which will be reversed in the first quarter of fiscal 2010. This annual provision reflects an effective tax rate that is significantly higher than the Company's historical effective tax rate due to the significant depreciation of the Canadian dollar relative to the U.S. dollar and its effect on the Company's U.S. dollar denominated assets and liabilities held by RIM's Canadian operating companies that are subject to tax in Canadian dollars. The majority of this effect was experienced in the third quarter of fiscal 2009. As described in greater detail under "Income Taxes", on March 12, 2009 changes to the *Income Tax Act (Canada)* that allow RIM to calculate its fiscal 2009 Canadian income tax expense based on the U.S. dollar (the Company's functional currency) were enacted. See "Income Taxes". Although the Company elected for Canadian income tax purposes to adopt these rules in the third quarter of fiscal 2009, the Company cannot recognize the related income tax reduction of electing to adopt these rules for U.S. GAAP financial reporting purposes until the quarter in which they are enacted, resulting in a higher provision for the fourth quarter of fiscal 2009. In the first quarter of fiscal 2010, the Company will record an incremental, one time net benefit of approximately $70 - $100 million to net income relating to the enactment of the rules. As result of the enactment of the rules, future volatility in the Company's effective tax rate should be reduced. Since the incremental tax expense in fiscal 2009 will be reversed and additional net benefits from adoption will be realized because the rules were enacted, the Company believes presenting non-GAAP financial measures that exclude the impact of exchange rate fluctuations between the Canadian dollar and the U.S. dollar enables the Company, and its shareholders, to better assess the Company's operating performance relative to its financial results in prior periods and improves the comparability of the information presented.

The Company's income tax provision for the fourth quarter of fiscal 2009 was not significantly impacted by changes in the Canadian dollar as outlined in the table below.

Investors are cautioned that adjusted net income and adjusted earnings per share do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similarly titled measures reported by other issuers. These non-GAAP financial measures should be considered in the context of the Company's U.S. GAAP results.

The following table provides a reconciliation of net income to adjusted net income, basic earnings per share to adjusted basic earnings per share and diluted earnings per share to adjusted diluted earnings per share.

	(in thousands, except per share amounts)	
	Three months ended February 28, 2009	Fiscal year ended February 28, 2009
Net income	$ 518,259	$ 1,892,616
Impact using functional currency (U.S. dollar) to determine Canadian income taxes (1)	(3,500)	99,700
Adjusted net income (1)	514,759	1,992,316
Basic earnings per share	0.92	3.35
Diluted earnings per share	0.90	3.30
Adjusted basic earnings per share (1)	0.91	3.53
Adjusted diluted earnings per share (1)	0.90	3.47

(1) These are non-GAAP amounts or non-GAAP financial measures

Financial Condition

Liquidity and Capital Resources

Cash and cash equivalents, short-term investments and long-term investments decreased by $105.1 million to $2.24 billion as at February 28, 2009 from $2.34 billion as at March 1, 2008. The majority of the Company's cash and cash equivalents, short-term investments and long-term investments are denominated in U.S. dollars as at February 28, 2009.

A comparative summary of cash and cash equivalents, short-term investments and long-term investments is set out below.

	As at (in thousands)		
	February 28, 2009	March 1, 2008	Change - Fiscal 2009/2008
Cash and cash equivalents	$ 835,546	$ 1,184,398	$ (348,852)
Short-term investments	682,666	420,709	261,957
Long-term investments	720,635	738,889	(18,254)
Cash and cash equivalents, short-term investments and long-term investments	$ 2,238,847	$ 2,343,996	$ (105,149)

Fiscal year ended February 28, 2009 compared to the fiscal year ended March 1, 2008

Operating Activities

Cash flow provided by operating activities was $1.45 billion in fiscal 2009 compared to cash flow provided by operating activities of $1.58 billion in the preceding fiscal year, representing a decrease of $124.9 million. The table below summarizes the key components of this net decrease.

	Fiscal Year Ended (in thousands)		
	February 28, 2009	March 1, 2008	Change - Fiscal 2009/2008
Net income	$ **1,892,616**	$ 1,293,867	$ **598,749**
Amortization	**327,896**	177,366	**150,530**
Deferred income taxes	**(36,623)**	(67,244)	**30,621**
Income taxes payable	**(6,897)**	4,973	**(11,870)**
Stock-based compensation	**38,100**	33,700	**4,400**
Other	**5,867**	3,303	**2,564**
Net changes in working capital	**(769,114)**	130,794	**(899,908)**
Cash provided from operating activities	$ **1,451,845**	$ 1,576,759	$ **(124,914)**

The increase in working capital in fiscal 2009 was primarily due to increases in trade receivables and inventory, partially offset by an increase in accrued liabilities. The decrease in working capital in fiscal 2008 was primarily due to increases in income taxes payable and accrued liabilities, partially offset by increases in trade receivables and inventory.

Financing Activities

Cash flow provided by financing activities was $25.4 million for fiscal 2009 and was primarily provided by the proceeds from the exercise of stock options and tax benefits from the exercise of stock options, offset in part by repayment of the long-term debt. The cash flow provided by financing activities in fiscal 2008 in the amount of $80.4 million was primarily attributable to proceeds from the exercise of stock options in the amount of $62.9 million, as well as the voluntary payments of CAD $7.5 million each made by the Company's Co-Chief Executive Officers. See "Restatement of Previously Issued Financial Statements – Review Costs".

Investing Activities

During the fiscal year ended February 28, 2009, cash flow used in investing activities was $1.82 billion and included capital asset additions of $833.5 million, intangible asset additions of $687.9 million, business acquisitions of $48.4 million as well as 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 $253.7 million. For the same period of the prior fiscal year, cash flow used in investing activities was $1.15 billion and included capital asset additions of $351.9 million, intangible asset additions of $374.1 million, as well as transactions involving the proceeds on sale or maturity of short-term investments and long-term investments, net of the costs of acquisition, amounting to $421.7 million. The increase in capital asset spending was primarily due to increased investment in land and building purchases, renovations to existing facilities, expansion and enhancement of the BlackBerry infrastructure and computer equipment purchases. The increase in intangible asset spending was primarily associated with agreements with third parties totalling $353 million for the use of intellectual property, software, messaging services and other BlackBerry-related features and several agreements to acquire portfolios of patents relating to wireless communication technologies totalling $279 million. All acquired patents were recorded as Intangible assets and are being amortized over their estimated useful lives.

Auction Rate Securities

Auction rate securities are debt instruments with long-term nominal maturity dates for which the interest rates are reset through a dutch auction process, typically every 7, 28 or 35 days. Interest is paid at the end of each auction period, and the auction normally serves as the mechanism for securities holders to sell their existing positions to interested buyers. As at February 28, 2009, the Company held $40.5 million in face value of investment grade auction rate securities which are experiencing failed auctions as a result of more sell orders than buy orders, and these auctions have not yet returned to normal operations. The interest rate for these securities has been set at the maximum rate specified in the program documents and interest continues to be paid every 28 days as scheduled. As a result of the lack of continuing liquidity in these securities, the Company has adjusted the reported value to reflect an unrealized loss of $7.7 million, which the Company considers temporary and is reflected in other comprehensive income. In valuing these securities, the Company used a multi-year investment horizon and considered the underlying risk of the securities and the current market interest rate environment. The Company has the ability and intent to hold these securities until such time that market liquidity returns to normal levels, and does not consider the principal or interest amounts on these securities to be materially at risk at this time. As there is uncertainty as to when market liquidity for auction rate securities will return to normal, the Company has classified the failing auction rate securities as long-term investments on the balance sheet. As at February 28, 2009, the Company does not consider these investments to be other-than-temporarily impaired.

Structured Investment Vehicle

A Structured Investment Vehicle ("SIV") is a fund that seeks to generate investment returns by purchasing high grade long-term fixed income instruments and funding those purchases by issuing short-term debt instruments. Beginning in late 2007, widespread illiquidity in the market has prevented many SIVs from accessing necessary funding for ongoing operations.

In determining the value for these securities, the Company has considered 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 debt securities.

The SIV holdings have been placed with an enforcement manager to be restructured or sold at the election of each senior note holder. The Company has elected to participate in the restructuring of the securities. The Company believes that the anticipated restructuring will likely result in extended maturities and/or a pro-rata distribution of proceeds from the income and principal payments on the assets underlying the securities. During fiscal 2009, the Company received a total of $4.5 million in principal and interest payments from the SIV. As of February 28, 2009, the Company held $22.5 million face value of SIV securities that were negatively impacted by changes in market conditions.

During fiscal 2009, the Company did not record any other-than-temporary impairment charges associated with these investments. In fiscal 2008, the Company recorded an other-than-temporary impairment charge of $3.8 million on these investment securities. Given the uncertainty of the restructuring at this time, the Company cannot determine the potential impact that a restructuring will have on the value of these securities and has classified these securities as long-term investments. The Company may recognize additional impairment charges on these securities if the restructuring is unsuccessful or there is an other-than temporary deterioration in the value of the underlying assets.

Other

Since March 1, 2005, the Company has maintained an investment account with Lehman Brothers International (Europe) ("LBIE"). As of September 30, 2008, the date of the last account statement received by the Company, the Company held in the account $81.1 million in combined cash and aggregate principal amount of fixed-income securities issued by third parties unrelated to LBIE or any other affiliate of Lehman Brothers Holdings Inc ("LBHI"). The face value, including accrued interest, as of February 28, 2009 is $84.5 million. Due to the insolvency proceedings instituted by LBHI and its affiliates, including LBIE, commencing on September 15, 2008, the Company's regular access to information regarding the account has been disrupted. Following the appointment of the Administrators to LBIE the Company has asserted a trust claim in specie over the assets held for it by LBIE for the return of those assets in accordance with the insolvency procedure in the United Kingdom. The Company will take all actions it deems appropriate to defend its rights to these holdings and as a result, no impairment has been recognized against these holdings in fiscal 2009.

Aggregate Contractual Obligations

The following table sets out aggregate information about the Company's contractual obligations and the periods in which payments are due as at February 28, 2009:

	(in thousands)				
	Total	Less than One Year	One to Three Years	Four to Five Years	Greater than Five Years
Operating lease obligations	$ **183,380**	$ 25,244	$ 66,468	$ 36,547	$ 55,121
Purchase obligations and commitments	**4,228,407**	4,228,407	-	-	-
Total	$ **4,411,787**	$ 4,253,651	$ 66,468	$ 36,547	$ 55,121

Purchase obligations and commitments amounted to approximately $4.23 billion as of February 28, 2009, with purchase orders with contract manufacturers representing approximately $3.48 billion of the total. The Company also has commitments on account of capital expenditures of approximately $128.4 million included in this total, primarily for manufacturing, facilities and information technology, including service operations. The remaining balance consists of purchase orders or contracts with suppliers of raw materials, as well as other goods and services utilized in the operations of the Company. The expected timing of payment of these purchase obligations and commitments is estimated based upon current information. The timing of payments and actual amounts paid may be different depending upon the time of receipt of goods and services, changes to agreed-upon amounts for some obligations or payment terms.

On February 10, 2009, the Company entered into an agreement with Certicom Corp. ("Certicom") to acquire all of the issued and outstanding common shares of Certicom by way of statutory plan of arrangement at a price of CAD $3.00 for each common share of Certicom or approximately CAD $131 million (approximately $102 million). The transaction closed on March 23, 2009. The Certicom shares purchased under the offer were funded with the Company's cash on hand.

The Company has obligations payable in the first quarter of fiscal 2010 of approximately $290 million for the payment of income taxes related to fiscal 2009. The Company paid approximately $475 million in the first quarter of fiscal 2009 in respect of income taxes related to fiscal 2008. The amounts have been included as Current liabilities in Income taxes payable as of February 28, 2009 and March 1, 2008 respectively, and the Company intends to fund its fiscal 2009 tax obligations from existing financial resources and cash flows.

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

Cash and cash equivalents, short-term investments and long-term investments were $2.24 billion as at February 28, 2009. The Company believes its financial resources, together with expected future earnings, are sufficient to meet funding requirements for current financial commitments, for future operating and capital expenditures not yet committed, and also provide the necessary financial capacity to meet current and future growth expectations.

The Company has a $100 million Demand Credit Facility (the "Facility") to support and secure operating and financing requirements. As at February 28, 2009, the Company has utilized $6.5 million of the Facility for outstanding Letters of Credit and $93.5 million of the Facility is unused. The Company has pledged specific investments as security for this Facility.

The Company has an additional $2.0 million Demand Credit Facility (the "Additional Facility"). The Additional Facility is used to support and secure other operating and financing requirements. As at February 28, 2009, the Company has utilized $1.1 million of the Additional Facility for outstanding letters of credit and $0.9 million of the Additional Facility is unused.

The Company does not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K under the Exchange Act and under applicable Canadian securities laws.

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 2009 are transacted in U.S. dollars. Portions of the revenues are denominated in British Pounds, Canadian dollars and Euros. Purchases of raw materials are primarily transacted in U.S. dollars. Other expenses, consisting of the majority of salaries and income taxes, certain operating costs and manufacturing overhead are incurred primarily in Canadian dollars. See "Income Taxes" and "Non-GAAP Financial Measures". At February 28, 2009, approximately 36% of cash and cash equivalents, 26% of trade receivables and 4% of accounts payable are denominated in foreign currencies (March 1, 2008 – 13%, 35% and 15%, respectively). These foreign currencies primarily include the British Pound, Canadian dollar, and Euro. 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 British Pound, Canadian dollar and Euro.

The Company has entered into forward contracts to hedge exposures relating to foreign currency anticipated transactions and these contracts have been designated as cash flow hedges. For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and is subsequently recognized in earnings when the hedged exposure affects earnings. The ineffective portion of the gain or loss is recognized in earnings. The cash flow hedges were fully effective at February 28, 2009. As at February 28, 2009, the net unrealized loss on these forward contracts was approximately $2.7 million (March 1, 2008 – net unrealized gain of $35.0 million). Unrealized gains associated with these contracts were recorded in Other current assets and Accumulated other comprehensive income. Unrealized losses were recorded in Accrued liabilities and Accumulated other comprehensive income.

The Company has entered into forward contracts to hedge certain monetary assets and liabilities that are exposed to foreign currency risk. For contracts that are not subject to hedge accounting, gains and losses on the hedge instruments are recognized in earnings each period, generally offsetting the change in the U.S. dollar value of the hedged asset or liability. As at February 28, 2009, a net unrealized gain of $16.0 million was recorded in respect of this amount (March 1, 2008 – net unrealized loss of $6.9 million). Unrealized gains associated with these contracts were recorded in Other current assets and Selling, marketing and administration. Unrealized losses were recorded in Accrued liabilities and Selling, marketing and administration.

Interest Rate

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

Credit and Customer Concentration

The Company has historically been dependent on an increasing number of significant telecommunication carriers and on larger more complex contracts with respect to sales of the majority of its products and services. The Company is experiencing significant sales growth in North America and internationally, resulting in the growth in its carrier customer base in terms of numbers, sales and trade receivables volumes and in some instances new or significantly increased credit limits. The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers, historical trends, and economic circumstances. The Company also places insurance coverage for a portion of its foreign trade receivables. The allowance as at February 28, 2009 is $2.1 million (March 1, 2008 - $2.0 million). While the Company sells to a variety of customers, one customer comprised 29% of trade receivables as at February 28, 2009 (March 1, 2008 – three customers comprised 19%, 14% and 10%). Additionally, three customers comprised 23%, 14% and 10% of the Company's fiscal 2009 annual sales (fiscal 2008 annual sales – three customers comprised 21%, 15% and 12%).

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations. The Company mitigates this risk by limiting counterparties to highly rated financial institutions and by continuously monitoring their creditworthiness. The Company's exposure to credit loss and market risk will vary over time as a function of currency exchange rates. The Company measures its counterparty credit exposure as a percentage of the total fair value of the applicable derivative instruments. Where the net fair value of derivative instruments with any counterparty is negative, the Company deems the credit exposure to that counterparty to be nil. As at February 28, 2009, 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 60% (March 1, 2008 – 40%).

The Company is exposed to market and credit risk on its investment portfolio. The Company reduces this risk by investing in liquid, investment grade securities and by limiting exposure to any one entity or group of related entities. As at February 28, 2009, no single issuer represented more than 12% of the total cash, cash equivalents and investments (March 1, 2008 – no single issuer represented more than 9% of the total cash, cash equivalents and investments).

Market values are determined for each individual security in the investment portfolio. The Company assesses declines in the value of individual investments for impairment to determine whether the decline is other-than-temporary. The Company makes this assessment by considering available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition, the near-term prospects of the individual investment and the Company's ability and intent to hold the debt securities to maturity. As of February 28, 2009, the Company did not record an other-than-temporary impairment charge. See "Liquidity and Capital Resources – Structured Investment Vehicle".

Disclosure Controls and Procedures and Internal Controls

Disclosure Controls and Procedures

As of February 28, 2009, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Co-Chief Executive Officers and its Chief Accounting 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 United States Securities and Exchange Act of 1934 (the "Exchange Act"). Based on that evaluation, the Co-Chief Executive Officers and the Chief Accounting 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 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 Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisitions, use or dispositions of the Company's assets that could have a material affect on the Company's financial statements.

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of February 28, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, management believes that, as of February 28, 2009, the Company's internal control over financial reporting was effective.

The Company's independent auditors have issued an audit report on the Company's internal control over financial reporting. This report is included with the Consolidated Financial Statements.

Changes in Internal Control Over Financial Reporting

During the fiscal year ended February 28, 2009, 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.

management's responsibility for financial reporting

To the Shareholders of Research In Motion Limited

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

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

The Company's Audit 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 Committee to discuss audit findings, financial reporting and other related matters. The Audit 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 2009, fiscal 2008 and fiscal 2007 have been audited by Ernst & Young LLP, the independent registered public accounting firm appointed by the shareholders, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States).

Mike Lazaridis	Jim Balsillie
President & Co-CEO	Co-CEO

Waterloo, Ontario

report of independent registered public accounting firm on internal control over financial reporting

To the Shareholders of Research In Motion Limited

We have audited Research In Motion Limited's (the "Company") internal control over financial reporting as of February 28, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 28, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as at February 28, 2009 and March 1, 2008 and the consolidated statements of operations, shareholders' equity and cash flows for the years ended February 28, 2009, March 1, 2008 and March 3, 2007 of the Company and our report dated April 7, 2009 expressed an unqualified opinion thereon.

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

Kitchener, Canada
April 7, 2009

report of independent registered public accounting firm

To the Shareholders of Research In Motion Limited

We have audited the accompanying consolidated balance sheets of Research In Motion Limited (the "Company") as of February 28, 2009 and March 1, 2008, and the related consolidated statements of income, shareholders' equity, and cash flows for the years ended February 28, 2009, March 1, 2008 and March 3, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as at February 28, 2009 and March 1, 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended February 28, 2009, March 1, 2008 and March 3, 2007, in conformity with United States generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of February 28, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 7, 2009 expressed an unqualified opinion thereon.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Kitchener, Canada,
April 7, 2009.

RESEARCH IN MOTION LIMITED Incorporated under the Laws of Ontario

consolidated balance sheets

(United States dollars, in thousands)

	As at	
	February 28, 2009	March 1, 2008
Assets		
Current		
Cash and cash equivalents (note 4)	**$ 835,546**	$ 1,184,398
Short-term investments (note 4)	**682,666**	420,709
Trade receivables	**2,112,117**	1,174,692
Other receivables	**157,728**	74,689
Inventory (note 5)	**682,400**	396,267
Other current assets (note 17)	**187,257**	135,849
Deferred income tax asset (note 9)	**183,872**	90,750
	4,841,586	3,477,354
Long-term investments (note 4)	**720,635**	738,889
Capital assets (note 6)	**1,334,648**	705,955
Intangible assets (note 7)	**1,066,527**	469,988
Goodwill (note 8)	**137,572**	114,455
Deferred income tax asset (note 9)	**404**	4,546
	$ 8,101,372	$ 5,511,187
Liabilities		
Current		
Accounts payable	**$ 448,339**	$ 271,076
Accrued liabilities (notes 13 and 16(c))	**1,238,602**	690,442
Income taxes payable (note 9)	**361,460**	475,328
Deferred revenue	**53,834**	37,236
Deferred income tax liability (note 9)	**13,116**	-
Current portion of long-term debt (note 10)	**-**	349
	2,115,351	1,474,431
Deferred income tax liability (note 9)	**87,917**	65,058
Income taxes payable (note 9)	**23,976**	30,873
Long-term debt (note 10)	**-**	7,259
	2,227,244	1,577,621
Shareholders' Equity		
Capital stock (note 11)		
Authorized - unlimited number of non-voting, cumulative, redeemable, retractable preferred shares; unlimited number of non-voting, redeemable, retractable Class A common shares and an unlimited number of voting common shares		
Issued - 566,218,819 voting common shares (March 1, 2008 - 562,652,461)	**2,208,235**	2,169,856
Retained earnings	**3,545,710**	1,653,094
Additional paid-in capital	**119,726**	80,333
Accumulated other comprehensive income (note 15)	**457**	30,283
	5,874,128	3,933,566
	$ 8,101,372	$ 5,511,187

Commitments and contingencies (notes 10, 12, 13, 17 and 19)

See notes to the consolidated financial statements.

On behalf of the Board:

John Richardson
Director

Mike Lazaridis
Director

consolidated statements of shareholders' equity

(United States dollars, in thousands)

	Capital Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
Balance as at March 4, 2006	$ 2,068,869	$ 28,694	$ (100,174)	$ (1,974)	$ 1,995,415
Comprehensive income (loss):					
Net income	-	-	631,572	-	631,572
Net change in unrealized gains on available-for-sale investments	-	-	-	11,839	11,839
Net change in derivative fair value during the year	-	-	-	(13,455)	(13,455)
Amounts reclassified to earnings during the year	-	-	-	(7,926)	(7,926)
Shares issued:					
Exercise of stock options	44,534	-	-	-	44,534
Transfers to capital stock from stock option exercises	18,055	(18,055)	-	-	-
Stock-based compensation	-	19,454	-	-	19,454
Excess tax benefits from stock-based compensation	-	6,000	-	-	6,000
Common shares repurchased pursuant to Common Share Repurchase Program	(31,762)	-	(172,171)	-	(203,933)
Balance as at March 3, 2007	$ 2,099,696	$ 36,093	$ 359,227	$ (11,516)	$ 2,483,500
Comprehensive income (loss):					
Net income	-	-	1,293,867	-	1,293,867
Net change in unrealized gains on available-for-sale investments	-	-	-	13,467	13,467
Net change in derivative fair value during the year	-	-	-	37,564	37,564
Amounts reclassified to earnings during the year	-	-	-	(9,232)	(9,232)
Other paid-in capital	-	9,626	-	-	9,626
Shares issued:					
Exercise of stock options	62,889	-	-	-	62,889
Transfers to capital stock from stock option exercises	7,271	(7,271)	-	-	-
Stock-based compensation	-	33,700	-	-	33,700
Excess tax benefits from stock-based compensation	-	8,185	-	-	8,185
Balance as at March 1, 2008	$ 2,169,856	$ 80,333	$ 1,653,094	$ 30,283	$ 3,933,566
Comprehensive income (loss):					
Net income	**-**	**-**	**1,892,616**	**-**	**1,892,616**
Net change in unrealized gains on available-for-sale investments	**-**	**-**	**-**	**(7,161)**	**(7,161)**
Net change in derivative fair value during the year	**-**	**-**	**-**	**(6,168)**	**(6,168)**
Amounts reclassified to earnings during the year	**-**	**-**	**-**	**(16,497)**	**(16,497)**
Shares issued:					
Exercise of stock options	**27,024**	**-**	**-**	**-**	**27,024**
Transfers to capital stock from stock option exercises	**11,355**	**(11,355)**	**-**	**-**	**-**
Stock-based compensation	**-**	**38,100**	**-**	**-**	**38,100**
Excess tax benefits from stock-based compensation	**-**	**12,648**	**-**	**-**	**12,648**
Balance as at February 28, 2009	**$ 2,208,235**	**$ 119,726**	**$ 3,545,710**	**$ 457**	**$ 5,874,128**

See notes to the consolidated financial statements.

RESEARCH IN MOTION LIMITED

consolidated statements of operations

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

	For the Year Ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Revenue			
Devices and other	**$ 9,410,755**	$ 4,914,366	$ 2,303,800
Service and software	**1,654,431**	1,095,029	733,303
	11,065,186	6,009,395	3,037,103
Cost of sales			
Devices and other	**5,718,041**	2,758,250	1,265,251
Service and software	**249,847**	170,564	114,050
	5,967,888	2,928,814	1,379,301
Gross Margin	**5,097,298**	3,080,581	1,657,802
Expenses			
Research and development	**684,702**	359,828	236,173
Selling, marketing and administration (notes 16(d) and 17)	**1,495,697**	881,482	537,922
Amortization	**194,803**	108,112	76,879
	2,375,202	1,349,422	850,974
Income from operations	**2,722,096**	1,731,159	806,828
Investment income	**78,267**	79,361	52,117
Income before income taxes	**2,800,363**	1,810,520	858,945
Provision for (recovery of) income taxes (note 9)			
Current	**948,536**	587,845	123,553
Deferred	**(40,789)**	(71,192)	103,820
	907,747	516,653	227,373
Net income	**$ 1,892,616**	$ 1,293,867	$ 631,572
Earnings per share (note 14)			
Basic	**$ 3.35**	$ 2.31	$ 1.14
Diluted	**$ 3.30**	$ 2.26	$ 1.10

See notes to the consolidated financial statements.

consolidated statements of cash flows

(United States dollars, in thousands)

	For the Year Ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Cash flows from operating activities			
Net income	**$ 1,892,616**	$ 1,293,867	$ 631,572
Items not requiring an outlay of cash:			
Amortization	**327,896**	177,366	126,355
Deferred income taxes	**(36,623)**	(67,244)	101,576
Income taxes payable	**(6,897)**	4,973	-
Stock-based compensation (note 11(b))	**38,100**	33,700	19,063
Other	**5,867**	3,303	(315)
Net changes in working capital items (note 16(a))	**(769,114)**	130,794	(142,582)
Net cash provided by operating activities	**1,451,845**	1,576,759	735,669
Cash flows from financing activities			
Issuance of share capital	**27,024**	62,889	44,534
Additional paid-in capital	**-**	9,626	-
Excess tax benefits from stock-based compensation (note 11(b))	**12,648**	8,185	6,000
Common shares repurchased pursuant to Common Share Repurchase Program (note 11(a))	**-**	-	(203,933)
Repayment of debt	**(14,305)**	(302)	(262)
Net cash provided by (used in) financing activities	**25,367**	80,398	(153,661)
Cash flows from investing activities			
Acquisition of long-term investments	**(507,082)**	(757,656)	(100,080)
Proceeds on sale or maturity of long-term investments	**431,713**	260,393	86,583
Acquisition of capital assets	**(833,521)**	(351,914)	(254,041)
Acquisition of intangible assets	**(687,913)**	(374,128)	(60,303)
Business acquisitions (note 8)	**(48,425)**	(6,200)	(116,190)
Acquisition of short-term investments	**(917,316)**	(1,249,919)	(163,147)
Proceeds on sale or maturity of short-term investments	**739,021**	1,325,487	242,601
Net cash used in investing activities	**(1,823,523)**	(1,153,937)	(364,577)
Effect of foreign exchange gain (loss) on cash and cash equivalents	**(2,541)**	4,034	173
Net increase (decrease) in cash and cash equivalents for the year	**(348,852)**	507,254	217,604
Cash and cash equivalents, beginning of year	**1,184,398**	677,144	459,540
Cash and cash equivalents, end of year	**$ 835,546**	$ 1,184,398	$ 677,144

See notes to the consolidated financial statements.

notes to the consolidated financial statements

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

NATURE OF BUSINESS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

These consolidated financial statements have been prepared by management in accordance with United States generally accepted accounting principles ("U.S. GAAP") on a basis consistent for all periods presented except as described in note 2. Certain of the comparative figures have been reclassified to conform to the current year presentation.

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

(b) Fiscal year

The Company's fiscal year end date is the 52 or 53 weeks ending on the last Saturday of February, or the first Saturday of March. The fiscal years ended February 28, 2009, March 1, 2008 and March 3, 2007 comprise 52 weeks.

(c) Basis of consolidation

The consolidated financial statements include the accounts of all subsidiaries with intercompany transactions and balances eliminated on consolidation. All of the Company's subsidiaries are wholly-owned.

(d) Use of estimates

The preparation of the Company's consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the determination of reserves for various litigation claims, allowance for doubtful accounts, provision for excess and obsolete inventory, fair values of assets acquired and liabilities assumed in business combinations, royalties, amortization expense, implied fair value of goodwill, provision for income taxes, realization of deferred income tax assets and the related components of the valuation allowance, provision for warranty and the fair values of financial instruments. Actual results could differ from these estimates.

(e) 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 using the remeasurement method. Accordingly, monetary assets and liabilities are translated using the exchange rates in effect at the consolidated balance sheet date and revenues and expenses at the rates of exchange prevailing when the transactions occurred. Resulting exchange gains and losses are included in income. Non-monetary assets and liabilities are translated at historical exchange rates.

(f) 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 and are carried on the consolidated balance sheets at fair value.

(g) Trade receivables

Trade receivables which reflect invoiced and accrued revenue are presented net of an allowance for doubtful accounts. The allowance was $2.1 million at February 28, 2009 (March 1, 2008 - $2.0 million). Bad debt expense (recovery) was $24 for the year ended February 28, 2009 (March 1, 2008 – ($26); March 3, 2007 - $274).

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

The Company evaluates the collectability of its trade receivables based upon a combination of factors on a periodic basis. When the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company (such as in the case of bankruptcy filings or material deterioration in the customer's operating results or financial position, and payment experiences), RIM records a specific bad debt provision to reduce the customer's related trade receivable to its estimated net realizable value. If circumstances related to specific customers change, the Company's estimates of the recoverability of trade receivables balances could be further adjusted.

(h) Investments

The Company's investments, other than cost method investments of $2.5 million and equity method investments of $2.7 million, consist of money market and other debt securities, and are classified as available-for-sale for accounting purposes. The Company does not exercise significant influence with respect to any of these investments.

Investments with maturities of less than one year, as well as any investments that management intends to hold for less than one year, are classified as Short-term investments. Investments with maturities of one year or more are classified as Long-term investments.

Investments classified as available-for-sale under Statement of Financial Accounting Standards ("SFAS") 115 are carried at fair value determined under SFAS 157 *Fair Value Measurements*. Changes in fair value are accounted for through Accumulated other comprehensive income until such investments mature or are sold.

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 intent and ability to hold the investments. In the event that a decline in the fair value of an investment occurs and the decline in value is considered to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established.

(i) 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 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. 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 foreign currency denominated assets, liabilities and anticipated cash flows of hedged items.

SFAS 133 *Accounting for Derivative Instruments*, as amended by SFAS 137, 138 and 149, requires all derivative instruments to be recognized at fair value on the consolidated balance sheet and outlines the criteria to be met in order to designate a derivative instrument as a hedge and the methods for evaluating hedge effectiveness. The fair value is calculated based on quoted market prices. For derivative instruments designated as cash flow hedges as defined in SFAS 133, the effective portion of changes in fair value are recorded in other comprehensive income and subsequently reclassified to earnings in the period in which the cash flows from the associated hedged transaction affect earnings. Ineffective portions of changes in fair value, if any, are recorded in current earnings. If an anticipated transaction is deemed no longer likely to occur, the corresponding derivative instrument is de-designated as a hedge and gains and losses are recognized in earnings at that time. Any future changes in the fair value of the instrument are recognized in current earnings.

For derivative instruments that do not meet the requirements for hedge accounting under SFAS 133, changes in fair value are recognized in current earnings and will generally offset the changes in the U.S. dollar value of the associated hedged asset or liability.

(j) Inventories

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

(k) Capital assets

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

(l) Intangible assets

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

Intangible assets are amortized as follows:

Acquired technology	Straight-line over 2 to 5 years except for acquired in-process research and development costs which is expensed immediately
Licenses	Straight-line over terms of the license agreements or on a per unit basis based upon the anticipated number of units sold during the terms, subject to a maximum of 5 years
Patents	Straight-line over 17 years or over estimated useful life

(m) Goodwill

Goodwill represents the excess of the purchase price of business acquisitions over the fair value of identifiable net assets acquired in such acquisitions. Goodwill is allocated as at the date of the business combination. Goodwill is not amortized, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate the asset might be impaired.

The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit including goodwill is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired, and the second step is unnecessary.

In the event that the fair value of the reporting unit, including goodwill, is less than the carrying value, the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination using the fair value of the reporting unit as if it were the purchase price. When the carrying amount of the reporting unit goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is presented as a separate line item in the consolidated statements of operations.

The Company has one reporting unit which is the consolidated Company.

(n) Impairment of long-lived assets

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

(o) Income taxes

In accordance with SFAS 109 *Accounting for Income Taxes*, the Company uses the liability method of tax allocation to account for income taxes. Under this method, deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities, and measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company's deferred income tax asset balance represents temporary differences between the financial reporting and tax basis of assets and liabilities, including research and development costs and incentives, capital assets, non-deductible reserves and operating loss carryforwards, net of valuation allowances. The Company 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. The Company records a valuation allowance to reduce deferred income tax assets to the amount that is more likely than not to be realized. If the Company determines that it is more likely than not that it will not be able to realize all or part of its deferred income tax assets in future fiscal periods, the valuation allowance would be increased, resulting in a decrease to net income in the reporting periods when such determinations are made.

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

The Company uses Financial Accounting Standards Board ("FASB") Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48") in assessing its uncertain tax positions and provision for income taxes. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109, and prescribes a recognition threshold of more likely than not to be sustained upon examination. In addition, FIN 48 provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods and disclosure and transitions.

(p) Revenue recognition

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

Devices

Revenue from the sales of BlackBerry devices is recognized when title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. For hardware products for which software is deemed not to be incidental, the Company recognizes revenue in accordance with the American Institute of Certified Public Accountants Statement of Position 97-2, *Software Revenue Recognition* ("SOP 97-2"). The Company records reductions to revenue for estimated commitments related to price protection and for customer incentive programs, including reseller and end-user rebates. The estimated cost of the incentive programs are accrued based on historical experience, as a reduction to revenue in the period the Company has sold the product and committed to a plan. Price protection is accrued as a reduction to revenue based on estimates of future price reductions and certain agreed customer inventories at the date of the price adjustment.

Provisions are made at the time of sale for warranties, royalties, price protection, rebates and estimated product returns. If the historical data the Company uses to estimate product returns does not properly reflect future returns, these estimates could be revised. If future returns are higher than estimated, they would result in a reduction of revenue. To date, returns of devices and other products have been negligible. As a result, the Company's accrual with respect to such product returns is not significant.

Service

Revenue from service is recognized rateably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the prebilling is recorded as deferred revenue.

Software

Revenue from licensed software is recognized at the inception of the license term in accordance with SOP 97-2. 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 that services are provided.

Other

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

Shipping and handling costs

Shipping and handling costs charged to earnings are included in *Cost of sales* where they can be reasonably attributed to certain revenue; otherwise they are included in *Selling, Marketing and Administration*.

Multiple-element arrangements

The Company enters into transactions that represent multiple-element arrangements which may include any combination of hardware, service and software. These multiple-element arrangements are assessed to determine whether they can be separated into more than one unit of accounting or element for the purpose of revenue recognition. When the appropriate criteria for separating revenue into more than one unit of accounting is met and there is vendor specific objective evidence of fair value for all units of accounting or elements in an arrangement, the arrangement consideration is allocated to the separate units of accounting or elements based on each unit's relative fair value. This vendor specific objective evidence of fair value is established through prices charged for each revenue element when that element is sold separately. The revenue recognition policies described above are then applied to each unit of accounting.

(q) 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 pursuant to SFAS 86 *Accounting for the Costs of Computer Software to be Sold, Leased, of Otherwise Marketed.* The Company's products are generally released soon after technological feasibility has been established and therefore cost incurred subsequent to achievement of technological feasibility are not significant and have been expensed as incurred.

(r) Comprehensive income (loss)

SFAS 130 *Reporting Comprehensive Income* establishes standards for the reporting and display of comprehensive income and its components in general-purpose financial statements. 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 reportable items of comprehensive income are cash flow hedges as described in note 17 and changes in the fair value of investments available for sale as described in note 4. Realized gains or losses on available-for-sale investments are reclassified into earnings using the specific identification basis.

(s) Earnings per share

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

(t) Stock-based compensation plans

The Company has stock-based compensation plans, which are described in note 11(b).

The Company records stock-based compensation expense in accordance with SFAS 123(R) *Share-Based Payment.* Under the provisions of SFAS 123(R), stock-based compensation expense is estimated at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option-pricing model and is recognized rateably over the vesting period. The BSM model requires various judgmental assumptions including volatility and expected option life. In addition, judgment is also applied in estimating the amount of share-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.

The BSM option-pricing model used in SFAS 123(R) is consistent with that used in pro forma disclosures under SFAS 123 *Accounting for Stock-Based Compensation*, however, SFAS 123(R) requires the Company to factor in an expected forfeiture rate in establishing the expense while under SFAS 123 the Company accounted for forfeitures as they occurred. In fiscal 2007, the Company used the modified prospective transition ("MPT") method as permitted by SFAS 123(R) to record stock-based compensation expense. Stock-based compensation expense calculated using the MPT approach is recognized on a prospective basis in the financial statements for all new and unvested stock options that are ultimately expected to vest as the requisite service is rendered beginning in the Company's fiscal 2007 year. Stock-based compensation expense for awards granted prior to fiscal 2007 is based on the grant-date fair value as determined under the pro forma provisions of SFAS 123.

Under SFAS 123(R), any consideration paid by employees on exercise of stock options plus any recorded stock-based compensation within additional paid-in capital related to that stock option is credited to capital stock.

The Company has a Restricted Share Unit Plan (the "RSU Plan") under which eligible participants include any officer or employee of the Company or its subsidiaries. Restricted Share Units ("RSUs") are redeemed for either common shares issued by the Company, common shares purchased on the open market or the cash equivalent on the vesting dates established by the Company. The Company has classified the RSUs as equity instruments as the Company has the ability and intent on settling the awards in shares. The compensation expense is calculated based on the fair value of the award as defined in SFAS 123(R) and the amount is recognized over the vesting period of the RSU.

The Company has a Deferred Share Unit Plan (the "DSU Plan") adopted by the Board of Directors on December 20, 2007, under which each independent director will be credited with Deferred Share Units ("DSUs") in satisfaction of all or a portion of the cash fees otherwise payable to them for serving as a director of the Company. Grants under the DSU plan replace the stock option awards that were historically granted to independent members of the Board of Directors. At a minimum, 50% of each independent director's annual retainer will be satisfied in the form of DSUs. The director can elect to receive the remaining 50% in any combination of cash and DSUs. Within a specified period after such a director ceases to be a director, DSUs will be redeemed for cash with the redemption value of each DSU equal to the weighted average trading price of the Company's shares over the five trading days preceding the redemption date. Alternatively, subject to receipt of shareholder approval, the Company may elect to redeem DSUs by way of shares purchased on the open market or issued by the Company.

DSUs are accounted for as liability-classified awards under the provisions of SFAS 123(R). These awards are measured at their fair value on the date of issuance, and remeasured at each reporting period, until settlement. DSUs are awarded on a quarterly basis.

(u) Warranty

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

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

(v) Advertising costs

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

2. ADOPTION OF ACCOUNTING POLICIES

The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of SFAS 115

In February 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 159 *The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of SFAS 115* ("SFAS 159"). SFAS 159 permits entities to measure many financial instruments and certain other items at fair value that currently are not required to be measured at fair value. If elected, unrealized gains or losses on certain items will be reported in earnings at each subsequent reporting period. SFAS 159 is effective for the Company as of the beginning of its 2009 fiscal year. The Company did not adopt the fair value measurement provisions of this statement.

Fair Value Measurements

In September 2006, the FASB issued SFAS 157 *Fair Value Measurements* ("SFAS 157"). SFAS 157 clarifies the definition of fair value, establishes a framework for measurement of fair value, and expands disclosure about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, except as amended by FASB Staff Position ("FSP") SFAS 157-1 and FSP SFAS 157-2 which is effective for fiscal years beginning after November 15, 2008. FSP SFAS 157-1 and FSP SFAS 157-2 allow partial adoption relating to fair value measurements for non-financial assets and liabilities that are not measured at fair value on a recurring basis. Effective March 2, 2008, the Company adopted SFAS 157, except as it applies to the nonfinancial assets and nonfinancial liabilities subject to FSP SFAS 157-2, with the impact described in note 4. The Company will adopt the remaining portion of SFAS 157 in the first quarter of fiscal 2010 and does not expect the adoption to have a material impact on the Company's results of operations and financial condition.

Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133

In March 2008, the FASB issued SFAS 161 *Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133* ("SFAS 161"). SFAS 161 enhances the current disclosure framework in SFAS 133 and requires enhanced disclosures about why an entity uses derivative instruments, how derivative instruments are accounted for under SFAS 133 and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. The Company adopted SFAS 161 in the fourth quarter of fiscal 2009 with the required additional disclosures presented in note 17.

The Hierarchy of Generally Accepted Accounting Principles
In May 2008, the FASB issued SFAS 162 *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS 162"). SFAS 162 outlines the order of authority for the sources of accounting principles. SFAS 162 is effective 60 days following the Securities and Exchange Commission's ("SEC") approval of the Public Company Accounting Oversight Board ("PCAOB") amendments to AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. The SEC approved the PCAOB amendments to AU Section 411 in September 2008, therefore SFAS 162 became effective for mid November 2008. The implementation of SFAS 162 did not have a material impact on the Company's results of operations and financial condition.

3. RECENTLY ISSUED PRONOUNCEMENTS

Business Combinations
In December 2007, the FASB issued SFAS 141(R) *Business Combinations* ("SFAS 141(R)"). SFAS 141(R) replaces SFAS 141 *Business Combinations* ("SFAS 141"). SFAS 141(R) is broader in scope than SFAS 141 which applied only to business combinations in which control was obtained by transferring consideration. SFAS 141(R) applies to all transactions and other events in which one entity obtains control over one or more other businesses. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008 and the Company will adopt the standard in the first quarter of fiscal 2010 and its effects are not material to the Company's results of operations and financial condition, as of the filing date, including an acquisition subsequent to year end.

Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB 51
In December 2007, the FASB issued SFAS 160 *Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB 51* ("SFAS 160"). SFAS 160 requires that the noncontrolling interest in the equity of a subsidiary be accounted for and reported as equity, provides revised guidance on the treatment of net income and losses attributable to the noncontrolling interest and changes in ownership interests in a subsidiary and requires additional disclosures that identify and distinguish between the interests of the controlling and noncontrolling owners. The Company will adopt the standard in the first quarter of fiscal 2010 and does not expect the adoption of SFAS 160 to have a material impact on the Company's results of operations and financial condition.

Determination of the Useful Life of Intangible Assets
In April 2008, the FASB issued FSP SFAS 142-3 *Determination of the Useful Life of Intangible Assets* ("FSP SFAS 142-3"). FSP SFAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of the recognized intangible asset under SFAS 142, *Goodwill and Other Intangible Assets*. The intent of the guidance is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R). For a recognized intangible asset, an entity will be required to disclose information that enables users of the financial statements to assess the extent to which expected future cash flows associated with the asset are affected by the entity's intent and/or ability to renew or extend the arrangement. FSP SFAS 142-3 is effective for fiscal years beginning after December 15, 2008. The Company will adopt the standard in the first quarter of fiscal 2010 and does not expect the adoption will have a material impact on the Company's results of operations and financial condition.

International Financial Reporting Standards
In November 2008, the SEC announced a proposed roadmap for comment regarding the potential use by U.S. issuers of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS is a comprehensive series of accounting standards published by the International Accounting Standards Board. Under the proposed roadmap, the Company could be required to prepare financial statements and accompanying notes in accordance with IFRS in fiscal 2015. The SEC will make a determination in 2011 regarding the mandatory adoption of IFRS. The Company is currently assessing the impact that this proposed change would have on the consolidated financial statements, accompanying notes and disclosures, and will continue to monitor the development of the potential implementation of IFRS.

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

4. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The components of cash and investments were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Recorded Basis	Cash and Cash Equivalents	Short-term Investments	Long-term Investments
As at February 28, 2009							
Bank balances	$ 477,855	$ -	$ -	$ 477,855	$ 477,855	$ -	$ -
Money market fund	5,000	-	-	5,000	5,000	-	-
Bank certificates of deposit	14,963	8	-	14,971	-	14,971	-
Auction-rate securities	40,529	-	(7,687)	32,842	-		32,842
Commercial paper and corporate notes / bonds	404,623	3,608	(443)	407,788	124,720	145,605	137,463
US treasury notes	245,050	717	(153)	245,614	19,398	205,633	20,583
Government sponsored enterprise notes	666,627	2,922	(178)	669,371	208,573	316,457	144,341
Asset-backed securities	379,091	2,658	(1,540)	380,209	-	-	380,209
Other cost investments	5,197	-	-	5,197	-	-	5,197
	$ 2,238,935	$ 9,913	$ (10,001)	$ 2,238,847	$ 835,546	$ 682,666	$ 720,635
As at March 1, 2008							
Bank balances	$ 125,904	$ -	$ -	$ 125,904	$ 125,904	$ -	$ -
Bank term deposits	116,768	-	-	116,768	114,909	1,859	-
Bank certificates of deposit	93,280	27	(2)	93,305	37,818	55,487	-
Auction-rate securities	55,067	-	(3,230)	51,837	-	14,512	37,325
Commercial paper and corporate notes / bonds	1,041,835	3,442	(54)	1,045,223	666,114	255,975	123,134
Government sponsored enterprise notes	606,879	3,468	(67)	610,280	239,653	92,876	277,751
Asset-backed securities	291,689	3,504	(14)	295,179	-	-	295,179
Other cost investments	5,500	-	-	5,500	-	-	5,500
	$ 2,336,922	$ 10,441	$ (3,367)	$ 2,343,996	$ 1,184,398	$ 420,709	$ 738,889

The contractual maturities of cash and cash equivalents and investments at February 28, 2009 were recorded as follows:

	Cost Basis	Fair Value
Due in one year or less	$ 1,516,825	$ 1,518,211
Due after one year through five years	550,447	556,084
Due after five years through ten years	125,937	126,513
Due after ten years	40,529	32,842
No fixed maturity date	5,197	5,197
	$ 2,238,935	$ 2,238,847

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

	For the year ended February 28, 2009	March 1, 2008	March 3, 2007
Realized gains	$ 158	$ 10	$ -
Realized losses	(1,801)	(410)	-
	$ (1,643)	$ (400)	$ -

Investments with continuous unrealized losses for less than and greater than 12 months and their related fair values were as follows:

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
As at February 28, 2009						
Government sponsored enterprise notes	$ 231,955	$ 178	$ -	$ -	$ 231,955	$ 178
Commercial paper and corporate bonds	81,077	391	19,997	52	101,074	443
U.S. treasury notes	130,713	153	-	-	130,713	153
Asset-backed securities	125,019	1,540	-	-	125,019	1,540
Auction-rate securities	-	-	32,842	7,687	32,842	7,687
	$ 568,764	$ 2,262	$ 52,839	$ 7,739	$ 621,603	$ 10,001

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
As at March 1, 2008						
Government sponsored enterprise notes	$ 11,520	$ 67	$ -	$ -	$ 11,520	$ 67
Commercial paper and corporate bonds	199,726	36	10,648	18	210,374	54
Asset-backed securities	6,820	2	6,694	12	13,514	14
Auction-rate securities	37,326	3,230	-	-	37,326	3,230
Bank certificates of deposit	30,175	2	-	-	30,175	2
	$ 285,567	$ 3,337	$ 17,342	$ 30	$ 302,909	$ 3,367

Auction-rate securities account for $7.7 million of the total $10.0 million unrealized losses. Auction-rate securities are debt instruments with long-term nominal maturity dates for which the interest rates are reset through a dutch auction process, typically every 7, 28 or 35 days. Interest is paid at the end of each auction period and the auction normally serves as the mechanism for securities holders to sell their existing positions to interested buyers. As at February 28, 2009, the Company held $40.5 million in face value of auction rate securities that are experiencing failed auctions as a result of more sell orders than buy orders and these auctions have not yet returned to normal operations. The interest rate for these securities has been set at the maximum rate specified in the program documents and interest continues to be paid every 28 days as scheduled. As a result of the lack of continuing liquidity in these securities, the Company has adjusted the reported value to reflect an unrealized loss of $7.7 million, which the Company considers temporary and is reflected in other comprehensive income. In valuing these securities, the Company used a multi-year investment horizon and considered the underlying risk of the securities and the current market interest rate environment. The Company has the ability and intent to hold these securities until such time that market liquidity returns to normal levels and does not consider the principal or interest amounts on these securities to be materially at risk at this time. 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 balance sheet. As at February 28, 2009, the Company does not consider these long-term investments to be other-than-temporarily impaired.

The additional unrealized losses of $2.3 million for investment grade debt securities were related to changes in interest rates and overall market conditions. The Company believes that it is probable that it will be able to collect all amounts due according to the contractual terms of the investments. The Company has the ability and intent to hold these investments until there is a recovery of fair value which may be at maturity. As a result, the Company does not consider these investments to be other-than-temporarily impaired as at February 28, 2009.

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

A Structured Investment Vehicle ("SIV") is a fund that seeks to generate investment returns by purchasing high grade long-term fixed income instruments and funding those purchases by issuing short-term debt instruments. In late 2007, widespread illiquidity in the market has prevented SIVs from accessing necessary funding for ongoing operations. In determining the value for these securities, the Company has considered 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 debt securities.

The outstanding SIV holdings have been placed with an enforcement manager to be restructured or sold at the election of each senior note holder. The Company has elected to participate in the restructuring of the securities. The Company believes that the anticipated restructuring will likely result in extended maturities and/or a pro-rata distribution of proceeds from the income and principal payments on the assets underlying the securities. As part of this process, the Company received a total of $4.5 million in principal and interest payments from the SIV. As at February 28, 2009, the Company held $22.5 million face value of SIV securities that were negatively impacted by the changes in market conditions and has not recorded an other-than-temporary impairment charges in fiscal 2009 (in fiscal 2008, the Company recorded any other-than-temporary impairment charge of $3.8 million). Given the uncertainty of the restructuring at this time, the Company cannot determine the potential impact that a restructuring will have on the value of these securities and has classified these securities as long-term investments. The Company may recognize additional impairment charges on these securities if the restructuring is unsuccessful or there is an other-than-temporary deterioration in the value of the underlying assets.

Fair Value Measurements

SFAS 157 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. SFAS 157 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- 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 an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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

As at February 28, 2009	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale investments	$ 5,000	$ 1,699,251	$ 51,544	$ 1,755,795
Derivative instruments	-	70,100	-	70,100
Total Assets	$ 5,000	$ 1,769,351	$ 51,544	$ 1,825,895
Liabilities				
Derivative instruments	-	56,827	-	56,827
Total Liabilities	$ -	$ 56,827	$ -	$ 56,827

The following table summarizes the changes in fair value of the Company's Level 3 assets at February 28, 2009:

For the year ended February 28, 2009	Level 3
Balance at March 1, 2008	$ 59,418
Unrealized changes in fair value included in other comprehensive income	(4,457)
Accrued interest	1,072
Transfers out of Level 3	(4,489)
Balance at February 28, 2009	$ 51,544

5. INVENTORY

Inventory is comprised as follows:

	February 28, 2009	March 1, 2008
Raw materials	$ 464,497	$ 167,185
Work in process	250,728	239,610
Finished goods	35,264	9,233
Provision for excess and obsolete inventory	(68,089)	(19,761)
	$ 682,400	$ 396,267

6. CAPITAL ASSETS

Capital assets are comprised of the following:

	February 28, 2009		
	Cost	Accumulated amortization	Net book value
Land	$ 90,257	$ -	$ 90,257
Buildings, leaseholds and other	608,213	70,017	538,196
BlackBerry operations and other information technology	732,486	316,398	416,088
Manufacturing equipment, research and development equipment, and tooling	247,608	108,676	138,932
Furniture and fixtures	244,502	93,327	151,175
	$ 1,923,066	$ 588,418	$ 1,334,648

	March 1, 2008		
	Cost	Accumulated amortization	Net book value
Land	$ 54,085	$ -	$ 54,085
Buildings, leaseholds and other	327,645	46,708	280,937
BlackBerry operations and other information technology	436,681	225,061	211,620
Manufacturing equipment, research and development equipment, and tooling	167,618	95,448	72,170
Furniture and fixtures	150,911	63,768	87,143
	$ 1,136,940	$ 430,985	$ 705,955

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

As at February 28, 2009, the carrying amount of assets under construction is $88.9 million (March 1, 2008 - $93.9 million). Of this amount, $50.0 million (March 1, 2008 - $63.9 million) is included in *Buildings, leaseholds and other*; $35.8 million (March 1, 2008 - $20.4 million), is included in *BlackBerry operations and other information technology*; and $3.2 million (March 1, 2008 - $9.6 million) is included in *Manufacturing equipment, research and development equipment, and tooling*.

For the year ended February 28, 2009, amortization expense related to capital assets was $203.4 million (March 1, 2008 - $133.1 million; March 3, 2007 - $93.5 million).

7. INTANGIBLE ASSETS

Intangible assets are comprised of the following:

	February 28, 2009		
	Cost	Accumulated amortization	Net book value
Acquired technology	**$ 92,819**	**$ 41,518**	**$ 51,301**
Licenses	**427,471**	**61,112**	**366,359**
Patents	**733,632**	**84,765**	**648,867**
	$ 1,253,922	**$ 187,395**	**$ 1,066,527**

	March 1, 2008		
	Cost	Accumulated amortization	Net book value
Acquired technology	$ 59,674	$ 29,749	$ 29,925
Licenses	94,444	32,410	62,034
Patents	399,232	21,203	378,029
	$ 553,350	$ 83,362	$ 469,988

During fiscal 2009, the Company entered into agreements with third parties totalling $353.5 million for the use of intellectual property, software, messaging services and other BlackBerry related features. In addition, the Company entered into several agreements to acquire portfolios of patents relating to wireless communication technologies totalling $279.5 million.

During fiscal 2008, the Company entered into a patent assignment and license agreement to acquire a portfolio of patents for GSM/UMTS technologies. The purchase price was 120 million Euros or $172.3 million. In addition, the Company entered into a patent assignment and license agreement to acquire a portfolio of patents for speech coding technology. The purchase price was $90.0 million.

The acquired patents were recorded as *Intangible assets* and are being amortized over their estimated useful lives.

For the year ended February 28, 2009, amortization expense related to intangible assets was $124.5 million (March 1, 2008 - $44.3 million; March 3, 2007 - $32.9 million). Total additions to intangible assets in fiscal 2009 were $721.1 million (2008 - $376.1 million).

Based on the carrying value of the identified intangible assets as at February 28, 2009 and assuming no subsequent impairment of the underlying assets, the annual amortization expense for the next five fiscal years is expected to be as follows: 2010 - $221 million; 2011 - $159 million; 2012 - $93 million; 2013 - $89 million; and 2014 - $87 million.

The weighted-average remaining useful life of the acquired technology is 3.7 years (2008 – 3.2 years).

8. BUSINESS ACQUISITIONS

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

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

In the acquisitions noted above, the consideration paid by the Company was cash and the results of the acquirees' operations have been included in the consolidated financial statements commencing from each respective closing date to February 28, 2009.

During fiscal 2008, the Company purchased the assets and intellectual property of a company. The transaction closed on November 19, 2007. In addition, the Company purchased 100% of the common shares of a company whose proprietary software will be incorporated into the Company's software. The transaction closed on August 22, 2007.

During fiscal 2007, the Company purchased 100% of the common shares of a company whose proprietary software will be incorporated into the Company's software. The transaction closed on September 22, 2006.

During fiscal 2007, the Company purchased 100% of the common shares of Slipstream Data Inc. ("Slipstream"). The transaction closed on July 7, 2006. Slipstream provides acceleration, compression and network optimization to enhance the online experience for mobile, dial and broadband subscribers, while significantly reducing bandwidth requirements.

During fiscal 2007, the Company purchased 100% of the common shares of Ascendent Systems Inc. ("Ascendent"). The transaction closed on March 9, 2006. Ascendent specializes in enterprise solutions to simplify voice mobility implementations and allows the Company to further extend and enhance the use of wireless communications by offering a voice mobility solution that helps customers align their mobile voice and data strategies.

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

	For the year ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Assets purchased			
Current assets	**$ 1,155**	$ 23	$ 3,707
Capital assets	**494**	-	802
Deferred income tax asset	**3,097**	-	10,440
Acquired technology	**31,226**	1,035	40,266
In-process research and development	**1,919**	-	-
Patents	**-**	960	-
Goodwill	**23,117**	4,523	80,906
	61,008	6,541	136,121
Liabilities assumed	**12,583**	-	8,597
Deferred income tax liability	**-**	341	11,334
	12,583	341	19,931
Net non-cash assets acquired	**48,425**	6,200	116,190
Cash acquired	**1,421**	1	3,649
Net assets acquired	**$ 49,846**	$ 6,201	$ 119,839
Consideration			
Cash	**$ 49,846**	$ 6,201	$ 119,839

The acquisitions were accounted for using the purchase method whereby identifiable assets acquired and liabilities assumed were recorded at their estimated fair value as of the date of acquisition. The excess of the purchase price over such fair value was recorded as goodwill. In-process research and development is charged to *Amortization* expense immediately after acquisition.

The weighted average remaining amortization period of the acquired technology related to the business acquisitions completed in fiscal 2009 is 4.6 years (2008 – 4.6 years).

On February 10, 2009, the Company entered into an agreement with Certicom Corp. ("Certicom") by way of statutory plan of arrangement to acquire all of the issued and outstanding common shares at a price of CAD $3.00 for each common share of Certicom or approximately CAD $131 million (approximately $102 million). The transaction closed on March 23, 2009, subsequent to the Company's fiscal 2009 year. Certicom technology protects the value of content, applications and devices with government approved security using Elliptic Curve Cryptography. The Company has not provided a preliminary purchase price allocation due to lack of access to the required information during the unsolicited bid stage of the offer and the limited amount of time between the closing date of the transaction and the filing date of these consolidated financial statements.

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

9. INCOME TAXES

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

	For the year ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Statutory Canadian tax rate	**33.4%**	35.7%	36.1%
Expected income tax provision	**$ 935,881**	$ 645,994	$ 310,215
Differences in income taxes resulting from:			
Foreign exchange	**99,575**	(30,826)	(2,111)
Investment tax credits	**(81,173)**	(58,726)	(37,054)
Manufacturing and processing activities	**(49,808)**	(24,984)	(12,097)
Foreign tax rate differences	**(16,273)**	(29,909)	(37,574)
Enacted tax rate changes	**1,260**	(4,648)	(2,778)
Non-deductible stock compensation	**10,500**	10,400	6,394
Other differences	**7,785**	9,352	2,378
	$ 907,747	$ 516,653	$ 227,373

	For the year ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Income before income taxes:			
Canadian	**$ 2,583,976**	$ 1,635,074	$ 718,004
Foreign	**216,387**	175,446	140,941
	$ 2,800,363	$ 1,810,520	$ 858,945

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

	For the year ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Provision for (recovery of) income taxes:			
Current			
Canadian	**$ 880,035**	$ 555,895	$ 114,073
Foreign	**68,501**	31,950	9,480
Deferred			
Canadian	**(36,013)**	(73,294)	100,261
Foreign	**(4,776)**	2,102	3,559
	$ 907,747	$ 516,653	$ 227,373

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

	As at	
	February 28, 2009	March 1, 2008
Assets		
Non-deductible reserves	**$ 177,669**	$ 102,737
Tax loss carryforwards	**11,176**	18,245
Unrealized losses on financial instruments	**1,902**	-
Other tax carryforwards	**3,972**	247
Net deferred income tax assets	**194,719**	121,229
Liabilities		
Capital assets	**91,193**	68,140
Research and development	**20,283**	11,468
Unrealized gains on financial instruments	**-**	11,383
Net deferred income tax liabilities	**111,476**	90,991
Net deferred income tax asset	**$ 83,243**	$ 30,238
Deferred income tax asset - current	**$ 183,872**	$ 90,750
Deferred income tax liability - current	**(13,116)**	-
Deferred income tax asset - long term	**404**	4,546
Deferred income tax liability - long-term	**(87,917)**	(65,058)
	$ 83,243	$ 30,238

The Company determined that it was more likely than not that it can realize its deferred income tax assets. Accordingly, no valuation allowance is required on its deferred income tax assets as at February 28, 2009 (March 1, 2008 - $nil). The Company will continue to evaluate and examine the valuation allowance on a regular basis and when required, the valuation allowance may be adjusted.

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

The Company's total unrecognized income tax benefits as at March 2, 2008 and February 28, 2009 were $175.4 million and $137.4 million respectively. The change in unrecognized income tax benefits during fiscal 2009 relates to a $39.9 million decrease due to changes in measurement of existing uncertain tax positions related to the depreciation of the Canadian dollar versus U.S. dollar, enacted tax rate changes and other measurement criteria, a $2.4 million decrease related to the settlement of an unrecognized income tax benefit related to ITCs on research and development expenditures, and a $4.3 million increase in uncertain tax positions related ITCs on research and development expenditures and transfer pricing matters. A reconciliation of the beginning and ending amount of unrecognized income tax benefits is as follows:

	(in millions)
Unrecognized income tax benefits balance as at March 2, 2008	$ 175.4
Gross increase for tax positions of prior years	**4.3**
Settlement of tax positions	**(2.4)**
Foreign exchange	**(39.1)**
Other	**(0.8)**
Unrecognized income tax benefits balance as at February 28, 2009	**$ 137.4**

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

As at February 28, 2009, the total unrecognized income tax benefits of $137.4 million includes approximately $104.5 million of unrecognized income tax benefits that have been netted against related deferred income tax assets. The remaining $32.9 million is recorded within current taxes payable and other non-current taxes payable on the Company's consolidated balance sheet as of February 28, 2009.

The Company's total unrecognized income tax benefits that, if recognized, would affect the Company's effective tax rate were $175.4 million and $137.4 as March 2, 2008 and February 28, 2009, respectively.

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

Jurisdiction	
Canada (1)	Fiscal 2001 - 2009
United States (1)	Fiscal 2003 - 2009
United Kingdom	Fiscal 2004 - 2009

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

The Company is subject to ongoing examination by tax authorities in the jurisdictions in which it operates. The Company regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for income taxes. Specifically, the Canada Revenue Agency ("CRA") recently concluded examining Scientific Research and Experimental Investment Tax Credit elements of the Company's fiscal 2001 to fiscal 2005 Canadian corporate tax filings. At this time, the Company cannot reasonably anticipate when the CRA will complete the remaining elements of its' fiscal 2001 to fiscal 2005 examination. The CRA has also given the Company notice that it will begin examining the Company's fiscal 2006, fiscal 2007 and fiscal 2008 Canadian corporate tax filings in the 2009 calendar year.

The Company has other non-Canadian income tax audits pending. While the final resolution of these audits is uncertain, the Company believes the ultimate resolution of these audits will not have a material adverse effect on its consolidated financial position, liquidity or results of operations. The Company believes it is reasonably possible that approximately $8.5 million of its gross unrecognized income tax benefit will decrease during fiscal 2010.

The Company recognizes interest and penalties related to unrecognized income tax benefits as interest expense that is netted and reported within *Investment income*. The amount of interest and penalties accrued as at March 2, 2008 and February 28, 2009 is approximately $4.4 million and $5.4 million, respectively.

On March 12, 2009, the Government of Canada enacted changes to the Income Tax Act (Canada) that allows RIM to calculate its fiscal 2009 Canadian income tax expense based on the U.S. dollar (the Company's functional currency). As such, the Company will record net benefits of approximately $70 - $100 million relating to the enactment of the changes to the Income Tax Act (Canada) in the first quarter of fiscal 2010.

10. LONG-TERM DEBT

The Company repaid its outstanding mortgage balance on February 27, 2009. Interest expense on long-term debt for the year was $502 (March 1, 2008 - $518; March 3, 2007 - $494).

The Company has a $100.0 million Demand Credit Facility (the "Facility") to support and secure operating and financing requirements. As at February 28, 2009, the Company has utilized $6.5 million of the Facility for outstanding letters of credit and $93.5 million of the Facility is unused. The Company has pledged specific investments as security for this Facility.

The Company has an additional $2.0 million Demand Credit Facility (the "Additional Facility"). The Additional Facility is used to support and secure other operating and financing requirements. As at February 28, 2009, the Company has utilized $1.1 million of the Additional Facility for outstanding letters of credit and $915 of this facility is unused.

11. CAPITAL STOCK

(a) Share capital

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. There are no Class A common shares or preferred shares outstanding.

The Company declared a 3-for-1 stock split of the Company's outstanding common shares on June 28, 2007. The stock split was implemented by way of a stock dividend. Shareholders received an additional two common shares of the Company for each common share held. The stock dividend was paid on August 20, 2007 to common shareholders of record at the close of business on August 17, 2007. All share, earnings per share and stock option data have been adjusted to reflect this stock dividend.

The following details the changes in issued and outstanding common shares for the three years ended February 28, 2009:

	Number Outstanding (000's)
	Common Shares
Balance as at March 4, 2006	558,006
Exercise of stock options	9,126
Conversion of restricted share units	21
Common shares repurchased pursuant to Common Share Repurchase Program	(9,540)
Balance as at March 3, 2007	557,613
Exercise of stock options	5,039
Balance as at March 1, 2008	562,652
Exercise of stock options	**3,565**
Conversion of restricted share units	**2**
Balance as at February 28, 2009	**566,219**

On October 11, 2005, the Company's Board of Directors approved the repurchase by the Company, from time to time, on the NASDAQ Stock Market, of up to an aggregate of 28.5 million common shares during the subsequent 12 month period. This represented approximately 5% of the Company's outstanding shares. Pursuant to the Common Share Repurchase Program, which is no longer in effect, the Company repurchased 19.0 million common shares at a cost of $391.2 million during the third quarter of fiscal 2006 and repurchased 9.5 million common shares at a cost of $203.9 million during the second quarter of fiscal 2007 which brought the total number of common shares repurchased to the approved maximum of 28.5 million common shares. The amounts paid in excess of the per share paid-in capital of the common shares of $328.2 million in the third quarter of fiscal 2006 and $172.2 million in the second quarter of fiscal 2007 were charged to retained earnings. All common shares repurchased by the Company pursuant to the Common Share Repurchase Program have been cancelled. The common shares noted above have been adjusted to reflect the 3-for-1 stock split.

(b) Stock-based compensation

Stock Option Plan

The Company has an incentive stock option plan for directors, officers and employees of the Company or its subsidiaries. No stock options were granted to independent directors in fiscal 2009.

The Company records stock compensation expense under SFAS 123(R) resulting in a charge to earnings of $38.1 million in fiscal 2009 (fiscal 2008 - $33.7 million; fiscal 2007 - $18.8 million).

In accordance with SFAS 123(R), the Company has presented excess tax benefits from the exercise of stock-based compensation awards as a financing activity in the consolidated statement of cash flows.

Options granted under the plan generally vest over a period of five years and are generally exercisable over a period of six years to a maximum of ten years from the grant date. The Company issues new shares to satisfy stock option exercises. There are 8.7 million stock options vested and not exercised as at February 28, 2009. There are 13.3 million stock options available for future grants under the stock option plan.

As a result of measures implemented by the Company's Board of Directors following the Company's Review (as more fully discussed in note 12(c)), certain outstanding stock options held by employees, directors and officers of the Company have been repriced to reflect a higher exercise price. Repriced options in fiscal 2009 include 43 stock option grants to 40 individuals in respect of options to acquire 752,775 common shares (fiscal 2008 - 87 stock option grants to 65 individuals in respect of options to acquire 9,426,000 common shares). In addition, during fiscal 2008, the Company received $8.7 million in restitution, inclusive of interest, related to incorrectly priced stock options that were exercised prior to fiscal 2008. As the repricing of stock options reflects an increase in the exercise price of the option, there is no incremental stock compensation expense related to these repricing events.

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

As previously disclosed, the Company's Co-Chief Executive Officers voluntarily offered to assist the Company in defraying costs incurred in connection with the Review and the Restatement by contributing CAD $10.0 million (CAD $5.0 million by each Co-CEO) of those costs. As part of a settlement agreement reached with a pension fund, an additional CAD $5.0 million (CAD $2.5 million by each Co-CEO) was received in the third quarter of fiscal 2008. The Company received these voluntary payments in the second and third quarters of fiscal 2008 and were recorded net of income taxes as an increase to additional paid-in capital. Furthermore, as part of a settlement agreement reached with the Ontario Securities Commission ("OSC") as more fully described in note 12(c), Messrs. Balsillie, Lazaridis and Kavelman also agreed to contribute, in aggregate, a total of approximately CAD $83.1 million to RIM, consisting of (i) a total of CAD $38.3 million to RIM in respect of the outstanding benefit arising from incorrectly priced stock options granted to all RIM employees from 1996 to 2006, and (ii) a total of CAD $44.8 million to RIM (CAD $15.0 million of which had previously been paid) to defray costs incurred by RIM in the investigation and remediation of stock options, granting practices and related governance practices at RIM. These contributions are being made through Messrs. Balsillie, Lazaridis and Kavelman undertaking not to exercise certain vested RIM options to acquire an aggregate of 1,160,129 common shares of RIM. These options have a fair value equal to the aggregate contribution amounts determined using a BSM calculation based on the last trading day prior to the day the OSC issued a notice of hearing in respect of the matters giving rise to the settlement. These options are shown as outstanding, vested and exercisable as at February 28, 2009 in the table below. Messrs. Balsillie, Lazaridis, Kavelman and Loberto have also paid a total of CAD $9.1 million to the OSC as an administrative penalty and towards the costs of the OSC's investigation.

In June 2007, the Board amended the Stock Option Plan to provide that options held by directors of the Company will not terminate upon a director ceasing to be a director of the Company if such person is appointed as a Director Emeritus of the Board. This resulted in a modification for accounting purposes of unvested options previously granted to two directors who where appointed Directors Emeritus during the second quarter of fiscal 2008, which in turn required the Company to record additional compensation expense in fiscal 2008 in the amount of $3.5 million.

A summary of option activity since March 4, 2006 is shown below.

	Options Outstanding			
	Number (in 000's)	Weighted-Average Exercise Price	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Balance as at March 4, 2006	26,883	$ 6.78		
Granted during the year	1,752	37.15		
Exercised during the year	(9,126)	4.30		
Forfeited/cancelled/expired during the year	(348)	9.97		
Balance as at March 3, 2007	19,161	$ 10.85		
Granted during the year	2,518	101.60		
Exercised during the year	(5,039)	10.82		
Forfeited/cancelled/expired during the year	(174)	31.76		
Balance as at March 1, 2008	16,466	$ 28.66		
Exercised during the year	**(3,565)**	**7.60**		
Forfeited/cancelled/expired during the year	**(170)**	**60.25**		
Balance as at February 28, 2009	**12,731**	**$ 27.51**	**2.60**	**$ 262,250**
Vested and expected to vest at February 28, 2009	**12,484**	**$ 26.99**	**2.57**	**$ 260,746**
Exercisable at February 28, 2009	**8,686**	**$ 15.07**	**1.82**	**$ 255,238**

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 stock on February 28, 2009 and the exercise price for in-the-money options) that would have been received by the option holders if all in-the-money options had been exercised on February 28, 2009. The intrinsic value of stock options exercised during fiscal 2009, calculated using the average market price during the period, was approximately $82 per share.

A summary of unvested stock options since March 1, 2008 is shown below:

	Options Outstanding	
	Number (in 000's)	Weighted Average Grant Date Fair Value
Balance as at March 1, 2008	7,257	$ 22.89
Vested during the period	**(3,042)**	**13.20**
Forfeited during the period	**(170)**	**34.45**
Balance as at February 28, 2009	**4,045**	**$ 29.69**

As of February 28, 2009, there was $95.5 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 2.1 years. The total fair value of stock options vested during the year ended February 28, 2009 was $40.1 million.

Cash received from stock option exercises for the year ended February 28, 2009 was $27.0 million (March 1, 2008 - $62.9 million). Tax benefits realized by the Company related to the stock option exercises were $12.6 million (March 1, 2008 - $8.2 million; March 3, 2007 - $6.0 million).

There were no stock options granted in fiscal 2009. The weighted-average fair value of stock options granted during the previous two years was calculated using the BSM option-pricing model with the following assumptions:

	For the year ended	
	March 1, 2008	March 3, 2007
Number of options granted (000's)	**2,518**	1,752
Weighted-average BSM value of each option	**$ 47.11**	$ 16.63
Assumptions:		
Risk-free interest rate	**4.3%**	4.8%
Expected life in years	**4.6**	4.4
Expected dividend yield	**0%**	0%
Volatility	**41% - 57%**	44% - 55%

The Company has not paid a dividend in the previous eleven fiscal years and has no current expectation of paying cash dividends on its common shares. The risk-free interest rates utilized during the life of the stock options are based on a U.S. Treasury security for an equivalent period. The Company estimates the volatility of its common shares at the date of grant based on a combination of the implied volatility of publicly traded options on its common shares, and historical volatility, as the Company believes that this is a better indicator of expected volatility going forward. The expected life of stock options granted under the plan is based on historical exercise patterns, which the Company believes are representative of future exercise patterns.

Restricted Share Unit Plan

RSUs are redeemed for either common shares issued the by Company, common shares purchased on the open market or the cash equivalent on the vesting dates established by the Company. Compensation expense is recognized upon issuance of RSUs over the vesting period. The Company recorded $196 of compensation expense with respect to RSUs in the year ended February 28, 2009 (March 1, 2008 - $33).

The Company did not issue any RSUs in the year ended February 28, 2009 and there were 3,334 RSUs outstanding as at February 28, 2009 (March 1, 2008 – 5,000).

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

Deferred Share Unit Plan

Under the DSU Plan, each independent director will be credited with 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. 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.

The Company issued 11,282 DSUs in the year ended February 28, 2009. There are 20,208 DSUs outstanding at February 28, 2009 (March 1, 2008 – 8,926). The Company had a liability of $834 in relation to the DSU plan as at February 28, 2009 (March 1, 2008 - $965).

12. COMMITMENTS AND CONTINGENCIES

(a) Lease commitments

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

	Real Estate	Equipment and other	Total
For the years ending			
2010	$ 23,785	$ 1,459	$ 25,244
2011	22,253	1,269	23,522
2012	22,003	548	22,551
2013	20,395	-	20,395
2014	19,496	-	19,496
Thereafter	72,172	-	72,172
	$ 180,104	$ 3,276	$ 183,380

For the year ended February 28, 2009, the Company incurred rental expense of $22.7 million (March 1, 2008 - $15.5 million; March 3, 2007 - $9.8 million).

(b) Litigation

By letter dated February 3, 2005 (the "Letter"), TMO-DG delivered to RIM-UK a notice of a claim for indemnity in relation to litigation in Düsseldorf, Germany in which the plaintiff, Inpro, brought action against TMO-DG (the "Litigation") for infringement of European Patent EP0892947B1 (the "Patent"). The Company joined the Litigation as an intervening party in support of the defendant TMO-DG. The Company also filed an invalidity action in the patent court in Munich Germany. On January 27, 2006, the Munich court declared the Patent invalid. Inpro has appealed the Munich court's decision and an appeal will not be heard until some time in 2009. On March 21, 2006, the Düsseldorf court stayed the infringement action until a final decision on validity has been made. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to the Litigation (or any related litigation) is not determinable. Accordingly, no amount has been recorded in these consolidated financial statements as at February 28, 2009.

On May 1, 2006, Visto Corporation ("Visto") filed a complaint in the United States District Court for the Eastern District of Texas, Marshall Division (the "Marshall District Court"), against the Company alleging infringement of four patents (United States Patent ("U.S. Patent") No. 6,023,708 ("'708"), 6,085,192 ("'192), 6,151,606 ("'606") and 6,708,221 ("'221")) and seeking an injunction and monetary damages. On May 1, 2006, RIM filed a declaratory judgment complaint against Visto in the United States District Court for the Northern District of Texas (Dallas Division) (the "Dallas District Court") alleging that the Visto '192, '606, and '221 patents are invalid and/or not infringed. RIM filed an amended declaratory judgment complaint in the Dallas District Court on May 12, 2006 adding claims against Visto for infringement of U.S. Patent No. 6,389,457 and 6,219,694, which are owned by RIM. Visto responded to RIM's amended complaint on July 5, 2006 by filing declaratory judgment claims in the Dallas District Court that the RIM 6,389,457 and 6,219,694 patents are invalid and/or not infringed. On June 16, 2006, RIM filed a declaratory judgment complaint against Visto in the Dallas District Court alleging that Patent No. 7,039,679 ("'679") is invalid and/or not infringed. The declaratory judgment filed by RIM in the Dallas District Court against Visto's U.S. Patents No. '192, '606 and '221 has been dismissed. This will proceed as part of the Visto suit in the Eastern District of Texas. The RIM complaint filed in the Dallas District Court against Visto for infringement of RIM's U.S. Patent No. 6,389,457 and 6,219,694 was consolidated with the declaratory judgment action filed by RIM against Visto's patent No. '679 into one case. RIM's complaint filed against Visto for infringement of RIM's U.S. Patent No. 6,389,457 and 6,219,694 (consolidated with the declaratory judgment filed by RIM against Visto patent No, '679) was dismissed to allow RIM to re-file those complaints in the Marshall District Court. RIM's motion to amend its response to add an infringement claim under the RIM 6,389,457 and 6,219,694 patents, along with a declaratory judgment complaint against Visto patent '679, to the Marshall District Court action was granted on March 6, 2007. RIM's motion to transfer Visto's declaratory judgment counterclaims filed on July 5, 2006 (against the RIM Patents, U.S. Patent No. 6,389,457 and 6,219,694) from the Northern District of Texas Court to the Eastern District of Texas Court was granted on May 17, 2007. All of RIM's and Visto's claims and counterclaims filed in the Northern District of Texas will now be heard in the Eastern District of Texas case. As of September 21, 2007, the United States Patent & Trademark Office ("USPTO") issued office actions in re-examination proceedings, rejecting all claims of each of the five patents asserted against RIM in the patent infringement action filed by Visto in the Eastern District of Texas against RIM on April 28, 2006. On March 14, 2008, the USPTO issued final office actions rejecting all the claims of the '679, '606 patents and the majority of the claims of the '192 patent. A claim construction hearing was held on November 1, 2007, in the Eastern District of Texas action. The Magistrate assigned to handle the claim construction hearing granted leave to both RIM and Visto to file supplemental briefs based on Visto's response to the re-examination proceedings before the USPTO. On April 4, 2008, RIM filed a motion to stay the case pending final disposition of the re-examination proceedings. On July 2, 2008, the Court granted RIM's motion to stay the entire case pending final disposition of the re-examination proceedings involving Visto's patents-in-suit. On January 23, 2009, Visto filed a Motion to Lift the Stay in the original Eastern District of Texas case in light of Notices of Intent to Issue Reexamination Certificates (NIRC) in the re-examination proceedings of Visto's '192, '679 and '606 patents. On March 25, 2009, the USPTO issued a re-examination certificate for the '679 and '606 patents indicating the re-examinations on those two patents are complete. The USPTO issued a Notice of Intent to Issue a Reexamination Certificate for the '708 and '221 patents, however Visto has indicated that it will ask the Court to dismiss the '221 patent from the case with prejudice. A status conference is scheduled for April 16, 2009. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to the litigation (or any related litigation) is not determinable. Accordingly, no amount has been recorded in these consolidated financial statements as at February 28, 2009.

On August 28, 2007, Visto filed a new complaint in the Marshall District Court, against the Company alleging infringement of two U.S. Patents (U.S. Patent No. 5,857,201 and 6,324,542). On October 18, 2007, RIM filed its answer to Visto's complaint in the Eastern District of Texas. On January 8, 2008, Visto filed an amended complaint adding U.S. Patent No. 5,968,131. On January 29, 2008, RIM filed an answer to the amended complaint. On June 16, 2008, Visto filed a motion to further amend its complaint to include two new U.S. Patents No. 7,363,349 and 7,373,571, and RIM filed an opposition to this motion. On September 29, 2008, RIM filed its invalidity contentions on the original three patents-in-suit. All four of RIM's re-examination requests related to these original three patents have been accepted by the USPTO and are in progress. RIM filed a request for ex parte re-examination of Visto Patent No. 7,363,349. On February 24, 2009, the Texas Court granted Visto's motion to amend its complaint to add U.S. Patent No. 7,363,349 and 7,373,517. Proceedings are ongoing with jury selection set for August 2, 2010. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to the litigation (or any related litigation) is not determinable. Accordingly, no amount has been recorded in these consolidated financial statements as at February 28, 2009.

On June 15, 2007, RIM filed in the United States District Court for the Northern District of California a complaint against Visto for infringement of U.S. Patent No. 5,889,839, which is owned by RIM. On July 9, 2007, Visto filed its answer to RIM's complaint asserting defences based on non-infringement, invalidity and unenforceability. On August 29, 2007, Visto filed a motion to amend Visto's answer and add counterclaims of infringement by RIM of U.S. Patents No. 7,255,231 and 7,228,383 in the Northern District of California case. On February 28, 2008, the California Court granted RIM's request to stay Visto's counterclaims of infringement of the 7,255,231 and 7,228,383 patents pending their re-examination by the USPTO. On June 9, 2008, the California Court granted Visto's request to stay RIM's claims of infringement of the 5,889,839 patent pending their re-examination by the USPTO. The USPTO has granted RIM's request for re-examination of all Visto patents-in-suit and those re-examinations are ongoing. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to the litigation (or any related litigation) is not determinable. Accordingly, no amount has been recorded in these consolidated financial statements as at February 28, 2009.

On July 5, 2006, RIM commenced an action in the Federal Court of Canada against Visto for infringement of RIM's Canadian Patent No. 2,245,157, 2,356,073 and 2,356,046. On June 1, 2007, RIM commenced an action in the Ontario Superior Court of Justice against Visto Corporation and two of its executive officers. The action seeks damages for conspiracy, for false and misleading statements in contravention of the Competition Act, for contravention of the Trade-marks Act, for injurious falsehood and for unlawful interference with RIM's economic relations. On May 21, 2008, the Federal Court issued a judgment finding Visto to have infringed on the three RIM patents-in-suit in Canada. Proceedings are currently pending to determine the damages for Visto's infringement of RIM's patents. No amount has been recorded in these consolidated financial statements as at February 28, 2009 as the amount of damages is not determinable.

On October 30, 2006, RIM commenced an action against Visto in the High Court of Justice (Chancery Division, Patents Court) in London, England. The action sought a declaration that Visto's U.K. patent [EP (UK) 0,996,905] is invalid and should be revoked. On December 5, 2006, RIM requested that the court decide that RIM's actions in the U.K. do not infringe the same patent. RIM sent to Visto a non-confidential Product and Process Description ("PPD") providing a technical description of RIM's products offered in the U.K. On February 2, 2007, Visto acknowledged that RIM's products described in the non-confidential PPD do not infringe Visto's U.K. patent [EP (UK) 0,996,905]. However, on February 2, 2007 Visto also filed a defence and counterclaim alleging that another Company product allegedly not in the non-confidential PPD, the Mail Connector product, does infringe Visto's U.K. patent [EP (UK) 0,996,905]. Visto also alleged that the action filed by the Company in Italy (see below) was filed in bad faith or with gross negligence and that filing the proceedings in Italy amounts to the tort of abuse of process. Visto further asked the Court to order revocation of the Company's U.K. patents [EP (UK) 1 096 727] and [EP (UK) 1 126 662]. The Company presented a jurisdictional challenge to Visto's abuse of process claims related to RIM's filing of the action in Italy on the basis that the UK Court did not have jurisdiction in the UK for the abuse of process claims. The Court decided in RIM's favour in a hearing held on April 3, 2007 on RIM's jurisdictional challenge, and Visto appealed the Court's decision. On April 13, 2007, in view of the fact that Visto acknowledged that RIM's products described in the PPD do not infringe the Visto UK patent, RIM served a notice of discontinuance that it was withdrawing its request that the Court decide that the RIM products described in the PPD do not infringe the Visto UK patent. A hearing was held in the UK Court on August 7, 2007 on an application filed by Visto requesting a stay of the litigation. The UK Court denied Visto's request for a stay. The trial on the invalidity and non-infringement of Visto's patents proceeded in the UK Court on January 23, 2008. On February 28, 2008, the UK Court rendered a decision wherein it held that Visto's [EP (UK) 0,996,905] patent was invalid for lack of inventive step and not being patentable subject matter. On March 6, 2008, the English Court of Appeal also denied Visto's appeal in relation to the abuse of process claims. Proceedings are currently pending to determine RIM's entitlement to costs.

On December 27, 2006, RIM commenced an action in Italy in the Court of Milan, Specialized Division in Industrial and Intellectual Property. RIM is requesting that the court declare the Italian portion of Visto's patent No. EP0996905 invalid and declare that RIM's activities in Belgium, France, Italy, Germany, the Netherlands and Spain do not infringe patent EP0996905. On May 28, 2007, Visto filed a request with the Court of Milan that the Court hold a hearing on the issue of whether the Court has jurisdiction to decide that RIM's activities in Belgium, France, Italy, Germany, the Netherlands and Spain do not infringe patent EP0996905. On April 18, 2008, the Court of Milan, special division for industrial and intellectual property filed a partial decision (no. 5111/2008) declaring its own lack of jurisdiction over the claims for the assessment of non-infringement of European patent EP0996905 in its national portions, other than the Italian portion. On July 11, 2008, RIM filed an appeal of the decision on jurisdiction. On May 27, 2008, the Court scheduled an oral hearing for December 16, 2008. On November 12, 2008, Visto sent a letter to the European Patent Office submitting to revocation throughout Europe of its patent EP0996905. Visto has sent notice to the Court of Milan and requested termination of proceedings. RIM requested expansion of the subject matter to be considered by the Court appointed expert to include recently issued Visto divisional patents (EP 1,722,321; 1,783,675; 1,783,927). A hearing on this question was held on December 9, 2008, and the issue was deferred to a three judge panel. Also, a hearing was held regarding RIM's appeal of the decision of the Court of Milan regarding non-Italian portions of the Visto patents-in-suit. Proceedings are currently pending.

On October 16, 2008, RIM filed a nullity action in the UK asserting invalidity of Visto divisional patents EP 1,722,321; 1,783,675; and 1,783,927. On November 21, 2008, Visto counter-claimed in UK asserting nullity of four RIM patents and infringement of Visto's divisional patents. A case management conference was held on December 5, 2008 at which trial was scheduled in the UK for September 14, 2009.

On September 18, 2008, Visto filed a lawsuit in Turin, Italy alleging that RIM infringes Visto divisional patents EP 1,722,321; 1,783,675; and 1,783,927. Visto requested a preliminary injunction against RIM. On January 7, 2009 the Turin Court rejected Visto's petition and ordered Visto to pay costs. On January 28, 2009, Visto informed RIM of its decision not to appeal the Turin Court's decision.

On October 18, 2008, RIM filed a lawsuit in Rome, Italy alleging invalidity of Visto divisional patents EP 1,722,321; 1,783,675; and 1,783,927. An allegation by certain RIM officers of non-infringement was also included. A first hearing on the merits has been scheduled for May 28, 2009. Proceedings are currently pending.

On September 17, 2008, Visto filed a lawsuit in Dusseldorf, Germany alleging infringement by RIM of Visto divisional patents EP 1,722,321; 1,783,675; and 1,783,927. A case management conference was held on December 9, 2008 and trial was set in Germany for December 10, 2009. Proceedings are currently pending. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to the litigation (or any related litigation) is not determinable. Accordingly, no amount has been recorded in these consolidated financial statements as at February 28, 2009.

On May 31, 2006, the Company filed a declaratory judgment action in the Dallas District Court against DataQuill BVI, Ltd. in which RIM seeks a ruling that the U.S. Patent 6,058,304 is invalid and not infringed by RIM products. On August 15, 2006, DataQuill filed a motion to dismiss to which RIM filed a response on September 15, 2006. On March 27, 2007, the U.S. District Court for the Northern District of Texas issued an order denying DataQuill's Motion to Dismiss. On April 13, 2007, RIM filed an amended complaint which added a declaratory judgment counterclaim to the suit seeking a ruling that DataQuill's continuation patent of the 6,058,304 patent, U.S. Patent 7,139,591 is invalid and not infringed by RIM products. On April 24, 2007, DataQuill filed its answer to RIM's declaratory judgment complaint. DataQuill counterclaimed for infringement of the 6,058,304 and 7,139,591 patents and is seeking an injunction and monetary damages. On May 9, 2008, the Northern District of Texas granted the parties' joint motion to amend the scheduling order and reset the trial date for April 20, 2009. Subsequently, the parties agreed to submit the dispute to binding alternative dispute resolution (ADR) proceedings. Based on this agreement, the parties jointly moved to stay the case until January 15, 2009 and to vacate all case deadlines, including the April 20, 2009 trial date. The court granted the parties' joint motion and further ordered that, if ADR is unsuccessful, then entry of a revised docket control order will be necessary. On November 24, 2008, the parties completed settlement of the lawsuit for an amount that is not material to these consolidated financial statements.

On June 6, 2007, Minerva Industries ("Minerva") filed a complaint in the Marshall District Court against the Company alleging infringement of U.S. Patent No. 6,681,120 and seeking an injunction and monetary damages. On January 22, 2008, Minerva filed a second complaint in the Marshall District Court against the Company alleging infringement of U.S. Patent No. 7,321,783 and seeking an injunction and monetary damages. RIM answered the first Complaint on January 28, 2008 and the second Complaint on March 14, 2008. On December 1, 2008, RIM's motion to consolidate the two cases was granted. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation is not determinable. Accordingly, no amount has been recorded in these consolidated financial statements as at February 28, 2009.

On October 18, 2007, Saxon Innovations, LLC, filed a complaint in the United States District Court for the Eastern District of Texas, Tyler Division, against the Company and thirteen other defendants alleging infringement of U.S. Patents Nos. 5,592,555, 5,771,394, 5,502,689, and 5,247,621 and seeking an injunction and monetary damages. RIM's answer was filed on March 5, 2008. A trial date has been set for May 2010. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation is not determinable. Accordingly, no amount has been recorded in these consolidated financial statements as at February 28, 2009.

On February 16, 2008, the Company filed a complaint in the Dallas District Court against Motorola alleging breach of contract, antitrust violations, patent infringement of U.S. Patent No. 5,664,055; 5,699,485; 6,278,442; 6,452,588; 6,489,950; 6,611,254, 6,661,255; 6,919,879 and 7,227,536 and seeking a declaratory judgment of non-infringement and invalidity against Motorola U.S. Patent Nos. 5,359,317; 5,074,684; 5,764,899; 5,771,353; 5,958,006; 5,706,211 and 6,101,531. On February 21, 2008, RIM filed a second complaint in the Dallas District Court seeking a declaratory judgment of non-infringement and invalidity of Motorola U.S. Patent No. 5,157,391; 5,394,140; 5,612,682 and 5,974,447. On April 10, 2008, Motorola filed a motion to dismiss RIM's antitrust and contract claims or, in the alternative, to bifurcate and stay RIM's antitrust and contract claims until the resolution of the co-pending patent claims. Motorola also asked the Court to dismiss, stay and or transfer to the Eastern District of Texas RIM's declaratory judgment claims against Motorola's patents. Pleadings on this motion closed on June 2, 2008. On September 19, 2008, the previously transferred case from the District of Delaware, described below, was consolidated with this case. On December 11, 2008, Motorola's motion to dismiss, stay and/or transfer the proceedings was denied in full. On January 9, 2009, Motorola filed its answer to RIM's complaint including three new counterclaims for infringement of U.S. Patent Nos. 6,252,515, 5,189,389 and 5,953,413. Proceedings are currently pending. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation (or any related litigation) is not determinable. Accordingly, no amount has been recorded in these consolidated financial statements as at February 28, 2009.

On February 16, 2008, Motorola filed a complaint against the Company in the Marshall District Court alleging infringement of U.S. Patent Nos. 5,157,391; 5,359,317; 5,394,140; 5,612,682; 5,764,899; 5,771,353 and 5,974,447. On February 20, 2008, Motorola filed an amended complaint adding U.S. Patent Nos. 5,074,684; 5,706,211; 5,958,006 and 6,101,531 to the complaint. On March 31, 2008, RIM filed a motion to transfer Motorola's Eastern District of Texas case involving Motorola's patents to the Northern District of Texas. On October 17, 2008, the Court granted RIM's motion to transfer this case to the Dallas District Court. This portion of the Motorola litigation is now closed.

On February 16, 2008, Motorola filed another complaint in the District of Delaware against the Company seeking a declaratory judgment of non-infringement and invalidity related to U.S. Patent No. 5,664,055 and 5,699,485 assigned to RIM as well as U.S. Patent No. 6,611,254, 6,661,255 and 6,919,879. On February 20, 2008, the complaint was amended to include RIM's U.S. Patent No. 6,278,442; 6,452,588; 6,489,950 and 7,227,536. On March 31, 2008, RIM filed a motion to transfer Motorola's District of Delaware case involving RIM's patents to the Dallas District Court. On April 10, 2008, RIM filed its answer and counterclaims to Motorola's amended complaint. Motorola filed its reply to RIM's counterclaims on April 30, 2008. On August 26, 2008, the Court granted RIM's motion to transfer this case to the Dallas District Court. This portion of the Motorola litigation is now closed.

On January 6, 2009, Motorola filed a claim in the United Kingdom against the Company for infringement of European patents EP (UK) 0 818 009 (the "'009 patent"), EP (UK) 0 378 775 (the "'775 patent"), EP (UK) 0 551 289 (the "'289 patent"), and EP (UK) 0 932 320 (the "'320 patent").

Motorola's claim was filed as a counterclaim in response to the Company's filing of a declaratory judgment seeking to invalidate Motorola's '009 patent. A case management conference was held on January 12, 2009 at which the judge set a hearing date for on or about January 11, 2010 for the '009 patent and the '320 patent, both of which are system patents, and another hearing date for on or about March 1, 2010 for the '775 patent and the '289 patent, both of which are handset patents. Proceedings are currently pending.

A case management conference was held on March 20, 2009, in relation to the case filed in the United Kingdom by TIP Communications, LLC, a wholly-owned indirect subsidiary of the Company, for infringement of EP (UK) 0 742 989. A second case management conference is scheduled for April 8, 2009. On March 10, 2009, TIP Communications, LLC filed a lawsuit in the Northern District of Texas against Motorola for infringement of U.S. Patent No. 5,956,329.

From time to time, the Company is involved in other claims in the normal course of business. The following additional patent suits were filed by the Company or against the Company since the end of fiscal 2008:

On March 6, 2008, Aloft Media LLC ("Aloft") filed a complaint against the Company and 12 other parties in the Marshall District Court alleging infringement of U.S. Patent No. 7,330,715. This patent generally relates to transferring contact information using a cell phone. The Texas Court has set a trial date for October 2010. On July 29th, 2008, Aloft filed a second patent infringement lawsuit against the Company in the Eastern District of Texas (Marshall Division). The single patent in suit is U.S. Patent No. 7,305,625 entitled "Data Networking system and Method for Interface a User." The Texas Court has set a trial date for March 2011. The complaints seek an injunction and monetary damages.

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

On May 20, 2008, the Company filed a lawsuit in Italy against IPCom GmbH ("IPCom") for declaratory judgment of invalidity of several IPCom patents. On May 21, 2008, the Company filed a lawsuit in the U.K. against IPCom for declaratory judgment of invalidity of several claimed standards-essential IPCom patents. On May 27, 2008, the Company filed a lawsuit in the U.S. District Court for the Northern District of Texas against IPCom for declaratory judgment of non-infringement and invalidity of several IPCom patents. On May 23, 2008, IPCom filed suit against the Company for infringement of four claimed standards essential German and European patents in the Hamburg, Germany court. On August 8, 2008, the parties agreed to withdraw and terminate their respective European actions.

On June 20, 2008, St. Clair Intellectual Property Consultants, Inc. filed a patent infringement lawsuit against the Company and other defendants in the District of Delaware. The patents-in-suit include U.S. Patent Nos. 5,138,459, 6,094,219, 6,233,010 and 6,323,899. These patents are generally directed to image processing in digital cameras. The court has set a trial date for June 14, 2010. The complaint seeks an injunction and monetary damages.

On July 29, 2008, Stragent, LLC filed a patent infringement lawsuit against the Company in the Marshall District Court alleging infringement of U.S. Patent No. 6,665,722. This patent relates to web browsing. The Texas Court has set a trial date for March 2011. The complaint seeks an injunction and monetary damages.

On July 30, 2008, WIAV Solutions, LLC ("WIAV") filed a patent infringement lawsuit against the Company and other defendants in the Eastern District of Virginia. The patents-in-suit include: 6,256,606; 7,120,578; 6,275,794; 6,507,814; 7,266,493; 6,633,841; 6,104,992; 6,385,573; 6,539,205; 6,680,920. These patents are generally related to speech codecs. On September 26, 2008, WIAV dismissed the original lawsuit and filed another patent infringement lawsuit against the Company and other defendants naming the same patents. On January 26, 2009, WIAV dismissed the September 26, 2008 lawsuit and filed a third patent infringement lawsuit against the Company naming the same patents. The complaint seeks an injunction and monetary damages.

On October 31, 2008, Mformation Technologies, Inc. filed a patent infringement lawsuit against the Company in the Northern District of California. The patents-in-suit include U.S. Patent Nos. 6,970,917 and 7,343,408. These patents are generally directed to remote device management functionality. The complaint seeks an injunction and monetary damages.

On November 17, 2008, Spansion, Inc. and Spansion LLC ("Spansion") filed a complaint with the U.S. International Trade Commission ("ITC") against Samsung Electronics Co., Ltd. and other related Samsung companies (collectively "Samsung") and other proposed respondents, including the Company, who purchase flash memory chips from Samsung, alleging infringement of U.S. Patent Nos. 6,380,029; 6,080,639; 6,376,877 and 5,715,194. The patents relate generally to flash memory chips. The Administrative Law Judge has set a trial date of September 28, 2009 and a target date for completion of the investigation by the ITC of June 18, 2010. On March 16, 2009, Spansion and Samsung filed a Joint First Settlement Conference Report indicating that they reached an agreement in principle on a settlement agreement that would cover all of Samsung's flash memory customers, including the Company. Spansion, which has filed for bankruptcy protection, is currently waiting for approval from the bankruptcy court to enter into the agreement.

On November 20, 2008, the Company filed a lawsuit for declaratory judgment of non-infringement, invalidity and unenforceability against four Kodak patents in the Dallas District Court. The patents-in-suit include U.S. Patent Nos. 5,493,335, 6,292,218 and 6,600,510 which are generally directed to digital camera technologies and U.S. Patent No. 5,226,161 which is directed to data sharing in applications. Kodak counterclaimed for infringement of these same patents seeking an injunction and monetary damages. The trial is scheduled for December, 2010.

On December 19, 2008, Saxon Innovations, LLC filed a complaint with the U.S. International Trade Commission ("ITC") against the Company and other proposed respondents alleging infringement of U.S. Patent Nos. 5,235,635; 5,530,597; and 5,608,873. The patents relate generally to features and functionalities for processors in handheld, wireless communications devices. The ITC scheduled the hearing to begin on July 30, 2009 and the investigation is expected to be completed by April 14, 2010. The complaint does not seek monetary damages, but requests that the ITC issue orders prohibiting certain RIM products from being imported into the U.S. and sold in the U.S. A parallel district court case on these patents seeking damages and an injunction in the Marshall District Court has been stayed pending completion of the ITC investigation.

On December 29, 2008, Prism Technologies, LLC filed a patent infringement lawsuit against the Company and Microsoft Corporation in the United States District Court for the District Of Nebraska. The single patent in suit is US Patent No. 7,290,288 entitled "Method and System for Controlling Access, by an Authentication Server, to Protected Computer Resources Provided Via an Internet Protocol Network." The complaint seeks monetary damages.

On December 30, 2008, MSTG, Inc. filed a patent infringement lawsuit against the Company in the United States District Court for the Northern District of Illinois alleging infringement of U.S. Patent Nos. 5,920,551; 6,219,374; and 7,151,756. The patents relate generally to Code Division Multiple Access transmission systems. The complaint seeks an injunction and monetary damages.

On March 20, 2009, Traffic Information, LLC filed a patent infringement lawsuit against the Company and seven other defendants in the Marshall District Court alleging infringement of U.S. Patent No. 6,785,606. The patent generally relates to the provisions of traffic information to mobile users. The complaint seeks an injunction and monetary damages.

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

(c) Other

As previously disclosed, on February 5, 2009, a panel of Commissioners of the OSC approved a settlement agreement with the Company, Jim Balsillie, the Co-Chief Executive Officer of the Company, Mike Lazaridis, the President and Co-Chief Executive Officer of the Company, Dennis Kavelman, previously Chief Financial Officer (currently with the Company in another role), Angelo Loberto, previously Vice-President of Finance (currently with the Company in another role), Kendall Cork, a former Director of the Company, Douglas Wright, a former Director of the Company, James Estill, a Director of the Company, and Douglas Fregin, a former Director of the Company, relating to the previously disclosed OSC investigation of the Company's historical stock option granting practices. Pursuant to the terms of the settlement agreement with the OSC, the Company agreed to submit to a review of its governance practices and procedures by an independent person selected by the OSC and paid for by the Company. Jim Balsillie agreed not to act as a director of any Canadian reporting issuer until the later of twelve months from the date of the OSC settlement and the Company's public disclosure of how it is addressing the recommendations arising from the independent review. Messrs. Balsillie, Lazaridis and Kavelman also agreed to contribute, in aggregate, a total of approximately CAD $83.1 million to RIM, consisting of (i) a total of CAD $38.3 million to RIM in respect of the outstanding benefit arising from incorrectly priced stock options granted to all RIM employees from 1996 to 2006, and (ii) a total of CAD $44.8 million to RIM (CAD $15.0 million of which had previously been paid) to defray costs incurred by RIM in the investigation and remediation of stock option granting practices and related governance practices at RIM. These contributions are being made through Messrs. Balsillie, Lazaridis and Kavelman undertaking not to exercise vested RIM options to acquire an aggregate of 1,160,129 common shares of RIM. These options have a fair value equal to the aggregate contribution amounts determined using a BSM calculation based on the last trading day prior to the day the OSC issued a notice of hearing in respect of the matters giving rise to the settlement. Messrs. Balsillie, Lazaridis, Kavelman and Loberto also paid a total of CAD $9.1 million to the OSC as an administrative penalty and towards the costs of the OSC's investigation. Dennis Kavelman is also prohibited from acting as a director or officer of any Canadian reporting issuer until the later of (a) five years from the date of the OSC's order approving the settlement, and (b) the date he completes a course acceptable to the staff of the OSC regarding the duties of directors and officers of public companies. Angelo Loberto is also prohibited from acting as a director or officer of any Canadian reporting issuer until he completes a course acceptable to the staff of the OSC regarding the duties of directors and officers of public companies.

As part of the OSC settlement, the Company agreed to enter into an agreement with an independent consultant to conduct a comprehensive examination and review of the Company and report to the Company's board of directors and the staff of the OSC the Company's governance practices and procedures and its internal control over financial reporting. A summary of the consultant's recommendations in the final report will be posted on the OSC's website and disclosed in the Company's MD&A.

In addition, as announced by the Company on February 17, 2009, the Company, Messrs. Balsillie, Lazaridis, Kavelman and Loberto, entered into settlements with the SEC that resolved the previously disclosed SEC investigation of the Company's historical stock option granting practices. The Company consented, without admitting or denying allegations in a complaint filed by the SEC, to the entry of an order enjoining it from violations of certain provisions of the U.S. federal securities laws, including the antifraud provisions. The Company was not required to pay disgorgement or a monetary penalty.

Jim Balsillie and Mike Lazaridis consented, without admitting or denying allegations in the complaint filed by the SEC, to the entry of an order enjoining them from violations of certain provisions of the U.S. federal securities laws, including the non-scienter based antifraud provisions. The order also provided that Jim Balsillie and Mike Lazaridis are liable for disgorgement of profits gained as a result of conduct alleged in the complaint together with prejudgment interest, although it also provided that those amounts are deemed paid in full because Jim Balsillie and Mike Lazaridis had already voluntarily paid those amounts to the Company. Those repayments were made earlier as part of a series of recommendations of a Special Committee of the Company's Board of Directors following the Review.

Dennis Kavelman and Angelo Loberto consented, without admitting or denying allegations in the complaint filed by the SEC, to the entry of an order enjoining them from violations of certain provisions of the U.S. federal securities laws, including the antifraud provisions. The order also provided that Dennis Kavelman and Angelo Loberto are liable for disgorgement of profits gained as a result of conduct alleged in the complaint together with prejudgment interest, although it also provided that those amounts are deemed paid in full because Dennis Kavelman and Angelo Loberto already voluntarily paid those amounts to the Company at the same time and on the same basis as Jim Balsillie and Mike Lazaridis. In addition, Dennis Kavelman and Angelo Loberto each agreed to be prohibited, for a period of five years from acting as an officer or director of a company that is registered or required to file reports with the SEC, and to be barred from appearing or practicing as an accountant before the SEC with a right to reapply after five years.

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

Messrs. Balsillie, Lazaridis, Kavelman and Loberto also agreed to the payment of monetary penalties totaling, in aggregate, $1.4 million to the SEC as an administrative penalty.

13. PRODUCT WARRANTY

The Company estimates its warranty costs at the time of revenue recognition based on historical warranty claims experience and records the expense in *Cost of sales*. The warranty accrual balance is reviewed quarterly to establish that it materially reflects the remaining obligation based on the anticipated future expenditures over the balance of the obligation period. Adjustments are made when the actual warranty claim experience differs from estimates.

The change in the Company's accrued warranty obligations March 4, 2006 to February 28, 2009 as well as the accrued warranty obligations as at February 28, 2009 are set forth in the following table:

Accrued warranty obligations at March 4, 2006	$ 22,387
Actual warranty experience during fiscal 2007	(38,554)
Fiscal 2007 warranty provision	49,736
Adjustments for changes in estimate	3,100
Accrued warranty obligations at March 3, 2007	36,669
Actual warranty experience during fiscal 2008	(68,166)
Fiscal 2008 warranty provision	116,045
Accrued warranty obligations at March 1, 2008	84,548
Actual warranty experience during fiscal 2009	**(146,434)**
Fiscal 2009 warranty provision	**258,757**
Adjustments for changes in estimate	**(12,536)**
Accrued warranty obligations at February 28, 2009	**$ 184,335**

14. EARNINGS PER SHARE

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

	For the year ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Net income for basic and diluted earnings per share available to common shareholders	**$ 1,892,616**	$ 1,293,867	$ 631,572
Weighted-average number of shares outstanding (000's) - basic	**565,059**	559,778	556,059
Effect of dilutive securities (000's): Stock-based compensation	**9,097**	13,052	15,750
Weighted-average number of shares and assumed conversions (000's) - diluted	**574,156**	572,830	571,809
Earnings per share - reported			
Basic	**$ 3.35**	$ 2.31	$ $1.14
Diluted	**$ 3.30**	$ 2.26	$ $1.10

15. COMPREHENSIVE INCOME (LOSS)

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

	For the year ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Net income	**$ 1,892,616**	$ 1,293,867	$ 631,572
Net change in unrealized gains (losses) on available-for-sale investments	**(7,161)**	13,467	11,839
Net change in derivative fair value during the year, net of income tax recovery of $8,641 (March 1, 2008 - income taxes $19,238; March 3, 2007 - income taxes $7,124)	**(6,168)**	37,564	(13,455)
Amounts reclassified to earnings during the year, net of income taxes of $4,644 (March 1, 2008 - $5,142, March 3, 2007 - $4,197)	**(16,497)**	(9,232)	(7,926)
Comprehensive income	**$ 1,862,790**	$ 1,335,666	$ 622,030

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

	As at		
	February 28, 2009	March 1, 2008	March 3, 2007
Accumulated net unrealized gains (losses) on available-for-sale investments	**$ (88)**	$ 7,073	$ (6,394)
Accumulated net unrealized gains (losses) on derivative instruments	**545**	23,210	(5,122)
Total accumulated other comprehensive income (loss)	**$ 457**	$ 30,283	$ (11,516)

16. SUPPLEMENTAL INFORMATION

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

	For the year ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Trade receivables	**$ (936,514)**	$ (602,055)	$ (254,370)
Other receivables	**(83,039)**	(34,515)	(8,300)
Inventory	**(286,133)**	(140,360)	(121,238)
Other current assets	**(50,280)**	(26,161)	(16,827)
Accounts payable	**177,263**	140,806	47,625
Accrued liabilities	**506,859**	383,020	119,997
Income taxes payable	**(113,868)**	401,270	83,310
Deferred revenue	**16,598**	8,789	7,221
	$ (769,114)	$ 130,794	$ (142,582)

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

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

	For the year ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Interest paid during the year	**$ 502**	$ 518	$ 494
Income taxes paid during the year	**$ 946,237**	$ 216,095	$ 32,101

(c) The following items are included in the accrued liabilities balance:

	As at	
	February 28, 2009	March 1, 2008
Marketing costs	**$ 91,160**	$ 74,034
Warranty (note 13)	**184,335**	84,548
Royalties	**279,476**	150,151
Revenue rebates	**134,788**	60,282
Other	**548,843**	321,427
	$ 1,238,602	$ 690,442

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

(d) Additional information

Advertising expense, which includes media, agency and promotional expenses totalling $337.3 million (March 1, 2008 - $124.6 million; March 3, 2007 - $67.7 million) is included in *Selling, marketing and administration* expense.

Selling, marketing and administration expense for the fiscal year includes a foreign currency exchange loss of $6.1 million (March 1, 2008 – loss of $5.3 million; March 3, 2007 – loss of $2.0 million).

17. FINANCIAL INSTRUMENTS

Values of financial instruments outstanding were as follows:

	February 28, 2009		
Assets (Liabilities)	**Notional Amount**	**Carrying Amount**	**Estimated Fair Value**
Cash and cash equivalents	**$ -**	**$ 835,546**	**$ 835,546**
Available-for-sale investments	**$ -**	**$ 1,398,104**	**$ 1,398,104**
Currency forward contracts - asset	**$ 1,147,709**	**$ 70,100**	**$ 70,100**
Currency forward contracts - liability	**$ 975,543**	**$ (56,827)**	**$ (56,827)**

	March 1, 2008		
Assets (Liabilities)	Notional Amount	Carrying Amount	Estimated Fair Value
Cash and cash equivalents	$ -	$ 1,184,398	$ 1,184,398
Available-for-sale investments	$ -	$ 1,154,098	$ 1,154,098
Long-term debt	$ -	$ (7,608)	$ (7,830)
Currency forward contracts - asset	$ 991,884	$ 47,507	$ 47,507
Currency forward contracts - liability	$ 699,821	$ (19,793)	$ (19,793)

For the Company's trade receivables, other receivables, accounts payable and accrued liabilities, the fair values approximate their respective carrying amounts due to their short maturities. The fair value of investments is determined using observable market data based on quoted prices and interest rates. Where observable market data is unavailable due to a lack of trading activity, the Company utilizes internally developed models to estimate fair value. The fair value of currency forward contracts has been estimated using market quoted currency spot rates and interest rates. The fair value of long-term debt has been estimated using market quoted interest rates. 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 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 2009 are transacted in U.S. dollars. Portions of the revenues are denominated in British Pounds, Canadian dollars, and Euros. Purchases of raw materials are primarily transacted in U.S. dollars. Other expenses, consisting of the majority of salaries, certain operating costs and manufacturing overhead are incurred primarily in Canadian dollars. At February 28, 2009 approximately 36% of cash and cash equivalents, 26% of trade receivables and 4% of accounts payable and accrued liabilities are denominated in foreign currencies (March 1, 2008 – 13%, 35% and 15%, respectively). These foreign currencies primarily include the British Pound, Canadian dollar, and Euro.

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 British Pound, Canadian dollar, and Euro.

The Company has entered into forward 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 other comprehensive income and subsequently reclassified to earnings in the period in which the cash flows from the associated hedged transactions affect earnings. Any ineffective portion of the change in fair value of the cash flow hedges is recognized in current period earnings. For fiscal years ending 2009, 2008 and 2007, the derivatives designated as cash flow hedges were considered to be fully effective with no resulting portions being designated as ineffective. The maturity dates of these instruments range from March 2009 to November 2010. As at February 28, 2009, the net unrealized loss on these forward contracts was approximately $2.7 million (March 1, 2008 – net unrealized gain of $34.6 million; March 3, 2007 – net unrealized loss of $7.8 million). Unrealized gains associated with these contracts were recorded in *Other current assets* and *Accumulated other comprehensive income*. Unrealized losses were recorded in *Accrued liabilities* and *Accumulated other comprehensive income*. These derivative gains or losses are reclassified to earnings in the same period that the forecasted transaction affects earnings. In fiscal 2010, $1.2 million of net unrealized gains on the forward contracts will be reclassified to earnings.

The Company has entered into forward contracts to hedge certain monetary assets and liabilities that are exposed to foreign currency risk. For contracts that are not subject to hedge accounting, gains and losses on the hedge instruments are recognized in earnings each period, offsetting the change in the U.S. dollar value of the hedged asset or liability. The maturity dates of these instruments range from March 2009 to May 2009. As at February 28, 2009, a net unrealized gain of $16.0 million was recorded in respect of this amount (March 1, 2008 – unrealized loss of $6.9 million; March 3, 2007 – unrealized gain of $542). 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*.

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

The following tables show the fair values of derivative instruments in the consolidated balance sheets.

	As at			
	February 28, 2009		March 1, 2008	
Derivative instruments designated as hedging instruments as defined in SFAS 133	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Cash flow hedges, currency forward contracts - asset	Other current assets	$ 48,074	Other current assets	$ 46,302
Cash flow hedges, currency forward contracts - liability	Accrued liabilities	$ 50,756	Accrued liabilities	$ 11,708

	As at			
	February 28, 2009		March 1, 2008	
Derivative instruments that do not meet the requirements for hedge accounting under SFAS 133	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Economic hedges, currency forward contracts - asset	Other current assets	$ 22,026	Other current assets	$ 1,205
Economic hedges, currency forward contracts - liability	Accrued liabilities	$ 6,071	Accrued liabilities	$ 8,085

The following tables show the impact of derivative instruments on the consolidated statements of operations.

Derivative Instruments in Cash Flow Hedging Relationships as defined in SFAS 133	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)
	For the Year Ended February 28, 2009		For the Year Ended February 28, 2009
Currency Forward Contracts	$ 47,272	Revenue	$ 43,212
Currency Forward Contracts	$ (9,991)	Cost of sales	$ (4,425)
Currency Forward Contracts	$ (14,986)	Selling, marketing and administration	$ (6,638)
Currency Forward Contracts	$ (24,977)	Research and development	$ (11,063)

Derivative Instruments in Hedging Relationships that do not meet the requirements for hedge accounting under SFAS 133	Location of Gain Recognized in Income on Derivative Instruments	Amount of Gain in Income on Derivative Instruments For the Year Ended February 28, 2009
Currency Forward Contracts	Selling, marketing and administration	$ 24,782

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations. The Company mitigates this risk by limiting counterparties to highly rated financial institutions and by continuously monitoring their creditworthiness. The Company's exposure to credit loss and market risk will vary over time as a function of currency exchange rates. The Company measures its counterparty credit exposure as a percentage of the total fair value of the applicable derivative instruments. Where the net fair value of derivative instruments with any counterparty is negative, the Company deems the credit exposure to that counterparty to be nil. As at February 28, 2009, 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 60% (March 1, 2008 – 40%; March 3, 2007 – nil).

The Company is exposed to market and credit risk on its investment portfolio. The Company reduces this risk by investing in liquid, investment grade securities and by limiting exposure to any one entity or group of related entities. As at February 28, 2009, no single issuer represented more than 12% of the total cash, cash equivalents and investments (March 1, 2008, no single issuer represented more than 9% of the total cash, cash equivalents and investments).

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

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 for doubtful accounts as at February 28, 2009 is $2.1 million (March 1, 2008- $2.0 million).

While the Company sells its products and services to a variety of customers, one customer comprised 29% of trade receivables as at February 28, 2009 (March 1, 2008 - three customers comprised 19%, 14% and 10%). Additionally, three customers comprised 23%, 14% and 10% of the Company's revenue (March 1, 2008 - three customers comprised 21%, 15% and 12%; March 3, 2007 - four customers comprised 19%, 14%, 11% and 11%).

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

18. SEGMENT DISCLOSURES

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

Selected financial information is as follows:

	For the year ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Revenue			
Canada	$ 887,005	$ 438,302	$ 222,517
United States	6,967,598	3,528,858	1,756,608
United Kingdom	711,536	461,592	267,353
Other	2,499,047	1,580,643	790,625
	$ 11,065,186	$ 6,009,395	$ 3,037,103
Revenue			
Canada	8.0%	7.3%	7.3%
United States	63.0%	58.7%	57.9%
United Kingdom	6.4%	7.7%	8.8%
Other	22.6%	26.3%	26.0%
	100.0%	100.0%	100.0%

	For the year ended		
	February 28, 2009	March 1, 2008	March 3, 2007
Revenue mix			
Devices	$ 9,089,736	$ 4,768,610	$ 2,215,951
Service	1,402,560	860,641	560,116
Software	251,871	234,388	173,187
Other	321,019	145,756	87,849
	$ 11,065,186	$ 6,009,395	$ 3,037,103

	As at	
	February 28, 2009	March 1, 2008
Capital assets, intangible assets and goodwill		
Canada	$ 1,948,337	$ 1,166,451
United States	482,826	60,354
United Kingdom	49,454	43,150
Other	58,130	20,443
	$ 2,538,747	$ 1,290,398
Total assets		
Canada	$ 3,218,640	$ 1,921,202
United States	2,646,783	1,738,508
United Kingdom	1,931,387	1,669,366
Other	304,562	182,111
	$ 8,101,372	$ 5,511,187

19. SUBSEQUENT EVENTS

On February 10, 2009, the Company entered into an agreement with Certicom Corp. ("Certicom") by way of statutory plan of arrangement to acquire all of the issued and outstanding common shares at a price of CAD $3.00 for each common share of Certicom or approximately CAD $131 million (approximately $102 million). The transaction closed on March 23, 2009. The Certicom shares purchased under the offer were funded with the Company's cash on hand. Certicom technology protects the value of content, applications and devices with government approved security using Elliptic Curve Cryptography.

On March 12, 2009, the Government of Canada enacted changes to the Income Tax Act (Canada) that allows RIM to calculate its fiscal 2009 Canadian income tax expense based on the U.S. dollar (the Company's functional currency). As such, the Company will record net benefits of approximately $70 - $100 million relating to the enactment of the changes to the Income Tax Act (Canada) in the first quarter of fiscal 2010.

Corporate Information

Executive Officers

Mike Lazaridis
President and Co-Chief Executive Officer

Jim Balsillie
Co-Chief Executive Officer

Brian Bidulka
Chief Accounting Officer

Robin Bienfait
Chief Information Officer

Larry Conlee
Chief Operating Officer,
Product Development and Manufacturing

Don Morrison
Chief Operating Officer,
BlackBerry

David Yach
Chief Technology Officer,
Software

Karima Bawa
Vice-President, Legal

Board of Directors

Mike Lazaridis[3]
President and Co-Chief Executive Officer

Jim Estill[2]
Corporate Director

David Kerr[1,2]
Managing Partner,
Edper Financial Corporation

Roger Martin[3]
Dean and Professor of Strategy,
Joseph L. Rotman School of Management,
University of Toronto

John Richardson, FCA[1,2]
Lead Director

Barbara Stymiest, FCA[1]
Group Head, Strategy, Treasury and Corporate Services
Royal Bank of Canada

John Wetmore[2,3]
Corporate Director

[1] Member of the Audit Committee.
[2] Member of the Compensation, Nomination and Governance Committee.
[3] Member of the Strategic Planning Committee.

Shareholder Information

Annual Meeting of Shareholders
Tuesday, July 14, 2009 at 6:30pm
The Centre for International Governance Innovation
57 Erb Street West
Waterloo, Ontario, Canada

Shareholder Inquiries
Investor Relations
Research In Motion Limited
176 Columbia Street West
Waterloo, Ontario, N2L 3L3
Tel: (+1) 519-888-7465
Fax: (+1) 519-888-6990
Email: investor_relations@rim.com

Transfer Agent
Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
Tel: (+1) 800-564-6253
Fax: (+1) 866-249-7775
service@computershare.com

Auditors
Ernst & Young LLP
Chartered Accountants
515 Riverbend Drive
P.O. Box 9458, Station C
Kitchener, Ontario, N2G 4W9

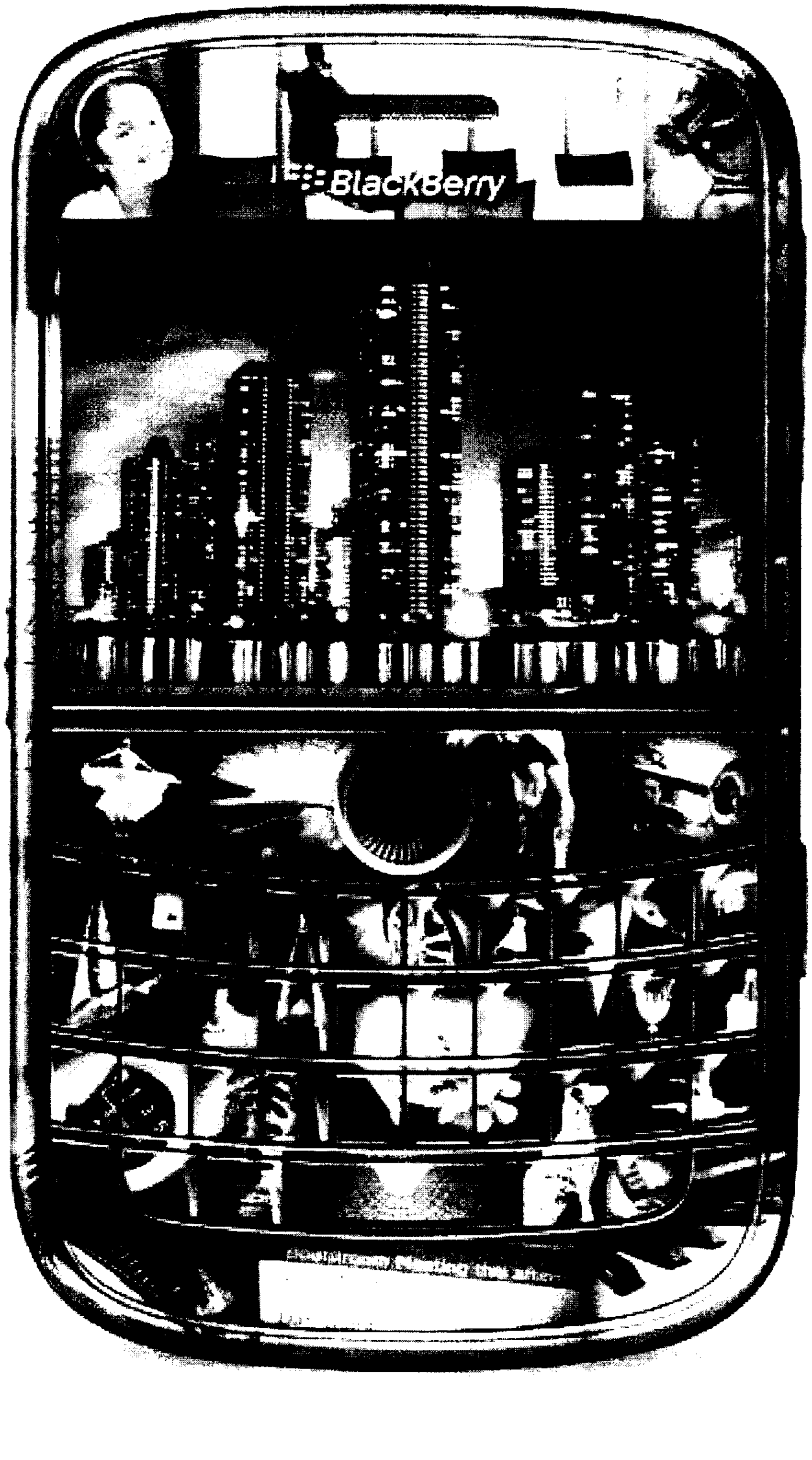
Stock Exchange Listings
Nasdaq Global Select Market
Symbol: RIMM
The Toronto Stock Exchange
Symbol: RIM

Corporate Office
Research In Motion Limited
295 Phillip Street
Waterloo, Ontario, N2L 3W8

Corporate Website
www.rim.com

GeSI
GLOBAL e-SUSTAINABILITY INITIATIVE

FSC
Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
Cert no.
www.fsc.org
© 1996 Forest Stewardship Council


BlackBerry

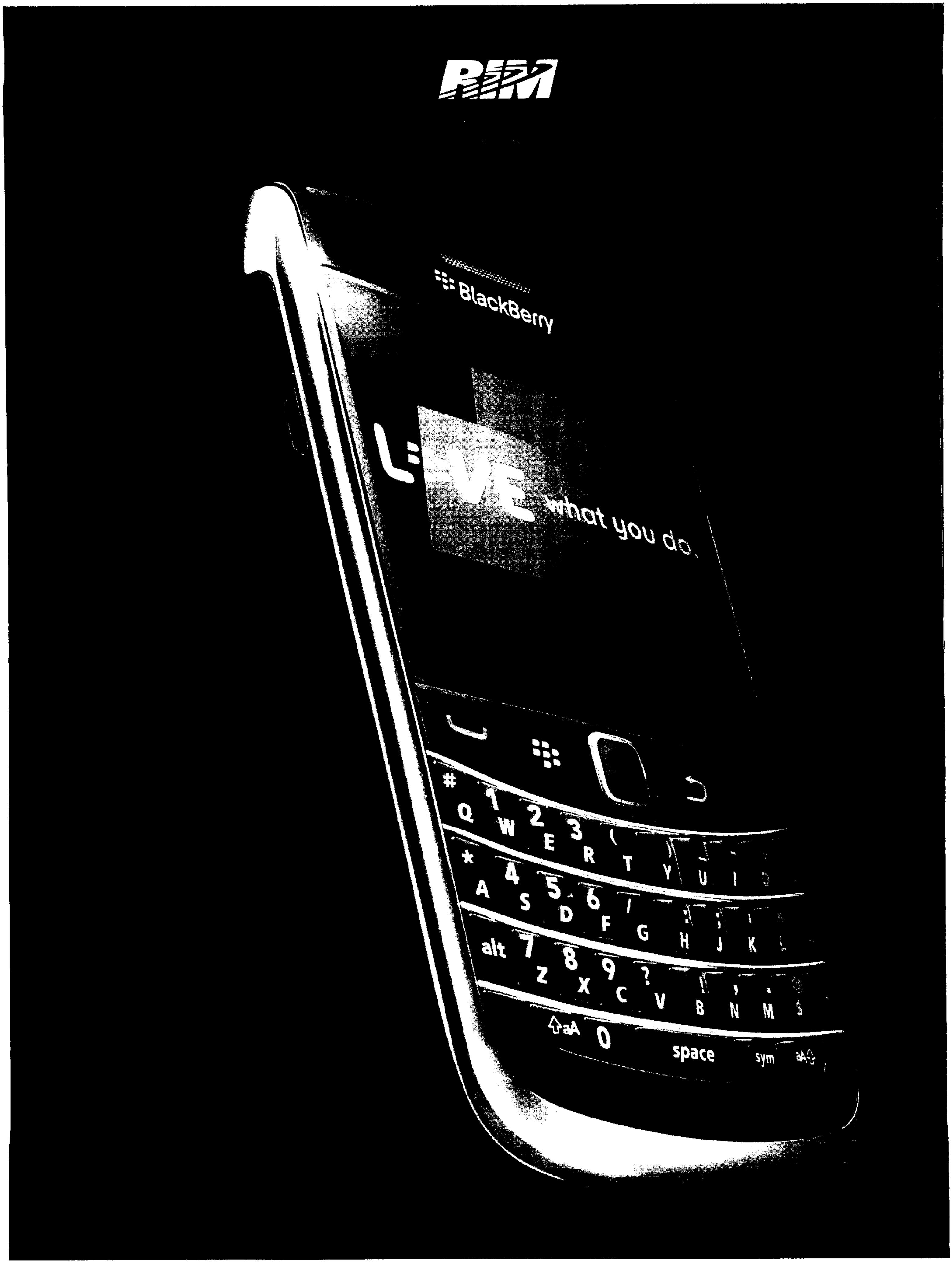
Life On BlackBerry

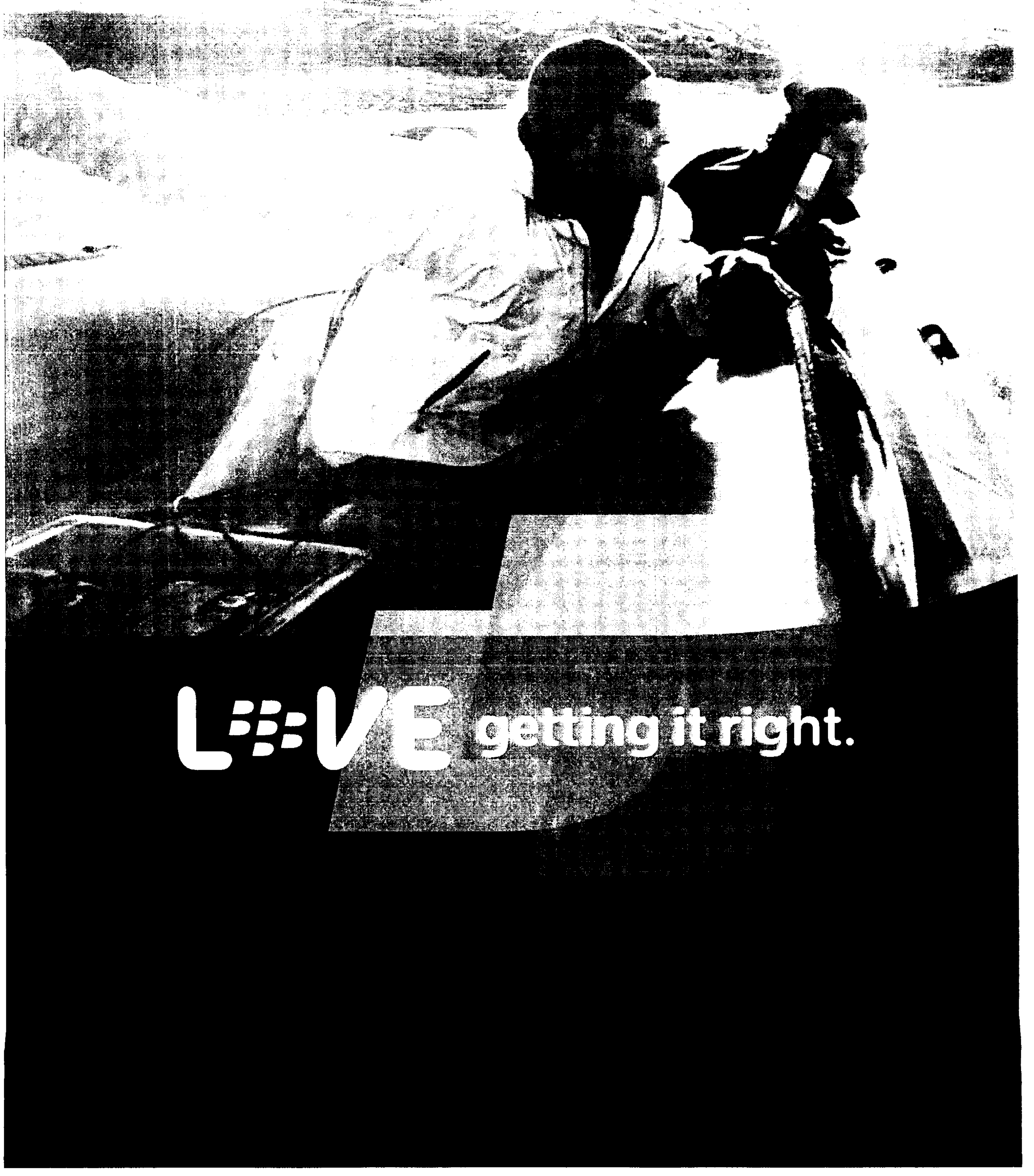
Research In Motion • 295 Phillip Street Waterloo, Ontario, Canada N2L 3W8 • www.rim.com T: 519.888.7465 F: 519.888.6906 E: investor_relations@rim.com

EXHIBIT 11

Submitted with Opposer's Notice of Reliance # 2

<u>Research In Motion Limited v. AvoxAmerica, Inc.</u>
Opposition No. 91191059


RIM
BlackBerry
what you do.


LOVE getting it right.

At RIM, we build groundbreaking [illegible] technology. We pioneered push email and made smart[illegible] [illegible] to smartphones, and this [illegible] adoption of the BlackBerry platform.

Message from the Co-CEOs

Fiscal 2010 was another successful year for Research In Motion with strong financial results and record shipments of 37 million BlackBerry® smartphones. RIM was able to successfully expand its global market share while continuing to achieve strong sales in North America. This exceptional performance was fueled by a broad portfolio of compelling products and services and solid business execution by RIM's employees and partners.

Against the backdrop of a challenging global economy, RIM grew revenue 35% to $15 billion and GAAP net income 30% to $2.5 billion in fiscal 2010. At the end of the year, the BlackBerry subscriber account base was over 41 million with approximately 17 million net new subscriber accounts added and over a third of our customers residing outside North America. There are now approximately 550 carriers and distribution partners offering BlackBerry products and services in 175 countries around the world. RIM continues to expand the reach of the BlackBerry platform in new market segments while maintaining its leadership position in the enterprise market.

In fiscal 2010, over 35% of total revenues came from outside North America. RIM's international presence grew significantly during the year, with robust growth in Latin America, Asia Pacific, the Middle East and Western Europe. Smartphones such as the BlackBerry® Curve™ 8520 and the BlackBerry® Bold™ 9700, as well as popular applications that leverage the BlackBerry platform such as push email and BlackBerry® Messenger (BBM™), have been instrumental in driving RIM's international growth. BBM use increased five-fold during fiscal 2010 and we believe this growth is a strong indicator of the potential for key applications to drive even greater adoption and loyalty to the BlackBerry platform in the coming year.

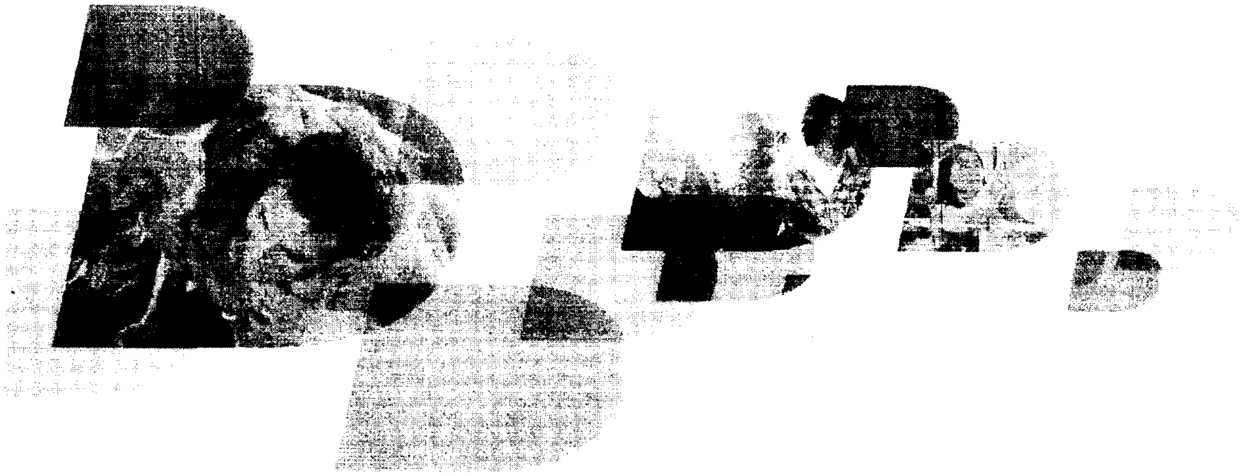
The value of the BlackBerry brand also increased substantially during fiscal 2010. Last year we were pleased to have been included on the Millward Brown Top 100 Most Powerful Brands list. This year our focused business efforts, including integrated marketing programs and new advertising campaigns, helped move the BlackBerry brand from 51st to 16th on the list. We continue to invest in the BlackBerry brand in order to grow consumer interest and purchase intent both internationally and in North America.

Research and development efforts in fiscal 2010 remained focused on developing world class products and services that deliver a unique mobile experience for our customers. During the past year we launched several new BlackBerry smartphones with enhanced functionality, features, performance and designs, including the BlackBerry® Tour™ 9630, BlackBerry® Curve™ 8520/ 8530, BlackBerry® Storm2™ 9520/9550 and BlackBerry Bold 9700.

Early in fiscal 2010, RIM launched BlackBerry App World™ and we are pleased to report that the developer community is thriving. RIM continues to provide developers with robust tools, technologies and business services to assist them in creating and marketing even more powerful and useful applications. Related initiatives in 2010 included the second annual BlackBerry Developer Conference, the introduction of the BlackBerry Academic Program and a variety of new development tools, such as BlackBerry® Theme Studio, BlackBerry Widgets, and new payment and advertising tools and services to help developers monetize their applications. RIM also previewed a new WebKit-based browser that is expected to launch in fiscal 2011.

The BlackBerry platform remains the corporate standard for enterprise mobility. In recognition of its leadership in the enterprise market in fiscal 2010, BlackBerry® Enterprise Server version 5.0 received the Global Mobile Award for the "Best Mobile Enterprise Product or Service" at GSMA's Mobile World Congress and was also the first mobile platform to receive the Common Criteria EAL4+ Security Certification. We are committed to maintaining our leadership in this market and continue to strengthen the BlackBerry platform through enhanced integration of value added services such as BlackBerry® Mobile Voice System (mobilizes PBX systems and brings office phone features to BlackBerry smartphones), Chalk Pushcast Software (for corporate podcasting) and enterprise social networking and collaboration tools. We also recently launched BlackBerry® Enterprise Server Express to further extend our market opportunity by providing companies of all sizes with a cost-effective solution that supports mobile connectivity for employees without compromising security or manageability.

RIM is a pioneer in the wireless data industry and the BlackBerry solution was purposefully designed to deliver a true "push"based user experience while also offering advanced security, manageability, spectral efficiency and power management. RIM's BlackBerry® Infrastructure is a key component in the unique BlackBerry value proposition and continues to be an important source of our competitive advantage. RIM's proactive and ongoing investment in infrastructure has enabled us to continue to provide the



industry-leading functionality, efficiency, security, scalability and quality of service necessary to continue meeting the growing needs of our customers and partners

RIM's global manufacturing and supply chain teams have responded to the growing demand for BlackBerry smartphones by expanding their capabilities while continuing to focus on meeting customer expectations. In addition to strategic investments in our Waterloo manufacturing facility, we have also grown manufacturing capacity through the engagement of new outsourcing partners and the addition of production capabilities in key locations around the world. These new facilities complement our existing network of manufacturing partners and meet RIM's quality, cost, flexibility and delivery expectations. We continue to invest in the integration of our global supply chain by developing relationships with key suppliers to support future product requirements and achieve greater forecast accuracy through improved demand management. In support of this supply chain integration and growth, RIM is investing in a leading edge IT systems infrastructure and global information management system, driving a world class supply chain engine to achieve the highest possible levels of customer satisfaction. With continued global supply chain investment and the addition of flexible production capacity, RIM is well positioned to meet the requirements of our global carrier partners and will continue to focus on improving these capabilities to meet and exceed our partner expectations for on time delivery of high quality products for their customers.

Providing exceptional support for the growing number of BlackBerry subscribers is an important competitive advantage for RIM and its partners. Our customer support efforts in fiscal 2010 continued to focus on scalability, ease-of use, efficiency and cost-effectiveness. In addition, we continue to build and strengthen RIM's corporate structure, including our capabilities in finance, operations, administration and facilities to meet current and future growth. RIM had approximately 14,000 employees at the end of fiscal 2010. We continue to seek the best talent across all areas of the Company, including R&D, carrier support, business development, marketing, customer care and manufacturing. We also continue to recruit co-op students and new graduates from top universities and colleges to ensure that we have the best new talent to enable us to continue to grow and innovate.

We are proud of RIM's accomplishments in fiscal 2010 and would like to thank our employees around the world whose abilities, hard work and determination enabled RIM to once again execute effectively and deliver solid results. We would also like to communicate sincere appreciation to our customers, partners, suppliers and shareholders for their support throughout the year.

We believe that RIM is well positioned to take advantage of the exciting opportunities that lie ahead in fiscal 2011. Some of our goals for the coming year include:

- continue to enhance the user experience by launching a new Webkit-based browser and new user interface for BlackBerry smartphones, and by growing the number of applications and services available for the BlackBerry platform;
- launch several new BlackBerry smartphones and other products and services to drive growth in both new and existing geographies and market segments;
- build on the strong international growth achieved over the past year by launching tiered pricing and targeted products and services within new market segments and geographies;
- continue to increase the value of the BlackBerry brand through integrated marketing efforts;
- expand our leadership in the business market by leveraging value-added services, including Chalk Pushcasts and BlackBerry Mobile Voice System, while also aggressively targeting small and medium sized business with BlackBerry Enterprise Server Express;
- aggressively grow the BlackBerry subscriber account base and deliver solid financial performance and profitability for our shareholders, and
- attract, hire and retain the best available talent to support RIM's customers and partners and to maintain RIM's market leading position.

Mike Lazaridis
President and Co-CEO

Jim Balsillie
Co-CEO

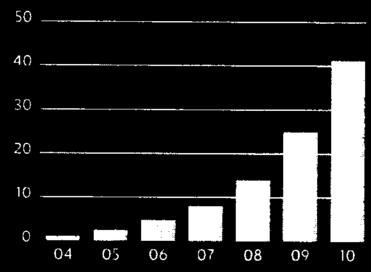
With approximately 550 carriers & distribution partners in 175 countries RIM is well positioned to grow the presence of the BlackBerry platform outside of North America. Our international subscriber base nearly doubled in fiscal 2010. This growth has been driven by strong BlackBerry adoption in markets including Latin America, SouthEast Asia, the Middle East and Western Europe.

RIM has averaged over 80% annual growth in our subscriber base since the launch of BlackBerry. Fiscal 2010 was another year of exceptional growth.

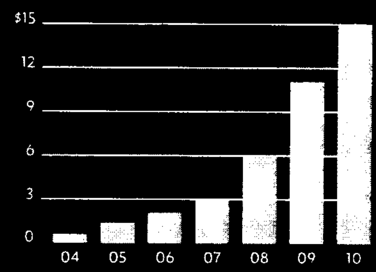
Over 250,000 organizations around the world are currently using BlackBerry Enterprise Server and in fiscal 2010 RIM introduced BlackBerry Enterprise Server Express to better address the needs of small and medium sized businesses.

Real-time communications and deep, rich, contextual and integrated applications make BlackBerry smartphones part of the fabric of our end-users' lives. These applications leverage the push-based, multi-tasking capabilities of the BlackBerry platform to deliver a unique and intuitive user experience. BlackBerry App World provides a single point of access to a world of compelling applications that allow you to run your life on BlackBerry.

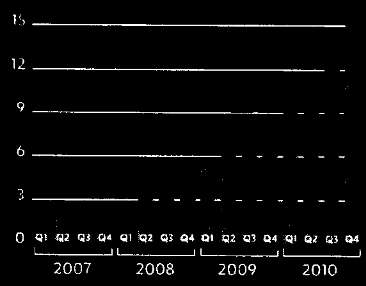
BlackBerry Subscriber Accounts
(in millions)



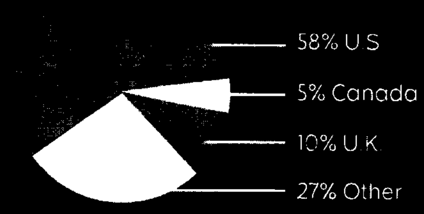
Annual Revenue
(in billions of U.S. dollars)



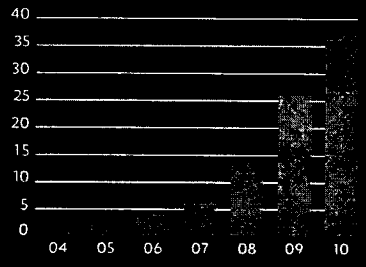
International Subscriber Accounts
(in millions)



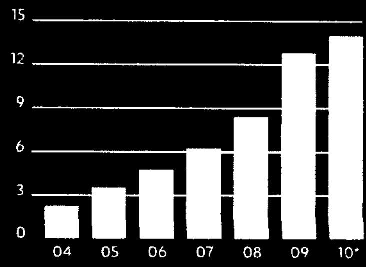
Fiscal 2010 Geographic Revenue Mix



BlackBerry Smartphone Shipments
(in millions)



Worldwide Employees
(in thousands)



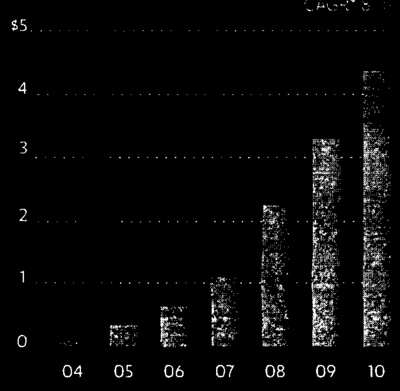
* Full time employee headcount has been adjusted for FY[illegible] to exclude inactive, contract or co-op employees which were included in prior years

Research In Motion Limited

Research In Motion (RIM), a global leader in wireless innovation, revolutionized the mobile industry with the introduction of the BlackBerry solution in 1999. Today, BlackBerry products and services are used by millions of customers around the world to stay connected to the people and content that matter most throughout their day. For more information about RIM (TSX: RIM; NASDAQ: RIMM), visit www.rim.com or www.blackberry.com.

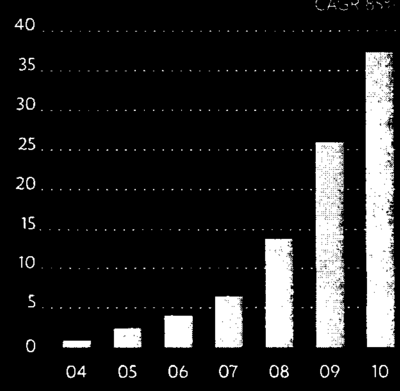
EPS — Diluted

(in US dollars)

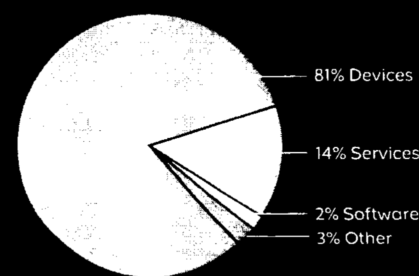


BlackBerry Smartphone Shipments

(in millions of devices)



Fiscal 2010 Revenue Mix



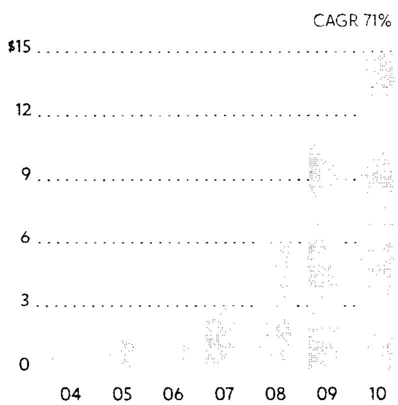
*CAGR (Compound Annual Growth Rate)

Financial Highlights

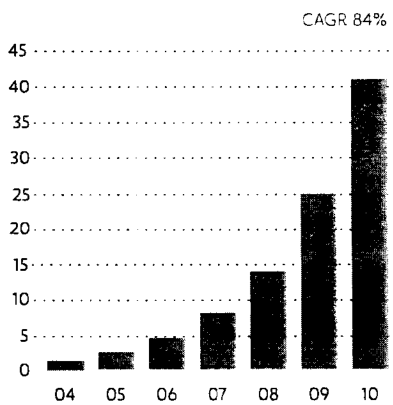
(in thousands of U.S. dollars, except per share amounts)

U.S. GAAP	February 27, 2010	February 28, 2009	March 1, 2008
Statement of Operations data			
Revenue	$ 14,953,224	$ 11,065,186	$ 6,009,395
Gross margin	$ 6,584,266	$ 5,097,298	$ 3,080,581
Research & development and selling, general and administration	2,872,239	2,180,399	1,241,310
Amortization	310,357	194,803	108,112
Litigation	163,800	-	-
Investment income	28,640	78,267	79,361
Income before income taxes	3,266,510	2,800,363	1,810,520
Provision for income taxes	809,366	907,747	516,653
Net income	2,457,144	$ 1,892,616	$ 1,293,867
Earnings per share			
Basic	$ 4.35	$ 3.35	$ 2.31
Diluted	$ 4.31	$ 3.30	$ 2.26
Operating data (percentage of revenue)			
Gross margin	44.0%	46.1%	51.3%
Research and development	6.5%	6.2%	6.0%
Selling, marketing and administration	12.8%	13.5%	14.7%
Balance sheet data			
Cash, cash equivalents, short-term investments and long-term investments	$ 2,869,723	$ 2,238,847	$ 2,343,996
Total assets	$10,204,409	$ 8,101,372	$ 5,511,187
Shareholders' equity	$ 7,602,663	$ 5,874,128	$ 3,933,566

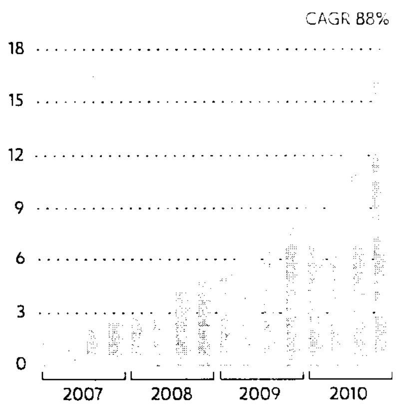
Annual Revenue
(in billions of U.S. dollars)



Subscriber Accounts
(in millions)



International Subscriber Accounts
(in millions)



Financials

RESEARCH IN MOTION LIMITED

MD&A

Management's Discussion and Analysis
of Financial Condition and Results of Operations
for the Three Months and Fiscal Year ended February 27, 2010

MD&A

April 1, 2010

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with the audited consolidated financial statements and the accompanying notes (the "Consolidated Financial Statements") of Research In Motion Limited ("RIM" or the "Company") for the fiscal year ended February 27, 2010. The Consolidated Financial Statements are presented in U.S. dollars and have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). All financial information in this MD&A is presented in U.S. dollars, unless otherwise indicated.

RIM has prepared this MD&A with reference to *National Instrument 51-102* "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Under the U.S./Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. This MD&A provides information for the fiscal year ended February 27, 2010 and up to and including April 1, 2010.

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

Special Note Regarding Forward-Looking Statements

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

- assumptions and expectations described in the Company's critical accounting policies and estimates;
- the Company's expectations regarding the adoption and impact of accounting pronouncements;
- the Company's expectations regarding the average selling price ("ASP") of its BlackBerry devices;
- the Company's estimates regarding revenue sensitivity for the effect of a change in ASP;
- the Company's expectations regarding gross margin;
- the Company's estimates regarding its effective tax rate;
- the Company's estimates of purchase obligations and other contractual commitments; and
- the Company's expectations with respect to the sufficiency of its financial resources.

The words "expect", "anticipate", "estimate", "may", "will", "should", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by RIM in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that RIM believes are appropriate in the circumstances. Many factors could cause RIM's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors" section of RIM's Annual Information Form, which is included in RIM's Annual Report on Form 40-F:

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

- RIM's ability to successfully obtain patent or other proprietary or statutory protection for its technologies and products;
- RIM's ability to obtain rights to use software or components supplied by third parties;
- potential impact of copyright levies in numerous countries;
- RIM's ability to enhance current products and develop new products on a timely basis;
- intense competition within RIM's industry, including the possibility that strategic transactions by RIM's competitors or carrier partners could weaken RIM's competitive position or require RIM to reduce its prices to compete effectively;
- RIM's ability to establish new, and to build on existing, relationships with its network carrier partners and distributors, and its dependence on a limited number of significant customers;
- RIM's reliance on its suppliers for functional components and the risk that suppliers will not be able to supply components on a timely basis or in sufficient quantities;
- the efficient and uninterrupted operation of RIM's network operations center and the networks of its carrier partners, and the risk of other business interruptions;
- dependence on key personnel and RIM's ability to attract and retain key personnel;
- RIM's ability to manage production facilities and its reliance on third-party manufacturers for certain products;
- the occurrence or perception of a breach of RIM's security measures, or an inappropriate disclosure of confidential or personal information;
- the continued quality and reliability of RIM's products and services and the potential effect of defects in products and services;
- risks associated with RIM's expanding foreign operations;
- reliance on strategic alliances and relationships with third-party network infrastructure developers, software platform vendors and service platform vendors;
- effective management of growth and ongoing development of RIM's service and support operations;
- regulation, certification and health risks, and risks relating to the misuse of RIM's products;
- restrictions on import and use of RIM's products in certain countries due to encryption of the products and services;
- 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;
- tax liabilities, resulting from changes in tax laws or otherwise, associated with RIM's worldwide operations;
- general commercial litigation and other litigation claims as part of RIM's operations;
- changes in interest rates affecting RIM's investment portfolio and the creditworthiness of its investment portfolio;
- government regulation of wireless spectrum and radio frequencies;
- collection, storage, transmission, use and distribution of user and personal information could give rise to liabilities or additional costs;
- expansion and availability of attractive content for BlackBerry App World;
- difficulties in forecasting RIM's quarterly financial results and the growth of its subscriber base; and
- risks related to RIM's historical stock option granting practices.

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

Overview

RIM is a leading designer, manufacturer and marketer of innovative wireless solutions for the worldwide mobile communications market. Through the development of integrated hardware, software and services that support multiple wireless network standards, RIM provides platforms and solutions for seamless access to time-sensitive information, including email, phone, short messaging service, Internet and intranet-based applications. RIM technology also enables a broad array of third party developers and manufacturers to enhance their products and services with wireless connectivity to data. RIM's portfolio of award-winning products, services and embedded technologies are used by thousands of organizations and millions of consumers around the world and include the BlackBerry® wireless solution, the RIM Wireless Handheld™ product line, software development tools and other software and hardware. The Company's sales and marketing efforts include collaboration with strategic partners and distribution channels, as well as its own supporting sales and marketing teams, to promote the sale of its products and services.

Sources of Revenue

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

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

RIM generates service revenues from billings to its BlackBerry subscriber account base primarily from a monthly infrastructure access fee to a carrier or reseller where a carrier or other reseller bills the BlackBerry subscriber. The BlackBerry subscriber account base is the total of all subscriber accounts that have an active status at the end of a reporting period. Each carrier instructs RIM to create subscriber accounts and determines whether each subscriber account should have an active status. Each carrier is charged a service fee for each subscriber account each month, with substantially all of such service fees having no regard to the amount of data traffic that the subscriber account passes over the BlackBerry architecture. If a carrier instructs RIM to deactivate a subscriber account, then RIM no longer includes that subscriber account in its BlackBerry subscriber account base and ceases billing the carrier with respect to such account from the date of notification of its deactivation. On a quarterly basis, RIM may make an estimate of pending deactivations for certain carriers that do not use a fully-integrated provisioning system. It is, however, each carrier's responsibility to report changes to its subscriber account status on a timely basis to RIM. The number of subscriber accounts is a non-financial metric and is intended to highlight the change in RIM's subscriber base and should not be relied upon as an indicator of RIM's financial performance. The number of subscriber accounts does not have any standardized meaning prescribed by U.S. GAAP and may not be comparable to similar metrics presented by other companies.

An important part of RIM's BlackBerry wireless solution is the software that is installed at the corporate or small and medium size enterprise server level, and in some cases on personal computers. Software revenues include fees from (i) licensing RIM's BlackBerry Enterprise Server™ ("BES") software; (ii) BlackBerry Client Access Licenses ("CALs"), which are charged for each subscriber using the BlackBerry service via a BES; (iii) maintenance and upgrades to software; and (iv) technical support ("T-Support").

Revenues are also generated from non-warranty repairs, sales of accessories and non-recurring engineering development contracts ("NRE").

Fiscal 2010 Operating Results — Executive Summary

The following table sets forth certain consolidated statement of operations data, which is expressed in thousands of dollars, for the periods indicated, except for share and per share amounts, as well as certain consolidated balance sheet data, as at February 27, 2010, February 28, 2009 and March 1, 2008, which is expressed in thousands of dollars.

(in thousands, except for per share amounts)

	As at and for the Fiscal Year Ended				
	February 27, 2010	February 28, 2009	**Change 2010/2009**	March 1, 2008	**Change 2009/2008**
Revenue	**$ 14,953,224**	$11,065,186	**$3,888,038**	$6,009,395	**$ 5,055,791**
Cost of sales	**8,368,958**	5,967,888	**2,401,070**	2,928,814	**3,039,074**
Gross margin	**6,584,266**	5,097,298	**1,486,968**	3,080,581	**2,016,717**
Operating expenses					
Research and development	**964,841**	684,702	**280,139**	359,828	**324,874**
Selling, marketing and administration[1]	**1,907,398**	1,495,697	**411,701**	881,482	**614,215**
Amortization	**310,357**	194,803	**115,554**	108,112	**86,691**
Litigation[2]	**163,800**	-	**163,800**	-	-
	3,346,396	2,375,202	**971,194**	1,349,422	**1,025,780**
Income from operations	**3,237,870**	2,722,096	**515,774**	1,731,159	**990,937**
Investment income	**28,640**	78,267	**(49,627)**	79,361	**(1,094)**
Income before income taxes	**3,266,510**	2,800,363	**466,147**	1,810,520	**989,843**
Provision for income taxes[1]	**809,366**	907,747	**(98,381)**	516,653	**391,094**
Net income	**$ 2,457,144**	$ 1,892,616	**$ 564,528**	$ 1,293,867	**$ 598,749**
Earnings per share					
Basic	**$ 4.35**	$ 3.35	**$ 1.00**	$ 2.31	**$ 1.04**
Diluted	**$ 4.31**	$ 3.30	**$ 1.01**	$ 2.26	**$ 1.04**
Weighted-average number of shares outstanding (000's)					
Basic	**564,492**	565,059		559,778	
Diluted	**569,759**	574,156		572,830	
Total assets	**$10,204,409**	$ 8,101,372	**$ 2,103,037**	$ 5,511,187	**$ 2,590,185**
Total liabilities	**$ 2,601,746**	$ 2,227,244	**$ 374,502**	$ 1,577,621	**$ 649,623**
Total long-term liabilities	**$ 169,969**	$ 111,893	**$ 58,076**	$ 103,190	**$ 8,703**
Shareholders' equity	**$ 7,602,663**	$ 5,874,128	**$ 1,728,535**	$ 3,933,566	**$1,940,562**

Notes:

(1) Selling, marketing and administration includes unusual charges of $96.4 million and provision for income taxes includes a benefit of $175.1 million, both recognized in fiscal 2010. These items related to a charge for the payment on account of certain employee tax liabilities related to certain previously exercised stock options with measurement date issues that were exercised during certain time periods and the foreign exchange impact of the enactment of functional currency tax legislation in Canada. See "Non-GAAP Financial Measures".

(2) In fiscal 2010, the Company settled all Visto Corporation ("Visto") outstanding worldwide patent litigation (the "Visto Litigation"). The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $267.5 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $163.8 million was expensed as a litigation charge in fiscal 2010. The remainder of the payment was recorded as intangible assets. See "Non-GAAP Financial Measures".

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

	For the Fiscal Year Ended				
	February 27, 2010	February 28, 2009	**Change 2010/2009**	March 1, 2008	**Change 2009/2008**
Revenue	**100.0%**	100.0%	**-**	100.0%	**-**
Cost of sales	**56.0%**	53.9%	**2.1%**	48.7%	**5.2%**
Gross margin	**44.0%**	46.1%	**(2.1%)**	51.3%	**(5.2%)**
Operating expenses					
Research and development	**6.5%**	6.2%	**0.3%**	6.0%	**0.2%**
Selling, marketing and administration	**12.8%**	13.5%	**(0.7%)**	14.7%	**(1.2%)**
Amortization	**2.1%**	1.8%	**0.3%**	1.8%	**-**
Litigation	**1.1%**	-	**1.1%**	-	**-**
	22.5%	21.5%	**1.0%**	22.5%	**(1.0%)**
Income from operations	**21.5%**	24.6%	**(3.1%)**	28.8%	**(4.2%)**
Investment income	**0.2%**	0.7%	**(0.5%)**	1.3%	**(0.6%)**
Income before income taxes	**21.7%**	25.3%	**(3.6%)**	30.1%	**(4.8%)**
Provision for income taxes	**5.4%**	8.2%	**(2.8%)**	8.6%	**(0.4%)**
Net income	**16.3%**	17.1%	**(0.8%)**	21.5%	**(4.4%)**

Revenue for fiscal 2010 was $14.95 billion, an increase of $3.88 billion, or 35.1%, from $11.07 billion in fiscal 2009. The number of BlackBerry devices sold increased by approximately 10.7 million, or 41.1%, to approximately 36.7 million in fiscal 2010, compared to approximately 26.0 million in fiscal 2009. Device revenue increased by $3.03 billion, or 33.3%, to $12.12 billion, reflecting primarily the higher number of devices sold. Service revenue increased by $756.0 million, or 53.9% to $2.16 billion, reflecting the increase of approximately 17 million net new BlackBerry subscriber accounts since the end of fiscal 2009. The total BlackBerry subscriber account base increased to over 41 million at the end of fiscal 2010. Software revenue increased by $6.7 million to $258.6 million in fiscal 2010 and Other revenue increased by $99.2 million to $420.2 million in fiscal 2010.

The Company's net income for fiscal 2010 was $2.46 billion, an increase of $564.5 million, or 29.8%, compared to net income of $1.89 billion in fiscal 2009. Basic earnings per share ("basic EPS") was $4.35 and diluted earnings per share ("diluted EPS") was $4.31 in fiscal 2010 compared to $3.35 basic EPS and $3.30 diluted EPS in fiscal 2009, a 30.6% increase in diluted EPS compared to fiscal 2009.

The $564.5 million increase in net income in fiscal 2010 primarily reflects an increase in gross margin in the amount of $1.48 billion, resulting primarily from the increased number of device shipments, additional subscriber accounts and a decrease of $98.4 million for the provision for income taxes, which was partially offset by the decrease of consolidated gross margin percentage, and by an increase of $971.2 million in the Company's operating expenses.

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

Critical Accounting Policies and Estimates

General

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are based upon management's historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ significantly from these estimates.

The Company's critical accounting policies and estimates have been reviewed and discussed with the Company's Audit & Risk Management Committee and are set out below. The Company's significant accounting policies are described in Note 1 to the Consolidated Financial Statements. Except as noted below, there have not been any changes to the Company's critical accounting policies and estimates during the past three fiscal years.

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

Devices
Revenue from the sale of BlackBerry devices is recognized when title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. For hardware products for which the software is deemed not to be incidental, the Company recognizes revenue in accordance with industry-specific software revenue recognition guidance. In addition, provisions are made at the time of sale for warranties and royalties. For additional information on warranties and royalties, see below.

Service
Revenue is recognized rateably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the prebilling is recorded as deferred revenue. See "Sources of Revenue" for more information on the calculation of the number of subscriber accounts.

Software
Revenue from licensed software is recognized at the inception of the license term and in accordance with industry-specific software revenue recognition 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 T-Support contracts is recognized over the period that such items are delivered or that services are provided.

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

Multiple-Element Arrangements
The Company enters into transactions that represent multiple-element arrangements which may include any combination of hardware and/or service or software and T-Support. These multiple-element arrangements are assessed to determine whether they can be separated into more than one unit of accounting or element for the purpose of revenue recognition. When the appropriate criteria for separating revenue into more than one unit of accounting is met and there is vendor specific objective evidence of fair value for all units of accounting or elements in an arrangement, the arrangement consideration is allocated to the separate units of accounting or elements based on each unit's relative fair value. 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. This vendor specific objective evidence of fair value is established through prices charged for each revenue element when that element is sold separately. The revenue recognition policies described above are then applied to each unit of accounting.

Allowance for Doubtful Accounts and Bad Debt Expense
The Company is dependent on a number of significant customers and on large complex contracts with respect to sales of the majority of its products, software and services. The Company expects increasing accounts receivable balances with its large customers to continue as it sells an increasing number of its wireless devices and software products and service relay access through network carriers and resellers rather than directly.

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

Inventories and Inventory Purchase Commitments

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

The Company's policy for the valuation of inventory, including the determination of obsolete or excess inventory, requires management to estimate the future demand for the Company's products within specific time horizons. Inventory purchases and purchase commitments are based upon such forecasts of future demand and scheduled rollout of new products. The business environment in which RIM operates is subject to rapid changes in technology and customer demand. The Company performs an assessment of inventory during each reporting period, which includes a review of, among other factors, demand requirements, component part purchase commitments of the Company and certain key suppliers, product life cycle and development plans, component cost trends, product pricing and quality issues. If customer demand subsequently differs from the Company's forecasts, requirements for inventory write-offs that differ from the Company's estimates could become necessary. If management believes that demand no longer allows the Company to sell inventories above cost or at all, such inventory is written down to net realizable value or excess inventory is written off.

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

For further details on the carrying value of inventory as at February 27, 2010, refer to Note 6 to the Consolidated Financial Statements, and for further details on the vendor inventory liabilities refer to Note 16 to the Consolidated Financial Statements.

Intangible Assets and Goodwill

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

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

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

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

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

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

The Company has concluded that no impairment relating to intangible assets and goodwill exists as of February 27, 2010.

For further details on the intangible assets and goodwill, refer to Notes 8 and 9 to the Consolidated Financial Statements.

Litigation

The Company is involved in litigation in the normal course of its business. The Company may be subject to claims (including claims related to patent infringement, purported class actions and derivative actions) either directly or through indemnities against these claims that it provides to certain of it partners. Management reviews all of the relevant facts for each claim and applies judgment in evaluating the likelihood and, if applicable, the amount of any potential loss. Where it is considered likely for a material exposure to result and where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The Company does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable. For further details on legal matters, see "Legal Proceedings" below and see "Results of Operations — Litigation" for the fiscal year ended February 27, 2010.

Royalties

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

Warranty

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

The Company's estimates of costs are based upon historical experience and expectations of future return rates and unit warranty repair cost. To the extent that the Company experiences changes in warranty activity, or changes to costs associated with servicing those obligations, revisions to the estimated warranty liability would be required. For further details on the Company's warranty expense experience and estimates for fiscal 2010, refer to Note 13 to the Consolidated Financial Statements.

Income Sensitivity

The Company estimates that a 10% change to either the current average unit warranty repair cost, measured against the device sales volumes currently under warranty as at February 27, 2010, or to the current average warranty return rate, would have resulted in adjustments to warranty expense and pre-tax income of approximately $25.2 million, or 1.0% of consolidated annual net income.

Investments

All cash equivalents and investments, other than cost method investments of $2.5 million and equity method investments of $4.1 million, are classified as available-for-sale and are carried at fair value with unrealized gains and losses recorded in other comprehensive income (loss) until such investments mature or are sold. In the event of a decline in value which is other than temporary, the investment is written down to fair value by a charge to income.

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

- Level 1 — Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

- Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 — Significant unobservable inputs which are supported by little or no market activity.

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

When determining the fair value of its investments, the Company primarily relies on an independent third party valuator. Pricing inputs by the service provider are generally received from two primary vendors. The pricing inputs are reviewed for completeness, tolerance and accuracy on a daily basis by the service provider. The Company also reviews and understands the inputs used in the valuation process and assesses the pricing of the securities for reasonableness. To do this, the Company utilizes internally developed models to estimate fair value. Inputs into the internally developed models may include benchmark yields, reported trades, quotes, issuer spreads, benchmark curves (including Treasury benchmarks, LIBOR and swap curves), discount rates, derivative indices, recovery and default rates, prepayment rates, trustee reports, bids/offers and other reference data. In the event the Company disagrees with the pricing from the service provider, the Company will challenge the pricing and work with the service provider to determine the fair value.

Given the current market conditions and economic uncertainties, management exercises significant judgment in determining the fair value of the Company's investments and the investment's classification level within the three-tier fair value hierarchy. As at February 27, 2010, the Company had approximately 98% of its available-for-sale investments measured at fair value classified in Level 2.

The Company regularly assesses declines in the value of individual investments for impairment to determine whether the decline is other-than-temporary. The Company makes this assessment by considering available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the market value has been less than cost, the financial condition, the near-term prospects of the individual investment and the Company's intent and ability to hold the investments to maturity. In the event that a decline in the fair value of an investment occurs and the decline in value is considered to be other-than-temporary, an appropriate write-down would be recorded. The Company's assessment on whether an investment is other-than-temporarily impaired or not, could change due to new developments or changes in assumptions or risks to any particular investment.

For further details on the Company's investments and fair value conclusions, refer to Note 4 and Note 5 to the Consolidated Financial Statements.

Income Taxes

The Company uses the liability method of tax allocation to account for income taxes. Under this method, deferred income tax assets and liabilities are recognized based upon differences between the financial reporting and tax bases of assets and liabilities, and measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company's deferred income tax asset balance represents temporary differences between the financial reporting and tax basis of assets and liabilities, including research and development costs and incentives, capital assets, non-deductible reserves and operating loss carryforwards, net of valuation allowances. The Company records a valuation allowance to reduce deferred income tax assets to the amount management considers to be more likely than not to be realized. The Company considers both positive evidence and negative evidence, to determine whether, based upon the weight of that evidence, a valuation allowance is required. Judgment is required in considering the relative impact of negative and positive evidence. If the Company determines that it is more likely than not that it will not be able to realize all or part of its deferred income tax assets in future fiscal periods, the valuation allowance would be increased, resulting in a decrease to net income in the reporting periods when such determinations are made.

Significant judgment is required in evaluating the Company's uncertain tax positions and provision for income taxes. The Company uses a two-step process in assessing its uncertain tax positions. The two-step process separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold by determining if the weight of available evidence indicates that it is more likely than not to be sustained upon examination. The second step is measuring a tax position that has met the recognition threshold as the largest amount of benefit that is more than 50% likely of being realized upon settlement. The Company continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provisions, income tax payable and deferred taxes in the period in which the facts that give rise to a revision become known. The Company recognizes interest and penalties related to uncertain tax positions as interest expense that is netted and reported within investment income. For further details, refer to Note 10 to the Consolidated Financial Statements.

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

The Company's provision for income taxes is based on a number of estimates and assumptions as determined by management and is calculated in each of the jurisdictions in which it conducts business. The Company's consolidated income tax rates have differed from statutory rates primarily due to the tax impact of foreign exchange differences, ITCs, manufacturing activities, the amount of net income earned in Canada versus other operating jurisdictions and the rate of taxes payable in respect of those other operating jurisdictions, and non-deductible stock compensation. The Company enters into transactions and arrangements in the ordinary course of business in which the tax treatment is not entirely certain. In particular, certain countries in which it operates could seek to tax a greater share of income than has been provided. The final outcome of any audits by taxation authorities may differ from estimates and assumptions used in determining the Company's consolidated tax provision and accruals, which could result in a material effect on the consolidated income tax provision and the net income for the period in which such determinations are made.

Stock-Based Compensation

The Company has an incentive stock option plan for officers and employees of the Company or its subsidiaries.

The Company estimates stock-based compensation expense at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option-pricing model and is recognized rateably over the vesting period. The BSM model requires various judgmental assumptions including volatility, forfeiture rates and expected option life. If any of the assumptions used in the BSM model change significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period.

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

The Company has a Restricted Share Unit Plan (the "RSU Plan") under which eligible participants include any officer or employee of the Company or its subsidiaries. The RSU Plan was approved at the Company's Annual General Meeting on July 18, 2005 and received regulatory approval in August 2005. Restricted Share Units ("RSUs") are redeemed for either common shares issued by the Company, common shares purchased on the open market by a trustee selected by the Company or the cash equivalent on the vesting dates established by the Board of Directors or the Compensation, Nomination and Governance Committee of the Board of Directors. The compensation expense is calculated based on the fair value of the equity award and the amount is recognized over the vesting period of the RSU.

The Company has a Deferred Share Unit Plan (the "DSU Plan"), adopted by the Board of Directors on December 20, 2007, under which each independent director will be credited with Deferred Share Units ("DSUs") in satisfaction of all or a portion of the cash fees otherwise payable to them for serving as a director of the Company. Grants under the DSU plan replace the stock option awards that were historically granted to independent members of the Board of Directors. After such a director ceases to be a director, DSUs will be redeemed for cash with the redemption value of each DSU or, at the Company's option and subject to receipt of shareholder approval, by way of shares purchased on the open market or issued by the Company. DSUs are accounted for as liability-classified awards.

For further details on the Company's stock-based compensation, refer to Note 11 to the Consolidated Financial Statements.

Impact of Accounting Pronouncements Not Yet Implemented

In January 2010, the Financial Accounting Standards Board ("FASB") issued authoritative guidance to improve disclosures about fair value measurements. The guidance amends previous literature to require an entity to provide a number of additional disclosures regarding fair value measurements including significant transfers between Level 1 and Level 2 on a gross basis and the reasons for such transfers, transfers in and out of Level 3 on a gross basis and the reasons for such transfers, the entity's policy for recognizing transfers between Levels and to disclose information regarding purchases, sales, issuances and settlements on a gross basis in the Level 3 reconciliation of recurring fair value measurements. The guidance also further clarifies existing guidance on disclosure requirements around disaggregation and valuation techniques for both recurring and non-recurring fair value measurements in either Level 2 or Level 3. The new authoritative guidance is effective for interim and annual periods beginning after December 15, 2009, except for the requirement to separately disclose purchases, sales, issuances and settlements in the Level 3 reconciliation, which is effective for interim and annual periods beginning after December 15, 2010. The Company will adopt the guidance in the first quarter of fiscal 2011 and the first quarter of fiscal 2012, respectively. The Company is currently evaluating the impact that the adoption of this guidance will have on its financial statement disclosures.

In October 2009, the FASB issued authoritative guidance on revenue recognition for arrangements with multiple deliverables. The guidance amends previous literature to require an entity to use an estimated selling price when vendor specific objective evidence or acceptable third party evidence does not exist for any products or services included in a multiple element arrangement. The arrangement consideration should be allocated among the products and services based upon their relative selling prices, thus eliminating the use of the residual method of allocation. The guidance also requires expanded qualitative and quantitative disclosures regarding significant judgements made and changes in applying the guidance. The new authoritative guidance is effective for revenue arrangements entered into or materially modified in fiscal years beginning after June 15, 2010, with early application permitted. The Company plans to adopt the guidance in the first quarter of fiscal 2011 and the Company does not expect the adoption will have a material impact on the Company's results of operations and financial condition.

In October 2009, the FASB issued authoritative guidance on certain revenue arrangements that include software elements. The guidance amends previous literature to exclude tangible products containing software components and non-software components that function together to deliver the product's essential functionality from applying software revenue recognition guidance to those products. The new authoritative guidance is effective for revenue arrangements entered into or materially modified in fiscal years on or after June 15, 2010 with early application permitted. The Company plans to adopt the guidance in the first quarter of fiscal 2011 and the Company's does not expect the adoption will have a material impact on the Company's results of operations and financial condition.

In June 2009, the FASB issued authoritative guidance to amend the manner in which an enterprise performs an analysis to determine whether the enterprise's variable interest gives it a controlling interest in the variable interest entity ("VIE"). The guidance uses a qualitative risks and rewards approach by focusing on which enterprise has the power to direct the activities of the VIE, the obligation to absorb the entity's losses and rights to receive benefits from the entity. The guidance also requires enhanced disclosures related to the VIE. The new authoritative guidance is effective for annual periods beginning after November 15, 2009. The Company will adopt the guidance in the first quarter of fiscal 2011 and the Company does not expect the adoption will have a material impact on the Company's results of operations and financial condition.

In June 2009, the FASB issued authoritative guidance amending the accounting for transfers of financial assets. The guidance, among other things, eliminates the exceptions for qualifying special-purpose entities from the consolidation guidance, clarifies the requirements for transferred financial assets that are eligible for sale accounting and requires enhanced disclosures about a transferor's continuing involvement with transferred financial assets. This new authoritative guidance is effective for annual periods beginning after November 15, 2009. The Company will adopt the guidance in the first quarter of fiscal 2011 and the Company does not expect the adoption will have a material impact on the Company's results of operations and financial condition.

In November 2008, the SEC announced a proposed roadmap for comment regarding the potential use by U.S. issuers of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS is a comprehensive series of accounting standards published by the International Accounting Standards Board. On February 24, 2010, the SEC issued a statement describing its position regarding global accounting standards. Among other things, the SEC stated that it has directed its staff to execute a work plan, which will include consideration of IFRS as it exists today and after completion of various "convergence" projects currently underway between U.S. and international accounting standards setters. By 2011, assuming completion of certain projects and the SEC staff's work plan, the SEC will decide whether to incorporate IFRS into the U.S. financial reporting system. The Company is currently assessing the impact that this proposed change would have on the consolidated financial statements, accompanying notes and disclosures, and will continue to monitor the development of the potential implementation of IFRS.

Restatement of Previously Issued Financial Statements

Overview

As discussed in greater detail under "Explanatory Note Regarding the Restatement of Previously Issued Financial Statements" in the MD&A for the fiscal year ended March 3, 2007 and Note 12(c) to the audited consolidated financial statements of the Company for the fiscal year ended March 3, 2007, the Company restated its consolidated balance sheet as of March 4, 2006 and its consolidated statements of operations, consolidated statements of cash flows and consolidated statements of shareholders' equity for the fiscal years ended March 4, 2006 and February 26, 2005, and the related note disclosures (the "Restatement"), to reflect additional non-cash stock compensation expense relating to certain stock-based awards granted prior to the adoption of the Company's stock option plan on December 4, 1996 (as amended from time to time, the "Stock Option Plan") and certain stock option grants during the 1997 through 2006 fiscal periods, as well as certain adjustments related to the tax accounting for deductible stock option expenses. The Restatement was the result of a voluntary internal review (the "Review") by the Company of its historical stock option granting practices. The Restatement did not result in a change in the Company's previously reported revenues, total cash and cash equivalents or net cash provided from operating activities.

OSC Settlement

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

As part of the Settlement Agreement, the Company agreed to enter into an agreement with an independent consultant to conduct a comprehensive examination and review of the Company and report to the Company's board of directors and the staff of the OSC the Company's governance practices and procedures and its internal control over financial reporting. The Company retained Protiviti Co. ("Protiviti") to carry out this engagement. See "Independent Governance Assessment" and Appendix A to this MD&A for a further description of Protiviti's engagement, its recommendations and the Company's responses to such recommendations. A copy of Protiviti's recommendations will also appear on the website of the OSC.

Independent Governance Assessment

As described above, the Company's historical stock option granting practices were the subject of an internal review by a special committee (the "Special Committee") of the Board of Directors ("Board") and investigations by government authorities in Canada and the United States. In March 2007, the Special Committee made recommendations to the Board on corporate governance that were adopted by the Board. Later in the same year, the Company resolved litigation brought by a pension fund, which resulted in the Company implementing additional corporate governance changes. Since March 2007, five new independent directors have joined the Board. As a result of these developments, and the importance placed by the Board on enhanced governance standards, the Board has devoted a considerable amount of time and attention to corporate governance, and has had significant involvement in reviewing and improving the Company's corporate governance practices prior to the engagement of Protiviti described below.

Pursuant to the Settlement Agreement, the Company agreed to submit to an independent assessment of its governance practices and procedures by Protiviti. Protiviti is a consultant selected by staff of the OSC as being an independent entity with experience in governance assessments. Schedule "C" to the Settlement Agreement prescribed the procedures to be followed by the Company and Protiviti in conducting the assessment. Protiviti proceeded to conduct its review subject to the terms of the Settlement Agreement.

Schedule "C" to the Settlement Agreement required Protiviti to prepare a draft report and submit that report to the Company for review and comment before the report was finalized. Schedule "C" contemplates that, with respect to each of the recommendations in the final report, the Company will (a) adopt the recommendation, (b) adopt alternative measures that the Company and Protiviti agree are acceptable to address the consultant's recommendation, or (c) decline to adopt the recommendation.

Where the Company has agreed to adopt a recommendation, either as initially proposed or as modified, the Company is required to disclose in its MD&A a description of the recommendation that the Company has agreed to implement, together with the Company's plan, along with any actions already taken, to implement the recommendation. A decision to decline to adopt a recommendation must be made by the Company's independent directors and the reasons for that decision must be set out in writing and disclosed in the Company's MD&A.

Arising from the events leading to the Settlement Agreement, the Company's Board and senior management team, including the Company's Co-CEOs, are committed to establishing and maintaining high standards of corporate governance. This has been demonstrated by significant governance improvements adopted by the Company over the past four and a half years, together with additional improvements that the Company is in the process of adopting or has agreed to adopt.

Following field work, on October 26, 2009, Protiviti submitted a draft report to the Board and to staff of the OSC, as of June 30, 2009, regarding certain of the Company's corporate governance practices. The Lead Director and the Chair of the Board's Compensation, Nomination and Governance Committee, representing the independent directors of the Board, consulted with other Board members, participated in subsequent discussions with Protiviti concerning its draft reports and provided direction in connection with the Company's responses to the draft reports.

In the course of providing comments on the draft reports, the Lead Director and the Chair of the Board's Compensation, Nomination and Governance Committee and Protiviti had contemporaneous discussions concerning the necessity or appropriateness of the recommendations and the steps required by the Company to address certain of the recommendations, with a view to completing those discussions with the issuance of the final report contemplated by the Settlement Agreement. Following the conclusion of those discussions Protiviti issued its final report.

The final report contains 29 recommendations in 13 subject areas. The Company has addressed, agreed to adopt or has already adopted 27 of these recommendations in whole and two others in part.

The Board found the final report helpful in many respects, and considered all of the recommendations. Because the report reflects field work to June 30, 2009, it does not take into account certain governance changes and other enhancements adopted by the Company over the past nine months, many of which were contemplated or in progress during the course of Protiviti's engagement. Some recommendations have already been implemented or are being implemented by the Board because of the corporate governance work described above. In considering further changes to the Company's corporate governance practices, the Board is cognizant of the rapid and extraordinary growth of the Company, in terms of number of employees and its expanding operations around the world. It is also recognizes that the Company's entrepreneurial culture has been a significant factor in the Company's success and that no one set of governance practices fits all companies. The Board wants to ensure that its governance practices, while fully compliant, are necessary or appropriate for the unique company that is RIM. As Protiviti itself notes in its report, considerable professional judgment is involved in evaluating the information provided and developing its observations and recommendations, such that others could evaluate the information differently and draw other conclusions. Ultimately, the Board believes that it is best situated, in terms of access to information and knowledge of the

Company and its current governance practices, to determine which of the recommendations are necessary or appropriate for the Company and how such recommendations should be implemented.

Attached as Appendix A are the recommendations made by Protiviti in its final report, together with the Company's response to each recommendation. Where the Company has declined to adopt a recommendation, that decision was made by the Company's independent directors, and the reasons for that decision are set out in Appendix A. Appendix A also contains a brief discussion about Protiviti's scope of review as set out in Attachment "I" to Protiviti's final report.

SEC Settlements

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

Actions Taken as a Result of the Review

As previously disclosed and before the retention of Protiviti, the Board, based on the recommendations of the Special Committee, implemented a number of measures in response to the findings of the Special Committee, including measures that are designed to enhance the oversight and corporate governance of the Company and to strengthen the Company's control over its stock option granting process in particular. These measures include:

- Benefits from Option Grants – All directors and each of RIM's Co-CEOs and Chief Operating Officers ("c-level officers") agreed in respect of options that were incorrectly priced to return any benefit on previously exercised options and to reprice unexercised options that were incorrectly priced. All vice presidents of the Company were asked to agree to similar treatment for their options that have dating issues, where those options were granted after the employee's commencement of employment and in the employee's capacity as vice president. All of the stock options held by directors, c-level officers and vice presidents that were subject to such repricing have been repriced, and the Company received $8.7 million, including interest, in restitution payments from its directors, c-level officers and vice presidents in fiscal 2008. In addition to the repricings described above, certain employees of the Company agreed in fiscal 2008 and fiscal 2009 to reprice stock options held by them that were incorrectly priced. In fiscal 2010, the Company completed the repricing to a higher exercise price of certain of its outstanding stock options. Repriced options in fiscal 2010, which were all done on a voluntary basis between the Company and the option holder, include 27 stock option grants in respect of options to acquire 456,800 common shares and in fiscal 2009 43 stock option grants in respect of options to acquire 752,775 common shares.

- Changes to the Company's Stock Option Granting Practices – In June 2007, the Board approved a formal policy on granting equity awards, the details of which are described in the Company's Management Information Circular, dated May 28, 2008 (the "Management Information Circular"), a copy of which can be found on SEDAR at www.sedar.com and on the SEC's website at www.sec.gov. In addition, in July 2007, the Board of Directors determined to exclude independent directors from future stock option grants.

- Changes to the Board, Board Committees and Organizational Structure – In accordance with the Special Committee's recommendations and other considerations, the Board established in 2007 an Oversight Committee, separated the roles of Chairman and Chief Executive Officer, implemented other changes to the Board, Audit Committee, Compensation Committee, and Nominating Committee, and changed various management roles. In addition to Barbara Stymiest and John Wetmore, who became directors of the Company in March 2007, David Kerr and Roger Martin were elected as directors of the Company at the Annual General Meeting of the Company on July 17, 2007. Each of the new directors is "independent" within the meaning of applicable securities laws and stock exchange rules. As previously disclosed, each of Douglas Fregin, Kendall Cork and Douglas Wright did not stand for re-election at the Annual General Meeting of the Company in 2007. Kendall Cork and Douglas Wright were appointed to the honorary position of Director Emeritus of the Board effective July 17, 2007 in recognition of their substantial contributions to the Company over many years.

- Other Changes – The Company established an internal audit department and an individual commenced employment with the Company in the fourth quarter of fiscal 2008 in the position of Senior Vice President, Risk Performance and Audit. This new officer reports directly to the Audit & Risk Management Committee as well as administratively to the Co-Chief Executive Officer, Jim Balsillie. Additionally, the Company enhanced its capabilities in U.S. GAAP and in securities disclosure and compliance matters issues by establishing two new permanent full-time positions which have been filled, respectively, by an employee with expertise in U.S. GAAP and an employee with expertise in securities disclosure and compliance. The latter employee is assisting in the administration of the Company's equity awards granting program.

Review Costs

Included in the Company's selling, marketing and administration expenses in fiscal 2008 and fiscal 2009 are legal, accounting and other professional costs incurred by the Company as well as other costs incurred by the Company under indemnity agreements in favor of certain officers and directors of the Company, in each case in connection with the Review, the Restatement, and the regulatory investigations and litigation related thereto.

Jim Balsillie and Mike Lazaridis, the Company's Co-CEOs, voluntarily offered to assist the Company in defraying costs incurred in connection with the Review and the Restatement by contributing CAD $10.0 million (CAD $5.0 million each) of those costs. The Company received these voluntary payments in the second quarter of fiscal 2008, which were recorded net of income taxes as an increase to additional paid-in capital. In addition, as part of the Notice of Application that was filed with the Ontario Superior Court of Justice-Commercial List by a pension fund shareholder, seeking various orders against the Company and named directors, the Company and the other defendants entered into an agreement with the shareholder to settle the Application and a proposed derivative action. Under the settlement, among other things, the Company agreed to the payment of CAD $1.1 million on account of the shareholder's legal costs, and consistent with their earlier voluntary agreement to contribute CAD $5.0 million each to defray the costs incurred by RIM in connection with the Review, Jim Balsillie and Mike Lazaridis, agreed to pay RIM a further CAD $2.5 million each to defray the Review costs incurred by the Company. The Company received these voluntary payments of CAD $2.5 million each in the third quarter of fiscal 2008, which were recorded net of income taxes as an increase to additional paid-in capital. Under the Settlement Agreement, the Co-CEOs and RIM's former Chief Financial Officer agreed to contribute an additional CAD $29.8 million (a total of CAD $44.8 million) to defray costs incurred by the Company in the investigation and remediation of stock options, granting practices and related governance practices at the Company. These contributions are being made through those individuals undertaking not to exercise vested RIM options to acquire an aggregate of 1,160,129 common shares of the Company. These options have a fair value equal to the aggregate contribution amounts determined using a BSM calculation based on the last trading day prior to the day the OSC issued a notice of hearing in respect of the matters giving rise to the settlement.

Risks Related to the Company's Historical Stock Option Granting Practices

As a result of the events described above, the Company continues to be subject to risks which are discussed in greater detail in the "Risk Factors" section of RIM's Annual Information Form, which is included in RIM's Annual Report on Form 40-F.

Results of Operations — Fiscal 2010 Compared to Fiscal 2009 and Fiscal 2008

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

Revenue

Revenue for fiscal 2010 was $14.95 billion, an increase of $3.88 billion, or 35.1%, from $11.07 billion in fiscal 2009.

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

	For the Fiscal Year Ended					
	February 27, 2010		February 28, 2009		**Change Fiscal 2010/2009**	
Number of devices sold	**36,707,000**		26,009,000		**10,698,000**	**41.1%**
Average Selling Price	**$ 330**		$ 349		**$ (19)**	**(5.4%)**
Revenue *(in thousands)*						
Devices	**$ 12,115,765**	**81.0%**	$ 9,089,736	82.1%	**$ 3,026,029**	**33.3%**
Service	**2,158,591**	**14.4%**	1,402,560	12.7%	**756,031**	**53.9%**
Software	**258,635**	**1.7%**	251,871	2.3%	**6,764**	**2.7%**
Other	**420,233**	**2.9%**	321,019	2.9%	**99,214**	**30.9%**
	$ 14,953,224	**100.0%**	$ 11,065,186	100.0%	**$ 3,888,038**	**35.1%**

Device revenue increased by $3.03 billion, or 33.3%, to $12.12 billion, or 81.0% of consolidated revenue, in fiscal 2010 compared to $9.09 billion, or 82.1%, of consolidated revenue in fiscal 2009. This increase in device revenue

MD&A

over the prior year was primarily attributable to a volume increase of approximately 10.7 million units, or 41.1%, to approximately 36.7 million devices in fiscal 2010 compared to approximately 26.0 million devices in fiscal 2009. ASP decreased to $330 in fiscal 2010 from $349 in fiscal 2009 reflecting a shift in the mix of certain products shipped in the fiscal year and the expansion of the Company's focus into broader market segments through the introduction of entry-level BlackBerry smartphones.

The Company estimates that a $10, or 3.0%, change in blended ASP would result in a fiscal year revenue change of approximately $367.1 million, based upon the Company's volume of devices shipped in fiscal 2010.

Service revenue increased by $756.0 million, or 53.9%, to $2.16 billion or 14.4% of consolidated revenue in fiscal 2010, compared to $1.40 billion, or 12.7% of consolidated revenue in fiscal 2009, reflecting the Company's increase in BlackBerry subscriber accounts since fiscal 2009. Net BlackBerry subscriber account additions were approximately 17 million for fiscal 2010 compared to approximately 11 million for fiscal 2009. The total BlackBerry subscriber account base at the end of fiscal 2010 was over 41 million compared to approximately 25 million at the end of fiscal 2009. The percentage of the subscriber account base outside of North America at the end of fiscal 2010 was approximately 38%.

Software revenue includes fees from licensed BES software, CALs, technical support, maintenance and upgrades. Software revenue increased $6.7 million, or 2.7%, to $258.6 million in fiscal 2010 from $251.9 million in fiscal 2009. The majority of the increase was attributable to technical support and other software revenues, partially offset by a decrease in CALs.

Other revenue, which includes non-warranty repairs, accessories, NRE and gains and losses on revenue hedging instruments, increased by $99.2 million to $420.2 million in fiscal 2010 compared to $321.0 million in fiscal 2009. The majority of the increase was attributable to increases in non-warranty repair and sales of accessories offset partially by losses realized from revenue hedging instruments. See "Market Risk of Financial Instruments — Foreign Exchange" for additional information on the Company's hedging instruments.

Gross Margin

Consolidated gross margin increased by $1.48 billion, or 29.2%, to $6.58 billion, or 44.0% of revenue, in fiscal 2010, compared to $5.10 billion, or 46.1% of revenue, in fiscal 2009. The decrease of 2.1% in consolidated gross margin percentage was primarily due to a decrease in the blended device margins driven by shifts in product mix, the transition to new device platforms, the introduction of feature rich products to address broader market segments, and a decrease in device ASPs of approximately 5.4% compared to fiscal 2009. This decrease in gross margin was partially offset by higher service revenue which comprised 14.4% of total revenue mix in fiscal 2010 compared to 12.7% in the same period of fiscal 2009 along with a lower percentage of revenue from device shipments which comprised 81.0% of total revenue mix in fiscal 2010 compared to 82.1% in the same period of fiscal 2009. Gross margin percentage for devices is generally lower than the Company's consolidated gross margin percentage.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, amortization and litigation expenses for fiscal 2010 compared to fiscal 2009.

(in thousands)

	For the Fiscal Year Ended					
	February 27, 2010		February 28, 2009		**Change — Fiscal 2010/2009**	
		% of Revenue		% of Revenue		**% of Change**
Revenue	**$14,953,224**		$11,065,186		**$3,888,038**	**35.1%**
Operating expenses						
Research and development	**$ 964,841**	**6.5%**	$ 684,702	6.2%	**$ 280,139**	**40.9%**
Selling, marketing and administration	**1,907,398**	**12.8%**	1,495,697	13.5%	**411,701**	**27.5%**
Amortization	**310,357**	**2.1%**	194,803	1.8%	**115,554**	**59.3%**
Litigation	**163,800**	**1.1%**	-	-	**163,800**	-
Total	**$ 3,346,396**	**22.5%**	$ 2,375,202	21.5%	**$ 971,194**	**40.9%**

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

Research and Development
Research and development expenditures consist primarily of salaries and benefits for technical personnel, new product development costs, travel, office and building infrastructure costs and other employee costs.

Research and development expenditures increased by $280.1 million to $964.8 million, or 6.5% of revenue, in fiscal 2010, compared to $684.7 million, or 6.2% of revenue, in fiscal 2009. The majority of the increases during fiscal 2010 compared to fiscal 2009 were attributable to salaries and benefits due to an increase in the average headcount associated with research and development activities, new product development costs and office and building infrastructure costs.

Selling, Marketing and Administration Expenses
Selling, marketing and administration expenses consist primarily of marketing, advertising and promotion, salaries and benefits, external advisory fees, information technology costs, office and related staffing infrastructure costs and travel expenses.

Selling, marketing and administration expenses increased by $411.7 million to $1.91 billion for fiscal 2010 compared to $1.50 billion for fiscal 2009. As a percentage of revenue, selling, marketing and administration expenses decreased to 12.8% in fiscal 2010 versus 13.5% in fiscal 2009. The net increase of $411.7 million was primarily attributable to increased expenditures for marketing, advertising and promotion, including additional programs to support new product launches, increased salary and benefits expenses primarily as a result of increased personnel, external advisory fees and information technology costs.

With the enactment of changes to the functional currency tax legislation by the Government of Canada in the first quarter of fiscal 2010, the Company changed the basis for calculating its income tax provision for its Canadian operations from Canadian dollars to the U.S. dollar, its reporting currency, with the effective date being the beginning of fiscal 2009. Gains realized on the revaluation of these tax liabilities previously denominated in Canadian dollars throughout 2009 were reversed upon enactment of the changes to the rules in the first quarter of fiscal 2010. Included in the total selling, marketing and administration for fiscal 2010 is a $54.3 million charge primarily relating to the reversal of foreign exchange gains previously recorded in fiscal 2009 on the revaluation of Canadian dollar denominated tax liability balances. Throughout fiscal 2009, foreign exchange gains were offset by foreign exchange losses incurred as a part of the Company's foreign currency hedging program. See "Income Taxes" for the fiscal year ended February 27, 2010 for further details on the changes to the functional currency tax legislation in Canada, and "Market Risk of Financial Instruments — Foreign Exchange" for additional information on the Company's hedging instruments.

Selling, marketing and administration expenses for fiscal 2010 also included a charge of $42.1 million for the payment on account of certain employee tax liabilities related to certain previously-exercised stock options with measurement date issues that were exercised during certain time periods. The Company's Board of Directors approved the payment on account of certain incremental personal tax liabilities of certain employees, excluding RIM's Co-CEOs, related to the exercise of certain stock options issued by the Company.

Amortization Expense
The table below presents a comparison of amortization expense relating to capital assets and intangible assets recorded as amortization or cost of sales for fiscal 2010 compared to fiscal 2009. Intangible assets are comprised of patents, licenses and acquired technology.

(in thousands)

	For the Fiscal Year Ended					
	Included in Amortization			Included in Cost of sales		
	February 27, 2010	February 28, 2009	**Change**	**February 27, 2010**	February 28, 2009	**Change**
Capital assets	**$184,946**	$ 119,209	**$ 65,737**	**$ 159,540**	$ 84,168	**$ 75,372**
Intangible assets	**125,411**	75,594	**49,817**	**145,724**	48,925	**96,799**
Total	**$ 310,357**	$194,803	**$115,554**	**$305,264**	$133,093	**$172,171**

Amortization

The increased amortization expense primarily reflects the impact of certain capital assets and intangible asset additions made during fiscal 2010.

Cost of sales

The increased amortization expense in fiscal 2010, related to the Company's manufacturing operations and BlackBerry service operations, primarily reflects the impact of amortization expense with respect to certain intangible assets and capital asset additions made during fiscal 2010.

Litigation

In fiscal 2010, the Company settled all the outstanding Visto Litigation. The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $267.5 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $163.8 million was expensed as a litigation charge in the second quarter of fiscal 2010. The remainder of the payment was recorded as intangible assets.

Investment Income

Investment income decreased by $49.7 million to $28.6 million in fiscal 2010 from $78.3 million in fiscal 2009. The decrease primarily reflects the decrease in yields on investments due to lower interest rates when compared to the same period in fiscal 2009, offset partially by an increase in the Company's average cash and cash equivalents, short-term investments and long-term investments balances throughout fiscal 2010 compared to the prior fiscal year and the gain on sale of investments in fiscal 2009. See "Liquidity and Capital Resources".

Income Taxes

For fiscal 2010, the Company's income tax expense was $809.4 million, resulting in an effective tax rate of 24.8% compared to income tax expense of $907.7 million and an effective tax rate of 32.4% for the same period last year. The Company's effective tax rate reflects the geographic mix of earnings in jurisdictions with different tax rates.

In the first quarter of fiscal 2010, the Government of Canada enacted changes to its income tax legislation which allows the Company the option to elect, on an annual basis, to determine its Canadian income tax based on its functional currency (the U.S. dollar) rather than the Canadian dollar. While the Company had elected for Canadian tax purposes to adopt these rules in the third quarter of fiscal 2009, the Company could not recognize the related income tax benefit of electing to adopt these rules under U.S. GAAP until the first quarter of fiscal 2010. As a result of the enactment of the changes to the legislation and the Company's election, the Company was able to recalculate its fiscal 2009 Canadian income tax liability based on its functional currency (the U.S. dollar) and record an incremental income tax benefit of approximately $145.0 million to net income in fiscal 2010. This election should reduce the volatility in the Company's effective tax rate due to changes in foreign exchange. See "Non-GAAP Financial Measures".

The Company's effective tax rate in fiscal 2010 was lower due to the $145.0 million incremental tax benefit related to fiscal 2009 that resulted from the Company opting to elect to determine its Canadian income tax results on its functional currency (the U.S. dollar). The Company's adjusted tax rate for fiscal 2010 was approximately 29.4% in line with management's estimate of 29%-30%. The Company's effective tax rate in fiscal 2009 was higher primarily due to the significant depreciation of the Canadian dollar relative to the U.S. dollar in the third quarter of fiscal 2009 and its effect on the Company's U.S. dollar denominated assets and liabilities held by the Company's Canadian operating companies that are subject to tax in Canadian dollars. The incremental tax expense in fiscal 2009 resulting from the significant depreciation of the Canadian dollar relative to the U.S. dollar was $99.7 million resulting in an adjusted tax rate for fiscal 2009 of 28.9%.

Management anticipates that the Company's effective tax rate for fiscal 2011 will be approximately 28%. Management also anticipates the Company's effective tax rate will continue to decrease further in future years due to scheduled Canadian corporate tax rate reductions.

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

Net Income

Net income was $2.46 billion, or $4.35 basic EPS and $4.31 diluted EPS, in fiscal 2010 compared to net income of $1.89 billion, or $3.35 basic EPS and $3.30 diluted EPS, in the prior fiscal year. The common shares repurchased by the Company in the third quarter of fiscal 2010 had an impact on the basic and diluted EPS amounts of $0.03 per share for fiscal 2010.

Adjusted net income for fiscal 2010 was $2.49 billion and adjusted diluted EPS was $4.37 in fiscal 2010. See "Non-GAAP Financial Measures".

The $564.5 million increase in net income in fiscal 2010 reflects primarily an increase in gross margin in the amount of $1.48 billion, resulting primarily from the increased number of device shipments, additional subscriber accounts and a decrease in the provision of income taxes of $98.4 million, which included a benefit of $145.0 million, which was partially offset by the decrease in consolidated gross margin percentage, as well as an increase of $971.2 million in the Company's operating expenses, which included a litigation charge of $163.8 million relating to the Visto Litigation and unusual charges of $96.4 million. See "Results of Operations — Selling, Marketing and Administration Expenses", "Results of Operations — Litigation" and "Results of Operations — Income Taxes" for the year ended February 27, 2010.

The weighted average number of shares outstanding was 564.5 million common shares for basic EPS and 569.8 million common shares for diluted EPS for the fiscal year ended February 27, 2010 compared to 565.1 million common shares for basic EPS and 574.2 million common shares for diluted EPS for the fiscal year ended February 28, 2009.

Common Shares Outstanding

On March 30, 2010, there were 557.4 million common shares, 8.9 million options to purchase common shares, 1.4 million restricted share units outstanding and 34,801 deferred share units outstanding.

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

On November 4, 2009, the Company's Board of Directors authorized a Common Share Repurchase Program for the repurchase and cancellation through the facilities of the NASDAQ Stock Market, common shares having an aggregate purchase price of up to $1.2 billion, or approximately 21 million common shares based on trading prices at the time of the authorization. This represents approximately 3.6% of the outstanding common shares of the Company at the time of the authorization. In the third quarter of fiscal 2010, the Company repurchased 12.3 million common shares at a cost of $775.0 million pursuant to the Common Share Repurchase Program. There was a reduction of $46.5 million to capital stock in the third quarter of fiscal 2010 and the amounts paid in excess of the per share paid-in capital of the common shares of $728.5 million were charged to retained earnings. All common shares repurchased by the Company pursuant to the Common Share Repurchase Program have been cancelled. The Common Share Repurchase Program will remain in place for up to 12 months from November 4, 2009 or until the purchases are completed or the program is terminated by the Company.

Fiscal year end February 28, 2009 compared to fiscal year ended March 1, 2008

Revenue

Revenue for fiscal 2009 was $11.07 billion, an increase of $5.06 billion, or 84.1%, from $6.01 billion in fiscal 2008.

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

	For the Fiscal Year Ended					
	February 28, 2009		March 1, 2008		**Change Fiscal 2009/2008**	
Number of devices sold	**26,009,000**		13,780,000		**12,229,000**	**88.7%**
Average Selling Price	**$ 349**		$ 346		**$ 3**	**0.9%**
Revenue *(in thousands)*						
Devices	**$ 9,089,736**	**82.1%**	$ 4,768,610	79.4%	**$ 4,321,126**	**90.6%**
Service	**1,402,560**	**12.7%**	860,641	14.3%	**541,919**	**63.0%**
Software	**251,871**	**2.3%**	234,388	3.9%	**17,483**	**7.5%**
Other	**321,019**	**2.9%**	145,756	2.4%	**175,263**	**120.2%**
	$ 11,065,186	**100.0%**	$ 6,009,395	100.0%	**$ 5,055,791**	**84.1%**

Device revenue increased by $4.32 billion, or 90.6%, to $9.09 billion, or 82.1% of consolidated revenue, in fiscal 2009 compared to $4.77 billion, or 79.4%, of consolidated revenue in fiscal 2008. This increase in device revenue over the prior year was primarily attributable to a volume increase of approximately 12.2 million units, or 88.7%, to approximately 26.0 million devices in fiscal 2009 compared to approximately 13.8 million devices in fiscal 2008. ASP increased to $349 in fiscal 2009 from $346 in fiscal 2008 due primarily to a change in the BlackBerry device mix of certain new products that were feature rich and designed to operate on new network technologies.

Service revenue increased by $541.9 million, or 63.0%, to $1.40 billion or 12.7% of consolidated revenue in fiscal 2009 compared to $860.6 million, or 14.3% of consolidated revenue in fiscal 2008, reflecting the Company's increase in BlackBerry subscriber accounts since fiscal 2008. Net BlackBerry subscriber account additions were approximately 11 million for fiscal 2009 compared to approximately 6.1 million for fiscal 2008. The total BlackBerry subscriber account base at the end of fiscal 2009 was approximately 25 million compared to approximately 14 million at the end of fiscal 2008. The percentage of the subscriber account base outside of North America at the end of fiscal 2009 was approximately 32%.

Software revenue includes fees from licensed BES software, CALs, technical support, maintenance and upgrades. Software revenue increased $17.5 million, or 7.5%, to $251.9 million in fiscal 2009 from $234.4 million in fiscal 2008. The majority of the increase was attributable to maintenance and CALs, offset by a decrease in BES and other software revenues.

Other revenue, which includes accessories, non-warranty repairs, NRE and gains and losses on revenue hedging instruments, increased by $175.3 million to $321.0 million in fiscal 2009 compared to $145.8 million in fiscal 2008. The majority of the increase was attributable to increases in non-warranty repair, gains realized from revenue hedging instruments and sales of accessories.

Gross Margin

Consolidated gross margin increased by $2.02 billion, or 65.5%, to $5.10 billion, or 46.1% of revenue, in fiscal 2009, compared to $3.08 billion, or 51.3% of revenue, in fiscal 2008. The decrease of 5.2% in consolidated gross margin percentage was primarily due to a decrease in the blended device margins primarily driven by the introduction of certain new feature rich products that incorporated new technologies which were adopted at a faster rate than historically, lower than anticipated unit shipments of previous generation products, and a higher percentage of device shipments which comprised 82.1% of the total revenue mix in fiscal 2009 compared to 79.4% in fiscal 2008. Gross margin percentage for devices is generally lower than the Company's consolidated gross margin percentage. The decrease in gross margin percentage relating to devices was offset in part by improved service margins resulting from cost efficiencies in RIM's network operations infrastructure as a result of the increase in BlackBerry subscriber accounts.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expenses for fiscal 2009 compared to fiscal 2008.

(in thousands)

	For the Fiscal Year Ended					
	February 28, 2009		March 1, 2008		**Change — Fiscal 2009/2008**	
		% of Revenue		% of Revenue		**% of Change**
Revenue	**$ 11,065,186**		$ 6,009,395		**$ 5,055,791**	**84.1%**
Operating expenses						
Research and development	**$ 684,702**	**6.2%**	$ 359,828	6.0%	**$ 324,874**	**90.3%**
Selling, marketing and administration	**1,495,697**	**13.5%**	881,482	14.7%	**614,215**	**69.7%**
Amortization	**194,803**	**1.8%**	108,112	1.8%	**86,691**	**80.2%**
Total	**$ 2,375,202**	**21.5%**	$ 1,349,422	22.5%	**$ 1,025,780**	**76.0%**

Total operating expenses for fiscal 2009 as a percentage of revenue decreased by 1.0% to 21.5% of revenue compared to fiscal 2008.

Research and Development

Research and development expenditures increased by $324.9 million to $684.7 million, or 6.2% of revenue, in fiscal 2009, compared to $359.8 million, or 6.0% of revenue, in fiscal 2008. The majority of the increases during fiscal 2009 compared to fiscal 2008 were attributable to salaries and benefits due to an increase in the average headcount associated with research and development activities, new product development costs, travel and office and related staffing infrastructure costs.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses increased by $614.2 million to $1.50 billion for fiscal 2009 compared to $881.5 million for the comparable period in fiscal 2008. As a percentage of revenue, selling, marketing and administration expenses decreased to 13.5% in fiscal 2009 compared to 14.7% in fiscal 2008. The net increase was primarily attributable to increased expenditures for marketing, advertising and promotion expenses including additional programs to support new product launches, salary and benefits expenses primarily as a result of increased personnel, external advisory fees, office and related staffing infrastructure costs and travel expenses.

Amortization Expense

The table below presents a comparison of amortization expense relating to capital assets and intangible assets recorded as amortization or cost of sales for fiscal 2009 compared to fiscal 2008. Intangible assets are comprised of patents, licenses and acquired technology.

(in thousands)

	For the Fiscal Year Ended					
	Included in Amortization			**Included in Cost of sales**		
	February 28, 2009	March 1, 2008	**Change**	**February 28, 2009**	March 1, 2008	**Change**
Capital assets	**$119,209**	$ 87,800	**$31,409**	**$ 84,168**	$ 45,248	**$38,920**
Intangible assets	**75,594**	20,312	**55,282**	**48,925**	24,006	**24,919**
Total	**$194,803**	$ 108,112	**$86,691**	**$133,093**	$ 69,254	**$63,839**

Amortization

The increased amortization expense primarily reflects the impact of certain capital assets and intangible asset additions made during fiscal 2009.

Cost of sales

The increased amortization expense in fiscal 2009, related to the Company's manufacturing operations and BlackBerry service operations, primarily reflects the impact of amortization expense with respect to certain intangible assets and capital asset additions made during fiscal 2009.

Investment Income

Investment income decreased by $1.1 million to $78.3 million in fiscal 2009 from $79.4 million in fiscal 2008. The decrease primarily reflects the decrease in yields due to lower interest rates when compared to the prior year, offset partially by an increase in the average cash and cash equivalents, short-term investments and long-term investments balances throughout fiscal 2009 when compared to the same period in the prior year and the gain on sale of investments in fiscal 2009.

Income Taxes

For fiscal 2009, the Company's income tax expense was $907.7 million, resulting in an effective tax rate of 32.4% compared to income tax expense of $516.7 million and an effective tax rate of 28.5% for the same period last year. The Company's effective tax rate reflects the geographic mix of income in jurisdictions with different tax rates. The Company's effective tax rate was approximately 3% higher than management's estimate of 29%-30% for the fiscal year primarily due to the significant depreciation of the Canadian dollar relative to the U.S. dollar in the third quarter of fiscal 2009 and its effect on the Company's U.S. dollar denominated assets and liabilities held by the Company's Canadian operating companies that are subject to tax in Canadian dollars. The incremental tax expense in fiscal 2009 resulting from the significant depreciation of the Canadian dollar relative to the U.S. dollar was $99.7 million resulting in an adjusted tax rate of 28.9%. The lower effective tax rate in fiscal 2008 was primarily due to the favorable impact of the depreciation of the U.S. dollar relative to the Canadian dollar.

As noted above, on March 12, 2009, subsequent to the Company's fiscal year end, the Government of Canada enacted legislation to allow the Company the option to determine its Canadian tax results based on its functional currency (the U.S. dollar) rather than the Canadian dollar. While the Company elected for Canadian tax purposes to adopt these rules in the third quarter of fiscal 2009, the Company could not recognize the related tax benefit of electing to adopt these rules for U.S. GAAP financial reporting purposes until the quarter in which they were enacted resulting in a $99.7 million higher provision for income taxes in fiscal 2009. As noted above, in the first quarter of fiscal 2010, the Company recorded an incremental, one time net benefit of approximately $145.0 million to net income relating to the adoption of the amending legislation.

Net Income

Net income was $1.89 billion in fiscal 2009, compared to net income of $1.29 billion in fiscal 2008. Basic EPS was $3.35 and diluted EPS was $3.30 in fiscal 2009 compared to $2.31 basic EPS and $2.26 diluted EPS, in fiscal 2008.

The $598.7 million increase in net income in fiscal 2009 reflects primarily an increase in gross margin in the amount of $2.02 billion, resulting primarily from the increased number of device shipments, which was partially offset by the decrease of consolidated gross margin percentage and an increase of $1.33 billion in the Company's research and development, selling, marketing and administration expenses and the Company's provision for income taxes, which included the negative impact of $99.7 million due to the significant depreciation of the Canadian dollar relative to the U.S. dollar in the fiscal year. See "Income Taxes".

The weighted average number of shares outstanding was 565.1 million common shares for basic EPS and 574.2 million common shares for diluted EPS for the fiscal year ended February 28, 2009 compared to 559.8 million common shares for basic EPS and 572.8 million common shares for diluted EPS for the fiscal year ended March 1, 2008.

Stock Split

The Company declared a 3-for-1 stock split of the Company's outstanding common shares on June 28, 2007. The stock split was implemented by way of a stock dividend. Shareholders received two common shares of the Company for each common share held. The stock dividend was paid in the second quarter of fiscal 2008. All share, earnings per share and stock option data for the current fiscal year and prior comparative periods reflects this stock dividend.

Summary Results of Operations

Three months ended February 27, 2010 compared to the three months ended February 28, 2009

The following table sets forth certain unaudited consolidated statement of operations data, which is expressed in thousands of dollars, except for share and per share amounts and as a percentage of revenue, for the interim periods indicated.

(in thousands, except for per share amounts)

	For the Three Months Ended				
	February 27, 2010		February 28, 2009		**Change Q4 Fiscal 2010/2009**
Revenue	**$ 4,079,712**	**100.0%**	$ 3,463,193	100.0%	**$ 616,519**
Cost of sales	**2,216,622**	**54.3%**	2,079,615	60.0%	**137,007**
Gross margin	**1,863,090**	**45.7%**	1,383,578	40.0%	**479,512**
Operating expenses					
Research and development	**267,164**	**6.6%**	182,535	5.3%	**84,629**
Selling, marketing and administration	**497,642**	**12.2%**	406,493	11.7%	**91,149**
Amortization	**86,540**	**2.1%**	61,595	1.8%	**24,945**
	851,346	**20.9%**	650,623	18.8%	**200,723**
Income from operations	**1,011,744**	**24.8%**	732,955	21.2%	**278,789**
Investment income	**5,454**	**0.1%**	10,568	0.3%	**(5,114)**
Income before income taxes	**1,017,198**	**24.9%**	743,523	21.5%	**273,675**
Provision for income taxes	**307,076**	**7.5%**	225,264	6.5%	**81,812**
Net income	**$ 710,122**	**17.4%**	$ 518,259	15.0%	**$ 191,863**
Earnings per share					
Basic	**$ 1.27**		$ 0.92		**$ 0.35**
Diluted	**$ 1.27**		$ 0.90		**$ 0.37**
Weighted-average number of shares outstanding (000's)					
Basic	**557,114**		566,105		
Diluted	**561,130**		572,753		

Revenue

Revenue for the fourth quarter of fiscal 2010 was $4.08 billion, an increase of $616.5 million, or 17.8%, from $3.46 billion in the fourth quarter of fiscal 2009.

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

	For the Three Months Ended					
	February 27, 2010		February 28, 2009		**Change Q4 Fiscal 2010/2009**	
Number of devices sold	**10,469,000**		7,780,000		**2,689,000**	**34.6%**
Average Selling Price	**$ 311**		$ 371		**$ (60)**	**(16.2%)**
Revenue *(in thousands)*						
Devices	**$ 3,254,401**	**79.8%**	$ 2,883,399	83.3%	**$ 371,002**	**12.9%**
Service	**640,517**	**15.7%**	415,223	12.0%	**225,294**	**54.3%**
Software	**68,590**	**1.7%**	58,756	1.7%	**9,834**	**16.7%**
Other	**116,204**	**2.8%**	105,815	3.0%	**10,389**	**9.8%**
	$ 4,079,712	**100.0%**	$ 3,463,193	100.0%	**$ 616,519**	**17.8%**

Device revenue increased by $371.0 million, or 12.9%, to $3.25 billion, or 79.8% of consolidated revenue, in the fourth quarter of fiscal 2010 compared to $2.88 billion, or 83.3%, of consolidated revenue in the fourth quarter of fiscal 2009. This increase in device revenue over the same period in the prior year was primarily attributable to a volume increase of approximately 2.7 million units, or 34.6%, to approximately 10.5 million devices in the fourth quarter of fiscal 2010 compared to approximately 7.8 million devices in the fourth quarter of fiscal 2009. ASP decreased to $311 in the fourth quarter of fiscal 2010 from $371 in the fourth quarter of fiscal 2009 reflecting the shift in mix of certain products shipped in the quarter and the expansion of the Company's focus into broader market segments. The Company currently expects ASP in the first quarter of fiscal 2011 to be slightly lower than the fourth quarter of fiscal 2010. ASP is dependent on a number of factors including projected future sales volumes, device mix, new device introductions for the Company's enterprise, prosumer and consumer offerings as well as pricing by competitors in the industry.

The Company estimates that a $10, or 3.2%, change in blended ASP would result in a quarterly revenue change of approximately $104.7 million, based upon the Company's volume of devices shipped in the fourth quarter of fiscal 2010.

Service revenue increased by $225.3 million, or 54.3%, to $640.5 million, or 15.7% of consolidated revenue in the fourth quarter of fiscal 2010, compared to $415.2 million, or 12.0% of consolidated revenue in the fourth quarter of fiscal 2009, reflecting the Company's increase in BlackBerry subscriber accounts since the fourth quarter of fiscal 2009. Net BlackBerry subscriber account additions were approximately 4.9 million for the fourth quarter of fiscal 2010 compared to approximately 3.9 million for the fourth quarter of fiscal 2009. The total BlackBerry subscriber account base at the end of the fourth quarter of fiscal 2010 was over 41 million subscribers compared to approximately 25 million subscribers at the end of the fourth quarter of fiscal 2009.

Software revenue increased $9.8 million, or 16.7%, to $68.6 million in the fourth quarter of fiscal 2010 from $58.8 million in the fourth quarter of fiscal 2009. The majority of the increase was attributable to technical support and other software revenues, partially offset by a decrease in CALs.

Other revenue increased by $10.4 million to $116.2 million in the fourth quarter of fiscal 2010 compared to $105.8 million in the fourth quarter of fiscal 2009. The majority of the increase was attributable to increases in non-warranty repair and sales of accessories, partially offset by lower gains realized from revenue hedging instruments. See "Market Risk of Financial Instruments — Foreign Exchange" for additional information on the Company's hedging instruments.

Gross Margin

Consolidated gross margin increased by $479.5 million, or 34.7%, to $1.86 billion, or 45.7% of revenue, in the fourth quarter of fiscal 2010, compared to $1.38 billion, or 40.0% of revenue, in the fourth quarter of fiscal 2009. The increase of 5.7% in consolidated gross margin percentage was primarily due to an increase in the blended device margins driven by shifts in product mix and a lower percentage of revenue from device shipments which comprised 79.8% of total revenue mix in the fourth quarter of fiscal 2010 compared to 83.3% in the same period of fiscal 2009. As noted above, gross margin percentage for devices is generally lower than the Company's consolidated gross margin percentage.

The Company expects consolidated gross margin to be approximately 44.5% in the first quarter of fiscal 2011, based on the Company's current expectation for product mix, device ASP, current product costs and foreign exchange.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expenses for the quarter ended February 27, 2010, compared to the quarter ended November 28, 2009 and the quarter ended February 28, 2009. The Company believes that it is meaningful to also provide a comparison between the fourth quarter of fiscal 2010 and the third quarter of fiscal 2010 given that RIM's quarterly operating results vary substantially.

(in thousands)

	For the Three Months Ended					
	February 27, 2010		November 28, 2009		February 28, 2009	
		% of Revenue		% of Revenue		% of Revenue
Revenue	**$ 4,079,712**		$ 3,924,310		$ 3,463,193	
Operating expenses						
Research and development	**$ 267,164**	**6.6%**	$ 242,329	6.2%	$ 182,535	5.3%
Selling, marketing and administration	**497,642**	**12.2%**	465,717	11.9%	406,493	11.7%
Amortization	**86,540**	**2.1%**	83,129	2.1%	61,595	1.8%
Total	**$ 851,346**	**20.9%**	$ 791,175	20.2%	$ 650,623	18.8%

Total operating expenses for the fourth quarter of fiscal 2010 as a percentage of revenue increased by 0.7% to 20.9% of revenues when compared to the third quarter of fiscal 2010.

Research and Development

Research and development expenditures increased by $84.7 million to $267.2 million, or 6.6% of revenue, in the fourth quarter of fiscal 2010, compared to $182.5 million, or 5.3% of revenue, in the fourth quarter of fiscal 2009. The majority of the increases during the fourth quarter of fiscal 2010 compared to the fourth quarter of fiscal 2009 were attributable to salaries and benefits due to an increase in the average headcount associated with research and development activities, new product development costs and office and building infrastructure costs.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses increased by $91.1 million to $497.6 million for the fourth quarter of fiscal 2010 compared to $406.5 million for the comparable period in fiscal 2009. As a percentage of revenue, selling, marketing and administration expenses increased to 12.2% in the fourth quarter of fiscal 2010 compared to 11.7% in the fourth quarter of fiscal 2009. The net increase was primarily attributable to increased expenditures for marketing, advertising and promotion, including additional programs to support new product launches, increased salary and benefits expenses primarily as a result of increased personnel, external advisory fees and information technology costs.

Amortization Expense

The table below presents a comparison of amortization expense relating to capital assets and intangible assets recorded as amortization or cost of sales for the quarter ended February 27, 2010 compared to the quarter ended February 28, 2009. Intangible assets are comprised of patents, licenses and acquired technology.

(in thousands)

	For the Three Months Ended					
	Included in Amortization			**Included in Cost of sales**		
	February 27, 2010	February 28, 2009	**Change**	**February 27, 2010**	February 28, 2009	**Change**
Capital assets	**$ 53,340**	$ 36,662	**$ 16,678**	**$ 50,741**	$ 28,347	**$ 22,394**
Intangible assets	**33,200**	24,933	**8,267**	**43,574**	26,183	**17,391**
Total	**$ 86,540**	$ 61,595	**$ 24,945**	**$ 94,315**	$ 54,530	**$ 39,785**

Amortization

The increased amortization expense in the fourth quarter of fiscal 2010 primarily reflects the impact of certain capital assets and intangible asset additions made during fiscal 2010.

Cost of sales

The increased amortization expense in the fourth quarter of fiscal 2010, related to the Company's manufacturing operations and BlackBerry service operations, primarily reflects the impact of amortization expense with respect to certain intangible assets and capital asset additions made during fiscal 2010.

Investment Income

Investment income decreased by $5.1 million to $5.5 million in the fourth quarter of fiscal 2010 from $10.6 million in the fourth quarter of fiscal 2009. The decrease primarily reflects the decrease in yields on investments due to lower interest rates compared to the same period in fiscal 2009, offset partially by an increase in the Company's average cash and cash equivalents, short-term investments and long-term investments balances. See "Liquidity and Capital Resources".

Income Taxes

For the fourth quarter of fiscal 2010, the Company's income tax expense was $307.1 million, resulting in an effective tax rate of 30.2% compared to income tax expense of $225.3 million and an effective tax rate of 30.3% for the same period last year. The Company's effective tax rate reflects the geographic mix of income in jurisdictions with different tax rates.

Net Income

The Company's net income for the fourth quarter of fiscal 2010 was $710.1 million, an increase of $191.9 million, or 37.0%, compared to net income of $518.3 million in the fourth quarter of fiscal 2009. Basic EPS was $1.27 and diluted EPS was $1.27 in the fourth quarter of fiscal 2010 compared to $0.92 basic EPS and $0.90 diluted EPS in the fourth quarter of fiscal 2009, a 41.1% increase in diluted EPS when compared to fiscal 2009. The common shares repurchased by the Company in the third quarter of fiscal 2010 had an impact on the basic and diluted EPS amounts of $0.03 per share for the fourth quarter of fiscal 2010.

The increase in net income in the fourth quarter of fiscal 2010 in the amount of $191.9 million from the fourth quarter of fiscal 2009 primarily reflects an increase in gross margin in the amount of $479.5 million, resulting primarily from the increased number of device shipments and was partially offset by the decrease of consolidated gross margin percentage, as well as an increase of $200.7 million in operating expenses.

The weighted average number of shares outstanding was 557.1 million common shares for basic EPS and 561.1 million common shares for diluted EPS for the quarter ended February 27, 2010 compared to 566.1 million common shares for basic EPS and 572.8 million common shares for diluted EPS for the same period last fiscal year.

Selected Quarterly Financial Data

The following table sets forth RIM's unaudited quarterly consolidated results of operations data for each of the eight most recent quarters, including the quarter ended February 27, 2010. The information in the table below has been derived from RIM's unaudited interim consolidated financial statements that, in management's opinion, have been prepared on a basis consistent with the audited consolidated financial statements of the Company and include all adjustments necessary for a fair presentation of information when read in conjunction with the audited consolidated financial statements of the Company. RIM's quarterly operating results have varied substantially in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

(in thousands, except per share data)

	Fiscal Year 2010				Fiscal Year 2009			
	Fourth Quarter	**Third Quarter**	**Second Quarter**	**First Quarter**	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenue	**$ 4,079,712**	**$ 3,924,310**	**$ 3,525,692**	**$ 3,423,510**	$ 3,463,193	$ 2,782,098	$ 2,577,330	$ 2,242,565
Gross margin	**$ 1,863,090**	**$ 1,675,255**	**$ 1,554,396**	**$ 1,491,525**	$ 1,383,578	$ 1,269,506	$ 1,306,857	$ 1,137,357
Operating expenses[1][2]	**851,346**	**791,175**	**902,411**	**801,464**	650,623	629,035	604,624	490,920
Investment income	**(5,454)**	**(6,425)**	**(7,625)**	**(9,136)**	(10,568)	(31,554)	(17,168)	(18,977)
Income before income taxes	**1,017,198**	**890,505**	**659,610**	**699,197**	743,523	672,025	719,401	665,414
Provision for income taxes[1][3]	**307,076**	**262,134**	**183,989**	**56,167**	225,264	275,729	223,855	182,899
Net income	**$ 710,122**	**$ 628,371**	**$ 475,621**	**$ 643,030**	$ 518,259	$ 396,296	$ 495,546	$ 482,515
Earnings per share								
Basic	**$ 1.27**	**$ 1.11**	**$ 0.84**	**$ 1.13**	$ 0.92	$ 0.70	$ 0.88	$ 0.86
Diluted	**$ 1.27**	**$ 1.10**	**$ 0.83**	**$ 1.12**	$ 0.90	$ 0.69	$ 0.86	$ 0.84
Research and development	**$ 267,164**	**$ 242,329**	**$ 235,571**	**$ 219,777**	$ 182,535	$ 193,044	$ 181,347	$ 127,776
Selling, marketing and administration[1]	**497,642**	**465,717**	**429,748**	**514,291**	406,493	382,968	379,644	326,592
Amortization	**86,540**	**83,129**	**73,292**	**67,396**	61,595	53,023	43,633	36,552
Litigation[2]	**-**	**-**	**163,800**	**-**	-	-	-	-
Operating expenses	**$ 851,346**	**$ 791,175**	**$ 902,411**	**$ 801,464**	$ 650,623	$ 629,035	$ 604,624	$ 490,920

Notes:

(1) Selling, marketing and administration in the first quarter of fiscal 2010 included unusual charges of $96.4 million and provision for income taxes includes a benefit of $175.1 million. These items related to a charge for the payment on account of certain employee tax liabilities related to certain previously exercised stock options with measurement date issues that were exercised during certain time periods and the foreign exchange impact of the enactment of functional currency tax legislation in Canada. See "Non-GAAP Financial Measures".

(2) In the second quarter of fiscal 2010, the Company settled the Visto Litigation. The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $267.5 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $163.8 million was expensed as a litigation charge in the second quarter of fiscal 2010. The remainder of the payment was recorded as intangible assets. See "Non-GAAP Financial Measures".

(3) Provision for income taxes included the negative impact of fluctuations of the Canadian dollar relative to the U.S. dollar in the third quarter of fiscal 2009 of approximately $103.2 million.

Non-GAAP Financial Measures

The Company's financial statements are prepared in accordance with U.S. GAAP on a basis consistent for all periods presented. In this MD&A, the Company has presented the following "non-GAAP financial measures": adjusted net income and adjusted diluted earnings per share. The term "non-GAAP financial measure" is used to refer to a numerical measure of a company's historical or future financial performance, financial position or cash flows that: (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with U.S. GAAP in a company's statement of income, balance sheet or statement of cash flows; or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Adjusted net income and adjusted diluted earnings per share are non-GAAP financial measures that exclude the impact of the charge for the payment of the settlement of the Visto Litigation in the second quarter of fiscal 2010, and the impacts of the benefit relating to the enactment of functional currency tax reporting legislation by the Government of Canada and the charge for the payment on account of certain employee tax liabilities related to certain previously exercised stock options with measurement date issues that were exercised during certain time periods in the first quarter of fiscal 2010. This section of the MD&A describes the Company's use of such non-GAAP financial measures.

In the second quarter of fiscal 2010, the Company entered into a definitive agreement to settle the Visto Litigation with Visto. The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $267.5 million and the parties executing full and final releases in respect of all outstanding worldwide litigation. Of the total payment by the Company, $163.8 million ($112.8 million net of tax) was expensed as a litigation charge in the second quarter of fiscal 2010. The remainder of the payment was recorded as intangible assets. The settlement was completed on July 23, 2009.

The Company reported an income tax provision for fiscal 2009 that was higher than previously forecasted, the majority of the incremental portion of which was reversed in the first quarter of fiscal 2010. The fiscal 2009 income tax provision reflects an effective tax rate that is significantly higher than the Company's historical effective tax rate due to the significant depreciation of the Canadian dollar relative to the U.S. dollar and its effect on the Company's U.S. dollar denominated assets and liabilities held by RIM's Canadian operating companies that are subject to tax in Canadian dollars. The majority of this effect was experienced in the third quarter of fiscal 2009. As described in greater detail under "Results of Operations — Income Taxes" for fiscal year end February 27, 2010, on March 12, 2009 changes to the *Income Tax Act* (Canada) that allow RIM to calculate its fiscal 2009 Canadian income tax expense based on the U.S. dollar (the Company's functional currency) were enacted. Although the Company elected for Canadian income tax purposes to adopt these rules in the third quarter of fiscal 2009, the Company could not recognize the related income tax reduction of electing to adopt these rules for U.S. GAAP financial reporting purposes until the quarter in which they are enacted, resulting in a higher provision in fiscal 2009. In the first quarter of fiscal 2010, the Company recorded an incremental income tax benefit of approximately $145.0 million to net income relating to the enactment of rules making the election effective to determine its Canadian income tax based on its functional currency. As result of the enactment of the rules and the Company's election to determine its Canadian income tax based on its functional currency, future volatility in the Company's effective tax rate due to changes in foreign exchange rates should be reduced.

In the first quarter of fiscal 2010, the Company recorded an expense of $54.3 million ($37.4 million net of tax) primarily relating to the reversal of foreign exchange gains previously recorded in fiscal 2009 on the revaluation of Canadian dollar denominated tax liability balances. See "Results of Operations — Selling, Marketing and Administration Expenses" for fiscal year end February 27, 2010.

Also, in the first quarter of fiscal 2010, there was a charge of approximately $42.1 million ($29.0 million net of tax) for the payment on account of certain employee tax liabilities related to certain previously-exercised stock options with measurement date issues that were exercised during certain time periods. The Company's Board of Directors approved the payment on account of certain incremental personal tax liabilities of certain employees, excluding RIM's Co-CEOs, related to the exercise of certain stock options issued by the Company. See "Results of Operations — Selling, Marketing and Administration Expenses" for fiscal year end February 27, 2010.

Investors are cautioned that adjusted net income and adjusted diluted earnings per share do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similarly titled measures reported by other issuers. These non-GAAP financial measures should be considered in the context of the Company's U.S. GAAP results.

There were no adjustments to U.S. GAAP net income in the third and fourth quarters of fiscal 2010.

The following table provides a reconciliation of net income to adjusted net income and diluted earnings per share to adjusted diluted earnings per share for the fiscal year ended February 27, 2010:

	For the Fiscal Year Ended	
	February 27, 2010	February 28, 2009
Net income	**$2,457,144**	$ 1,892,616
Visto Litigation (net of tax)	**112,809**	-
Foreign exchange impact on the enactment of functional currency tax rules (net of tax)	**37,396**	-
Provision for employee tax obligations for stock options (net of tax)	**28,952**	-
Tax benefit recorded on enactment of functional currency tax rules	**(145,000)**	-
Foreign exchange impact on Canadian income taxes	**-**	99,700
Adjusted net income	**$2,491,301**	$ 1,992,316
Diluted earnings per share	**$ 4.31**	$ 3.30
Adjusted diluted earnings per share	**$ 4.37**	$ 3.47

Financial Condition

Liquidity and Capital Resources

Cash and cash equivalents, short-term investments and long-term investments increased by $630.9 million to $2.87 billion as at February 27, 2010 from $2.24 billion as at February 28, 2009. The majority of the Company's cash and cash equivalents, short-term investments and long-term investments are denominated in U.S. dollars as at February 27, 2010.

A comparative summary of cash and cash equivalents, short-term investments and long-term investments is set out below:

(in thousands)

	As at		
	February 27, 2010	February 28, 2009	**Change**
Cash and cash equivalents	**$ 1,550,861**	$ 835,546	**$ 715,315**
Short-term investments	**360,614**	682,666	**(322,052)**
Long-term investments	**958,248**	720,635	**237,613**
Cash and cash equivalents, short-term investments and long-term investments	**$2,869,723**	$ 2,238,847	**$ 630,876**

The increase in cash and cash equivalents, short-term investments and long-term investments is primarily due to net cash flows provided from operating activities partially offset by net cash flow used in investing activities and financing activities as set out below:

(in thousands)

	For the Fiscal Year Ended	
	February 27, 2010	February 28, 2009
Net cash flows provided by (used in):		
Operating activities	**$ 3,034,874**	$ 1,451,845
Investing activities	**(1,470,127)**	(1,823,523)
Financing activities	**(843,381)**	25,367
Effect of foreign exchange gain on cash and cash equivalents	**(6,051)**	(2,541)
Net increase (decrease) in cash and cash equivalents	**$ 715,315**	$ (348,852)

Cash flows for the fiscal year ended February 27, 2010

Operating Activities

Cash flow provided by operating activities was $3.03 billion for fiscal 2010 reflecting higher net income compared to fiscal 2009, offset by lower net changes in working capital in fiscal 2010 compared to fiscal 2009.

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

(in thousands)

	As at		
	February 27, 2010	February 28, 2009	**Change**
Current assets	**$ 5,812,656**	$ 4,841,586	**$ 971,070**
Current liabilities	**2,431,777**	2,115,351	**316,426**
Working capital	**$3,380,879**	$ 2,726,235	**$654,644**

The increase in current assets of $971.1 million at the end of fiscal 2010 from the end of fiscal 2009 was primarily due to an increase in accounts receivables of $481.6 million and cash, cash equivalents and short term investments of $393.3 million. At the end of fiscal 2010, accounts receivables were approximately $2.59 billion, an increase of $481.6 million from the end of fiscal 2009 due to increased sales and customer mix. Days sales outstanding increased to 58 days in the fourth quarter of fiscal 2010 from 56 days at the end of fiscal 2009, primarily due to geographic and customer mix of sales in the quarter.

The increase in current liabilities of $316.4 million at the end of fiscal 2010 from the end of fiscal 2009 was primarily due to increases in accrued liabilities and accounts payable, partially offset by a reduction in income taxes payable. As at February 27, 2010, accrued liabilities were approximately $1.64 billion, an increase of $400.0 million from the end of fiscal 2009 primarily due to vendor inventory liabilities. The increase of accounts payable of $167.3 million from the end of fiscal 2009 was due primarily to the timing of payments during the fourth quarter of fiscal 2010. The decrease in income taxes payable as at February 27, 2010 of $265.8 million compared to the end of fiscal 2009 was partially due to the Government of Canada enacting changes to its income tax legislation in the first quarter of fiscal 2010 enabling the Company the option to elect, on an annual basis, to determine its Canadian income tax results on its functional currency (the U.S. dollar) rather than the Canadian dollar. The remaining decrease in income taxes payable as at February 27, 2010 was a function of the payment of the Company's fiscal 2009 income tax liabilities in fiscal 2010 and the timing of the Company's fiscal 2010 income tax installment payments relative to its current income tax expense for fiscal 2010.

Investing Activities

During the fiscal year ended February 27, 2010, cash flow used in investing activities was $1.47 billion and included capital asset additions of $1.01 billion, intangible asset additions of $421.4 million and business acquisitions of $143.4 million, offset by cash flow provided by transactions involving the proceeds on sale or maturity of short-term investments and long-term investments, net of the costs of acquisitions in the amount of $104.1 million. For the same period of the prior fiscal year, cash flow used in investing activities was $1.82 billion and included capital asset additions of $833.5 million, intangible asset additions of $687.9 million, business acquisitions of $48.4 million as well as 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 $253.7 million.

The increase in capital asset spending was primarily due to increased investment in buildings, renovations to existing facilities, expansion and enhancement of the BlackBerry infrastructure and computer equipment purchases. Investments in intangible assets in fiscal 2010 was primarily associated with the settlement of the Visto Litigation, see "Results of Operations — Litigation" for the fiscal year ended February 27, 2010 and agreements with third parties for use of intellectual property. Business acquisitions in fiscal 2010 related to the purchases of Certicom Corp. and Torch Mobile Inc., the purchase of a company whose proprietary software will be incorporated into the Company's software and the purchase of certain assets of a company that will be used in next generation wireless technologies.

Financing Activities

Cash flow used in financing activities was $843.4 million for fiscal 2010 and was primarily attributable to the Common Share Repurchase Program described above in the amount of $775.0 million, purchases of common shares on the open market by a trustee selected by the Company in connection with its Restricted Share Unit Plan, which are classified on the balance sheet for accounting purposes as Treasury Shares in the amount of $94.5 million, the repayment of debt acquired through acquisitions in the amount of $6.1 million, offset partially by the proceeds from the exercise of stock options in the amount of $30.2 million and tax benefits from the exercise of stock options. Cash flow provided by financing activities was $25.4 million for fiscal 2009 and was primarily provided by the proceeds from the exercise of stock options and tax benefits from the exercise of stock options, offset in part by repayment of the long-term debt.

In the third quarter of fiscal 2010 the Company repurchased 12.3 million common shares at a cost of $775.0 million pursuant to the Common Share Repurchase Program. The amounts paid in excess of the per share paid-in capital of the common shares of $728.5 million in the third quarter of fiscal 2010 were charged to retained earnings.

Auction Rate Securities

Auction rate securities are debt instruments with long-term nominal maturity dates for which the interest rates are reset through a dutch auction process, typically every 7, 28 or 35 days. Interest is paid at the end of each auction period, and the auction normally serves as the mechanism for securities holders to sell their existing positions to interested buyers. As at February 27, 2010, the Company held $40.5 million in face value of investment grade auction rate securities which are experiencing failed auctions as a result of more sell orders than buy orders, and these auctions have not yet returned to normal operations. The interest rate for these securities has been set at the maximum rate specified in the program documents and interest continues to be paid every 28 days as scheduled. As a result of the lack of continuing liquidity in these securities, the Company has adjusted the reported value to reflect an unrealized loss of $7.7 million, which the Company considers temporary and is reflected in accumulated other comprehensive income (loss). In valuing these securities, the Company used a multi-year investment horizon and considered the underlying risk of the securities and the current market interest rate environment. The Company has the ability and intent to hold these securities until such time that market liquidity returns to normal levels, and does not consider the principal or interest amounts on these securities to be materially at risk at this time. 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 balance sheet. As at February 27, 2010, the Company does not consider these investments to be other-than-temporarily impaired.

Structured Investment Vehicle

A Structured Investment Vehicle ("SIV") is a fund that seeks to generate investment returns by purchasing high grade long-term fixed income instruments and funding those purchases by issuing short-term debt instruments. Beginning in late 2008, widespread illiquidity in the market has prevented many SIVs, including those held by the Company from accessing necessary funding for ongoing operations. In fiscal 2008, the Company's SIV holdings were placed with an enforcement manager to be restructured or sold at the election of each senior note holder.

In the first nine months of fiscal 2010, the Company received a total of $2.4 million in principal payments from the SIV holdings. In the third quarter of fiscal 2010, the Company elected to participate in the restructuring of the securities and received a pro-rata distribution of proceeds from the income and principal payments on the assets underlying the securities.

As at February 27, 2010, the Company held $21.3 million face value of assets received in the pro-rata distribution of proceeds. During fiscal 2010, the Company received a total of $3.6 million in principal and interest payments from the SIV and the assets received subsequent to distribution.

In determining the value for these assets, the Company has considered available evidence including changes in general market conditions, the length of time and the extent to which the fair values have been less than cost, the financial condition, the near-term prospects of the individual assets and the Company's intent and ability to hold the assets.

During fiscal 2010, the Company did not record any other-than-temporary impairment charges associated with these investments. In fiscal 2008, the Company recorded an-other-than-temporary impairment charge of $3.8 million on these securities. The Company has classified these securities as long-term investments.

Other

Since March 1, 2005, the Company has maintained an investment account with Lehman Brothers International (Europe) ("LBIE"). As of September 30, 2008, the date of the last account statement received by the Company, the Company held in the account $81.1 million in combined cash and aggregate principal amount of fixed-income securities issued by third parties unrelated to LBIE or any other affiliate of Lehman Brothers Holdings Inc ("LBHI"). The face value, including accrued interest, as at February 27, 2010 is $84.8 million. Due to the insolvency proceedings instituted by LBHI and its affiliates, including LBIE, commencing on September 15, 2008, the Company's regular access to information regarding the account has been disrupted. Following the appointment of the Administrators to LBIE the Company has asserted a trust claim in specie (the "Trust Claim") over the assets held for it by LBIE for the return of those assets in accordance with the insolvency procedure in the United Kingdom. In the first quarter of fiscal 2010, the Company received a Letter of Return (the "Letter") from the Administrators of LBIE relating to the Trust Claim. The Letter noted that, based on the work performed to date, the Administrators had identified certain assets belonging to the Company within the records of LBIE and that they are continuing to investigate the records for the remaining assets included in the Trust Claim: an additional asset was identified as belonging to the Company in the fourth quarter of fiscal 2010. In the fourth quarter of fiscal 2010, the Company signed the 'Form of Acceptance' and 'Claim Resolution Agreement', which are the necessary steps to have the identified assets returned. The Company continues to work with the Administrators to identify the remaining assets not specifically identified, along with the interest paid on these assets since LBIE began its administration proceedings. The Company will continue to take all actions it deems appropriate to defend its rights to these holdings and as a result, no impairment has been recognized against these holdings in fiscal 2010.

Aggregate Contractual Obligations

The following table sets out aggregate information about the Company's contractual obligations and the periods in which payments are due as at February 27, 2010:

(in thousands)

	Total	Less than One Year	One to Three Years	Four to Five Years	Greater than Five Years
Operating lease obligations	**$ 208,386**	$ 37,005	$ 59,817	$ 47,933	$ 63,631
Purchase obligations and commitments	**4,455,439**	4,455,439	-	-	-
Total	**$4,663,825**	$ 4,492,444	$ 59,817	$ 47,933	$ 63,631

Purchase obligations and commitments amounted to approximately $4.46 billion as of February 27, 2010, with purchase orders with contract manufacturers representing approximately $3.82 billion of the total. The Company also has commitments on account of capital expenditures of approximately $244.8 million included in this total, primarily for manufacturing, facilities and information technology, including service operations. The remaining balance consists of purchase orders or contracts with suppliers of raw materials, as well as other goods and services utilized in the operations of the Company. The expected timing of payment of these purchase obligations and commitments is estimated based upon current information. The timing of payments and actual amounts paid may be different depending upon the time of receipt of goods and services, changes to agreed-upon amounts for some obligations or payment terms.

The Company has obligations payable in the first quarter of fiscal 2011 of approximately $135 million for the payment of income taxes related to fiscal 2010. The Company paid approximately $290 million in the first quarter of fiscal 2010 for income taxes related to fiscal 2009. The amounts have been included as current liabilities in income taxes payable as of February 27, 2010 and February 28, 2009 respectively, and the Company intends to fund its fiscal 2010 tax obligations from existing financial resources and cash flows.

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

Cash and cash equivalents, short-term investments and long-term investments were $2.87 billion as at February 27, 2010. The Company believes its financial resources, together with expected future income, are sufficient to meet funding requirements for current financial commitments, for future operating and capital expenditures not yet committed, and also provide the necessary financial capacity to meet current and future growth expectations.

The Company has $150.0 million in unsecured demand credit facilities (the "Facilities") to support and secure operating and financing requirements. As at February 27, 2010, the Company has utilized $6.9 million of the Facilities for outstanding letters of credit, and $143.1 million of the Facilities are unused.

The Company does not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K under the Securities Exchange Act of 1934 (the "U.S. Exchange Act") and under applicable Canadian securities laws.

Legal Proceedings

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. The Company may be subject to claims (including claims related to patent infringement, purported class actions and derivative actions) either directly or through indemnities against these claims that it provides to certain of its partners. In particular, the industry in which the Company competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. The Company has received, and may receive in the future, assertions and claims from third parties that the Company's products infringe on their patents or other intellectual property rights. Litigation has been and will likely continue to be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company's proprietary rights. Regardless of whether claims that the Company is infringing patents or other intellectual property rights have any merit, those claims could be time-consuming to evaluate and defend, result in costly litigation, divert management's attention and resources, subject the Company to significant liabilities and could have the other effects that are described in greater detail under "Risk Factors — Risks Related to Intellectual Property" in RIM's Annual Information Form, which is included in RIM's Annual Report on Form 40-F. Additional lawsuits and claims, including purported class actions and derivative actions, may also be filed or made based upon the Company's historical stock option granting practices.

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

By letter dated February 3, 2005 (the "Letter"), TMO-DG delivered to RIM-UK a notice of a claim for indemnity in relation to litigation in Düsseldorf, Germany in which the plaintiff, Inpro, brought action against TMO-DG (the "Litigation") for infringement of European Patent EP0892947B1 (the "Patent"). The Company joined the Litigation as an intervening party in support of the defendant TMO-DG. The Company also filed an invalidity action in the patent court in Munich Germany. On January 27, 2006, the Munich court declared the Patent invalid. Inpro had appealed the Munich court's decision. On March 21, 2006, the Düsseldorf court stayed the infringement action until a final decision on validity has been made. The Federal Supreme Court held an oral hearing on March 18, 2010 and subsequently determined that the Inpro Patent is invalid in Germany. Accordingly, no amount has been recorded in the Consolidated Financial Statements.

The Company was party to numerous litigations with Visto Corporation ("Visto") in multiple jurisdictions. On July 15, 2009, the Company entered into a definitive agreement to settle all outstanding worldwide litigation with Visto ("Visto Litigations"). On July 23, 2009, the Company settled the Visto Litigations. The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $267.5 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $163.8 million was expensed as a litigation charge in the second quarter of fiscal 2010. The remainder of the payment was recorded as intangible assets.

On June 6, 2007, Minerva Industries ("Minerva") filed a complaint in the Marshall District Court against the Company alleging infringement of U.S. Patent No. 6,681,120 ("'120") and seeking an injunction and monetary damages. On January 22, 2008, Minerva filed a second complaint in the Marshall District Court against the Company alleging infringement of U.S. Patent No. 7,321,783 ("'783") and seeking an injunction and monetary damages. RIM answered the first Complaint on January 28, 2008 and the second Complaint on March 14, 2008. On December 1, 2008, RIM's motion to consolidate the two cases was granted. On February 3, 2010, the Court determined that the asserted claims of the '120 patent and one independent claim of the '783 patent were invalid. As a result, only some claims of the '783 patent remain in the case. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation is not determinable. Accordingly, no amount has been recorded in the Consolidated Financial Statements as at February 27, 2010.

On February 16, 2008, the Company filed a complaint in the Dallas District Court against Motorola alleging breach of contract, antitrust violations, patent infringement of U.S. Patent No. 5,664,055; 5,699,485; 6,278,442; 6,452,588; 6,489,950; 6,611,254, 6,661,255; 6,919,879 and 7,227,536 and seeking a declaratory judgment of non-infringement and invalidity against Motorola U.S. Patent Nos. 5,359,317; 5,074,684; 5,764,899; 5,771,353; 5,958,006; 5,706,211 and 6,101,531. On February 21, 2008, RIM filed a second complaint in the Dallas District Court seeking a declaratory judgment of non-infringement and invalidity of Motorola U.S. Patent No. 5,157,391; 5,394,140; 5,612,682 and 5,974,447. On April 10, 2008, Motorola filed a motion to dismiss RIM's antitrust and contract claims or, in the alternative, to bifurcate and stay RIM's antitrust and contract claims until the resolution of the co-pending patent claims. Motorola also asked the Court to dismiss, stay and or transfer to the Eastern

District ("ED") of Texas RIM's declaratory judgment claims against Motorola's patents. Pleadings on this motion closed on June 2, 2008. On September 19, 2008, the previously transferred case from the District of Delaware, described below, was consolidated with this case. On December 11, 2008, Motorola's motion to dismiss, stay and/or transfer the proceedings was denied in full. On January 9, 2009, Motorola filed its answer to RIM's complaint including three new counterclaims for infringement of U.S. Patent Nos. 6,252,515, 5,189,389 and 5,953,413. On March 10, 2009, TIP Communications, LLC, a wholly-owned indirect subsidiary of the Company, filed a complaint against Motorola in the Dallas District Court for infringement of U.S. Patent No. 5,956,329. On June 15, 2009, the Court granted RIM's motion to stay this case as to the patents that are currently in re-examination in the United States Patent & Trademark Office. On October 14, 2009, Motorola added three new counterclaims for infringement of U.S. Patent Nos. 5,430,436; 6,807,317 and 6,636,223. On November 9, 2009, the Court entered an order staying each of the actions and ordering mediation. On January 29, 2010, Motorola filed a motion to re-open the pending lawsuits and lift the stay that is pending before the Court. On March 23, 2010 the Dallas District entered the stay on the four patents transferred from Illinois and pending in the ITC (i.e., U.S. Patent Nos. 5,319,712; 6,232,970; 6,272,333 and 5,569,550). On March 31, 2010 the case was re-assigned to another Judge for coordination with the other pending Dallas District Court cases and the file was closed. Proceedings are currently pending. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation (or any related litigation) is not determinable. Accordingly, no amount has been recorded in the Consolidated Financial Statements as at February 27, 2010.

On February 16, 2008, Motorola filed a complaint against the Company in the Marshall District Court alleging infringement of U.S. Patent Nos. 5,157,391; 5,359,317; 5,394,140; 5,612,682; 5,764,899; 5,771,353 and 5,974,447. On February 20, 2008, Motorola filed an amended complaint adding U.S. Patent Nos. 5,074,684; 5,706,211; 5,958,006 and 6,101,531 to the complaint. On March 31, 2008, RIM filed a motion to transfer Motorola's ED of Texas case involving Motorola's patents to the Dallas District Court. On October 17, 2008, the Court granted RIM's motion to transfer this case to the Dallas District Court. This portion of the Motorola litigation is now closed.

On February 16, 2008, Motorola filed another complaint in the District of Delaware against the Company seeking a declaratory judgment of non-infringement and invalidity related to U.S. Patent No. 5,664,055 and 5,699,485 assigned to RIM as well as U.S. Patent No. 6,611,254, 6,661,255 and 6,919,879. On February 20, 2008, the complaint was amended to include RIM's U.S. Patent No. 6,278,442; 6,452,588; 6,489,950 and 7,227,536. On March 31, 2008, RIM filed a motion to transfer Motorola's District of Delaware case involving RIM's patents to the Dallas District Court. On April 10, 2008, RIM filed its answer and counterclaims to Motorola's amended complaint. Motorola filed its reply to RIM's counterclaims on April 30, 2008. On August 26, 2008, the Court granted RIM's motion to transfer this case to the Dallas District Court. This portion of the Motorola litigation is now closed.

On January 6, 2009, Motorola filed a complaint in the United Kingdom against the Company for infringement of European patents EP (UK) 0 818 009 (the "'009 patent"), EP (UK) 0 378 775 (the "775 patent"), EP (UK) 0 551 289 (the "'289 patent"), and EP (UK) 0 932 320 (the "'320 patent"). Motorola's claim was filed as a counterclaim in response to the Company's filing of a declaratory judgment seeking to invalidate Motorola's '009 patent. A case management conference was held on January 12, 2009 at which the judge set a hearing date for on or about January 11, 2010 for the '009 patent and the '320 patent, both of which are Motorola system patents, and another hearing date for on or about March 1, 2010 (subsequently changed to November 15, 2010) for the '775 patent and the '289 patent, both of which are Motorola handset patents. On January 13, 2010, the Motorola system patents case went to trial and on February 3, 2010, the Court found one of the two patents-in-suit invalid and not infringed. Motorola subsequently surrendered the second patent-in-suit thereby completing the Motorola system patents portion of the lawsuit. For the handset patents-in-suit proceedings are currently pending.

A case management conference was held on March 20, 2009, in relation to the case filed in the United Kingdom by TIP Communications, LLC, a wholly-owned indirect subsidiary of the Company, for infringement of EP (UK) 0 742 989. A second case management conference was held on April 8, 2009. The Judge had set and then subsequently changed the trial date to begin on June 14, 2010.

On March 10, 2009, TIP Communications, LLC filed a lawsuit in the Northern District of Texas against Motorola for infringement of U.S. Patent No. 5,956,329.

On January 22, 2010, Motorola filed a lawsuit against the Company in the United States District Court for the Northern District of Illinois alleging infringement of U.S. Patent Nos. 5,319,712; 6,232,970; 6,272,333 and 5,569,550. On February 10, 2010, RIM filed a motion to transfer Motorola's Northern District of Illinois case involving Motorola's patents to the Dallas District Court. On February 25, 2010, RIM filed a motion to stay the proceedings in the Northern District of Illinois pending the outcome of the ITC proceedings. On March 8, 2010, the Court granted RIM's motion to stay this case and transferred the case to the Dallas District Court. This portion of the Motorola litigation is now closed.

On January 22, 2010, Motorola filed a complaint with the U.S. International Trade Commission ("ITC") against the Company alleging infringement of U.S. Patent Nos. 5,359,317; 5,319,712; 6,232,970; 6,272,333 and 5,569,550. On February 18, 2010, the ITC sent a Notice of Investigation, which was published in the Federal Register on February 24, 2010. On March 1, 2010, the Administrative Law Judge ("ALJ") set a trial date of November 29 through December 9, 2010 and a target date for completion of the investigation by the ITC of June 24, 2011. The date set for the issuance of the Initial Determination is February 24, 2011. Proceedings are still pending.

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

On May 20, 2008, the Company filed a lawsuit in Italy against IPCom GmbH ("IPCom") for declaratory judgment of invalidity of several IPCom patents. On May 21, 2008, the Company filed a lawsuit in the U.K. against IPCom for declaratory judgment of invalidity of several claimed standards-essential IPCom patents. On May 27, 2008, the Company filed a lawsuit in the U.S. District Court for the Northern District of Texas against IPCom for declaratory judgment of non-infringement and invalidity of several IPCom patents. On May 23, 2008, IPCom filed suit against the Company for infringement of four claimed standards essential German and European patents in the Hamburg, Germany court. On August 8, 2008, the parties agreed to withdraw and terminate their respective European actions.

On June 20, 2008, St. Clair Intellectual Property Consultants, Inc. filed a patent infringement lawsuit against the Company and other defendants in the District of Delaware. The patents-in-suit include U.S. Patent Nos. 5,138,459, 6,094,219, 6,233,010 and 6,323,899. These patents are generally directed to image processing in digital cameras. The court has set a trial date for September 7, 2010. The complaint seeks an injunction and monetary damages. Proceedings are ongoing.

On October 31, 2008, Mformation Technologies, Inc. filed a patent infringement lawsuit against the Company in the Northern District of California. The patents-in-suit include U.S. Patent Nos. 6,970,917 and 7,343,408. These patents are generally directed to remote device management functionality. The complaint seeks an injunction and monetary damages. On February 26, 2010, the Court issued a claim construction order. No trial date has been set. Proceedings are ongoing.

On November 17, 2008, Spansion, Inc. and Spansion LLC ("Spansion") filed a complaint with the U.S. ITC against Samsung Electronics Co., Ltd. and other related Samsung companies (collectively "Samsung") and other proposed respondents, including the Company, who purchase flash memory chips from Samsung, alleging infringement of U.S. Patent Nos. 6,380,029; 6,080,639; 6,376,877 and 5,715,194. The ALJ has set a trial date of May 3, 2010 and a target date for completion of the investigation by the ITC of January 18, 2011. Proceedings are ongoing.

On November 20, 2008, the Company filed a lawsuit for declaratory judgment of non-infringement, invalidity and unenforceability against four Eastman Kodak ("Kodak") patents in the Dallas District Court. The patents-in-suit include U.S. Patent Nos. 5,493,335, 6,292,218 ("the '218 Patent") and 6,600,510 which are generally directed to digital camera technologies and U.S. Patent No. 5,226,161 which is directed to data sharing in applications. Kodak counterclaimed for infringement of these same patents seeking an injunction and monetary damages. The trial is scheduled for December, 2010. On January 14, 2010, Kodak filed a complaint with the ITC against the Company, and Apple Inc. alleging infringement of the '218 Patent. The ALJ has set a trial date of September 1, 2010 and a target date for completion of the investigation by the ITC of May 23, 2011. Proceedings are ongoing.

On December 29, 2008, Prism Technologies, LLC ("Prism") filed a complaint against the Company and Microsoft Corporation in the United States District Court for the District of Nebraska. The single patent in suit is US Patent No. 7,290,288 ("the '288 Patent"). The court has rescheduled the trial date to January 28, 2011.

Microsoft entered into an agreement with Prism and was dismissed from this action on September 28, 2009. On December 2, 2009, Prism filed a complaint with the ITC against the Company alleging infringement of the '288 Patent. The ALJ has set a trial date for August 30, 2010 and a target date for completion of the investigation of April 5, 2011. Proceedings are ongoing.

On December 30, 2008, MSTG, Inc. ("MSTG") filed a patent infringement lawsuit against the Company in the United States District Court for the Northern District of Illinois alleging infringement of United States Patent Nos. 5,920,551 ("'551"); 6,219,374; and 7,151,756. On March 18, 2009, MSTG filed an amended complaint which added U.S. Patent Nos. 6,438,113 ("'113") and 6,198,936 ("'936") and four additional defendants to the suit. On July 30, 2009, MSTG filed a second amended complaint which reduced the patents asserted against RIM to only the '551, '936 and '113 patents. The court has set a trial date for March 28, 2011. Proceedings are ongoing.

From time to time, the Company is involved in other claims in the normal course of business. The following additional patent suits were filed against the Company since the end of fiscal 2009:

On May 5, 2009, Fractus, S.A. ("Fractus") filed a lawsuit against the Company and eight other defendants in the United States District Court for the ED of Texas alleging infringement of nine patents (United States Patent Nos. 7,015,868; 7,123,208; 7,148,850; 7,202,822; 7,312,762; 7,394,432; 7,397,431; 7,411,556; and 7,528,782). These patents generally relate to antennae technology. The complaint seeks an injunction and money damages. The Court has set a trial date of May 2, 2011. Proceedings are ongoing.

On July 27, 2009, BTG International Inc. ("BTG") filed complaints with the U.S. ITC and the United States District Court for the ED of Texas, Marshall Division, against Samsung Electronics Co., Ltd. and other related Samsung companies (collectively "Samsung") and other companies, including the Company, alleging infringement of United States Patent Nos. 5,394,362; 5,764,571; 5,872,735 ("the '735 Patent"); 6,104,640 ("the '640 Patent") and 6,118,692 ("the '692 Patent"). The patents relate generally to flash memory chips, and BTG's infringement allegations against RIM are based on RIM's use of Samsung flash memory chips in certain RIM handhelds. In the ED of Texas, BTG is seeking monetary damages, and the case has been stayed until the determination in the ITC case becomes final. In the ITC, BTG is requesting that the ITC issue orders prohibiting RIM from importing into the U.S. and selling in the U.S. RIM handhelds containing the flash memory chips made by Samsung. The ALJ in the ITC case has set a trial date of June 21, 2010 and a target date for the completion of the investigation by the ITC of February 28, 2011. On January 19, 2010, BTG filed a motion to partially terminate the ITC case as to the '735, '640 and '692 Patents. The ALJ issued a determination on February 2, 2010, granting BTG's motion and on February 22, 2010, the ITC declined to review the ALJ's determination, thereby making it final. Proceedings in the ITC case are ongoing.

On August 6, 2009, Intellect Wireless filed a lawsuit against the Company, HTC, and AT&T in the United States District Court for the Northern District of Illinois alleging infringement of U.S. Patent Nos. 7,257,210; 7,305,076; 7,310,416; and 7,266,186. The patents are generally related to wireless systems and contact data, caller identification, and pictures. The complaint seeks money damages. Proceedings are ongoing.

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

On September 23, 2009, SimpleAir, Inc. filed a lawsuit against the Company and 10 other defendants in the United States District Court for the ED of Texas alleging infringement of U.S. Patent Nos. 6,021,433; 7,035,914; 6,735,614; and 6,167,426. The patents are generally directed to the generation, processing and/or delivery of content, notifications and updates for computing devices. The complaint seeks an injunction and money damages. Proceedings are ongoing.

On October 23, 2009, Raylon LLC ("Raylon") filed an Amended Complaint adding the Company and four other defendants to an existing patent infringement suit. The original Complaint was filed on August 6, 2009 in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 6,655,589. The single patent-in-suit generally relates to traffic citation issuance. The Company and Raylon settled on March 30, 2010 for an amount immaterial to the Consolidated Financial Statements.

On November 2, 2009, Media Digital Corporation ("Media Digital") filed a lawsuit against the Company in the United States District Court for the Northern District of Texas alleging infringement of U.S. Patent No. 7,130,778.

The patent is generally related to touch screen control of radio stations. The Company and Media Digital settled on January 27, 2010 for an amount immaterial to the Consolidated Financial Statements.

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

On March 1, 2010, Uniloc USA, Inc. and Uniloc Private Limited ("Uniloc") filed a lawsuit against Alt-N Technologies Ltd. (a subsidiary of RIM Limited) and 13 other defendants in the United States District Court for the ED of Texas alleging infringement of U.S. Patent No. 5,490,216. The patent is generally directed to video compression and decompression. The complaint seeks an injunction and money damages. Proceedings are ongoing.

On March 3, 2010, Smartphone Technologies LLC filed a lawsuit against the Company and 12 other defendants in the United States District Court for the ED of Texas alleging infringement of U.S. Patent Nos. 6,950,645; 7,076,275; 5,742,905; 7,506.064; 6,533,342; 6,711,609 and RE40,459. The patents are generally directed to device power management, telephonic networking, and synchronization. The complaint seeks an injunction and money damages. Proceedings are ongoing.

On March 15, 2010, Video Enhancement Solutions LLC filed a lawsuit against Research In Motion Limited and 8 other defendants in the United States District Court for the Northern District of Georgia (Atlanta Division) alleging infringement of U.S. Patent No. 7,397,965 and U.S. Patent No. 7,492,960. The patents are generally directed to video compression and decompression. The complaint seeks an injunction and money damages. Proceedings are ongoing.

On March 26, 2010, the PACid Group LLC filed a lawsuit against Research In Motion Limited, Research In Motion Corporation and 30 other defendants in the United States District Court for the Eastern District of Texas (Tyler Division) alleging infringement of U.S. Patent Nos. 5,963,646 and 6,049,612. The patents are generally directed to encryption key generation and file encryption. The complaint seeks an injunction and money damages. Proceedings are ongoing.

On March 31, 2010, MobileMedia Ideas LLC filed a lawsuit against Research In Motion Limited and Research In Motion Corporation in the United States District Court for the Eastern District of Texas (Marshall Division) alleging infringement of U.S. Patent Nos. 5,479,476; 5,845,219; 6,055,439; 6,253,075; 6,427,078; RE.39231; 5,732,390; 5,737,394; 6,070,068; 6,389,301; 6,446,080; and 7,349,012. The patents are generally directed to mobile telephone technologies including mobile telephone user interfaces, call control, speech signal transmission and imaging. The complaint seeks an injunction and money damages. Proceedings are ongoing.

OSC Settlement

As described above, as part of the Settlement Agreement, the Company agreed to enter into an agreement with an independent consultant to conduct a comprehensive examination and review of the Company and report to the Board and the staff of the OSC on the Company's governance practices and procedures and its internal control over financial reporting. The Company retained Protiviti to carry out this engagement. See "Independent Governance Assessment" and Appendix A to this MD&A for a further description of Protiviti's engagement, its recommendations and the Company's responses to such recommendations. A copy of Protiviti's recommendations will also appear on the website of the OSC.

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 2010 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 of the majority of salaries, certain operating costs and manufacturing overhead are incurred primarily in Canadian dollars. At February 27, 2010, approximately 38% of cash and cash equivalents, 22% of accounts receivables and 7% of accounts payable are denominated in foreign currencies (February 28, 2009 — 36%, 26% and 4%, 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 has entered into forward contracts to hedge exposures relating to foreign currency anticipated transactions and these contracts have been designated as cash flow hedges. For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and is subsequently recognized in income when the hedged exposure affects income. The ineffective portion of the derivative's gain or loss is recognized in current income. The cash flow hedges were fully effective at February 27, 2010. As at February 27, 2010, the net unrealized gains on these forward contracts was approximately $62.2 million (February 28, 2009 — net unrealized losses of $2.7 million). Unrealized gains associated with these contracts were recorded in Other current assets and Accumulated other comprehensive income. Unrealized losses were recorded in accrued liabilities and accumulated other comprehensive income.

The Company has entered into forward contracts to hedge certain monetary assets and liabilities that are exposed to foreign currency risk. For contracts that are not subject to hedge accounting, gains and losses on the hedge instruments are recognized in income in each period, generally offsetting the change in the U.S. dollar value of the hedged asset or liability. As at February 27, 2010, net unrealized gains of $28.9 million were recorded in respect of this amount (February 28, 2009 — net unrealized gains of $16.0 million). Unrealized gains associated with these contracts were recorded in Other current assets and Selling, marketing and administration. Unrealized losses were recorded in accrued liabilities and selling, marketing and administration.

Interest Rate

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

Credit and Customer Concentration

The Company has historically been dependent on an increasing number of significant telecommunication carriers and on larger more complex contracts with respect to sales of the majority of its products and services. The Company is experiencing significant sales growth in North America and internationally, resulting in the growth in its carrier customer base in terms of numbers, sales and account receivables volumes and in some instances new or significantly increased credit limits. The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers, historical trends, and economic circumstances. The allowance as at February 27, 2010 is $2.0 million (February 28, 2009 — $2.1 million). The Company also places insurance coverage for a portion of its foreign accounts receivables. While the Company sells to a variety of customers, one customer comprised 14% of accounts receivables as at February 27, 2010 (February 28, 2009 — one customer comprised 29%). Additionally, three customers comprised 20%, 13% and 10% of the Company's fiscal 2010 annual sales (fiscal 2009 annual sales — three customers comprised 23%, 14% and 10%).

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations. The Company mitigates this risk by limiting counterparties to highly rated financial institutions and by continuously monitoring their creditworthiness. The Company's exposure to credit loss and market risk will vary over time as a function of currency exchange rates. The Company measures its counterparty credit exposure as a percentage of the total fair value of the applicable derivative instruments. Where the net fair value of derivative instruments with any counterparty is negative, the Company deems the credit exposure to that counterparty to be nil. As at February 27, 2010, the maximum credit exposure to a single counterparty, measured as a percentage of the total fair value of derivative instruments with net unrealized gains of $91.1 million was 24% (February 28, 2009 — 60%).

The Company is exposed to market price and credit risk on its investment portfolio. The Company reduces this risk by investing in liquid, investment grade securities and by limiting exposure to any one entity or group of related entities. As at February 27, 2010, no single issuer represented more than 8% of the total cash, cash equivalents and investments (February 28, 2009 — no single issuer represented more than 12% of the total cash, cash equivalents and investments).

Market values are determined for each individual security in the investment portfolio. The Company assesses declines in the value of individual investments for impairment to determine whether the decline is other-than-temporary. The Company makes this assessment by considering available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition, the near-term prospects of the individual investment and the Company's ability and intent to hold the debt securities to maturity. During fiscal 2010 and for fiscal 2009, the Company did not record an other-than-temporary impairment charge.

Disclosure Controls and Procedures and Internal Controls

Disclosure Controls and Procedures

As of February 27, 2010, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Co-CEOs and its Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13(a)-15(e) and 15(d)-15(e) under the U.S. Exchange Act. Based on that evaluation, the Co-Chief Executive Officers and the Chief Financial Officer have concluded that, as of such date, the Company's disclosure controls and procedures were effective to give reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits under the U.S. Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13(a)-15(f) and 15(d)-15(f) under the U.S. Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisitions, use or dispositions of the Company's assets that could have a material affect on the Company's financial statements.

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of February 27, 2010. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, management believes that, as of February 27, 2010, the Company's internal control over financial reporting was effective.

The Company's independent auditors have issued an audit report on the Company's internal control over financial reporting. This report is included with the Consolidated Financial Statements.

Changes in Internal Control Over Financial Reporting

During the fiscal year ended February 27, 2010, 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.

APPENDIX A
Protiviti Co. Corporate Governance Recommendations and Responses of the Board of Directors of the Company

RECOMMENDATION	RESPONSE

1. Board Leadership

RECOMMENDATION

The board should appoint a board chair to fill the currently vacant position.

The chair of the board should be an independent director as is the general practice among Canadian public companies and as identified as a corporate governance practice by National Policy 58-201, Corporate Governance Guidelines. The board should adopt a structure enabling independent directors to provide the necessary leadership in exercising independent judgment and effectively performing their oversight role.

If an independent director cannot be appointed and a non-independent director assumes the position of board chair, an independent director can be appointed to act as lead director with disclosure of the matter. However, in such a situation, the board should evaluate whether, in view of the substantial improvements recommended in this report, its current leadership structure can support the effective and independent board leadership required to oversee management and discharge its responsibilities to the corporation and its shareholders.

RESPONSE

This recommendation has been accepted in part and has been addressed. The chair position has been vacant and the Board has had an independent lead director since March 2, 2007, when the Board adopted the recommendations of the Special Committee.

The vast majority of S&P 500 companies in the United States have non-independent Chairs. Of the companies that form the TSX Composite Index, approximately 45% have a non-independent Chair. While National Policy 58-201 ("**NP58-201**") states that the Chair of the Board should be an independent director, NP58-201 is not prescriptive and "encourages issuers to consider the guidelines in developing their own corporate governance practices". It also provides that where an independent Chair is not appropriate, an independent director should be appointed to act as "lead director" and either the independent chair or independent lead director should act as the effective leader of the Board.

The Board has considered its current leadership structure and believes it supports the effective and independent board leadership required to oversee management and discharge its responsibilities to the Company and its shareholders. Substantially exceeding the guidance of NP58-201 that a board should have a majority of independent directors, 7 of the 8 members of the Board are independent directors. The Board's 3 committees – the Audit and Risk Management Committee ("**A&RM Committee**"), the Compensation, Nomination and Governance Committee ("**CNG Committee**") and the Strategic Planning Committee ("**SP Committee**") – are each chaired by an independent director. The independent lead director, who acts as the effective leader of the Board and is supported by strong independent committee chairs, is also a member of the A&RM and the CNG Committees and has attended all of the meetings of the SP Committee since its inception. The A&RM and CNG Committees are also comprised of solely of independent directors, with each member of the A&RM and CNG Committees meeting the heightened independence requirements that are applicable to audit committees under U.S. securities laws. The Board and the Company believe that this highly independent board structure provides the necessary leadership in exercising independent judgment and effectively performing the Board's oversight role, and the absence of a Board chair does not adversely affect this determination. This board structure has been in place during the recent improvements in corporate governance practices at the Company. The Board is in the process of reviewing the Board mandate with a view to updating it, including with respect to formalizing the role and duties of a lead director.

The Board believes that the Company has been well served by its current leadership structure. The Board will continue to monitor the appropriateness of its current leadership structure from time to time, including whether it is appropriate to appoint a Chair and whether the Chair should be an independent director.

RECOMMENDATION	RESPONSE

2. Oversight of Organizational Leadership

(a) CEO & Executive Officers:

The Board should develop and further refine its processes and practices to facilitate the oversight of the Co-CEOs and executive management in the following areas:

Chief Executive Officer

As defined in National Policy 58-201, Corporate Governance Guidelines, the following should be provided for the Co-CEOs:

- Formal written position descriptions that clearly define the role of the CEOs and delineate management and board responsibilities; and
- Measurable corporate goals and performance objectives that the Co-CEOs are responsible for meeting. These goals and objectives should be approved by the board, and they should subsequently form the basis for objective annual assessments of CEO performance.

Executive Officers

- Written position descriptions and defined measurable performance objectives should also be developed for other members of executive management and approved by the board;
- The appointment of executive officers of the Company should be approved by the board; and
- An ongoing process should be established, with board oversight, for the assessment of the capabilities of executives in relation to the Company's current, emerging and expected future needs, in the context of a rapidly growing organization that is maturing in a highly competitive environment.

Position Descriptions: This recommendation has been accepted and will be addressed as described below. NP58-201 recommends that the Board develop a clear position description for the chief executive officer and management responsibilities. Messrs. Lazaridis and Balsillie have been with the Company since 1984 and 1992, respectively, and have worked together for approximately 18 years. As a result of this long tenure and working relationship, their respective roles are well understood at the Company and by the Board. Nonetheless, the Board is working in conjunction with management on position descriptions for the two Co-Chief Executive Officers and the Company's other executive officers consistent with NP58-201.

Goals and Performance Objectives: This recommendation has been accepted and has been addressed. The first level oversight of Co-CEO and executive officer performance and compensation is the responsibility of the independent CNG Committee supported by its independent compensation consultant. As noted in the Company's Compensation, Discussion & Analysis ("**CD&A**") of its 2009 Management Information Circular ("**2009 MIC**"), the CNG Committee took into account six strategic goals, some measurable quantitatively and others qualitatively, in assessing the fiscal year 2009 performance of the Co-CEOs and other executive officers. Also as noted in the CD&A, the Co-CEO and executive officers' variable incentive compensation was determined based on the Company's financial performance on specific measurable criteria, being revenue, diluted earnings per share and net subscriber additions as well as their respective individual performance. The CNG Committee's performance assessment of the Co-CEOs and the executive officers (based on Company strategic goal achievement, specific financial metric achievement and individual performance), together with the Committee's compensation recommendations were reported to, and approved by, the independent members of the Board.

For the recently completed fiscal year ended February 27, 2010, the above described performance considerations and process are being followed. In addition, as part of its fiscal year 2010 performance and compensation planning, individual performance objectives for the fiscal year were established for each of the Co-CEOs and executive officers and will form part of the CNG Committee's fiscal year 2010 performance assessment. The CNG Committee and the Board anticipate that the annual assessment process will continue to be refined in future fiscal years. The Board recognizes that this is an evolving process but also believes that its current practices are appropriate in assessing performance and determining fair and appropriate compensation in the context of the Company's operations.

Appointment of Executive Officers: This recommendation has been accepted and has been addressed. The Board approves the appointment of executive officers. For example, at its December 2009 quarterly meeting, the Board received in advance of the meeting, and adopted, a resolution appointing the Chief Financial Officer of the Company to that office.

Assessment of Capabilities: This recommendation has been accepted and is being addressed by the measures outlined in response to recommendation 3 (Succession Planning and Leadership Development).

RECOMMENDATION	RESPONSE
(b) Chief Financial Officer The Company should consider the significant benefits of appointing an individual as Chief Financial Officer. The individual should have the requisite stature, skills and experience needed for a company of the size, scope and potential of RIM.	**This recommendation has been accepted and has been addressed.** In March 2007, the Board appointed Mr. Brian Bidulka to the position of Chief Accounting Officer when the Company's then Chief Financial Officer moved to a different position within the Company. For almost three years, Mr. Bidulka was the Company's senior financial officer and carried out most of the duties of a Chief Financial Officer. In recognition of his performance, personal development and experience, on December 17, 2009 the Board, upon the recommendation of the Co-CEOs, the CNG Committee and the A&RM Committee, appointed Mr. Bidulka as Chief Financial Officer. The Board believes that Mr. Bidulka has the requisite stature, skills and experience needed for a company of the size, scope and potential of RIM.
(c) Delegation of Authority The authorities delegated to management for binding the corporation and the matters to be brought to the board for approval should be defined in a "statement of approval authorities" and approved by the board of directors, with periodic review and re-affirmation.	**This recommendation has been accepted and will be addressed as follows.** The Board currently maintains oversight over certain corporate activities. For example, all significant acquisitions are presented to the Board for consideration or approval, as the Board deems appropriate. The Board also considers and approves the Company's annual operating plan. The Board, however, does believe that a formal approval policy is appropriate and intends to adopt such a policy in the near future, which will be subject to periodic review by the Board.
3. Succession Planning and Leadership Development	
The Board should develop a succession plan for the CEO level and define criteria to be used in selecting future chief executive officers. Succession plans should also be developed for appropriate levels of executive management. Succession plans should be reviewed and approved by the board on an annual basis.	**This recommendation has been accepted and is being addressed as follows.** Under the supervision of the CNG Committee, the Company is in the process of developing a succession plan for the Co-CEOs, executive officers and other appropriate levels of senior management. The Board intends to review and approve succession plans for the executive officer level on an annual basis. The Board will use the succession plan and position descriptions referenced in response to recommendation 2 (a), together with other appropriate considerations at the time, for selecting future CEOs.
4. Agenda Setting and Flow of Information to the Board	
The board should exercise better control of the agenda-setting process and the flow of information it receives as follows: - An oversight matrix (a listing of board activities with related information requirements, timing and expected board action) should be developed to govern the agenda-setting process and meeting calendar, along with the related flow of information to the board and its committees. The oversight matrix should be approved by the board and subject to periodic review and re-affirmation. - Protocols should be established and adhered to, providing adequate time for directors to review materials and consider significant matters for approval, especially material transactions and events, with circulation of all materials sufficiently in advance of meetings to allow directors to read and absorb them, with due consideration of their personal contribution to the discussion of matters on which the board is to deliberate.	**Control of Agenda and Oversight Matrix: This recommendation has been accepted and has been addressed.** The Board believes that it has appropriate control of the agenda setting process and the flow of information it receives. Currently, the agenda for each Board meeting is set by the lead director, with assistance from the Corporate Secretary and relevant committee chairs. Draft agendas for Board committees are set by the Chair of the committee with assistance from relevant corporate officers Based on its experience and service as directors and officers at other public companies, the Board believes that the agenda-setting process and the information it receives is appropriate and not atypical. The Board has observed an improvement in the timeliness and content of Board materials since a new Corporate Secretary was hired in 2008. In addition to the above and in response to the recommendation, the Board, the CNG and A&RM Committees have adopted annual meeting planners which indicate their respective activities for each fiscal year and the timing of the activities, including those required by the Board mandate and committee charters. These calendars do not include a list of related information requirements, as this information is well understood for recurring items and can vary from time to time depending on the nature of the matter, then current facts/circumstances, the information and its content. The Board and the SP Committee believe that an annual meeting planner is not required for the SP Committee because it has a narrow focus and does not meet regularly on a quarterly basis.

RECOMMENDATION	RESPONSE
	Protocols: **This recommendation has been accepted and has been addressed.** There is an unwritten, but well understood, protocol already in place. Materials for quarterly meetings are to be provided one week prior to the Board/committee meetings. This timeframe is generally met and the Board is satisfied that it receives material sufficiently in advance of quarterly meetings. Materials for intervening meetings are provided as far in advance of the meeting as time and circumstances permit, recognizing that such meetings, by their nature, are often unplanned and involve situations that are fluid, complex and difficult to time with precision. Recognizing the benefits of the Company's entrepreneurial culture, which enables it to respond to opportunities more quickly than other companies of its size, the Board understands that circumstances do and will continue to arise where it will need to be available on shorter notice and with less time to review materials provided in advance of the meeting.
5. Infrastructure, Practices and Processes to Support Board Effectiveness	
(a) Corporate Governance Guidelines Corporate governance guidelines should be developed to define and document the Company's approach to corporate governance and provide direction/guidance to help directors in carrying out their responsibilities. Corporate governance guidelines should be reviewed on an annual basis by the board. Consideration should be given to publicly disclosing the Company's corporate governance guidelines as it is a leading practice for larger organizations.	**This recommendation has been accepted and will be addressed as follows.** The Board believes that the Company has in place a significant number of policies, procedures and practices relating to corporate governance, including those set out in charters for each of the three committees of the Board and the Board mandate, which address governance matters often found in such issuer guidelines. The charters of the A&RM and CNG Committees have also been enhanced and adopted by the Board in December 2009. A new SP Committee Charter was also adopted by the Board in December 2009. The committee charters are reviewed by the committees and the Board annually. Finally, as noted above, the Board is in the process of reviewing the Board mandate with a view to updating it. The Company's current governance practices are disclosed in its management information circular in accordance with National Instrument 58-101. While the NASDAQ and TSX listing rules and securities laws applicable to the Company do not require the Company to publicly disclose its corporate governance guidelines, the Company will review its current charters and Board mandate with a view to augmenting the charters and mandate as the Board determines appropriate for the Company. If the Board adopts a consolidated set of corporate governance guidelines, it intends to publicly disclose those guidelines.
(b) Director Orientation and Ongoing Education As identified as corporate governance practices by National Policy 58-201, Corporate Governance Guidelines, the following should be developed: - Orientation: The board should ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the issuer expects from its directors). All new directors should also understand the nature and operation of the issuer's business. - Continuing Education: The board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the issuer's business remains current.	The first two paragraphs of this recommendation come from NP 58-201. The third is a Protiviti recommendation. Orientation: **This recommendation has been accepted and has been addressed.** All new directors of the Company now receive a comprehensive orientation. This includes: receiving a detailed briefing from the Company as part of the selection process; meeting the Chair of the CNG, the lead director and other independent directors as part of the selection process; a briefing from the Company's internal and external legal counsel on their legal duties, corporate and securities obligations and the Company's corporate governance procedures and policies; attending a product working session; meeting with each of the executive officers and certain other senior management, such as the Vice-President, Investor Relations and Vice President, Legal in order to understand the Company's products, operations and key functions; and a tour of Company manufacturing and operations facilities. The orientation process will be reviewed in connection with new appointments to the Board.

RECOMMENDATION	RESPONSE
The orientation and continuing education programs should be regularly reviewed in the context of evolving circumstances, both within and outside the Company, and updated to ensure that all directors, individually and the board as a group, have the knowledge and understanding necessary for effective and efficient conduct of the board's affairs and to fulfill their obligations.	<u>Continuing Education</u>: **This recommendation has been accepted and has been addressed.** Education occurs as part of the regular business of the Board and its committees and will continue. The opportunities for education of Board members, at the Board and in Board committees, have increased over the past three years. To allow the Board and committees additional time to conduct their respective business and to allow for education sessions, the Board has moved the CNG Committee quarterly meeting to the day preceding the A&RM Committee and Board meeting, with a newly instituted Board dinner, which is intended to have an educational component, following the CNG Committee meeting. The Board intends to review the Company's continuing education efforts periodically as appropriate.
(c) Director Recruiting and Succession The board should continue its efforts to recruit additional directors and develop an orderly succession plan to meet the ongoing needs of the board for directors with an appropriate mix of diversity, competencies, skills and other attributes to provide effective oversight of the Company.	**This recommendation has been accepted and has been addressed.** From time to time, the Board considers the size and composition of the Board and evaluates the need and selection criteria for recruiting additional directors. In the spring of 2009, the CNG Committee adopted new selection criteria for recruiting a new director. Using these selection criteria, the Board appointed a new director to the Board in September 2009. While the Board believes that it would be beneficial to the Company and the Board for its other Co-CEO to rejoin the Board in 2010, beyond that, the Board has not concluded that additional directors should be recruited based on its current and anticipated needs. The Board will continue to monitor its size and composition.
(d) Board and Director Performance Assessments As identified as a corporate governance practice by National Policy 58-201, Corporate Governance Guidelines, the board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution. An assessment should consider: - In the case of the board or a board committee, its mandate or charter; and - In the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual is expected to bring to the board.	**This recommendation has been accepted and will be addressed as follows.** Consistent with its charter, the CNG Committee is responsible for monitoring the effectiveness of the operation of the Board, its committees and individual directors. A Board effectiveness questionnaire and follow-up process has been developed that will be undertaken annually. The CNG Committee and the Board will conduct an annual performance assessment and make improvements to the evaluation process as appropriate.
(e) Charters and Mandates The board should develop the following: - A charter for the strategic planning committee; - Position descriptions for the chair of the audit committee and the chair of the strategic planning committee.	**This recommendation has been accepted and has been addressed.** The SP Committee and the Board has developed and adopted a Charter for the SP Committee which includes the duties and responsibilities of the Chair. The charter for the A&RM Committee was also amended in December 2009 to set out the duties and responsibilities of its Chair.
6. Compliance Oversight Practices	
(a) Oversight of Enterprise-Wide Compliance The Board should oversee the design and implementation of a comprehensive, integrated enterprise-wide compliance program encompassing existing compliance initiatives and ensuring coverage of compliance with all applicable laws and regulations across various jurisdictions, as well as with internal corporate policies approved by the board. Accountability for enterprise-wide compliance should be assigned to a designated executive, such as a chief compliance officer or the equivalent, with responsibility for comprehensive and integrated compliance across all parts of the organization with regular reporting to the audit committee and the board.	**This recommendation has been accepted and will be addressed as follows.** As part of its review and update of the current Board mandate, the Board will confirm its responsibility for overseeing, directly and through its committees, an appropriate compliance program for the Company. Other than matters currently within the purview of the Corporate Disclosure Committee, accountability for the compliance program will be assigned to the Company's existing Risk Council, which consists of senior management members representing all of the significant areas of the Company's business. Pursuant to its existing charter, the role of the Risk Council is currently to assist management in fulfilling its responsibilities for assessing, managing and monitoring risks. This mandate will be augmented to include the responsibility for broader oversight of a compliance program appropriate for the Company, including its existing compliance initiatives, legal/regulatory compliance (other than matters currently within the purview of the Corporate Disclosure Committee) and internal corporate policies approved by the Board. The Risk Council will be renamed the Risk & Compliance Council and will report to the Co-CEOs.

RECOMMENDATION	RESPONSE
To discharge its oversight responsibilities, the audit committee should ensure the effective operation of an enterprise-wide compliance program with regular reporting on the state of compliance in the organization. Reporting should continue to include reports on Sarbanes-Oxley compliance, legal claims and known non-compliance incidents. Reporting to the audit committee should also include reporting on the enterprise-wide compliance program and the state of compliance across the organization with focus on compliance risk exposures. In addition, Internal Audit should periodically perform reviews of the enterprise-wide compliance function and processes to provide assurance to the audit committee on the program's effective and efficient operation.	The Chair of the Risk & Compliance Council also will make a report to the A&RM Committee, at least quarterly, on the compliance program and state of compliance. The Risk Council, through its Chair, will report out to the Board, at least quarterly. In connection with its oversight of the Company's compliance program, the Board will continue to monitor the need for accountability for the Company's compliance program to be assigned to a designated executive such as a chief compliance officer or equivalent.
(b) Compliance Culture In considering the future re-appointment of individuals reprimanded by regulatory authorities to the honorary title of "Director Emeritus", the board should consider the messaging effect of these actions and the impact on the organization's compliance culture.	**The Board believes this recommendation is not necessary or appropriate, but nevertheless has been addressed.** Each of the individuals was formerly a director of long-standing, who agreed not to stand for reelection to the board in 2007. The individuals were appointed to the honorary position of Director Emeritus in recognition of their substantial contribution to the Company and its shareholders over many years. The Director Emeritus position carries with it no authority, no responsibilities and no access to the Company's confidential information. The initial decision to confer this title was announced by the Company on March 5, 2007, subsequent to which five new independent directors have joined the Board. The Board considered the implications of the appointment when initially made for a one-year term, for each subsequent one-year reappointment and will reconsider the implications upon the expiry of the current one-year term. The Board does not view the designation as having an impact on the organization's compliance culture. Pursuant to Schedule C to the Settlement Agreement, Protiviti is to make recommendations where it identifies "a . . . deficiency substantial enough to require changes or improvements at the Company". The Board does not consider this recommendation to be of such a nature.
7. Receiving Feedback from Employees and Stakeholders	
The board should proceed with its review and revisions of the Company's employee whistleblower program to ensure it operates effectively with focus on internal awareness and methods of access to promote ease of use. The board should consider the benefits of establishing a channel by which outside parties can report relevant information as a means of obtaining external feedback and gauging potential reputational impact to the organization. As identified as a corporate governance practice by National Policy 58-201, Corporate Governance Guidelines, the board's mandate should be revised to include its responsibility for the implementation of measures for receiving feedback from stakeholders — such as establishing a process to permit stakeholders to directly contact the independent directors.	Whistleblower Program: **This recommendation has been accepted and has been addressed.** As of the end of the most recent fiscal year, the Company employees could submit anonymous whistleblower reports to a P.O. Box address. The Company whistleblower program now makes whistleblower reporting available to employees and external parties via a web and telephone hotline based system supplied and operated by EthicsPoint. EthicsPoint has advised the Company that over 2200 organizations use EthicsPoint telephone hotline, web-based reporting and case management services as a component of their overall governance, risk and compliance efforts. The new system allows individuals to make whistleblower reports, including anonymous reports, to the Company via the Ethicspoint system and enables the Company or the Chair of the A&RM Committee, as appropriate, to follow up directly with the reporter while maintaining his or her anonymity. All employees have been advised of the new whistleblower program as part of the Company's business standards and principles acknowledgement program which is conducted annually.

RECOMMENDATION	RESPONSE
	<u>**Stakeholder Communications:**</u> **This recommendation has been accepted and has been addressed.** The Board believes that stakeholders who wish to communicate with the Board are currently able to do so. The term "stakeholders" encompasses a wide variety of constituents, including employees and shareholders, and one set of practices in this area will not suit all situations. As part of its review of the Board mandate contemplated in its response to recommendation 5 (a) (Corporate Governance Guidelines), the Board will indicate in the mandate how stakeholders can currently contact the Board and will publicize the Board mandate on the Company's external website. The Board will continue to evaluate best methods for interacting with stakeholders.
8. Strategy	
The Company's strategic plan should be approved by the strategic planning committee, and ultimately by the full board on an annual basis. The mandate of the board should be revised to include its responsibility for approval of the strategic plan, as outlined in National Policy 58-201, Corporate Governance Guidelines. Sufficient time should be allocated for discussion and review of the plan by the strategic planning committee and the board, as well as to oversee on a continuous basis the progress made by management in pursuit of the Company's strategic objectives in a rapidly changing business environment.	**This recommendation has been accepted and has been addressed.** Since the inception of the SP Committee, all members of the Board have attended and participated in meetings of the SP Committee during which management and the SP Committee discuss and put forward strategic initiatives for the Company. Although the Board as a whole has not formally voted on the strategic initiatives, all Board members have been present and have participated in discussions concerning strategic initiatives. The Board believes that, while it has had sufficient involvement and oversight of the Company's strategic initiatives, as part of its review of the Board mandate contemplated in its response to recommendation 5 (a) (Corporate Governance Guidelines), the Board will update the mandate to reflect its responsibility for approval of the Company's strategic initiatives.
9. Corporate Policy Framework	
The board should oversee the establishment of a comprehensive corporate policy framework ensuring that corporate policies or policy statements are developed to govern all the major risks and critical business activities of the organization. The board should review the corporate policy framework and approve corporate policies with periodic review and re-affirmation.	**This recommendation has been accepted and has been addressed.** The Board believes that the Company has appropriate comprehensive policies and procedures in place to govern major risks and critical business activities of the Company. The Company's business standards and principles policies are reviewed annually by the Board and supplemented and updated as circumstances warrant. The business standards and principles policies include a code of ethics; handling financial complaints guidelines; employee confidentiality and intellectual property agreement; insider trading policy; diversity guidelines; anti-discrimination & anti-harassment guidelines; anti-bullying & anti-violence guidelines; corporate security policy; global, environment, health & safety policy; corporate disclosure policy; and prevention of improper payments policy. The Company and Board continue to monitor regulatory and other developments and implement new policies and amend existing policies in response to these developments. In addition to policies and procedures, the Company has other mechanisms in place to monitor and address major risks and business activities, including those discussed in response to recommendation 10 immediately below (Risk Oversight) and a Corporate Disclosure Committee comprised of senior executives. In addition to the foregoing, in connection with the expanded mandate of the Risk & Compliance Council outlined above, the Council will from time to time review the current corporate policy framework in light of the Company's existing major areas of risk and business activities with a view to updating existing, and implementing new, corporate policies as appropriate. The Board and the A&RM Committee will have oversight of this effort using the quarterly reporting mechanisms noted above.

RECOMMENDATION	RESPONSE

10. Risk Oversight

The board should determine how it will carry out its risk oversight responsibilities. The board should develop and formalize the related communication and reporting protocols — at both the audit committee and full board level — to effectively carry out its risk oversight responsibilities including:

- Understanding the risks inherent in the organization's strategy and the risk appetite of management in executing that strategy;
- Ensuring the implementation of appropriate processes and systems to manage the organization's critical risks;
- Accessing relevant information from internal and external sources about the critical assumptions underlying the strategy;
- Being alert to organizational behaviour and financial and other incentives that can lead to excessive risk taking;
- Providing input to executive management regarding critical risk issues on a timely basis; and
- Identifying significant changes to the Company's risk profile and their implications to the business.

This recommendation has been accepted and has been addressed. The Board has determined how it will carry out its risk oversight responsibilities and has developed and formalized the related communication and reporting protocols — at both the AR&M Committee and full Board level. Risk oversight is carried out by the Board and committees at different levels. The Board mandate allocates responsibility for the assessment of principal business risks in the Board. The Board, through its committees and their respective charters, has delegated additional responsibilities for risk oversight:

Audit Committee. In connection with the April and December, 2009 quarterly meetings, the role of the then Audit Committee was enhanced to better encompass risk management in a number areas. In particular, in April, the charter of the committee was enhanced to better reflect best practices for audit committees, better align with other Board committee charters and assume certain duties of the disbanded Oversight Committee. Among others, enhancements in the areas of oversight of financial reporting process & internal controls, oversight of the annual audit/quarterly reviews; oversight of the Company's Risk Performance and Audit group; an annual review of legal and regulatory matters; and the review of Company policies were made at that time. In December, the charter was further enhanced to specifically address oversight of risk management and to acknowledge/address the increasing focus on risk management in the governance realm generally. As a result of its increased role in risk management, the Audit Committee was renamed the Audit and Risk Management Committee.

The A&RM Committee is also responsible for the oversight of the Company's **Risk Performance and Audit Group** which was started by the Company in 2008. Pursuant to its charter approved by the A&RM Committee, the group's scope of work includes assessing whether the management's risk performance, control and governance processes are adequate and functioning such that, among other things, risks are identified and managed; risk management is embedded in the business; employee's actions are in accordance with policies, standards, procedures and applicable laws/regulations & significant legislative or regulatory issues are recognized and addressed appropriately. The group currently consists of a Senior Vice-President and 12 employees who have joined the Company since 2008. Pursuant to its charter, the Senior Vice-President reports directly to the A&RM Committee (administratively to one of the Co-CEOs) and the group is to perform its function in a manner that would not impair its objectivity and independence. The group prepares an annual audit plan which is submitted to and approved by the A&RM Committee and the group's progress on the approved plan is reported to the A&RM quarterly. The group's Senior Vice-President also meets with the A&RM Committee in-camera as appropriate.

- **CNG Committee:** The CNG Committee also has risk management and control responsibilities. Its charter requires the committee to annually review: the administration of the Company's equity-based compensation plans; the risk management and controls of the Company's other compensation and benefit plans; and management's assessment of compliance with laws and regulations as they pertain to its responsibilities under the Charter. It also requires the committee to provide oversight related to compliance with the Sarbanes-Oxley Act of 2002 for executive compensation purposes.

RECOMMENDATION	RESPONSE
	• **SP Committee:** The SP Committee also has risk oversight responsibilities. Its charter requires the committee to review with senior management the risks relevant to the Company's strategic initiatives and oversee/monitor the Company's review and assessment of external developments/factors that arise and may impact such initiatives and participate in a periodic review of such factors. In addition to the above Board risk oversight and the oversight of the Company's Risk Performance and Audit Group, the Risk Council assists management in fulfilling its responsibilities for assessing, managing and monitoring risks. Further, the Company's Corporate Disclosure Committee, consisting of senior management representatives, plays an active role in monitoring the Company's obligations pursuant to U.S. and Canadian securities laws and its compliance with such obligations.
11. Internal Audit	
The Company should continue its efforts to operationalize the internal audit function and ensure that internal audit effectively provides the audit committee with assurance on the state of governance, risk management, control and compliance in the organization. Once the internal audit function has been fully operationalized, the audit committee should consider the conduct of an external assessment of the internal audit function by a qualified independent evaluator accredited by the Institute of Internal Auditors with subsequent reporting to the audit committee on compliance with professional standards, as well as provide insight on improvement opportunities relative to general good practices.	**This recommendation has been accepted and will be addressed as follows.** The Company is continuing its efforts to operationalize the Risk Performance and Audit group. As discussed immediately above (Risk Oversight), the charters of the group and the A&RM Committee adequately address, in the aggregate, oversight of the state of governance, risk management, control and compliance in the Company. Once the internal audit function is fully operationalized, the A&RM Committee will have an external assessment conducted by a qualified independent evaluator accredited by the Institute of Internal Auditors within 12 to 24 months.
12. Stock Options and Other Equity-Based Compensation	
(a) Granting Activities The Company should improve the approval and documentation of stock option and other equity compensation grants by formalizing and standardizing grant request forms, adhering to pre-approved ranges for all types of awards and documenting and retaining evidence of approval throughout the process prior to Compensation Committee approval. Compensation Committee review and approval is documented.	**This recommendation has been accepted and has been addressed. The company is nevertheless taking additional measures to further enhance its processes around granting of equity awards.** The Company has adopted a quarterly grant process with specified timelines for submission of requests for awards, as well as forms and processes used to create the grant request list (including pre-approved ranges for grants) and process for review and approval prior to submission to the CNG Committee. While the CNG Committee has approved ranges for all types of awards, there are situations where deviations from the range are appropriate and, in such circumstances, the CNG Committee is advised of and, if deemed appropriate, approves such deviations. Furthermore, in order to enhance the measures that have already been put in place, the Company is currently developing a pre-approval request form.
(b) Administrative Activities The Company should formalize its documentation of the review and execution of post-granting transactions, and improve certain system access controls.	**This recommendation has been accepted and has been addressed as follows.** The Company has implemented additional monitoring controls over activities in the existing stock option administration system. In addition, the Company has entered into an agreement for the implementation of a new equity program administration platform and is currently working with the service provider on the implementation. The implementation of the new platform will allow the Company to further improve its access controls to sensitive information. It will also serve as the system of record for equity related transactions.
(c) Calculation Activities The Company should improve its documentation of the review of certain activities undertaken in support of its calculation of the fair value of equity compensation awards. In particular, the review and data reconciliation activities performed by the Company in its calculation of the fair value and compensation expense related to equity-based compensation should be more consistently executed and documented in order to ensure consistency and accuracy.	**This recommendation has been accepted and has been addressed.** The Company has maintained the necessary documentation to support the calculation of the fair value and compensation expense related to equity-based compensation as part of its books and records. The Company has discussed the recommendation relating to the consistency of the review activities with Protiviti and has maintained consistent documentation as suggested by Protiviti since the second quarter of fiscal year 2010.

RECOMMENDATION	RESPONSE
(d) Reporting Activities The Company should improve the consistency of its documentation of the review and performance of certain reporting activities (in particular, the reconciliations and summaries prepared in this part of the equity-based compensation accounting and reporting process), as well as the access and formula controls over key spreadsheets prepared and used in this part of the process to organize and report the data prepared in the other phases described above.	**This recommendation has been accepted in part and, to the extent not accepted, is unnecessary for the Company.** After discussion between Protiviti and the Company about the recommendation relating to access and formula controls over key spreadsheets, the Board believes the Company currently maintains appropriate internal controls over these key spreadsheets to prevent material errors in its accounting and disclosure. The Board is advised that the design and operation of these controls are tested by the Company on a regular basis within the context of the Company's Sarbanes Oxley compliance program, and that no deficiencies have been reported to the A&RM Committee in this regard. The portion of the recommendation relating to the consistency of documentation has been addressed. The Company has always maintained the necessary documentation to support the review and performance of certain reporting activities as part of its books and records. The Company has discussed the recommendation relating to the consistency of documentation of the review activities with Protiviti and has maintained consistent documentation as suggested by Protiviti since the second quarter of fiscal year 2010.
13. Internal Control Over Financial Reporting and Disclosure Controls and Procedures	
The Company should implement a process to identify and assess disclosure risks for both financial and non-financial disclosures, more formally identify and document disclosure controls and procedures, and regularly execute a formal testing program for DC&P to more fully support its periodic certification obligations.	**The recommendation has been accepted and will be addressed as follows.** The Company is in the process of enhancing its internal control framework and documentation of DC&P already in place so that identified disclosure risks, disclosure controls and testing procedures have been performed, reviewed by management and the results communicated to the A&RM Committee. The Company will also formalize an annual testing plan for DC&P to obtain further evidence of operating effectiveness.

Additional Comments

Attachment "I" to Protiviti's final report describes, among other things, the consultant's methodology and scope of review. In Attachment "I", under the heading "Access to Information and People", Protiviti discusses restrictions and limitations on the scope of its review. The Company has the following comments on this section of the final report.

Pursuant to Schedule "C" to the Settlement Agreement, which was approved by the OSC, Staff of the OSC and RIM agreed that RIM would be entitled to invoke lawyer/client privilege in relation to documents requested by Protiviti and in witness interviews conducted by Protiviti. Protiviti accepted its engagement subject to this restriction. Documents provided to Protiviti by the Company were redacted for lawyer/client privilege. RIM certified that its redactions were proper and did not extend beyond those permitted by Schedule "C".

At the commencement of Protiviti's engagement, the Company and Protiviti agreed on protocols to govern Protiviti's access to documents and Company personnel. In view of the privilege limitation, before requested documents were provided to Protiviti they were first reviewed by the Company's legal counsel. In light of the highly confidential nature of some of the materials made available to Protiviti, Protiviti and the Company agreed that those materials would be reviewed on the company's premises or on the premises of the Company's external legal counsel, with no copies taken. These procedures did not impose additional restrictions on the documents made available to Protiviti.

Finally, although most of Protiviti's requested interviews were conducted without incident, toward the end of its field work Protiviti requested an opportunity to interview certain additional RIM personnel. Following the first additional interview a disagreement arose about the manner in which the interview was conducted. RIM and Protiviti then agreed that the balance of the additional interviews would not proceed. From its discussions with Protiviti, RIM understood that the interviews were requested in an effort to confirm conclusions already reached, and were not critical to Protiviti's ability to complete its mandate.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Research In Motion Limited

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

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

The Company's Audit and Risk Management Committee of the Board of Directors, which consists entirely of non-management independent directors, usually meets two times per fiscal quarter with management and the independent registered public accounting firm to ensure that each is discharging its respective responsibilities, to review the Consolidated Financial Statements and either the quarterly review engagement report or the independent registered public accounting firm's report and to discuss significant financial reporting issues and auditing matters. The Company's independent 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 2010, fiscal 2009 and fiscal 2008 have been audited by Ernst & Young LLP, the independent registered public accounting firm appointed by the shareholders, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States).

Mike Lazaridis
President & Co-CEO

Jim Balsillie
Co-CEO

Waterloo, Ontario

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

To the Shareholders of Research In Motion Limited

We have audited Research In Motion Limited's [the "Company"] internal control over financial reporting as of February 27, 2010, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ["the COSO criteria"]. The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 27, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as at February 27, 2010 and February 28, 2009, and the consolidated statements of operations, shareholders' equity and cash flows for the years ended February 27, 2010, February 28, 2009 and March 1, 2008 of the Company and our report dated April 1, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Kitchener, Canada,
April 1, 2010.

REPORT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Research In Motion Limited

We have audited the accompanying consolidated balance sheets of Research In Motion Limited [the "Company"] as at February 27, 2010 and February 28, 2009, and the related consolidated statements of operations, shareholders' equity and cash flows for the years ended February 27, 2010, February 28, 2009 and March 1, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at February 27, 2010 and February 28, 2009, and the results of its operations and its cash flows for the years ended February 27, 2010, February 28, 2009 and March 1, 2008, in conformity with United States generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of February 27, 2010, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 1, 2010 expressed an unqualified opinion thereon.

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

Kitchener, Canada,
April 1, 2010.

RESEARCH IN MOTION LIMITED incorporated under the Laws of Ontario

Consolidated Balance Sheets

(United States dollars, in thousands)

	As at February 27, 2010	As at February 28, 2009
Assets		
Current		
Cash and cash equivalents	$ 1,550,861	$ 835,546
Short-term investments	360,614	682,666
Accounts receivable, net	2,593,742	2,112,117
Other receivables	206,373	157,728
Inventories	621,611	682,400
Other current assets	285,539	187,257
Deferred income tax asset	193,916	183,872
	5,812,656	4,841,586
Long-term investments	958,248	720,635
Property, plant and equipment, net	1,956,581	1,334,648
Intangible assets, net	1,326,363	1,066,527
Goodwill	150,561	137,572
Deferred income tax asset	-	404
	$ 10,204,409	$ 8,101,372
Liabilities		
Current		
Accounts payable	$ 615,620	$ 448,339
Accrued liabilities	1,638,260	1,238,602
Income taxes payable	95,650	361,460
Deferred revenue	67,573	53,834
Deferred income tax liability	14,674	13,116
	2,431,777	2,115,351
Deferred income tax liability	141,382	87,917
Income taxes payable	28,587	23,976
	2,601,746	2,227,244
Commitments and contingencies		
Shareholders' Equity		
Capital stock		
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 — 557,328,394 voting common shares (February 28, 2009 — 566,218,819)	2,207,609	2,208,235
Treasury stock (note 11) **February 27, 2010 — 1,458,950 (February 28, 2009 — nil)**	(94,463)	-
Retained earnings	5,274,365	3,545,710
Additional paid-in capital	164,060	119,726
Accumulated other comprehensive income	51,092	457
	7,602,663	5,874,128
	$ 10,204,409	$ 8,101,372

See notes to consolidated financial statements

On behalf of the Board:

John Richardson
Director

Mike Lazaridis
Director

Consolidated Statements of Shareholders' Equity

(United States dollars, in thousands)

	Capital Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance as at March 3, 2007	$ 2,099,696	$ 36,093	$ -	$ 359,227	$ (11,516)	$ 2,483,500
Comprehensive income (loss):						
Net income	-	-	-	1,293,867	-	1,293,867
Net change in unrealized gains on available-for-sale investments	-	-	-	-	13,467	13,467
Net change in fair value of derivatives designated as cash flow hedges during the year	-	-	-	-	37,564	37,564
Amounts reclassified to earnings during the year	-	-	-	-	(9,232)	(9,232)
Other paid-in capital	-	9,626	-	-	-	9,626
Shares issued:						
Exercise of stock options	62,889	-	-	-	-	62,889
Transfers to capital stock from stock option exercises	7,271	(7,271)	-	-	-	-
Stock-based compensation	-	33,700	-	-	-	33,700
Excess tax benefits from stock-based compensation	-	8,185	-	-	-	8,185
Balance as at March 1, 2008	$ 2,169,856	$ 80,333	$ -	$ 1,653,094	$ 30,283	$ 3,933,566
Comprehensive income (loss):						
Net income	-	-	-	1,892,616	-	1,892,616
Net change in unrealized gains on available-for-sale investments	-	-	-	-	(7,161)	(7,161)
Net change in fair value of derivatives designated as cash flow hedges during the year	-	-	-	-	(6,168)	(6,168)
Amounts reclassified to earnings during the year	-	-	-	-	(16,497)	(16,497)
Shares issued:						
Exercise of stock options	27,024	-	-	-	-	27,024
Transfers to capital stock from stock option exercises	11,355	(11,355)	-	-	-	-
Stock-based compensation	-	38,100	-	-	-	38,100
Excess tax benefits from stock-based compensation	-	12,648	-	-	-	12,648
Balance as at February 28, 2009	$ 2,208,235	$ 119,726	$ -	$ 3,545,710	$ 457	$ 5,874,128
Comprehensive income:						
Net income	-	-	-	2,457,144	-	2,457,144
Net change in unrealized gains on available-for-sale investments	-	-	-	-	6,803	6,803
Net change in fair value of derivatives designated as cash flow hedges during the year	-	-	-	-	28,324	28,324
Amounts reclassified to earnings during the year	-	-	-	-	15,508	15,508
Shares issued:						
Exercise of stock options	30,246	-	-	-	-	30,246
Transfers to capital stock from stock option exercises	15,647	(15,647)	-	-	-	-
Stock-based compensation	-	58,038	-	-	-	58,038
Excess tax benefits from stock-based compensation	-	1,943	-	-	-	1,943
Purchase of treasury stock	-	-	(94,463)	-	-	(94,463)
Common shares repurchased	(46,519)			(728,489)		(775,008)
Balance as at February 27, 2010	$ 2,207,609	$ 164,060	$ (94,463)	$ 5,274,365	$ 51,092	$ 7,602,663

See notes to consolidated financial statements

Consolidated Statements of Operations

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

	For the Year Ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Revenue			
Devices and other	$ 12,535,998	$ 9,410,755	$ 4,914,366
Service and software	2,417,226	1,654,431	1,095,029
	14,953,224	11,065,186	6,009,395
Cost of sales			
Devices and other	7,979,163	5,718,041	2,758,250
Service and software	389,795	249,847	170,564
	8,368,958	5,967,888	2,928,814
Gross margin	6,584,266	5,097,298	3,080,581
Operating expenses			
Research and development	964,841	684,702	359,828
Selling, marketing and administration	1,907,398	1,495,697	881,482
Amortization	310,357	194,803	108,112
Litigation	163,800	-	-
	3,346,396	2,375,202	1,349,422
Income from operations	3,237,870	2,722,096	1,731,159
Investment income	28,640	78,267	79,361
Income before income taxes	3,266,510	2,800,363	1,810,520
Provision for income taxes	809,366	907,747	516,653
Net income	$ 2,457,144	$ 1,892,616	$ 1,293,867
Earnings per share			
Basic	$ 4.35	$ 3.35	$ 2.31
Diluted	$ 4.31	$ 3.30	$ 2.26

See notes to consolidated financial statements

OPERATIONS

Consolidated Statements of Cash Flows

(United States dollars, in thousands)

	For the Year Ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Cash flows from operating activities			
Net income	$ 2,457,144	$ 1,892,616	$ 1,293,867
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	615,621	327,896	177,366
Deferred income taxes	51,363	(36,623)	(67,244)
Income taxes payable	4,611	(6,897)	4,973
Stock-based compensation	58,038	38,100	33,700
Other	8,806	5,867	3,303
Net changes in working capital items	(160,709)	(769,114)	130,794
Net cash provided by operating activities	3,034,874	1,451,845	1,576,759
Cash flows from investing activities			
Acquisition of long-term investments	(862,977)	(507,082)	(757,656)
Proceeds on sale or maturity of long-term investments	473,476	431,713	260,393
Acquisition of property, plant and equipment	(1,009,416)	(833,521)	(351,914)
Acquisition of intangible assets	(421,400)	(687,913)	(374,128)
Business acquisitions, net of cash acquired	(143,375)	(48,425)	(6,200)
Acquisition of short-term investments	(476,956)	(917,316)	(1,249,919)
Proceeds on sale or maturity of short-term investments	970,521	739,021	1,325,487
Net cash used in investing activities	(1,470,127)	(1,823,523)	(1,153,937)
Cash flows from financing activities			
Issuance of common shares	30,246	27,024	62,889
Additional paid-in capital	-	-	9,626
Excess tax benefits from stock-based compensation	1,943	12,648	8,185
Purchase of treasury stock (note 11)	(94,463)	-	-
Common shares repurchased	(775,008)	-	-
Repayment of debt	(6,099)	(14,305)	(302)
Net cash provided by (used in) financing activities	(843,381)	25,367	80,398
Effect of foreign exchange gain (loss) on cash and cash equivalents	(6,051)	(2,541)	4,034
Net increase (decrease) in cash and cash equivalents for the year	715,315	(348,852)	507,254
Cash and cash equivalents, beginning of year	835,546	1,184,398	677,144
Cash and cash equivalents, end of year	$ 1,550,861	$ 835,546	$ 1,184,398

See notes to consolidated financial statements

Notes to the Consolidated Financial Statements

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

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

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

Basis of presentation and preparation

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

The Company's fiscal year end date is the 52 or 53 weeks ending on the last Saturday of February, or the first Saturday of March. The fiscal years ended February 27, 2010, February 28, 2009, and March 1, 2008 comprise 52 weeks.

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

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates relate to the determination of reserves for various litigation claims, provisions for excess and obsolete inventories and liabilities for purchase commitments with contract manufacturers and suppliers, fair values of assets acquired and liabilities assumed in business combinations, royalties, amortization expense, implied fair value of goodwill, provision for income taxes, realization of deferred income tax assets and the related components of the valuation allowance, provisions for warranty and the fair values of financial instruments. Actual results could differ from these estimates.

Foreign currency translation

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

Cash and cash equivalents

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

Accounts receivable, net

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

The Company evaluates the collectability of its accounts receivables based upon a combination of factors on a periodic basis such as specific credit risk of its customers, historical trends and economic circumstances. The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. When the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company (such as in the case of bankruptcy filings or material deterioration in the customer's operating results or financial position, and payment experiences), RIM records a specific bad debt provision to reduce the customer's related accounts receivable to its estimated net realizable value. If circumstances related to specific customers change, the Company's estimates of the recoverability of accounts receivables balances could be further adjusted. The allowance for doubtful accounts as at February 27, 2010 is $2.0 million (February 28, 2009- $2.1 million).

While the Company sells its products and services to a variety of customers, three customers comprised 20%, 13% and 10% of the Company's revenue (February 28, 2009 — three customers comprised 23%, 14% and 10%; March 1, 2008 — three customers comprised 21%, 15% and 12%).

Investments

The Company's investments, other than cost method investments of $2.5 million and equity method investments of $4.1 million, consist of money market and other debt securities, and are classified as available-for-sale for accounting purposes. The Company does not exercise significant influence with respect to any of these investments.

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

The Company determines the appropriate classification of investments at the time of purchase and subsequently reassesses the classification of such investments at each balance sheet date. Investments classified as available-for-sale are carried at fair value with unrealized gains and losses recorded in accumulated other comprehensive income (loss) until such investments mature or are sold. The Company uses the specific identification method of determining the cost basis in computing realized gains or losses on available-for-sale investments which are recorded in investment income.

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

Effective in the second quarter of fiscal 2010, if a debt security's market value is below its amortized cost and the Company either intends to sell the security or it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the Company records an other-than-temporary impairment charge to investment income for the entire amount of the impairment. For other-than-temporary impairments on debt securities that the Company does not intend to sell and it is not more likely than not that the entity will be required to sell the security before its anticipated recovery, the Company would separate the other-than-temporary impairment into the amount representing the credit loss and the amount related to all other factors. The Company would record the other-than-temporary impairment related to the credit loss as a charge to investment income and the remaining other-than-temporary impairment would be recorded as a component of accumulated other comprehensive income.

Derivative financial instruments

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

Notes to the Consolidated Financial Statements continued

The Company records all derivative instruments at fair value on the consolidated balance sheets. The fair value of these instruments is calculated based on quoted currency spot rates and interest rates. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative instrument and the resulting designation.

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

The Company formally documents relationships between hedging instruments and associated hedged items. This documentation includes: identification of the specific foreign currency asset, liability or forecasted transaction being hedged; the nature of the risk being hedged; the hedge objective; and the method of assessing hedge effectiveness. If an anticipated transaction is deemed no longer likely to occur, the corresponding derivative instrument is de-designated as a hedge and any associated deferred gains and losses in accumulated other comprehensive income are recognized in income at that time. Any future changes in the fair value of the instrument are recognized in current income. The Company did not reclassify any significant gains (losses) from accumulated other comprehensive income into income as a result of the de-designation of any derivative instrument as a hedge during fiscal 2010.

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

Inventories

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

Property, plant and equipment, net

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

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

Intangible assets, net

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

NOTE 1

Intangible assets are amortized as follows:

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

Goodwill

Goodwill represents the excess of the purchase price of business acquisitions over the fair value of identifiable net assets acquired. Goodwill is allocated as at the date of the business combination. Goodwill is not amortized, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate the asset may be impaired.

The Company is organized and managed as a single reportable business segment ("reporting unit"). The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit including goodwill is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired, and the second step is unnecessary.

In the event that the fair value of the reporting unit, including goodwill, is less than the carrying value, the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination using the fair value of the reporting unit as if it were the purchase price. When the carrying amount of the reporting unit goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is presented as a separate line item in the consolidated statements of operations.

Impairment of long-lived assets

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

Income taxes

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

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

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

Revenue recognition

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

Devices

Revenue from the sales of BlackBerry devices is recognized when title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. For hardware products for which software is deemed not to be incidental, the Company recognizes revenue in accordance with industry specific software revenue recognition guidance. The Company records reductions to revenue for estimated commitments related to price protection and for customer incentive programs, including reseller and end-user rebates. The estimated cost of the incentive programs are accrued based on historical experience, as a reduction to revenue in the period the Company has sold the product and committed to a plan. Price protection is accrued as a reduction to revenue based on estimates of future price reductions and certain agreed customer inventories at the date of the price adjustment. In addition, provisions are made at the time of sale for warranties and royalties. For further discussion on warranties see note 13.

Service

Revenue from service is recognized rateably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the prebilling is recorded as deferred revenue.

Software

Revenue from licensed software is recognized at the inception of the license term and in accordance with industry specific software revenue recognition 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 that services are provided.

Other

Revenue from the sale of accessories is recognized when title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. Technical support ("T-Support") contracts extending beyond the current period are recorded as deferred revenue. Revenue from repair and maintenance programs is recognized when the service is delivered which is when the title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. Revenue for non-recurring engineering contracts is recognized as specific contract milestones are met. The attainment of milestones approximates actual performance.

Shipping and handling costs

Shipping and handling costs charged to income are included in cost of sales where they can be reasonably attributed to certain revenue; otherwise they are included in selling, marketing and administration.

Multiple-element arrangements

The Company enters into transactions that represent multiple-element arrangements which may include any combination of hardware and/or service or software and T-Support. These multiple-element arrangements are assessed to determine whether they can be separated into more than one unit of accounting or element for the purpose of revenue recognition. When the appropriate criteria for separating revenue into more than one unit of accounting is met and there is vendor specific objective evidence of fair value for all units of accounting or elements in an arrangement, the arrangement consideration is allocated to the separate units of accounting or elements based on each unit's relative fair value. 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. This vendor specific objective evidence of fair value is established through prices charged for each revenue element when that element is sold separately. The revenue recognition policies described above are then applied to each unit of accounting.

Research and development

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

Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in net assets of a business enterprise during a period from transactions and other events and circumstances from non-owner sources and includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company's reportable items of comprehensive income are cash flow hedges as described in note 17 and changes in the fair value of available-for-sale investments as described in note 5. Realized gains or losses on available-for-sale investments are reclassified into investment income using the specific identification basis.

Earnings per share

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

Stock-based compensation plans

The Company has stock-based compensation plans, which are described in note 11(b).

The Company has an incentive stock option plan for officers and employees of the Company or its subsidiaries. Under the terms of the plan, as revised in fiscal 2008, no stock options may be granted to independent directors. Prior to fiscal 2007, the Company accounted for stock-based compensation expense based on the grant-date fair value as determined under the intrinsic value method. Beginning in fiscal 2007, the Company adopted the modified prospective transition ("MPT") method to record stock-based compensation expense. Stock-based compensation expense calculated using the MPT approach is recognized on a prospective basis in the financial statements for all new and unvested stock options that are ultimately expected to vest as the requisite service is rendered beginning in the Company's fiscal 2007 year. The Company measures stock-based compensation expense at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option-pricing model and is recognized rateably over the vesting period. The BSM model requires various judgmental assumptions including volatility and expected option life. In addition, judgment is also applied in estimating the amount of stock-based awards that are expected to be forfeited, and if actual results differ significantly from these estimates, stock-based compensation expense and our results of operations would be impacted.

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

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

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

The Company has a Deferred Share Unit Plan (the "DSU Plan") adopted by the Board of Directors on December 20, 2007, under which each independent director will be credited with Deferred Share Units ("DSUs") in satisfaction of all or a portion of the cash fees otherwise payable to them for serving as a director of the Company. Grants under the DSU plan replace the stock option awards that were historically granted to independent members of the Board of Directors. At a minimum, 50% of each independent director's annual retainer will be satisfied in the form of DSUs. The director can elect to receive the remaining 50% in any combination of cash and DSUs. Within a specified period after such a director ceases to be a director, DSUs will be redeemed for cash with the redemption value of each DSU equal to the weighted average trading price of the Company's shares over the five trading days preceding the redemption date. Alternatively, subject to receipt of shareholder approval, the Company may elect to redeem DSUs by way of shares purchased on the open market or issued by the Company. DSUs are accounted for as liability-classified awards and are awarded on a quarterly basis. These awards are measured at their fair value on the date of issuance, and remeasured at each reporting period, until settlement.

Warranty

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

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

Advertising costs

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

2. ADOPTION OF ACCOUNTING POLICIES

In February 2010, the Financial Accounting Standards Board ("FASB") issued authoritative guidance updating previously issued guidance on accounting for subsequent events. The guidance amends previous literature to remove the requirement for a Securities and Exchange Commission ("SEC") filer to disclose the date through which subsequent events have been evaluated and reaffirms that an SEC filer is required to evaluate subsequent events through the date the financial statements are issued. The Company adopted this authoritative guidance in the fourth quarter of fiscal 2010 and the adoption did not have a material impact on the results of operations and financial condition.

In August 2009, the FASB issued authoritative guidance on measuring the fair value of liabilities. The guidance amends previous literature and clarifies that in circumstances in which a quoted market price in an active market for an identical liability is not available, an entity is required to use a valuation technique that uses quoted market price of the identical liability when traded as an asset, the quoted market price of a similar liability or the quoted market price of a similar liability when traded as an asset to measure fair value. If these quoted prices are not available, an entity is required to use a valuation technique that is in accordance with existing fair value principles, such as the income or market approach. The Company adopted this authoritative guidance in the third quarter of fiscal 2010 and the adoption did not have a material impact on the Company's results of operations and financial condition.

In June 2009, the FASB issued the FASB Accounting Standards Codification ("the Codification"). The Codification became the source of authoritative U.S. GAAP recognized by the FASB to be applied to nongovernmental entities. The Codification did not change U.S. GAAP but reorganizes literature into a single source. The Codification is effective for interim periods ending after September 15, 2009. The Company adopted the Codification and has updated its disclosure and references to U.S. GAAP as required by the standard in the third quarter of fiscal 2010.

In May 2009, the FASB issued authoritative guidance on accounting for subsequent events that was previously only addressed in auditing literature. The guidance is largely similar to current guidance in the auditing literature with some minor exceptions that are not intended to result in significant changes in practice. The Company adopted the authoritative guidance and disclosure requirements in the second quarter of fiscal 2010 and the adoption did not have a material impact on the Company's results of operations and financial condition.

In April 2009, the FASB issued authoritative guidance on interim disclosures about fair value of financial instruments. The guidance expands the fair value disclosure of financial instruments to interim periods. In addition, it requires disclosures of the methods and significant assumptions used to estimate the fair value of financial instruments. The Company adopted the authoritative guidance and disclosure requirements in the second quarter of fiscal 2010 and the adoption did not have a material impact on the Company's results of operations and financial condition.

In April 2009, the FASB issued authoritative guidance on recognition and presentation of other-than-temporary impairments. The guidance applies to investments in which other-than-temporary impairments may be recorded and establishes a new model for measuring other-than-temporary impairments for debt securities. In addition, it requires additional disclosures related to debt and equity securities. The Company adopted the authoritative guidance in the second quarter of fiscal 2010 and the adoption did not have a material impact on the Company's results of operations and financial condition.

In April 2009, the FASB issued authoritative guidance on determining fair value when the volume and level of activity for the asset or liability have significantly decreased and identifying transactions that are not orderly. The Company adopted the authoritative guidance in the second quarter of fiscal 2010 and the adoption did not have a material impact on the Company's results of operations and financial condition.

In September 2006, the FASB issued authoritative guidance on fair value measurements which became effective for fiscal years beginning after November 15, 2007. However, in February 2008, the FASB issued further guidance which delayed the effective date relating to fair value measurements for non-financial assets and liabilities that are not measured at fair value on a recurring basis to November 15, 2008. The Company partially adopted the authoritative guidance on fair value measurements in the first quarter of fiscal 2009. The Company adopted the remaining portion of the authoritative guidance on fair value measurements relating to non-financial assets and liabilities that are not measured at fair value on a recurring basis in the first quarter of fiscal 2010. The adoption did not have a material impact on the Company's results of operations and financial condition.

In December 2007, the FASB issued authoritative guidance on business combinations. The guidance is broader in scope than previous guidance which applied only to business combinations in which control was obtained by transferring consideration. The issued guidance applies to all transactions and other events in which one entity obtains control over one or more other businesses. In April 2009, the FASB released further guidance with respect to business combinations specifically accounting for assets acquired and liabilities assumed in a business combination that arise from contingencies, which amends and clarifies the initial recognition and measurement, subsequent measurement and accounting, and related disclosures of assets and liabilities arising from contingencies in a business combination. This guidance is effective for assets and liabilities arising from contingencies in business combinations for which the acquisition date is on or after December 15, 2008. As discussed in note 9, the Company adopted the authoritative guidance on business combinations as amended, in the first quarter of fiscal 2010 and the adoption did not have a material impact on the Company's results of operations and financial condition. In December 2007, the FASB issued authoritative guidance on noncontrolling interests in consolidated financial statements. The guidance requires that the noncontrolling interest in the equity of a subsidiary be accounted for and reported as equity, provides revised guidance on the treatment of net income and losses attributable to the noncontrolling interest and changes in ownership interests in a subsidiary and requires additional disclosures that identify and distinguish between the interests of the controlling and noncontrolling owners. The Company adopted the guidance in the first quarter of fiscal 2010 and the adoption did not have a material impact on the Company's results of operations and financial condition.

3. RECENTLY ISSUED PRONOUNCEMENTS

In January 2010, the FASB issued authoritative guidance to improve disclosures about fair value measurements. The guidance amends previous literature to require an entity to provide a number of additional disclosures regarding fair value measurements including significant transfers between Level 1 and Level 2 on a gross basis and the reasons for such transfers, transfers in and out of Level 3 on a gross basis and the reasons for such transfers, the entity's policy for recognizing transfers between Levels and to disclose information regarding purchases, sales, issuances and settlements on a gross basis in the Level 3 reconciliation of recurring fair value measurements. The guidance also further clarifies existing guidance on disclosure requirements around disaggregation and valuation techniques for both recurring and non-recurring fair value measurements in either Level 2 or Level 3. The new authoritative guidance is effective for interim and annual periods beginning after December 15, 2009, except for the requirement to separately disclose purchases, sales, issuances and settlements in the Level 3 reconciliation which is effective for interim and annual periods beginning after December 15, 2010. The Company will adopt the guidance in the first quarter of fiscal 2011 and the first quarter of fiscal 2012, respectively. The Company is currently evaluating the impact that the adoption of this guidance will have on its financial statement disclosures.

In October 2009, the FASB issued authoritative guidance on revenue recognition for arrangements with multiple deliverables. The guidance amends previous literature to require an entity to use an estimated selling price when vendor specific objective evidence or acceptable third party evidence does not exist for any products or services included in a multiple element arrangement. The arrangement consideration should be allocated among the products and services based upon their relative selling prices, thus eliminating the use of the residual method of allocation. The guidance also requires expanded qualitative and quantitative disclosures regarding significant judgements made and changes in applying the guidance. The new authoritative guidance is effective for revenue arrangements entered into or materially modified in fiscal years beginning after June 15, 2010 with early application permitted. The Company plans to adopt the guidance in the first quarter of fiscal 2011 and the Company does not expect the adoption will have a material impact on the Company's results of operations and financial condition.

In October 2009, the FASB issued authoritative guidance on certain revenue arrangements that include software elements. The guidance amends previous literature to exclude tangible products containing software components and non-software components that function together to deliver the product's essential functionality from applying software revenue recognition guidance to those products. The new authoritative guidance is effective for revenue arrangements entered into or materially modified in fiscal years on or after June 15, 2010 with early application permitted. The Company plans to adopt the guidance in the first quarter of fiscal 2011 and the Company does not expect the adoption will have a material impact on the Company's results of operations and financial condition.

In June 2009, the FASB issued authoritative guidance to amend the manner in which an enterprise performs an analysis to determine whether the enterprise's variable interest gives it a controlling interest in the variable interest entity ("VIE"). The guidance uses a qualitative risks and rewards approach by focusing on which enterprise has the power to direct the activities of the VIE, the obligation to absorb the entity's losses and rights to receive benefits from the entity. The guidance also requires enhanced disclosures related to the VIE. The new authoritative guidance is effective for annual periods beginning after November 15, 2009. The Company will adopt the guidance in the first quarter of fiscal 2011 and the Company does not expect the adoption will have a material impact on the Company's results of operations and financial condition.

In June 2009, the FASB issued authoritative guidance amending the accounting for transfers of financial assets. The guidance, among other things, eliminates the exceptions for qualifying special-purpose entities from the consolidation guidance, clarifies the requirements for transferred financial assets that are eligible for sale accounting and requires enhanced disclosures about a transferor's continuing involvement with transferred financial assets. This new authoritative guidance is effective for annual periods beginning after November 15, 2009. The Company will adopt the guidance in the first quarter of fiscal 2011 and the Company does not expect the adoption will have a material impact on the Company's results of operations and financial condition.

In November 2008, the SEC announced a proposed roadmap for comment regarding the potential use by U.S. issuers of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS is a comprehensive series of accounting standards published by the International Accounting Standards Board. On February 24, 2010, the SEC issued a statement describing its position regarding global accounting standards. Among other things, the SEC stated that it has directed its staff to execute a work plan which will include consideration of IFRS as it exists today and after completion of various "convergence" projects currently underway between U.S. and international accounting standards setters. By 2011, assuming completion of certain projects and the SEC staff's work plan, the SEC will decide whether to incorporate IFRS into the U.S. financial reporting system. The Company is currently assessing the impact that this proposed change would have on the consolidated financial statements, accompanying notes and disclosures, and will continue to monitor the development of the potential implementation of IFRS.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

	Cost Basis	Unrealized Gains	Unrealized Losses	Recorded Basis	Cash and Cash Equivalents	Short-term Investments	Long-term Investments
As at February 27, 2010							
Bank balances	$ 535,445	$ -	$ -	$ 535,445	$ 535,445	$ -	$ -
Money market fund	3,278	-	-	3,278	3,278	-	-
Bankers acceptances and term deposits/certificates	377,596	-	-	377,596	377,596	-	-
Commercial paper and corporate notes/bonds	855,145	6,528	(49)	861,624	472,312	187,369	201,943
Treasury bills/notes	203,514	129	(12)	203,631	92,272	50,786	60,573
Government sponsored enterprise notes	447,131	2,590	(13)	449,708	69,958	111,977	267,773
Asset-backed securities	393,751	5,280	(50)	398,981	-	10,482	388,499
Auction-rate securities	40,527	-	(7,688)	32,839	-	-	32,839
Other investments	6,621	-	-	6,621	-	-	6,621
	$ 2,863,008	$ 14,527	$ (7,812)	$ 2,869,723	$ 1,550,861	$ 360,614	$ 958,248
As at February 28, 2009							
Bank balances	$ 477,855	$ -	$ -	$ 477,855	$ 477,855	$ -	$ -
Money market fund	5,000	-	-	5,000	5,000	-	-
Bankers acceptances and term deposits/certificates	14,963	8	-	14,971	-	14,971	-
Commercial paper and corporate notes/bonds	404,623	3,608	(443)	407,788	124,720	145,605	137,463
Treasury bills/notes	245,050	717	(153)	245,614	19,398	205,633	20,583
Government sponsored enterprise notes	666,627	2,922	(178)	669,371	208,573	316,457	144,341
Asset-backed securities	379,091	2,658	(1,540)	380,209	-	-	380,209
Auction-rate securities	40,529	-	(7,687)	32,842	-	-	32,842
Other investments	5,197	-	-	5,197	-	-	5,197
	$ 2,238,935	$ 9,913	$ (10,001)	$ 2,238,847	$ 835,546	$ 682,666	$ 720,635

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

	For the year ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Realized gains	$ 439	$ 158	$ 10
Realized losses	(17)	(1,801)	(410)
Net realized gains (losses)	$ 422	$ (1,643)	$ (400)

The contractual maturities of available-for-sale investments at February 27, 2010 were as follows:

	Cost Basis	Fair Value
Due in one year or less	$ 1,371,047	$ 1,372,752
Due in one to five years	773,471	783,451
Due after five years	173,146	168,176
No fixed maturity date	3,278	3,278
	$ 2,320,942	$ 2,327,657

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

Investments with continuous unrealized losses for less than 12 months and greater than 12 months and their related fair values were as follows:

	Less than 12 months		12 months or greater		Total	
	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
As at February 27, 2010						
Commercial paper and corporate notes/bonds	$ 93,129	$ 49	$ -	$ -	$ 93,129	$ 49
Treasury bills/notes	91,109	12	-	-	91,109	12
Government sponsored enterprise notes	57,537	13	-	-	57,537	13
Asset-backed securities	18,820	50	-	-	18,820	50
Auction-rate securities	-	-	32,839	7,688	32,839	7,688
	$ 260,595	$ 124	$ 32,839	$ 7,688	$ 293,434	$ 7,812

	Less than 12 months		12 months or greater		Total	
	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
As at February 28, 2009						
Commercial paper and corporate notes/bonds	$ 81,077	$ 391	$ 19,997	$ 52	$ 101,074	$ 443
Treasury bills/notes	130,713	153	-	-	130,713	153
Government sponsored enterprise notes	231,955	178	-	-	231,955	178
Asset-backed securities	125,019	1,540	-	-	125,019	1,540
Auction-rate securities	-	-	32,842	7,687	32,842	7,687
	$ 568,764	$ 2,262	$ 52,839	$ 7,739	$ 621,603	$ 10,001

Unrealized losses of $7.7 million primarily relate to auction-rate securities. Auction rate securities are debt instruments with long-term nominal maturity dates for which the interest rates are reset through a dutch auction process, typically every 7, 28 or 35 days. Interest is paid at the end of each auction period, and the auction normally serves as the mechanism for securities holders to sell their existing positions to interested buyers. As at February 27, 2010, the Company held $40.5 million in face value of investment grade auction rate securities which are experiencing failed auctions as a result of more sell orders than buy orders, and these auctions have not yet returned to normal operations. The interest rate for these securities has been set at the maximum rate specified in the program documents and interest continues to be paid every 28 days as scheduled. The Company has adjusted the reported value to reflect an unrealized loss of $7.7 million in fiscal 2009, which the Company considers temporary and is reflected in accumulated other comprehensive income (loss). In valuing these securities, the Company used a multi-year investment horizon and considered the underlying risk of the securities and the current market interest rate environment. The Company has the ability and intent to hold these securities until such time that market liquidity returns to normal levels, and does not consider the principal or interest amounts on these securities to be materially at risk at this time. As there is uncertainty as to when market liquidity for auction rate securities will return to normal, the Company has classified the failing auction rate securities as long-term investments on the balance sheet. As at February 27, 2010, the Company does not consider these investments to be other-than-temporarily impaired.

5. FAIR VALUE MEASUREMENTS

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

- Level 1 — Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

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

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

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities, approximate fair value due to their short maturities. When determining the fair value of its investments held, the Company primarily relies on an independent third party valuator for the fair valuation of securities. Pricing inputs by the service provider are generally received from two primary vendors. The pricing inputs are reviewed for completeness, tolerance and accuracy on a daily basis by the service provider. The Company also reviews and understands the inputs used in the valuation process and assesses the pricing of the securities for reasonableness. To do this, the Company utilizes internally developed models to estimate fair value. Inputs into the internally developed models may include benchmark yields, reported trades, quotes, issuer spreads, benchmark curves (including Treasury benchmarks, LIBOR and swap curves), discount rates, derivative indices, recovery and default rates, prepayment rates, trustee reports, bids/offers and other reference data. In the event the Company disagrees with the pricing from the service provider, the Company will challenge the pricing and work with the service provider to determine the most reasonable fair value.

The fair value of currency forward contracts has been estimated using market quoted currency spot rates and interest rates. The estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. Changes in assumptions could have a significant effect on the estimates.

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

As at February 27, 2010	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale investments				
Money market fund	$ 3,278	$ -	$ -	$ 3,278
Banker acceptances and term deposits/certificates	-	377,596	-	377,596
Commerical paper and corporate notes/bonds	-	846,496	15,128	861,624
Treasury bills/notes	-	203,631	-	203,631
Government sponsored enterprise notes	-	449,708	-	449,708
Asset-backed securities	-	398,981	-	398,981
Auction-rate securities	-	-	32,839	32,839
Total available-for-sale investments	$ 3,278	$ 2,276,412	$ 47,967	$ 2,327,657
Derivative instruments	-	97,261	-	97,261
Total assets	$ 3,278	$ 2,373,673	$ 47,967	$ 2,424,918
Liabilities				
Derivative instruments	$ -	$ 6,164	$ -	$ 6,164
Total liabilities	$ -	$ 6,164	$ -	$ 6,164

NOTE 5

Notes to the Consolidated Financial Statements continued

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

As at February 28, 2009	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale investments				
Money market fund	$ 5,000	$ -	$ -	$ 5,000
Bankers acceptances and term deposits/certificates	-	14,971	-	14,971
Commerical paper and corporate notes/bonds	-	389,086	18,702	407,788
Treasury bills/notes	-	245,614	-	245,614
Government sponsored enterprise notes	-	669,371	-	669,371
Asset-backed securities	-	380,209	-	380,209
Auction-rate securities	-	-	32,842	32,842
Total available-for-sale investments	$ 5,000	$ 1,699,251	$ 51,544	$ 1,755,795
Derivative instruments	-	70,100	-	70,100
Total assets	$ 5,000	$ 1,769,351	$ 51,544	$ 1,825,895
Liabilities				
Derivative instruments	$ -	$ 56,827	$ -	$ 56,827
Total liabilities	$ -	$ 56,827	$ -	$ 56,827

The following table summarizes the changes in fair value of the Company's Level 3 assets for the year ended February 27, 2010:

	Level 3
Balance at March 1, 2008	$ 59,418
Unrealized changes in fair value included in other comprehensive income	(4,457)
Accrued interest	1,072
Transfers out of Level 3	(4,489)
Balance at February 28, 2009	51,544
Accrued interest	(3)
Transfers out of Level 3	(3,574)
Balance at February 27, 2010	$ 47,967

6. INVENTORIES

Inventories were comprised as follows:

	February 27, 2010	February 28, 2009
Raw materials	$ 490,063	$ 464,497
Work in process	231,939	250,728
Finished goods	17,068	35,264
Provision for excess and obsolete inventories	(117,459)	(68,089)
	$ 621,611	$ 682,400

7. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment were comprised of the following:

	February 27, 2010		
	Cost	Accumulated amortization	Net book value
Land	$ 104,254	$ -	$ 104,254
Buildings, leaseholds and other	926,747	115,216	811,531
BlackBerry operations and other information technology	1,152,637	484,180	668,457
Manufacturing equipment, research and development equipment, and tooling	347,692	182,228	165,464
Furniture and fixtures	346,641	139,766	206,875
	$ 2,877,971	$ 921,390	$ 1,956,581

	February 28, 2009		
	Cost	Accumulated amortization	Net book value
Land	$ 90,257	$ -	$ 90,257
Buildings, leaseholds and other	608,213	70,017	538,196
BlackBerry operations and other information technology	732,486	316,398	416,088
Manufacturing equipment, research and development equipment, and tooling	247,608	108,676	138,932
Furniture and fixtures	244,502	93,327	151,175
	$ 1,923,066	$ 588,418	$ 1,334,648

As at February 27, 2010, the carrying amount of assets under construction was $254.3 million (February 28, 2009 — $88.9 million). Of this amount, $110.9 million (February 28, 2009 — $50.0 million) was included in buildings, leaseholds and other; $102.5 million (February 28, 2009 — $35.8 million) was included in BlackBerry operations and other information technology; and $40.9 million (February 28, 2009 — $3.2 million) was included in manufacturing equipment, research and development equipment, and tooling.

As at February 27, 2010, $31.7 million has been classified as an asset held for sale and accordingly has been reclassified from property, plant and equipment to other current assets.

For the year ended February 27, 2010, amortization expense related to property, plant and equipment was $344.5 million (February 28, 2009 — $203.4 million; March 1, 2008 — $133.1 million).

8. INTANGIBLE ASSETS, NET

Intangible assets were comprised of the following:

	February 27, 2010		
	Cost	Accumulated amortization	Net book value
Acquired technology	$ 165,791	$ 70,777	$ 95,014
Licenses	711,969	196,618	515,351
Patents	889,467	173,469	715,998
	$ 1,767,227	$ 440,864	$ 1,326,363

	February 28, 2009		
	Cost	Accumulated amortization	Net book value
Acquired technology	$ 92,819	$ 41,518	$ 51,301
Licenses	427,471	61,112	366,359
Patents	733,632	84,765	648,867
	$ 1,253,922	$ 187,395	$ 1,066,527

During fiscal 2010, the additions to intangible assets primarily consisted of $104 million as part of a definitive agreement to settle all outstanding worldwide patent litigation ("the Visto Litigation") with Visto Corporation ("Visto") as described in note 12(c), agreements with third parties totalling approximately $245.7 million for the use of intellectual property, software, messaging services and other BlackBerry related features and intangible assets associated with the business acquisitions discussed in note 9.

During fiscal 2009, the Company entered into agreements with third parties totalling $353.5 million for the use of intellectual property, software, messaging services and other BlackBerry related features. In addition, the Company entered into several agreements to acquire portfolios of patents relating to wireless communication technologies totalling $279.5 million. The acquired patents were recorded as intangible assets and are being amortized over their estimated useful lives.

For the year ended February 27, 2010, amortization expense related to intangible assets was $271.1 million (February 28, 2009 — $124.5 million; March 1, 2008 — $44.3 million). Total additions to intangible assets in fiscal 2010 were $531.0 million (2009 — $721.1million).

Based on the carrying value of the identified intangible assets as at February 27, 2010 and assuming no subsequent impairment of the underlying assets, the annual amortization expense for the next five fiscal years is expected to be as follows: 2011 — $324 million; 2012 — $275 million; 2013 — $227 million; 2014 — $139 million; and 2015 — $61 million.

The weighted-average remaining useful life of the acquired technology is 3.4 years (2009 — 3.7 years).

9. BUSINESS ACQUISITIONS

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

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

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

During fiscal 2010, the Company purchased 100% of the common shares of Certicom Corp. ("Certicom") at a price of CAD $3.00 for each common share of Certicom or approximately CAD $131.3 million. The transaction closed on March 23, 2009. Certicom is a leading provider of cryptography required by software vendors and device manufacturers looking to protect the value of content, applications and devices with government approved security using Elliptic Curve Cryptography.

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

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

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

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

During fiscal 2008, the Company purchased the assets and intellectual property of a company. The transaction closed on November 19, 2007. In addition, the Company purchased 100% of the common shares of a company whose proprietary software has been incorporated into the Company's software. The transaction closed on August 22, 2007.

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

	For the year ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Assets purchased			
Current assets	$ 19,282	$ 1,155	$ 23
Capital assets	-	494	-
Deferred income tax asset	26,000	3,097	-
Acquired technology	72,971	31,226	1,035
In-process research and development	-	1,919	-
Patents	36,600	-	960
Goodwill	12,989	23,117	4,523
	167,842	61,008	6,541
Liabilities assumed	15,072	12,583	-
Deferred income tax liability	751	-	341
	15,823	12,583	341
Net non-cash assets acquired	152,019	48,425	6,200
Cash acquired	8,370	1,421	1
Net assets acquired	160,389	49,846	6,201
Excess of net assets acquired over consideration paid	(8,588)	-	-
Consideration paid	$ 151,801	$ 49,846	$ 6,201

During fiscal 2010, the Company recorded a gain of $8.6 million as a result of the excess of net assets acquired over consideration paid on one of the acquisitions. In addition, the Company expensed $6.5 million of acquisition related costs due to the four acquisitions. Both of these items were recognized in selling, marketing and administration in the period. The excess of net assets acquired over consideration paid resulted from the combination of the significant value attributed to the identifiable intangible assets and the Company's ability to utilize tax losses of an acquiree, which was generally not available to other market participants.

The weighted average amortization period of the acquired technology related to the business acquisitions completed in fiscal 2010 is approximately 3.7 years (2009 — 4.6 years).

The weighted average amortization period of the patents related to the business acquisition completed in fiscal 2010 is approximately 18.1 years (2009 — nil 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.

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

10. INCOME TAXES

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

	For the year ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Statutory Canadian tax rate	32.8%	33.4%	35.7%
Expected income tax provision	$ 1,072,395	$ 935,881	$ 645,994
Differences in income taxes resulting from:			
Impact of Canadian U.S. dollar functional currency election	(145,000)	-	-
Investment tax credits	(101,214)	(81,173)	(58,726)
Manufacturing and processing activities	(52,053)	(49,808)	(24,984)
Foreign exchange	2,837	99,575	(30,826)
Foreign tax rate differences	5,291	(16,273)	(29,909)
Non-deductible stock compensation	9,600	10,500	10,400
Adjustments to deferred tax balances for enacted changes in tax laws and rates	7,927	1,260	(4,648)
Other differences	9,583	7,785	9,352
	$ 809,366	$ 907,747	$ 516,653

	For the year ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Income before income taxes:			
Canadian	$ 2,999,263	$ 2,583,976	$ 1,635,074
Foreign	267,247	216,387	175,446
	$ 3,266,510	$ 2,800,363	$ 1,810,520

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

	For the year ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Provision for (recovery of) income taxes:			
Current Canadian	$ 695,790	$ 880,035	$ 555,895
Foreign	62,642	68,501	31,950
Deferred Canadian	20,965	(36,013)	(73,294)
Foreign	29,969	(4,776)	2,102
	$ 809,366	$ 907,747	$ 516,653

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

	As at	
	February 27, 2010	February 28, 2009
Assets		
Non-deductible reserves	$ 190,491	$ 177,669
Tax loss carryforwards	34,947	11,176
Unrealized losses on financial instruments	-	1,902
Other tax carryforwards	12,892	3,972
Net deferred income tax assets	238,330	194,719
Liabilities		
Capital assets	(161,707)	(91,193)
Research and development	(21,396)	(20,283)
Unrealized gains on financial instruments	(17,367)	-
Net deferred income tax liabilities	(200,470)	(111,476)
Net deferred income tax asset	$ 37,860	$ 83,243
Deferred income tax asset — current	$ 193,916	$ 183,872
Deferred income tax liability — current	(14,674)	(13,116)
Deferred income tax asset — long-term	-	404
Deferred income tax liability — long-term	(141,382)	(87,917)
	$ 37,860	$ 83,243

The Company determined that it is more likely than not that it can realize its deferred income tax assets. Accordingly, no valuation allowance is required on its deferred income tax assets as at February 27, 2010 (February 28, 2009- $nil). The Company will continue to evaluate and examine the valuation allowance on a regular basis, and when required, the valuation allowance may be adjusted.

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

The Company's total unrecognized income tax benefits as at February 27, 2010 and February 28, 2009 were $161.2 million and $137.4 million respectively. The change in unrecognized income tax benefits during fiscal 2010 primarily relates to changes in measurement of existing uncertain tax positions related to the foreign exchange. A reconciliation of the beginning and ending amount of unrecognized income tax benefits that, if recognized, would affect the Company's effective tax rate is as follows:

	(in millions)
Unrecognized income tax benefits balance as at February 28, 2009	$ 137.4
Foreign exchange	35.8
Increase for tax positions of prior years	4.2
Settlement of tax positions	0.0
Other	(16.2)
Unrecognized income tax benefits balance as at February 27, 2010	$ 161.2

As at February 27, 2010, the total unrecognized income tax benefits of $161.2 million include approximately $118.1 million of unrecognized income tax benefits that have been netted against related deferred income tax assets. The remaining $43.1 million is recorded within current taxes payable and other non-current taxes payable on the Company's consolidated balance sheet as of February 27, 2010.

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

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

Canada[1]	Fiscal 2003 — 2010
United States[1]	Fiscal 2003 — 2010
United Kingdom	Fiscal 2004 — 2010

[1] Includes federal as well as provincial and state jurisdictions, as applicable.

The Company is subject to ongoing examination by tax authorities in the jurisdictions in which it operates. The Company regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for income taxes. Specifically, the Canada Revenue Agency ("CRA") commenced an examination of the Company's fiscal 2006 to fiscal 2009 Canadian corporate tax filings in the fourth quarter of fiscal 2010.

The Company has other non-Canadian income tax audits pending. While the final resolution of these audits is uncertain, the Company believes the ultimate resolution of these audits will not have a material adverse effect on its consolidated financial position, liquidity or results of operations. The Company believes it is reasonably possible that approximately $14.1 million of its gross unrecognized income tax benefit will decrease in the next twelve months.

The Company recognizes interest and penalties related to unrecognized income tax benefits as interest expense that is netted and reported within investment income. The amount of interest accrued as at February 27, 2010 was approximately $9.3 million (February 28, 2009 — approximately $5.4 million). The amount of penalties accrued as at February 27, 2010 was nil (February 28, 2009 — nil).

11. CAPITAL STOCK

(a) Capital stock

The Company is authorized to issue an unlimited number of non-voting, redeemable, retractable Class A common shares, an unlimited number of voting common shares and an unlimited number of non-voting, cumulative, redeemable, retractable preferred shares. At February 27, 2010 and February 28, 2009, there were no Class A common shares or preferred shares outstanding.

The Company declared a 3-for-1 stock split of the Company's outstanding common shares on June 28, 2007. The stock split was implemented by way of a stock dividend. Shareholders received an additional two common shares of the Company for each common share held. The stock dividend was paid on August 20, 2007 to common shareholders of record at the close of business on August 17, 2007. All share, earnings per share and stock option data have been adjusted to reflect this stock dividend.

The following details the changes in issued and outstanding common shares for the three years ended February 27, 2010:

	Capital Stock		Treasury Stock	
	Stock Outstanding (000's)	Amount	Stock Outstanding (000's)	Amount
Common shares outstanding as at March 3, 2007	557,613	$ 2,099,696	-	$ -
Exercise of stock options	5,039	62,889	-	-
Transfers to capital stock resulting from stock option exercises	-	7,271	-	-
Common shares outstanding as at March 1, 2008	562,652	2,169,856	-	-
Exercise of stock options	3,565	27,024	-	-
Conversion of restricted share units	2	-	-	-
Transfers to capital stock resulting from stock option exercises	-	11,355	-	-
Common shares outstanding as at February 28, 2009	566,219	2,208,235	-	-
Exercise of stock options	3,408	30,246	-	-
Conversion of restricted share units	2	-	-	-
Transfers to capital stock resulting from stock option exercises	-	15,647	-	-
Restricted share unit plan purchase of shares	-	-	1,459	(94,463)
Common shares repurchased	(12,300)	(46,519)	-	-
Common shares outstanding as at February 27, 2010	557,329	$ 2,207,609	1,459	$ (94,463)

On November 4, 2009, the Company's Board of Directors authorized a Common Share Repurchase Program for the repurchase and cancellation, through the facilities of the NASDAQ Stock Market, common shares having an aggregate purchase price of up to $1.2 billion, or approximately 21 million common shares based on trading prices at the time of the authorization. This represents approximately 3.6% of the outstanding common shares of the Company at the time of the authorization. In the third quarter of fiscal 2010, the Company repurchased 12.3 million common shares at a cost of $775.0 million pursuant to the Common Share Repurchase Program. There was a reduction of $46.5 million to capital stock and the amounts paid in excess of the per share paid-in capital of the common shares of $728.5 million was charged to retained earnings. All common shares repurchased by the Company pursuant to the Common Share Repurchase Program have been cancelled. The Common Share Repurchase Program will remain in place for up to 12 months from November 4, 2009 or until the purchases are completed or the program is terminated by the Company.

The Company had 557.4 million voting common shares outstanding, 8.9 million stock options to purchase voting common shares outstanding, 1.4 million RSUs outstanding and 34,801 DSUs outstanding as at March 30, 2010.

(b) Stock-based compensation

Stock Option Plan

The Company recorded a charge to income and a credit to paid-in-capital of $37.0 million in fiscal 2010 (fiscal 2009 — $38.1 million; fiscal 2008 — $33.7 million) in relation to stock-based compensation expense.

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

Stock options granted under the plan generally vest over a period of five years and are generally exercisable over a period of six years to a maximum of ten years from the grant date. The Company issues new shares to satisfy stock option exercises. There are 6.0 million stock options vested and not exercised as at February 27, 2010. There are 13.6 million stock options available for future grants under the stock option plan.

In fiscal 2010, the Company completed the repricing to a higher exercise price of certain of its outstanding stock options. This repricing followed a voluntary internal review by the Company of its historical stock option granting practices.

Repriced options in fiscal 2010, which were all done on a voluntary basis between the Company and the option holder, include 27 stock option grants to 25 individuals in respect of options to acquire 456,800 common shares (fiscal 2009 — 43 stock option grants to 40 individuals in respect of options to acquire 752,775 common shares). In addition, during fiscal 2008, the Company received $8.7 million in restitution, inclusive of interest, related to incorrectly priced stock options that were exercised prior to fiscal 2008. As the repricing of stock options reflects an increase in the exercise price of the option, there is no incremental stock compensation expense related to these repricing events.

As previously disclosed, the Company's Co-Chief Executive Officers voluntarily offered to assist the Company in defraying costs incurred in connection with the Review and the Restatement by contributing CAD $10.0 million (CAD $5.0 million by each Co-CEO) of those costs. As part of a settlement agreement reached with a pension fund, an additional CAD $5.0 million (CAD $2.5 million by each Co-CEO) was received in the third quarter of fiscal 2008. The Company received these voluntary payments in the second and third quarters of fiscal 2008 and were recorded net of income taxes as an increase to additional paid-in capital. Furthermore, as part of a settlement agreement reached with the OSC, on February 5, 2009, Messrs. Balsillie, Lazaridis and Kavelman also agreed to contribute, in aggregate, a total of approximately CAD $83.1 million to RIM, consisting of (i) a total of CAD $38.3 million to RIM in respect of the outstanding benefit arising from incorrectly priced stock options granted to all RIM employees from 1996 to 2006, and (ii) a total of CAD $44.8 million to RIM (CAD $15.0 million of which had previously been paid) to defray costs incurred by RIM in the investigation and remediation of stock options, granting practices and related governance practices at RIM. These contributions are being made through Messrs. Balsillie, Lazaridis and Kavelman undertaking not to exercise certain vested RIM options to acquire an aggregate of 1,160,129 common shares of RIM. These options have a fair value equal to the aggregate contribution amounts determined using a BSM calculation based on the last trading day prior to the day the OSC issued a notice of hearing in respect of the matters giving rise to the settlement. In the first quarter of fiscal 2010, options to acquire an aggregate of 758,837 common shares of RIM expired in satisfaction of the undertakings not to exercise options. These options are included in the disclosure of forfeitures during the period in the table below. The remaining options subject to the undertakings are shown as outstanding, vested and exercisable as at February 27, 2010 in the table below and expire at specified dates between February 28, 2010 and October 2013. Messrs. Balsillie, Lazaridis, Kavelman and Angelo Loberto, previously Vice-President of Finance (currently with the Company in another role), also paid a total of CAD $9.1 million to the OSC as an administrative penalty and towards the costs of the OSC's investigation.

In June 2007, the Board amended the Stock Option Plan to provide that options held by directors of the Company will not terminate upon a director ceasing to be a director of the Company if such person is appointed as a Director Emeritus of the Board. This resulted in a modification for accounting purposes of unvested options previously granted to two directors who where appointed Directors Emeritus during the second quarter of fiscal 2008, which in turn required the Company to record additional compensation expense in fiscal 2008 in the amount of $3.5 million.

A summary of option activity since March 3, 2007 is shown below:

	Options Outstanding			
	Number (in 000's)	Weighted-Average Exercise Price	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Balance as at March 3, 2007	19,161	$ 10.85		
Granted during the year	2,518	101.60		
Exercised during the year	(5,039)	10.82		
Forfeited/cancelled/expired during the year	(174)	31.76		
Balance as at March 1, 2008	16,466	$ 28.66		
Exercised during the year	(3,565)	7.60		
Forfeited/cancelled/expired during the year	(170)	60.25		
Balance as at February 28, 2009	12,731	$ 27.51		
Granted during the year	559	64.14		
Exercised during the year	(3,408)	8.87		
Forfeited/cancelled/expired during the year	(859)	15.03		
Balance as at February 27, 2010	9,023	$ 44.18	2.44	$ 307,626
Vested and expected to vest as at February 27, 2010	8,814	$ 43.62	2.41	$ 304,259
Exercisable as at February 27, 2010	5,968	$ 32.15	1.76	$ 258,577

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the aggregate difference between the closing stock price of the Company's common shares on February 27, 2010 and the exercise price for in-the-money options) that would have been received by the option holders if all in-the-money options had been exercised on February 27, 2010. The intrinsic value of stock options exercised during fiscal 2010, calculated using the average market price during the period, was approximately $58 per share.

A summary of unvested stock options since February 28, 2009 is shown below:

	Options Outstanding	
	Number (in 000's)	Weighted Average Grant Date Fair Value
Balance as at February 28, 2009	4,045	$ 29.69
Granted during the period	559	33.02
Vested during the period	(1,468)	24.83
Forfeited during the period	(80)	37.45
Balance as at February 27, 2010	3,056	$ 32.44

As at February 27, 2010, there was $74.7 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 1.9 years. The total fair value of stock options vested during the year ended February 27, 2010 was $36.5 million.

Cash received from the stock options exercised for the year ended February 27, 2010 was $30.2 million (February 28, 2009 — $27.0 million). Tax benefits realized by the Company related to the stock options exercised was $1.9 million (February 28, 2009 — $12.6 million; March 1, 2008 — $8.2 million).

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

During the year ended February 27, 2010, there were 559 stock options granted. The weighted-average fair value of stock options granted during fiscal 2010 and fiscal 2008 were calculated using the BSM option-pricing model with the following assumptions:

	For the year ended	
	February 27, 2010	March 1, 2008
Number of options granted (000's)	559	2,518
Weighted-average grant date fair value of stock options granted during the year	$ 33.02	$ 47.11
Assumptions:		
Risk-free interest rate	1.8%	4.3%
Expected life in years	4.2	4.6
Expected dividend yield	0%	0%
Volatility	65%	41%-57%

There were no stock options granted during fiscal 2009.

The Company has not paid a dividend in the previous twelve fiscal years and has no current expectation of paying cash dividends on its common shares. The risk-free interest rates utilized during the life of the stock options are based on a U.S. Treasury security for an equivalent period. The Company estimates the volatility of its common shares at the date of grant based on a combination of the implied volatility of publicly traded options on its common shares, and historical volatility, as the Company believes that this is a better indicator of expected volatility going forward. The expected life of stock options granted under the plan is based on historical exercise patterns, which the Company believes are representative of future exercise patterns.

Restricted Share Unit Plan

During fiscal 2010, the trustee purchased 1,458,950 common shares for total consideration of approximately $94.5 million to comply with its obligations to deliver shares upon vesting. These purchased shares are classified as treasury stock for accounting purposes and included in the shareholders' equity section of the Company's consolidated balance sheet.

The Company recorded compensation expense with respect to RSUs of $21.0 million in the year ended February 27, 2010 (February 28, 2009 — $196; March 1, 2008 — $33).

A summary of RSU activity since February 28, 2009 is shown below:

	Number (in 000's)	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life in Years	Aggregate Instrinsic Value
Balance as at February 28, 2009	3	$ 117.36		
Granted during the period	1,470	66.03		
Released during the period	(2)	117.36		
Cancelled during the period	(22)	66.06		
Balance as at February 27, 2010	1,449	$ 66.09	2.16	$ 102,713
Vested and expected to vest at February 27, 2010	1,328	$ 66.10	2.15	$ 94,156

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the aggregate closing share price of the Company's common shares on February 27, 2010) that would have been received by RSU holders if all RSUs had been redeemed on February 27, 2010.

As of February 27, 2010, there was $66.9 million of unrecognized compensation expense related to RSUs which will be expensed over the vesting period, which, on a weighted-average basis, results in a period of approximately 1.7 years.

Deferred Share Unit Plan

The Company issued 14,593 DSUs in the year ended February 27, 2010. There are 34,801 DSUs outstanding as at February 27, 2010 (February 28, 2009 — 20,208). The Company had a liability of $2.5 million in relation to the DSU plan as at February 27, 2010 (February 28, 2009 — $834).

12. COMMITMENTS AND CONTINGENCIES

(a) Credit Facility

The Company has $150.0 million in unsecured demand credit facilities (the "Facilities") to support and secure operating and financing requirements. As at February 27, 2010, the Company has utilized $6.9 million of the Facilities for outstanding letters of credit, and $143.1 million of the Facilities are unused.

(b) Lease commitments

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

	Real Estate	Equipment and other	Total
For the years ending			
2011	$ 35,088	$ 1,917	$ 37,005
2012	30,611	1,202	31,813
2013	27,841	163	28,004
2014	26,178	-	26,178
2015	21,755	-	21,755
Thereafter	63,631	-	63,631
	$ 205,104	$ 3,282	$ 208,386

For the year ended February 27, 2010, the Company incurred rental expense of $39.6 million (February 28, 2009 — $22.7 million; March 1, 2008 — $15.5 million).

(c) Litigation

On July 23, 2009, the Company settled the Visto Litigation. The key terms of the settlement involved the Company receiving a perpetual and fully-paid license on all Visto patents, a transfer of certain Visto intellectual property, a one-time payment by the Company of $267.5 million and the parties executing full and final releases in respect of the Visto Litigation. Of the total payment by the Company, $163.8 million was expensed as a litigation charge in the second quarter of fiscal 2010. The remainder of the payment was recorded as intangible assets.

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. The Company may be subject to claims (including claims related to patent infringement, purported class actions and derivative actions) either directly or through indemnities against these claims that it provides to certain of it partners. In particular, the industry in which the Company competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. The Company has received, and may receive in the future, assertions and claims from third parties that the Company's products infringe on their patents or other intellectual property rights. Litigation has been and will likely continue to be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company's proprietary rights. Regardless of whether claims that the Company is infringing patents or other intellectual property rights have any merit, those claims could be time-consuming to evaluate and defend, result in costly litigation, divert management's attention and resources, subject the Company to significant liabilities and could have other effects. Additional lawsuits and claims, including purported class actions and derivative actions, may also be filed or made based upon the Company's historical stock option granting practices.

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

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

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

See the "Legal Proceedings and Regulatory Action" section of RIM's Annual Information Form for additional unaudited information regarding the Company's legal proceedings, which is included in RIM's Annual Report on Form 40-F and "Legal Proceedings" in the Management's Discussion and Analysis ("MD&A") of financial condition and results of operations for fiscal 2010.

13. PRODUCT WARRANTY

The Company estimates its warranty costs at the time of revenue recognition based on historical warranty claims experience and records the expense in cost of sales. The warranty accrual balance is reviewed quarterly to establish that it materially reflects the remaining obligation based on the anticipated future expenditures over the balance of the obligation period. Adjustments are made when the actual warranty claim experience differs from estimates.

The change in the Company's warranty expense and actual warranty experience from March 3, 2007 to February 27, 2010 as well as the accrued warranty obligations as at February 27, 2010 are set forth in the following table:

Accrued warranty obligations as at March 3, 2007	$ 36,669
Actual warranty experience during fiscal 2008	(68,166)
Fiscal 2008 warranty provision	116,045
Accrued warranty obligations as at March 1, 2008	84,548
Actual warranty experience during fiscal 2009	(146,434)
Fiscal 2009 warranty provision	258,757
Adjustments for changes in estimate	(12,536)
Accrued warranty obligations as at February 28, 2009	184,335
Actual warranty experience during fiscal 2010	(416,393)
Fiscal 2010 warranty provision	462,834
Adjustments for changes in estimate	21,541
Accrued warranty obligations as at February 27, 2010	$ 252,317

14. EARNINGS PER SHARE

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

	For the year ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Net income for basic and diluted earnings per share available to common shareholders	$2,457,144	$1,892,616	$1,293,867
Weighted-average number of shares outstanding (000's) — basic	564,492	565,059	559,778
Effect of dilutive securities (000's) — stock-based compensation	5,267	9,097	13,052
Weighted-average number of shares and assumed conversions (000's) — diluted	569,759	574,156	572,830
Earnings per share — reported			
Basic	$ 4.35	$ 3.35	$ 2.31
Diluted	$ 4.31	$ 3.30	$ 2.26

15. COMPREHENSIVE INCOME (LOSS)

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

	For the year ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Net income	$2,457,144	$ 1,892,616	$1,293,867
Net change in unrealized gains (losses) on available- for-sale investments	6,803	(7,161)	13,467
Net change in fair value of derivatives designated as cash flow hedges during the year, net of income taxes of $13,190 (February 28, 2009 — tax recovery of $8,641; March 1, 2008 — income taxes of $19,238)	28,324	(6,168)	37,564
Amounts reclassified to earnings during the year, net of income tax recovery of $6,079 (February 28, 2009 — income taxes of $4,644; March 1, 2008 — income taxes of $5,142)	15,508	(16,497)	(9,232)
Comprehensive income	$2,507,779	$1,862,790	$1,335,666

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

	As at		
	February 27, 2010	February 28, 2009	March 1, 2008
Accumulated net unrealized gains (losses) on available- for-sale investments	$ 6,715	$ (88)	$ 7,073
Accumulated net unrealized gains on derivative instruments designated as cash flow hedges	44,377	545	23,210
Total accumulated other comprehensive income	$51,092	$457	$30,283

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

	As at	
	February 27, 2010	February 28, 2009
Unrealized gains included in other current assets	$ 97,261	$ 70,100
Unrealized losses included in accrued liabilities	(6,164)	(56,827)
Net fair value of unrealized gains on derivative instruments	$91,097	$ 13,273

16. SUPPLEMENTAL INFORMATION

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

	For the year ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Accounts receivable	$(480,610)	$(936,514)	$(602,055)
Other receivables	(44,719)	(83,039)	(34,515)
Inventories	60,789	(286,133)	(140,360)
Other current assets	(52,737)	(50,280)	(26,161)
Accounts payable	167,281	177,263	140,806
Accrued liabilities	442,065	506,859	383,020
Income taxes payable	(266,517)	(113,868)	401,270
Deferred revenue	13,739	16,598	8,789
	$ (160,709)	$ (769,114)	$ 130,794

Notes to the Consolidated Financial Statements continued

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

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

	For the year ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Interest paid during the year	$ -	$ 502	$ 518
Income taxes paid during the year	$1,081,720	$946,237	$216,095

(c) The following items are included in the accrued liabilities balance:

	As at	
	February 27, 2010	February 28, 2009
Marketing costs	$ 91,554	$ 91,160
Vendor inventory liabilities	125,761	18,000
Warranty	252,316	184,335
Royalties	383,939	279,476
Rebates	146,304	134,788
Other	638,386	530,843
	$1,638,260	$1,238,602

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

(d) Additional information

Advertising expense, which includes media, agency and promotional expenses totalling $790.8 million (February 28, 2009 — $718.9 million; March 1, 2008 — $336.0 million) is included in selling, marketing and administration expense.

Selling, marketing and administration expense for the fiscal year includes $58.4 million with respect to foreign exchange losses (February 28, 2009 — loss of $6.1 million; March 1, 2008 — loss of $5.3 million). For the year ended February 27, 2010, the Company recorded a $54.3 million charge primarily relating to the reversal of foreign exchange gains previously recorded in fiscal 2009 on the revaluation of Canadian dollar denominated tax liability balances. Throughout fiscal 2009, foreign exchange gains were offset by foreign exchange losses incurred as a part of the Company's risk management foreign currency hedging program. With the enactment of changes to the functional currency tax legislation by the Government of Canada in the first quarter of fiscal 2010, the Company changed the basis for calculating its income tax provision for its Canadian operations from Canadian dollars, to the U.S. dollar, its reporting currency with an effective date being the beginning of fiscal 2009. The gains realized on the revaluation of these tax liabilities previously denominated in Canadian dollars throughout fiscal 2009 were reversed upon enactment of the changes to the rules in the first quarter of fiscal 2010.

17. DERIVATIVE FINANCIAL INSTRUMENTS

Values of financial instruments outstanding were as follows:

	February 27, 2010		
	Notional Amount	Carrying Amount	Estimated Fair Value
Assets (Liabilities)			
Currency forward contracts — asset	$2,630,304	$97,261	$97,261
Currency forward contracts — liability	$ 574,776	$(6,164)	$(6,164)

	February 28, 2009		
	Notional Amount	Carrying Amount	Estimated Fair Value
Assets (Liabilities)			
Currency forward contracts — asset	$1,147,709	$70,100	$70,100
Currency forward contracts — liability	$ 975,543	$(56,827)	$(56,827)

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

The majority of the Company's revenues in fiscal 2010 are transacted in U.S. dollars. However, portions of the revenues are denominated in, Canadian dollars, Euros, and British Pounds. Purchases of raw materials are primarily transacted in U.S. dollars. Other expenses, consisting of the majority of salaries, certain operating costs and manufacturing overhead are incurred primarily in Canadian dollars. The Company enters into forward 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 contracts to reduce the effects of foreign exchange gains and losses resulting from the revaluation of certain foreign currency monetary assets and liabilities. At February 27, 2010 approximately 38% of cash and cash equivalents, 22% of accounts receivables and 7% of accounts payable and accrued liabilities are denominated in foreign currencies (February 28, 2009 — 36%, 26% and 4%, respectively).

The Company enters into forward contracts to hedge exposures relating to foreign currency anticipated transactions. These contracts have been designated as cash flow hedges, with the effective portion of the change in fair value initially recorded in accumulated other comprehensive income and subsequently reclassified to income in the period in which the cash flows from the associated hedged transactions affect income. Any ineffective portion of the change in fair value of the cash flow hedge is recognized in current period income. As at February 27, 2010 and February 28, 2009, the derivatives designated as cash flow hedges were considered to be fully effective with no resulting portions being designated as ineffective. The maturity dates of these instruments range from March 2010 to December 2012. As at February 27, 2010, the net unrealized gains on these forward contracts was $62.2 million (February 28, 2009 — net unrealized losses of $2.7 million; March 1, 2008 — net unrealized gains of $34.6 million). Unrealized gains associated with these contracts were recorded in other current assets and accumulated other comprehensive income. Unrealized losses were recorded in accrued liabilities and accumulated other comprehensive income. In fiscal 2011, $59.5 million of net unrealized gains on these forward contracts will be reclassified to income.

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

	As at			
	February 27, 2010		February 28, 2009	
	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Currency forward contracts — asset	Other current assets	$66,246	Other current assets	$48,074
Currency forward contracts — liability	Accrued liabilities	$ 4,039	Accrued liabilities	$ 50,756

NOTE 17

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

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

	Amount of Gain (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	$51,812	Revenue	$(34,204)
Currency Forward Contracts	$3,069	Cost of sales	$ 4,706
Currency Forward Contracts	$ 1,897	Selling, marketing and administration	$ 2,809
Currency Forward Contracts	$4,966	Research and development	$ 6,270

The following table show the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations for the year ended February 28, 2009:

	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	$ 47,272	Revenue	$ 43,212
Currency Forward Contracts	$ (9,991)	Cost of sales	$ (4,425)
Currency Forward Contracts	$(14,986)	Selling, marketing and administration	$ (6,638)
Currency Forward Contracts	$(24,977)	Research and development	$(11,063)

As part of its risk management strategy, the Company may maintain net monetary asset and/or liability balances in foreign currencies. The Company enters into foreign exchange forward contracts to hedge certain monetary assets and liabilities that are exposed to foreign currency risk. The principal currencies hedged include the Canadian dollar, Euro, and British Pound. These contracts are not subject to hedge accounting, and any gains or losses are recognized in income each period, offsetting the change in the U.S. dollar value of the asset or liability. The maturity dates of these instruments range from March 2010 to May 2010. As at February 27, 2010, net unrealized gains of $28.9 million were recorded in respect of these instruments (February 28, 2009 — net unrealized gains of $16.0 million; March 1, 2009 — net unrealized losses of $6.9 million). Unrealized gains associated with these contracts were recorded in other current assets and selling, marketing and administration. Unrealized losses were recorded in accrued liabilities and selling, marketing and administration.

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

	As at			
	February 27, 2010		February 28, 2009	
	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Currency forward contracts — asset	Other current assets	$31,014	Other current assets	$22,026
Currency forward contracts — liability	Accrued liabilities	$ 2,126	Accrued liabilities	$ 6,071

The following table shows the impact of derivative instruments that are not subject to hedge accounting on the consolidated statement of operations for the year ended February 27, 2010:

	Location of Loss Recognized in Income on Derivative Instruments	Amount of Loss in Income on Derivative Instruments
Currency Forward Contracts	Selling, marketing and administration	$(55,125)

The following table shows the impact of derivative instruments that are not subject to hedge accounting on the consolidated statement of operations for the year ended February 28, 2009:

	Location of Gain Recognized in Income on Derivative Instruments	Amount of Gain in Income on Derivative Instruments
Currency Forward Contracts	Selling, marketing and administration	$24,782

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations. The Company mitigates this risk by limiting counterparties to highly rated financial institutions and by continuously monitoring their creditworthiness. The Company's exposure to credit loss and market risk will vary over time as a function of currency exchange rates. The Company measures its counterparty credit exposure as a percentage of the total fair value of the applicable derivative instruments. Where the net fair value of derivative instruments with any counterparty is negative, the Company deems the credit exposure to that counterparty to be nil. As at February 27, 2010, 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 24% (February 28, 2009 — 60%; March 1, 2008 — 40%).

The Company is exposed to market and credit risk on its investment portfolio. The Company reduces this risk by investing in liquid, investment grade securities and by limiting exposure to any one entity or group of related entities. As at February 27, 2010, no single issuer represented more than 8% of the total cash, cash equivalents and investments (February 28, 2009, no single issuer represented more than 12% of the total cash, cash equivalents and investments).

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

Notes to the Consolidated Financial Statements continued

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

18. SEGMENT DISCLOSURES

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

Selected financial information is as follows:

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

	For the year ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Revenue			
Canada	$ 843,762	$ 887,005	$ 438,302
United States	8,619,762	6,967,598	3,528,858
United Kingdom	1,447,417	711,536	461,592
Other	4,042,283	2,499,047	1,580,643
	$14,953,224	$11,065,186	$6,009,395
Revenue			
Canada	5.6%	8.0%	7.3%
United States	57.7%	63.0%	58.7%
United Kingdom	9.7%	6.4%	7.7%
Other	27.0%	22.6%	26.3%
	100.0%	100.0%	100.0%

	For the year ended		
	February 27, 2010	February 28, 2009	March 1, 2008
Revenue mix			
Devices	$ 12,115,765	$9,089,736	$ 4,768,610
Service	2,158,591	1,402,560	860,641
Software	258,635	251,871	234,388
Other	420,233	321,019	145,756
	$14,953,224	$11,065,186	$6,009,395

	As at	
	February 27, 2010	February 28, 2009
Capital assets, intangible assets and goodwill		
Canada	$ 2,605,267	$ 1,948,337
United States	682,291	482,826
United Kingdom	46,009	49,454
Other	99,938	58,130
	$ 3,433,505	$ 2,538,747
Total assets		
Canada	$ 4,502,522	$3,218,640
United States	4,059,174	2,646,783
United Kingdom	1,195,534	1,931,387
Other	447,179	304,562
	$10,204,409	$ 8,101,372

Corporate Information

Executive Officers

Mike Lazaridis
President and Co-Chief Executive Officer

Jim Balsillie
Co-Chief Executive Officer

Brian Bidulka
Chief Financial Officer

Robin Bienfait
Chief Information Officer

Don Morrison
Chief Operating Officer, BlackBerry

Keith Pardy
Chief Marketing Officer

David Yach
Chief Technology Officer, Software

Karima Bawa
Vice-President, Legal

Board of Directors

Mike Lazaridis[3]
President and Co-Chief Executive Officer

John Richardson, FCA[1,2]
Lead Director

Jim Estill[1]
Corporate Director

David Kerr[1]
Managing Partner, Edper Financial Corporation

Roger Martin[3]
Dean and Professor of Strategy, Joseph L. Rotman School of Management, University of Toronto

Barbara Stymiest, FCA[1]
Group Head, Strategy, Treasury and Corporate Services, Royal Bank of Canada

Antonio Viana-Baptista[2]
Corporate Director

John Wetmore[2,3]
Corporate Director

1. Member of the Audit and Risk Management Committee
2. Member of the Compensation, Nomination and Governance Committee
3. Member of the Strategic Planning Committee

Shareholder Information

Annual Meeting of Shareholders
Tuesday, July 13, 2010 at 6:30pm
The Centre for International Governance Innovation
57 Erb Street West
Waterloo, Ontario, Canada

Shareholder Inquiries
Investor Relations
Research In Motion Limited
2200 University Avenue East
Waterloo, Ontario, N2K 0A7
Tel: (+1) 519-888-7645 x75950
Fax: (+1) 519-888-6990
Email: investor_relations@rim.com

Transfer Agent
Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
Tel: (+1) 800-564-6253
Fax: (+1) 866-249-7775
service@computershare.com

Auditors
Ernst & Young LLP
Chartered Accountants
515 Riverbend Drive
Kitchener, Ontario, N2K 3S3

Stock Exchange Listings
Nasdaq Global Select Market
Symbol: RIMM
The Toronto Stock Exchange
Symbol: RIM

Corporate Office
Research In Motion Limited
295 Phillip Street
Waterloo, Ontario, N2L 3W8

Corporate Website
www.rim.com

GeSI
GLOBAL e-SUSTAINABILITY INITIATIVE

FSC
Mixed Sources

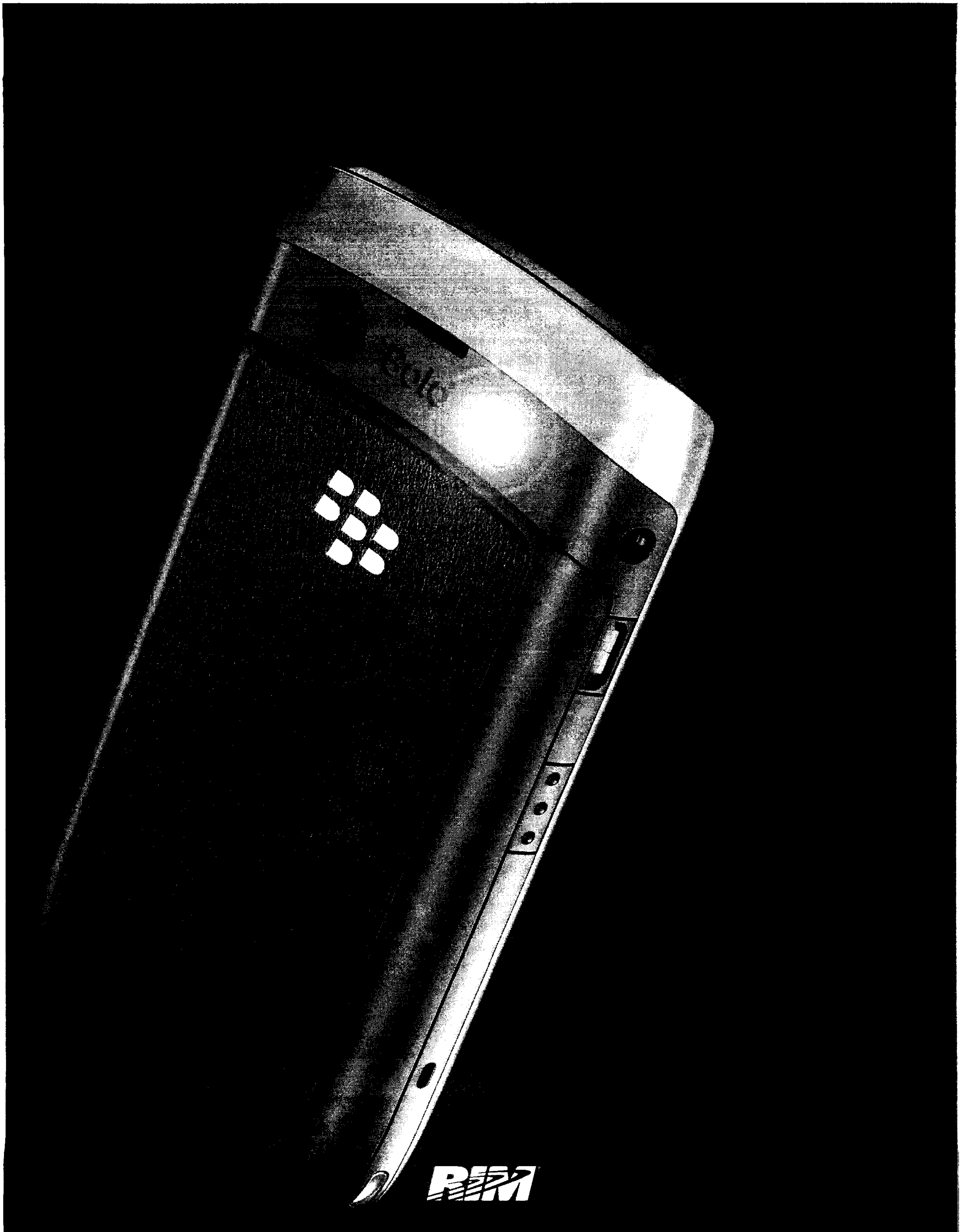

RIM

EXHIBIT 12

Submitted with Opposer's Notice of Reliance # 2

Research In Motion Limited v. AvoxAmerica, Inc.
Opposition No. 91191059

RIM

Financial Documents

Access annual reports, annual information forms (AIFs), proxy circulars, financial releases and quarterly financial information.

Fiscal Year 2011

Reports

- Q1 Fiscal 2011 Financial Information (PDF)

Financial Releases

- RIM Announces Common Share Repurchase (PDF)
- RIM Announces TSX Approval for Common Share Repurchase Program (PDF)
- Q1 Results and Share Repurchase Program Announcement (PDF)
- Motorola and Research In Motion Announce Settlement and License Agreement (PDF)

Fiscal Year 2010

Reports

- Fiscal 2010 (XBRL Files)
- 2010 Annual Report (PDF)
- Proxy Circular – Fiscal 2010 (PDF)
- Annual Information Form (AIF) – Fiscal 2010 (PDF)
- Q3 Fiscal 2010 Financial Information (PDF)
- Q2 Fiscal 2010 Financial Information (PDF)
- Q1 Fiscal 2010 Financial Information (PDF)

Financial Releases

- Q4 Fiscal 2010 Results Announcement (PDF)
- Q3 Fiscal 2010 Results Announcement (PDF)
- RIM Announces Common Share Repurchase Program (PDF)
- Q2 Fiscal 2010 Results Announcement (PDF)
- RIM Executives Adopt Automatic Securities Disposition Plans (PDF)
- Q1 Fiscal 2010 Results Announcement (PDF)

Fiscal Year 2009

Reports

- 2009 Annual Report (PDF)
- Proxy Circular – Fiscal 2009 (PDF)
- Annual Information Form (AIF) – Fiscal 2009 (PDF)
- Q3 Fiscal 2009 Financial Information (PDF)
- Q2 Fiscal 2009 Financial Information (PDF)
- Q1 Fiscal 2009 Financial Information (PDF)

Financial Releases

- Q4 Fiscal 2009 Results Announcement (PDF)
- Research In Motion Provides Updated Subscriber Forecast (PDF)
- Q3 Fiscal 2009 Results Announcement (PDF)
- RIM Corrects Q2FY09 Geographic Revenue Disclosure (PDF)
- Q2 Fiscal 2009 Results Announcement (PDF)
- Q1 Fiscal 2009 Results Announcement (PDF)

Fiscal Year 2008

Reports

- 2008 Annual Report (PDF)
- Proxy Circular – Fiscal 2008 (PDF)
- Annual Information Form (AIF) – Fiscal 2008 (PDF)
- Q3 Fiscal 2008 Financial Information (PDF)
- Q2 Fiscal 2008 Financial Information (PDF)
- Q1 Fiscal 2008 Financial Information (PDF)

Financial Releases

- Q4 Fiscal 2008 Results Announcement (PDF)
- Research In Motion Provides Updated Subscriber Forecast (PDF)
- RIM Executive Amends Automatic Securities Disposition Plans (PDF)
- Q3 Fiscal 2008 Results Announcement (PDF)
- Certain RIM Executives Adopt Automatic Securities Disposition Plans (PDF)
- Q2 Fiscal 2008 Results Announcement (PDF)
- Q1 Fiscal 2008 Results Announcement (PDF)

Fiscal Year 2007

Reports

- 2007 Annual Report (PDF)
- Proxy Circular – Fiscal 2007 (PDF)
- Annual Information Form (AIF) – Fiscal 2007 (PDF)
- Q3 Fiscal 2007 Financial Information (PDF)
- Q2 Fiscal 2007 Financial Information (PDF)
- Q1 Fiscal 2007 Financial Information (PDF)

Financial Releases

- Q4 Fiscal 2007 Results Announcement (PDF)
- Q3 Fiscal 2007 Results Announcement (PDF)
- RIM Provides Update on Management-Initiated, Voluntary Review of Historical Stock Option Grants (PDF)
- Q2 Fiscal 2007 Results Announcement (PDF)
- RIM Announces Management-Initiated, Voluntary Review of Historical Stock Option Grants (PDF)
- Q1 Fiscal 2007 Results Announcement (PDF)

Status Updates

- RIM Completes Restatement and Provides Status Update (PDF)
- RIM Provides Status Update – May 9, 2007 (PDF)
- RIM Provides Status Update – April 25, 2007 (PDF)

- RIM Provides Status Update – March 30, 2007 (PDF)
- RIM Provides Status Update – March 16, 2007 (PDF)
- RIM Provides Status Update and Reports on Results of Internal Review of Stock Option Grants by Special Committee (PDF)
- RIM Provides Status Update – February 27, 2007 (PDF)
- RIM Provides Status Update – February 16, 2007 (PDF)
- RIM Provides Status Update – February 2, 2007 (PDF)
- RIM Provides Status Update – January 19, 2007 (PDF)
- RIM Provides Status Update – January 5, 2007 (PDF)
- RIM Provides Status Update – December 21, 2006 (PDF)
- RIM Provides Status Update – December 8, 2006 (PDF)
- RIM Provides Status Update – November 24, 2006 (PDF)
- RIM Provides Status Update – November 10, 2006 (PDF)
- RIM Provides Status Update – October 27, 2006 (PDF)

Fiscal Year 2006

Reports

- 2006 Annual Report (PDF)
- Proxy Circular – Fiscal 2006 (PDF)
- Annual Information Form (AIF) – Fiscal 2006 (PDF)
- Q3 Fiscal 2006 Financial Information (PDF)
- Q2 Fiscal 2006 Financial Information (PDF)
- Q1 Fiscal 2006 Financial Information (PDF)

Financial Releases

- Q4 Fiscal 2006 Results Announcement (PDF)
- Q3 Fiscal 2006 Results Announcement (PDF)
- Research In Motion Announces a Common Share Repurchase Program (PDF)
- Q2 Fiscal 2006 Results Announcement (PDF)
- Q1 Fiscal 2006 Results Announcement (PDF)

Fiscal Year 2005

Reports

- 2005 Annual Report (PDF)
- Proxy Circular – Fiscal 2005 (PDF)
- Annual Information Form (AIF) – Fiscal 2005 (PDF)

Financial Releases

- Q4 Fiscal 2005 Results Announcement (PDF)
- Q3 Fiscal 2005 Results Announcement (PDF)
- Q2 Fiscal 2005 Results Announcement (PDF)
- Q1 Fiscal 2005 Results Announcement (PDF)

Fiscal Year 2004

Reports

- 2004 Annual Report (PDF)