

CalAmp Corp.
Form 10-K
May 15, 2017

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

FORM 10-K

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

FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017

COMMISSION FILE NUMBER: 0-12182

CALAMP CORP.

(Exact name of Registrant as specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

95-3647070

(I.R.S. Employer
Identification No.)

15635 Alton Parkway, Suite 250

Irvine, California

(Address of principal executive offices)

92618

(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: **(949) 600-5600**

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS

None

NAME OF EACH EXCHANGE

None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

\$.01 par value Common Stock

(Title of Class)

Nasdaq Global Select Market

(Name of each exchange on which registered)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [] No [X].

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [] No [X].

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [].

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No []

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes [] No [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [] No [X]

The aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant as of August 31, 2016 was approximately \$511,619,000. As of May 2, 2017, there were 35,349,104 shares of the Company's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on July 28, 2017 are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Form 10-K. This Proxy Statement will be filed within 120 days after the end of the fiscal year covered by this report.

PART I

ITEM 1. BUSINESS

OUR COMPANY

We are a leading provider of Internet of Things (IoT) enablement solutions for a broad array of mobile and fixed applications serving multiple vertical markets worldwide. Our business was organized into two segments during fiscal 2017 - Wireless DataCom, comprising all of our current operations, and Satellite, a legacy business that we brought to a close effective August 31, 2016. Since September 1, 2016, our business operates under a single segment - Wireless DataCom.

In March 2016, we acquired all outstanding common stock of LoJack Corporation (LoJack), a global leader in products and services for tracking and recovering cars, trucks and other valuable mobile assets. LoJack became a component of the Company's Wireless DataCom business segment.

WIRELESS DATACOM

We offer solutions for Mobile Resource Management (MRM) and applications for the broader IoT market, enabling customers to optimize their operations by collecting, monitoring and efficiently reporting business-critical data and desired intelligence from high-value remote and often mobile assets.

Our extensive portfolio of software applications, scalable cloud service-enablement platforms, and intelligent communications device platforms streamline otherwise complex IoT deployments for our customers. We are focused on delivering software services and product solutions globally for Fortune 2000 global enterprise customers in the transportation, government, construction, automotive and energy vertical markets. In addition, we anticipate new opportunities and future growth in insurance and vehicle telematics, industrial machine telematics, as well as other emerging technology applications.

We offer scalable, cloud-based telematics Software-as-a-Service (SaaS) and Platform-as-a-Service (PaaS) applications that generate recurring subscription revenues. Our cloud-based, service enablement and telematics platforms facilitate integration of our own applications, as well as those of third parties, through open Application Programming Interfaces (APIs), which our partners leverage to rapidly deliver full-featured IoT solutions to their customers and markets. Already integrated with numerous global Mobile Network Operator (MNO) account management systems, our proven commercial platforms were architected to leverage these carrier backend systems to provide our customers access to services that are essential for creating and managing flexible end-to-end solutions.

Our proven, scalable and targeted SaaS offerings and related core competencies enable rapid and cost-effective deployment of high-value solutions for our customers and provide an opportunity to incrementally grow our recurring revenues. Over the last several years, we have steadily grown our base of SaaS and PaaS subscribers, both organically and through acquisitions, with approximately 600,000 active telematics subscription units currently in service with customers globally.

Our broad portfolio of wireless communications products includes asset tracking devices, mobile telemetry units, fixed and mobile wireless gateways and multi-mode wireless routers. These wireless networking elements underpin a wide range of both CalAmp and third party solutions worldwide, and are ideal for applications demanding secure, reliable and business-critical communications. Our customers select our products based on optimized feature sets, configurability, manageability, long-term support, reliability and, in particular, overall value. Our deep understanding of our customers' dynamic needs and their respective vertical markets, applications and business requirements remain key differentiators for us.

The solutions offered through our Wireless DataCom segment address a wide variety of applications across key vertical markets. These markets are typically characterized by large enterprises with significant remote and/or mobile assets that perform business-critical tasks and services that are otherwise difficult to manage in real time. In such situations, our solutions provide a clear and demonstrable return on investment. Our products and solutions benefit our customers in the following ways:

Increasing productivity, improving communications and optimizing performance of fleets and mobile workers. Applications include tracking, dispatch and route optimization, fleet diagnostics and maintenance, work flow improvement, driver behavior monitoring as well as training and work-alone safety initiatives.

Improving the automobile dealer, vehicle owner and vehicle insurer experience. Applications include connected car and insurance telematics solutions that expedite the claims process for insurers, improve lot management for automobile dealers and provide early warning alerts and other connected car services for consumers.

Enabling comprehensive tracking and management services for cargo and containers. Applications include local and long haul trailer tracking, management and logistics, container tracking and status, refrigerated container monitoring and control, high-value asset as well as cargo monitoring and delivery assurance combined with local and intermodal pallet/cargo logistics and tracking.

Producing unparalleled stolen vehicle recovery for cars, trucks and SUVs, and new connected car services for businesses and consumers. Applications include stolen vehicle recovery, safety and security technologies, alerts to emergency personnel that are triggered by accidents, vehicle location and status monitoring, and enhancements to car dealership operations, customer satisfaction and incremental revenue opportunities.

Providing monitoring, control and automation of remote industrial equipment and critical infrastructure. Applications include freshwater and wastewater management, irrigation system control, traffic monitoring systems, oil and gas flow, transportation and distribution, automated reading of commercial utility meters, as well as monitoring and control of substations and other critical energy grid infrastructure.

Securing, tracking and managing financed vehicles and assets. Applications include asset tracking for sub-prime vehicle finance lenders and Buy Here Pay Here automobile dealers, rental equipment tracking and remote car start.

Facilitating comprehensive monitoring, tracking and telematics for heavy equipment and commercial trucking. Applications include heavy equipment maintenance, usage optimization and tracking, rental equipment tracking and usage, yellow iron and attachment management, indoor/outdoor forklift and loader location, crash detection and telematics, as well as transportation industry regulatory compliance, such as hours of service and onboard electronic logging requirements.

Enabling usage-based insurance, enhanced claims processing and delivery of comprehensive valued-added services for the vehicle insurance industry. Applications include driver behavior, scoring and feedback, crash discrimination, automated first notice of loss, accident damage assessment and estimation, distracted driving prevention, teen driver tracking and management, roadside assistance and predictive maintenance.

Delivering end-to-end visibility and regulatory compliance for cold chain management. Applications include visibility of product location, availability and condition for temperature-sensitive drugs, perishable food and high-value consumer goods.

Rapidly enabling the delivery of comprehensive managed services for machine and equipment OEMs. Applications include service, maintenance, tracking, monitoring and control for generators, turbines, compressors, small engines (e.g., outboard motors, ATVs and electric carts) and power tools.

Providing reliable, easy-to-use wireless communications solutions for fixed, mobile and portable enterprise data applications. Examples include digital signage, kiosk/high-value vending and video surveillance.

SATELLITE

Prior to the closure of the Company's Satellite business, products of this business segment were sold to EchoStar, an affiliate of Dish Network, for incorporation into complete subscription satellite television systems. In April 2016, EchoStar notified the Company that it would stop purchasing products from the Company at the end of its then-current product demand forecast as a result of a consolidation of its supplier base. EchoStar's product demand forecast with the Company extended through August 2016, and the products covered by this forecast were substantially all shipped prior to August 31, 2016. In light of the fact that EchoStar accounted for essentially all of the revenues of the Satellite segment, the Company's Satellite business was shut down effective August 31, 2016.

For financial information about our operating segments and geographic areas, refer to Note 17 of Notes to Consolidated Financial Statements set forth in Part II, Item 8. Financial Statements and Supplementary Data of this report, incorporated herein by reference.

MANUFACTURING

Electronic devices, components and made-to-order assemblies used in our products are generally obtained from a number of suppliers, although certain components are obtained from sole source suppliers. Some devices or components are standard items while others are manufactured to our specifications by our suppliers. The Company believes that most raw materials are available from alternative suppliers. However, any significant interruption in the delivery of such items, particularly those that are sole source materials or components, could have an adverse effect on the Company's operations.

We outsource printed circuit board assembly, system subassembly and testing, as well as full turn-key production of some products, to contract manufacturers in the Pacific Rim, and we perform final assembly and test for some products at the Company's facility in Oxnard, California.

A substantial portion of our products, components and subassemblies are procured from foreign suppliers and contract manufacturers located primarily in Hong Kong, mainland China, Malaysia and other Pacific Rim countries. Any significant shift in U.S. trade policy toward these countries, or a significant downturn in the economic or financial condition of or any political instability in these countries, could cause disruption to the Company's supply chain or otherwise disrupt the Company's operations, which could adversely impact the Company's business.

We are certified to the ISO (International Organization for Standardization) 9001: 2008 Quality management systems standard.

RESEARCH AND DEVELOPMENT

Each of the markets in which we compete in is characterized by rapid technological change, evolving industry standards and new product features to meet market requirements. During the last three years, we have focused our research and development resources primarily on developing telematics products and software solutions for fleet management, heavy equipment, stolen vehicle recovery, crash detection and discrimination, and industrial monitoring and controls applications. We have developed key technology platforms that can be leveraged across many of our markets and applications. These include cloud-based telematics application enablement software platforms and the end-user software applications, cellular and satellite communications network-based asset tracking units, as well as 3G and 4G broadband router products for fixed and mobile applications. In addition, development resources have been allocated to broadening existing product lines, reducing product costs, and improving performance through product redesign efforts.

Research and development expenses in fiscal years 2017, 2016 and 2015 were \$22.0 million, \$19.8 million and \$19.9 million, respectively. During this three-year period, our research and development expenses have ranged between 6% and 8% of annual consolidated revenues.

SALES AND MARKETING

Our revenues are derived mainly from customers in the United States, which represented 74%, 83% and 79% of consolidated revenues in fiscal years 2017, 2016 and 2015, respectively.

Our Wireless DataCom segment sells its products and services through dedicated direct and indirect sales channels with employees distributed across the U. S., with additional marketing and sales personnel in Latin America, the Middle East and Europe.

Our Satellite segment sold its products primarily to EchoStar, an affiliate of Dish Network, for incorporation into complete subscription satellite television systems. The sales and marketing functions for the Satellite segment were located at our facility in Oxnard, California.

COMPETITION

Our markets are highly competitive. In addition, if the markets for our products and solutions grow, we anticipate increased competition from new companies entering such markets, some of whom may have financial and technical resources substantially greater than ours. We believe that competition in our markets is based primarily on innovation, reputation, product functionality and reliability, responsiveness and price. Our continued success in these markets will depend in part upon our ability to continue to innovate, design quality products and deploy solutions at competitive prices and provide superior support to our customers.

We believe that the principal competitors for our products and solutions include Danlaw, Geotab, Guidepoint Systems, Meteorcomm, Mobile Devices, OnStar, Orbcomm, Quake Global, Quealink, Sierra Wireless, Spireon, Telogis, Xirgo, Zonar Systems and ZTE.

BACKLOG

Total backlog for the Wireless DataCom segment as of February 28, 2017 and 2016 was \$48.7 million and \$51.6 million, respectively. Substantially all of the backlog at February 28, 2017 is expected to be converted to sales in fiscal 2018.

INTELLECTUAL PROPERTY

Patents

At February 28, 2017, we had 66 U.S. patents and 175 foreign patents. In addition to our awarded patents, we have 39 patent applications in process.

Trademarks

CalAmp and LoJack are among the federally registered trademarks of the Company.

EMPLOYEES

At February 28, 2017, we had approximately 900 employees and approximately 70 contracted workers. None of our employees or contract workers are represented by a labor union. The contracted production workers are engaged through independent temporary labor agencies.

EXECUTIVE OFFICERS

The executive officers of the Company are as follows:

NAME	AGE	POSITION
Michael Burdick	57	President and Chief Executive Officer
Garo Sarkissian	50	Senior Vice President, Corporate Development
Richard Vitelle	63	Executive Vice President, Chief Financial Officer and Corporate Secretary

MICHAEL BURDIEK joined the Company as Executive Vice President in 2006 and was appointed President of the Company's Wireless DataCom segment in 2007. Mr. Burdick was appointed Chief Operating Officer in 2008 and was promoted to President and COO in 2010. In 2011, he was promoted to CEO and was appointed to the Company's Board of Directors. Prior to joining the Company, Mr. Burdick was the President and CEO of Telenetics Corporation, a publicly held manufacturer of data communications products. Earlier in his career, Mr. Burdick held a variety of executive management positions with Comarco, Inc., a publicly held company. Mr. Burdick began his career as a design engineer with Hughes Aircraft Company.

GARO SARKISSIAN joined the Company in 2005 and serves as Senior Vice President, Corporate Development. Prior to joining the Company, from 2003 to 2005 he served as Principal and Vice President of Business Development for Global Technology Investments (GTI), a private equity firm. Prior to GTI, from 1999 to 2003, Mr. Sarkissian held senior management and business development roles at California Eastern Laboratories, a private company developing and marketing radio frequency (RF), microwave and optical components. Mr. Sarkissian began his career as an RF engineer over a span of 10 years for M/A Com and NEC.

RICHARD VITELLE joined the Company in 2001 and serves as Executive Vice President, CFO and Secretary/Treasurer. Prior to joining the Company, he served as Vice President of Finance and CFO of SMTEK International, Inc., a publicly held electronics manufacturing services provider, where he was employed for a total of 11 years. Earlier in his career, Mr. Vitelle served as a senior manager with Price Waterhouse.

The Company's executive officers are appointed by and serve at the discretion of the Board of Directors.

AVAILABLE INFORMATION

The Company's primary Internet address is www.calamp.com. The Company makes its U.S. Securities and Exchange Commission (SEC) periodic reports (Forms 10-Q and Forms 10-K) and current reports (Forms 8-K) available free of charge through the Company's website as soon as reasonably practicable after they are filed electronically with the SEC. Within the Investors section of our website, we provide information concerning corporate governance, including our Corporate Governance Guidelines, Board committee charters and composition, Code of Business Conduct and Ethics, and other information. The content of our website is not incorporated by reference into this Annual Report on Form 10-K or into any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Materials that the Company files with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding the Company that the Company files electronically with the SEC.

ITEM 1A. RISK FACTORS

We operate in a rapidly changing environment that involves a number of risks and uncertainties, some of which are beyond our control. The following list describes several risk factors which are applicable to our Company and speaks as of the date of this document. These and other risks could have a material adverse effect on our business, results of operations, financial condition, and cash flows and the trading price of our common stock.

We generally do not have long-term contracts with customers and our customers may cease purchasing our products at any time, which could significantly harm our revenues.

We generally do not have long-term contracts with our customers. As a result, our agreements with our customers generally do not provide us with any assurance of future sales. These customers can cease purchasing products from us at any time without penalty, they are free to purchase products from our competitors, they may expose us to competitive price pressure on each order and they are not required to make minimum purchases. Any of these actions taken by our customers could have a material adverse effect on the Company's business, financial condition or results of operations.

Because the markets in which we compete are highly competitive and some of our competitors have greater resources than us, we cannot be certain that our products will continue to be accepted in the marketplace or capture increased market share.

The markets for our products and services are intensely competitive and characterized by rapid technological change, evolving standards, short product life cycles, and price erosion. Given the highly competitive environment in which we operate, we cannot be sure that any competitive advantages currently enjoyed by our products and services will be sufficient to establish and sustain our products and services in the markets we serve. Any increase in price or other competition could result in erosion of our market share, to the extent we have obtained market share, and could have a negative impact on our financial condition and results of operations. We cannot provide assurance that we will have the financial resources, technical expertise or marketing and support capabilities to compete successfully.

Information about the Company's competitors is included in Part I, Item 1 of this Annual Report on Form 10-K under the heading COMPETITION .

Our business is subject to many factors that could cause our quarterly or annual operating results to fluctuate and our stock price to be volatile.

Our quarterly and annual operating results have fluctuated in the past and may fluctuate significantly in the future due to a variety of factors, many of which are outside of our control. Some of the factors that could affect our quarterly or annual operating results include:

the timing and amount, or cancellation or rescheduling, of orders for our products or services;

our ability to develop, introduce, ship and support new products and product enhancements and manage product transitions;

announcements of new product and service introductions and reductions in the price of products and services offered by our competitors;

our ability to achieve cost reductions;

our ability to obtain sufficient supplies of sole or limited source components for our products;

our ability to achieve and maintain production volumes and quality levels for our products;

our ability to maintain the volume of products sold and the mix of distribution channels through which they are sold;

the loss of any one of our major customers or a significant reduction in orders from those customers;

increased competition, particularly from larger, better capitalized competitors;

fluctuations in demand for our products and services; and

changes in telecommunications and wireless market conditions specifically and economic conditions generally.

Due in part to factors such as the timing of product release dates, purchase orders and product availability, significant volume shipments of products could occur close to the end of a fiscal quarter. Failure to ship products by the end of a quarter may adversely affect operating results. In the future, our customers may delay delivery schedules or cancel their orders without notice. Due to these and other factors, our quarterly revenue, expenses and results of operations could vary significantly in the future, and period-to-period comparisons should not be relied upon as indications of future performance.

Because some of our components, assemblies and electronics manufacturing services are purchased from sole source suppliers or require long lead times, our business is subject to unexpected interruptions, which could cause our operating results to suffer.

Some of our key components are complex to manufacture and have long lead times. In the event of a reduction or interruption of supply, or degradation in quality, it could take up to six months to begin receiving adequate supplies from alternative suppliers, if any. As a result, product shipments could be delayed and revenues and profitability could suffer. Furthermore, if we receive a smaller allocation of component parts than is necessary to manufacture products in quantities sufficient to meet customer demand, customers could choose to purchase competing products and we could lose market share. Any of these events could have a material adverse effect on the Company's business, financial condition or results of operations.

If we do not meet product introduction deadlines, our business could be adversely affected.

In the past, we have experienced design and manufacturing difficulties that have delayed the development, introduction or marketing of new products and enhancements and which caused us to incur unexpected expenses. In addition, some of our existing customers have conditioned their future purchases of our products on the addition of new product features. In the past, we have experienced delays in introducing some new product features. Furthermore, in order to compete in some markets, we will have to develop different versions of existing products that comply with diverse, new or varying governmental regulations in each market. Our inability to develop new products or product features on a timely basis, or the failure of new products or product features to achieve market acceptance, could adversely affect our business.

Dependence on contract manufacturing and suppliers of critical components within our supply chain may adversely affect our ability to bring products to market, damage our reputation and adversely affect our results of operations.

We operate a primarily outsourced manufacturing business model that utilizes contract manufacturers. We depend on our contract manufacturers to allocate sufficient manufacturing capacity to meet our needs, to produce products of acceptable quality at acceptable yields, and to deliver those products to us on a timely basis. In such circumstances, we may be unable to meet our customer demand and may fail to meet our contractual obligations. This could result in the payment of significant damages by us to our customers and our net revenue could decline, which could adversely affect our business, financial condition and results of operations. Any substantial disruption in our contract manufacturers supply as a result of a natural disaster, political unrest, economic instability, equipment failure or other cause, could materially harm our business, customer relationships and results of operations.

If demand for our products and services fluctuates rapidly and unpredictably, it may be difficult to manage our business efficiently, which may result in reduced gross margins and profitability.

Our cost structure is based in part on our expectations for future demand. Many costs, particularly those relating to capital equipment and manufacturing overhead, are relatively fixed. Rapid and unpredictable shifts in demand for our products and services may make it difficult to plan production capacity and business operations efficiently. If demand is significantly below expectations, we may be unable to rapidly reduce these fixed costs, which can diminish gross margins and cause losses. A sudden downturn may also leave us with excess inventory, which may be rendered obsolete if products and services evolve during the downturn and demand shifts to newer products and services. Our ability to reduce costs and expenses may be further constrained because we must continue to invest in research and development to maintain our competitive position and to maintain service and support for our existing customer base. Conversely, in the event of a sudden upturn, we may incur significant costs to rapidly expedite delivery of components, procure scarce components and outsource additional manufacturing processes. These costs could reduce our gross margins and overall profitability. Any of these results could adversely affect our business, financial condition or results of operations.

Because we currently sell, and we intend to grow the sales of, certain of our products and services in countries other than the United States, we are subject to different regulatory policies. We may not be able to develop products and services that comply with the standards of different countries, which could result in our inability to sell our products and, further, we may be subject to political, economic, and other conditions affecting such countries, which could result in reduced sales of our products and services and which could adversely affect our business.

If our sales are to grow in the longer term, we believe we must grow our international business. Many countries require communications equipment used in their country to comply with unique regulations, including safety regulations, radio frequency allocation schemes and standards. If we cannot develop products that work with different standards, we will be unable to sell our products and services in those locations. If compliance proves to be more expensive or time consuming than we anticipate, our business would be adversely affected. Some countries have not completed their radio frequency allocation process and therefore we do not know the standards with which we would be required to comply. Furthermore, standards and regulatory requirements are subject to change. If we fail to anticipate or comply with these new standards, our business and results of operations will be adversely affected.

Sales to customers outside the U.S. accounted for 26%, 17% and 21% of our total sales for fiscal years 2017, 2016 and 2015, respectively. Assuming that we continue to sell our products and services to foreign customers, which is our expectation, we will be subject to the political, economic and other conditions affecting countries or jurisdictions other than the U.S., including those in Latin America, Africa, the Middle East, Europe and Asia. Any interruption or curtailment of trade between the countries in which we operate and our present trading partners, changes in exchange rates, significant shift in U.S. trade policy toward these countries, or significant downturn in the political, economic or financial condition of these countries, could cause demand for and sales of our products to decrease, or subject us to increased regulation including future import and export restrictions, any of which could adversely affect our business.

Additionally, a substantial portion of our products, components and subassemblies are currently procured from foreign suppliers located primarily in Hong Kong, mainland China, Malaysia and other Pacific Rim countries. Any significant shift in U.S. trade policy toward these countries or a significant downturn in the political, economic or financial condition of these countries could cause disruption of our supply chain or otherwise disrupt operations, which could adversely affect our business.

Our global operations, particularly following our acquisition of LoJack, expose us to risks and challenges associated with conducting business internationally.

We face several risks inherent in conducting business internationally, including compliance with international and U.S. laws and regulations that apply to our international operations. These laws and regulations include data privacy requirements, labor relations laws, tax laws, competition regulations, import and trade restrictions, economic sanctions, export requirements, U.S. laws such as the Foreign Corrupt Practices Act, the UK Bribery Act 2010 and other local laws that prohibit payments to governmental officials or certain payments or remunerations to customers. Given the high level of complexity of these laws there is a risk that some provisions may be breached by us, for example through fraudulent or negligent behavior of individual employees, our failure to comply with certain formal documentation requirements, or otherwise. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, or prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international expansion efforts, ability to attract and retain employees, business or operating results.

Disruptions in global credit and financial markets could materially and adversely affect our business and results of operations.

There is significant uncertainty about the stability of global credit and financial markets. Credit market dislocations could cause interest rates and the cost of borrowing to rise or reduce the availability of credit, which could negatively affect customer demand for our products if they responded to such credit market dislocations by suspending, delaying or reducing their capital expenditures. Moreover, since we currently generate more than 25% of our revenues outside the United States, fluctuations in foreign currencies can have an impact on demand for our products for which the sales are generally denominated in U.S. dollars.

We may not be able to adequately protect our intellectual property, and our competitors may be able to offer similar products and services that would harm our competitive position.

Our ability to succeed in wireless data communications markets may depend, in large part, upon our intellectual property for some of our wireless technologies. We currently rely primarily on patents, trademark and trade secret laws, confidentiality procedures and contractual provisions to establish and protect our intellectual property. However, these mechanisms provide us with only limited protection. We currently hold 66 U.S. patents and 175 foreign patents. As part of our confidentiality procedures, we enter into non-disclosure agreements with all employees, including officers, managers and engineers. Despite these precautions, third parties could copy or otherwise obtain and use our technology without authorization, or develop similar technology independently. Furthermore, effective protection of intellectual property rights is unavailable or limited in some foreign countries. The protection of our intellectual property rights may not provide us with any legal remedy should our competitors independently develop similar technology, duplicate our products and services, or design around any intellectual property rights we hold.

We rely on access to third-party patents and intellectual property, and our future results could be materially and adversely affected if we are unable to secure such access in the future.

Many of our hardware solutions and services are designed to include third-party intellectual property, and in the future we may need to seek or renew licenses relating to such intellectual property. Although we believe that, based on past experience and industry practice, such licenses generally can be obtained on reasonable terms, there is no assurance that the necessary licenses would be available on acceptable terms or at all. Some licenses we obtain may be nonexclusive and, therefore, our competitors may have access to the same technology licensed to us. If we fail to obtain a required license or are unable to design around a patent where we do not hold a license, we may be unable to sell some of our hardware solutions and services, and there can be no assurance that we would be able to design and incorporate alternative technologies, without a material adverse effect on our business, financial condition, and results of operations.

Our competitors have or may obtain patents that could restrict our ability to offer our hardware solutions, software and services, or subject us to additional costs, which could impede our ability to offer our hardware solutions, software and services and otherwise adversely affect us. Third parties may claim that we infringe their proprietary rights and may prevent us from manufacturing and selling some of our products and subject us to litigation over intellectual property rights or other commercial issues.

Several of our competitors have obtained and can be expected to obtain patents that cover hardware solutions, software and services directly or indirectly related to those offered by us. There can be no assurance that we are aware of all existing patents held by our competitors or other third parties containing claims that may pose a risk of our infringement on such claims by our hardware solutions, software and services. In addition, patent applications in the United States may be confidential until a patent is issued and, accordingly, we cannot evaluate the extent to which our hardware solutions, software and services may infringe on future patent rights held by others.

Even with technology that we develop independently, a third party may claim that we are using inventions claimed by their patents and may initiate litigation to stop us from engaging in our normal operations and activities, such as engineering and development and the sale of any of our hardware solutions, software and services. Furthermore, because of rapid technological changes in the MRM and IoT marketplaces, current extensive patent coverage, and the rapid issuance of new patents, it is possible that certain components of our hardware solutions, software, services, and business methods may unknowingly infringe the patents or other intellectual property rights of third parties. From time to time, we have been notified that we may be infringing such rights.

In the highly competitive and technology-dependent telecommunications field in particular, litigation over intellectual property rights is a significant business risk, and some third parties (referred to as non-practicing, or patent-assertion, entities) are pursuing a litigation strategy with the goal of monetizing otherwise unutilized intellectual property portfolios via licensing arrangements entered into under threat of continued litigation. These lawsuits relate to the validity, enforceability, and infringement of patents or proprietary rights of third parties. We may have to defend ourselves against allegations that we violated patents or proprietary rights of third parties.

Regardless of merit, responding to such litigation may be costly, unpredictable, time-consuming, and often involves complex legal, scientific, and factual questions, and could divert the attention of our management and technical personnel. In certain cases, we may consider the desirability of entering into such licensing agreements or arrangements, although no assurance can be given that these licenses can be obtained on acceptable terms or that litigation will not occur. If we are found to be infringing any intellectual property rights, we could lose our right to develop, manufacture, or market products, product launches could be delayed, or we could be required to pay substantial monetary damages or royalties to license proprietary rights from third parties. If a temporary or permanent injunction is granted by a court prohibiting us from marketing or selling certain hardware solutions, software and services, or a successful claim of infringement against us requires us to pay royalties to a third party, our financial condition and operating results could be materially and adversely affected, regardless of whether we can develop non-infringing technology.

Any acquisitions we pursue could disrupt our business and harm our financial condition and results of operations.

As part of our business strategy, we review and intend to continue to review acquisition opportunities that we believe would be advantageous or complementary to the development of our business. In fiscal 2017 we acquired LoJack and we may acquire additional businesses, assets, or technologies in the future. If we make any acquisitions, we could take any or all of the following actions, any one of which could adversely affect our business, financial condition, results of operations or share price:

use a substantial portion of our available cash;

require a significant devotion of management's time and resources in the pursuit or consummation of any acquisition;

incur substantial debt, which may not be available to us on favorable terms and may adversely affect our liquidity;

issue equity or equity-based securities that would dilute existing stockholders' percentage ownership;

assume contingent liabilities; and

take substantial charges in connection with acquired assets.

Acquisitions also entail numerous other risks, including, without limitation: difficulties in assimilating acquired operations, products, technologies and personnel; unanticipated costs; diversion of management's attention from existing operations; risks of entering markets in which we have limited or no prior experience; and potential loss of key employees from either our existing business or the acquired organization. Acquisitions may result in substantial accounting charges for restructuring and other expenses, amortization of purchased technology and

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intangible assets and stock-based compensation expense, any of which could materially and adversely affect our operating results. We may not be able to realize the anticipated benefits of or successfully integrate with our existing business the businesses, products, technologies or personnel that we acquire, and our failure to do so could harm our business and operating results.

Any acquisitions we make and industry consolidation could adversely affect our existing business relationships with our suppliers and customers.

If we make any acquisitions, our existing business relationships with our suppliers and customers could be adversely affected. Moreover, our industry is being affected by the trend toward consolidation and the creation of strategic relationships. If we are unable to successfully adapt to this rapidly changing environment, we could suffer a reduction in the volume of business with our customers and suppliers, or we could lose customers or suppliers entirely, which could materially and adversely affect our financial condition and operating results.

We depend to some extent upon wireless networks owned and controlled by others, unproven business models, and emerging wireless carrier models to deliver existing services and to grow.

If we do not have continued access to sufficient capacity on reliable networks, we may be unable to deliver services and our sales could decrease. Our ability to grow and achieve profitability partly depends on our ability to buy sufficient capacity on the networks of wireless carriers and on the reliability and security of their systems. Some of our wireless services are delivered using airtime purchased from third parties. We depend on these third parties to provide uninterrupted service free from errors or defects and would not be able to satisfy our customers' needs if such third parties failed to provide the required capacity or needed level of service. In addition, our expenses would increase and profitability could be materially and adversely affected if wireless carriers were to significantly increase the prices of their services. Our existing agreements with the wireless carriers generally have one- to three-year terms. Some of these wireless carriers are, or could become, our competitors.

Our failure to predict carrier and end user customer preferences among the many evolving wireless industry standards could hurt our ability to introduce and sell new products.

In our industry, it is critical to our success that we accurately anticipate evolving wireless technology standards and that our products comply with these standards in relevant respects. We are currently focused on engineering and manufacturing products that comply with several different wireless standards. Any failure of our products to comply with any one of these or future applicable standards could prevent or delay their introduction and require costly and time-consuming engineering changes. Additionally, if an insufficient number of wireless operators or subscribers adopt the standards to which we engineer our products, then sales of our new products designed to those standards could be materially harmed.

Our business could be adversely impacted by the interruption, failure or corruption of our proprietary Internet-based systems that are used to configure and communicate with the wireless tracking and monitoring devices that we sell.

Our Wireless Datacom business depends upon Internet-based systems that are proprietary to our Company. These applications, which are hosted at independent data centers and are connected via access points to cellular networks, are used by our customers and by us to configure and communicate with wireless devices for purposes of determining location, speed or other conditions of vehicles and other mobile or fixed assets, and to deliver configuration code or executable commands to the devices. If these Internet-based systems failed or were otherwise compromised in some way, it could adversely affect the proper functioning of the wireless tracking and monitoring devices that we sell, and could result in damages being incurred by us as a result of the temporary or permanent inability of our customers to wirelessly communicate with these devices.

Evolving regulation and changes in applicable laws relating to the Internet may increase our expenditures related to compliance efforts or otherwise limit the solutions we can offer, which may harm our business and adversely affect our financial condition.

As Internet commerce continues to evolve, increased regulation by federal, state or foreign agencies becomes more likely. We are particularly sensitive to these risks because the Internet is a critical component of our SaaS and PaaS business model. In addition, taxation of services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may be imposed. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet could result in a decline in the use of the Internet and the viability of Internet-based services, which could harm our business.

Evolving regulation relating to data privacy may increase our expenditures related to compliance efforts or otherwise limit the solutions we can offer, which may harm our business and adversely affect our financial condition.

Our products and solutions enable us to collect, manage and store a wide range of data related to fleet management such as vehicle location and fuel usage, speed and mileage and, in the case of our field service application, includes customer information, job data, schedule, invoice and other information. A valuable component of our solutions is our ability to analyze this data to present the user with actionable business intelligence. We obtain our data from a variety of sources, including our customers and third-party providers. The United States and various state governments have adopted or proposed limitations on the collection, distribution and use of personal information. Several foreign jurisdictions, including the European Union and the United Kingdom, have adopted legislation (including directives or regulations) that increase or change the requirements governing data collection and storage in these jurisdictions. If our privacy or data security measures fail to comply, or are perceived to fail to comply, with current or future laws and regulations, we may be subject to litigation, regulatory investigations, or other liabilities. Moreover, if future laws and regulations limit our customers' ability to use and share this data, or our ability to store, process and share data with our customers over the Internet, demand for our solutions could decrease, our costs could increase, and our results of operations and financial condition could be harmed.

We may be subject to breaches of our information technology systems, which could damage our reputation, vendor, and customer relationships, and our customers' access to our services.

Our business operations require that we use and store sensitive data, including intellectual property, proprietary business information and personally identifiable information, in our secure data centers and on our networks. We face a number of threats to our data centers and networks in the form of unauthorized access, security breaches and other system disruptions. It is critical to our business strategy that our infrastructure remains secure and is perceived by customers and partners to be secure. We require user names and passwords in order to access our information technology systems. We also use encryption and authentication technologies to secure the transmission and storage of data. Despite our security measures, our information technology systems may be vulnerable to attacks by hackers or other disruptive problems. Any such security breach may compromise information used or stored on our networks and may result in significant data losses or theft of our, our customers', or our business partners' intellectual property, proprietary business information or personally identifiable information. A cybersecurity breach could negatively affect our reputation by adversely affecting the market's perception of the security or reliability of our products or services. In addition, a cyber attack could result in other negative consequences, including remediation costs, disruption of internal operations, increased cybersecurity protection costs, lost revenues or litigation, which could have a material adverse effect on our business, results of operations and financial condition.

We rely upon Amazon Web Services to operate certain aspects of our service and any disruption of or interference with our use of the Amazon Web Services operation would impact our operations and our business would be materially and adversely impacted.

Amazon Web Services (AWS) provides a distributed computing infrastructure platform for business operations, or what is commonly referred to as a cloud computing service. We have architected our software and computer systems so as to utilize data processing, storage capabilities, and other services provided by AWS. Certain of the Company's SaaS platforms and applications are hosted by AWS. Given this, along with the fact that we cannot easily switch our AWS operations to another cloud service provider, any disruption of or interference with our use of AWS would impact our operations and our business would be materially and adversely impacted.

Some CalAmp products are subject to mandatory regulatory approvals in the United States and other countries that are subject to change, which could make compliance costly and unpredictable.

Some CalAmp products are subject to certain mandatory regulatory approvals in the United States and other countries in which it operates. In the United States, the Federal Communications Commission (FCC) regulates many aspects of communication devices, including radiation of electromagnetic energy, biological safety and rules for devices to be connected to the telecommunication networks. Although CalAmp has obtained the required FCC and various country approvals for all products it currently sells, there can be no assurance that such approvals can be obtained for future products on a timely basis, or at all. In addition, such regulatory requirements may change or the Company may not in the future be able to obtain all necessary approvals from countries other than the United States in which it currently sells its products or in which it may sell its products in the future.

We may be subject to product liability, warranty and recall claims that may increase the costs of doing business and adversely affect our business, financial condition and results of operations.

We are subject to a risk of product liability or warranty claims if our products or services actually or allegedly fail to perform as expected or the use of our products or services results, or are alleged to result, in bodily injury and/or property damage. While we maintain what we believe to be reasonable limits of insurance coverage to appropriately respond to such liability exposures, large product liability claims, if made, could exceed our insurance coverage limits and insurance may not continue to be available on commercially acceptable terms, if at all. There can be no assurance that we will not incur significant costs to defend these claims or that we will not experience any product liability losses in the future. In addition, if any of our designed products are, or are alleged to be, defective, we may be required to participate in recalls and exchanges of such products. The future cost associated with providing product warranties and/or bearing the cost of repair or replacement of our products could exceed our historical experience and have a material adverse effect on our business, financial condition and results of operations.

The Company's inability to identify the origin of conflict minerals in its products could have a material adverse effect on the Company's business.

Many of the Company's product lines include tantalum, tungsten, tin, gold and other materials which are considered to be conflict minerals under the SEC's rules. Those rules require public reporting companies to provide disclosure regarding the use of conflict minerals sourced from the Democratic Republic of the Congo and adjoining countries in the manufacture of products. Those rules, or similar rules that may be adopted in other jurisdictions, could adversely affect our costs, the availability of minerals used in our products and our relationships with customers and suppliers.

Risks Relating to Our Convertible Notes and Indebtedness

We may not have the ability to raise the funds necessary to settle conversions of the convertible notes in cash, repay the convertible notes at maturity or repurchase the convertible notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the convertible notes.

Holders of the \$172.5 million of 1.625% convertible senior notes due 2020 that we issued in May 2015 (the convertible notes) will have the right to require us to repurchase all or a portion of their convertible notes upon the occurrence of a fundamental change at a repurchase price equal to 100% of the principal amount of the convertible notes to be repurchased, plus accrued and unpaid interest, if any. The convertible notes will be convertible into cash, shares of the Company's common stock or a combination of cash and shares of common stock, at the Company's election, based on an initial conversion rate of 36.2398 shares of common stock per \$1,000 principal amount of the convertible notes, which is equivalent to an initial conversion price of \$27.594 per share of common stock, subject to customary adjustments. Holders may convert their notes at their option at any time prior to November 15, 2019 upon the occurrence of certain events in the future, as defined in the Indenture. During the period from November 15, 2019 to May 13, 2020, holders may convert all or any portion of their notes regardless of the foregoing conditions. Upon conversion of the convertible notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the convertible notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the convertible notes surrendered therefor or pay cash with respect to the convertible notes being converted or at their maturity.

In addition, our ability to repurchase or to pay cash upon conversions or at maturity of the convertible notes may be limited by law, regulatory authority or agreements governing our future indebtedness. Our failure to repurchase the convertible notes at a time when the repurchase is required by the indenture or to pay any cash payable on future conversions of the convertible notes as required by the indenture would constitute a default under the indenture. A fundamental change under the indenture or a default under the indenture could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the convertible notes or make cash payments upon conversions thereof.

The conditional conversion feature of the convertible notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the convertible notes is triggered, holders of the convertible notes will be entitled to convert the convertible notes at any time during specified periods at their option. If one or more holders elect to convert their convertible notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their convertible notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the convertible notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the convertible notes, could have a material adverse effect on our reported financial results.

Accounting Standards Codification Subtopic 470-20, Debt with Conversion and Other Options (ASC 470-20), requires an entity to separately account for the liability and equity components of convertible debt instruments (such as the convertible notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's non-convertible debt interest rate. Accordingly, the equity component of the convertible notes is required to be included in the additional paid-in capital section of stockholders' equity on our consolidated balance sheet, and the value of the equity component is treated as original issue discount for purposes of accounting for the debt component of the convertible notes. As a result, we are required to recognize a greater amount of non-cash interest expense in our consolidated income statements in the current and future periods presented as a result of the amortization of the discounted carrying value of the convertible notes to their principal amount over the term of the convertible notes. We will report lower net income (or greater net losses) in our consolidated financial results because ASC 470-20 will require interest to include both the current period's amortization of the original issue discount and the instrument's non-convertible interest rate. This could adversely affect our reported or future consolidated financial results, the trading price of our common stock and the trading price of the convertible notes.

In addition, under certain circumstances, in calculating earnings per share, convertible debt instruments (such as the convertible notes) that may be settled entirely or partly in cash are currently accounted for utilizing a method in which the shares of common stock issuable upon conversion of the convertible notes, if any, are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the convertible notes exceeds their principal amount. Under this method, diluted earnings per share is calculated as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, were issued. We cannot be sure that the accounting standards in the future will continue to permit the use of this method. If we are unable to use this method in accounting for the shares issuable upon conversion of the convertible notes, if any, then our diluted consolidated earnings per share could be adversely affected.

The convertible note hedge and warrant transactions may adversely affect the value of our common stock.

In connection with the sale of the convertible notes, we entered into convertible note hedge transactions with certain financial institutions that we refer to as the option counterparties. The convertible note hedge transactions are expected to offset the potential dilution to our common stock upon any conversion of convertible notes and/or offset any cash payments we are required to make in excess of the principal amount upon conversion of any convertible notes. We also entered into warrant transactions with the option counterparties pursuant to which we sold warrants for the purchase of our common stock. The warrant transactions could separately have a dilutive effect if and to the extent that the market price per share of our common stock exceeds the applicable strike price of the warrants.

We have been advised that the option counterparties or their respective affiliates may modify their initial hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the convertible notes (and are likely to do so during any observation period related to a conversion of convertible notes or following any repurchase of convertible notes by us in connection with any fundamental change repurchase date or otherwise). This activity could suppress or inflate the market price of our common stock.

The effect, if any, of these activities, including the direction or magnitude, on the market price of our common stock will depend on a variety of factors, including market conditions, and cannot be ascertained at this time. Any of these activities could, however, adversely affect the market price of our common stock and the trading price of the convertible notes.

We are subject to counterparty risk with respect to the convertible note hedge transactions.

The option counterparties are financial institutions or affiliates of financial institutions, and we will be subject to the risk that one or more option counterparties may default under the convertible note hedge transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. If any of the option counterparties becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under those transactions. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in the market price of our common stock and in the volatility of the market price of our common stock. We can provide no assurances as to the financial stability or viability of any of the option counterparties.

We may incur substantially more debt or take other actions that could diminish our ability to make payments on the convertible notes.

We and our subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in our future debt instruments, some of which may be secured debt. We are not restricted under the terms of the indenture governing the convertible notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms of the indenture governing the convertible notes that could have the effect of diminishing our ability to make payments on the convertible notes when due.

Risks Relating to Our Common Stock and the Securities Market

Future issuances of shares of our common stock could dilute the ownership interests of our stockholders.

Any issuance of equity securities could dilute the interests of our stockholders and could substantially decrease the trading price of our common stock. We may issue equity securities in the future for a number of reasons, including to finance our operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust our ratio of debt to equity, to satisfy our obligations upon the exercise of outstanding options or for other reasons. In May 2015, we issued the convertible notes and, to the extent we issue common stock upon conversion of the convertible notes, that conversion would dilute the ownership interests of our stockholders.

Anti-takeover defenses in our charter and under Delaware law could prevent us from being acquired or limit the price that investors might be willing to pay for our common stock in an acquisition.

Section 203 of the Delaware General Corporation Law prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years from the time the person became an interested stockholder, unless specific conditions are met. In addition, we have in place various protections which would make it difficult for a company or investor to buy the Company without the approval of our Board of Directors, including authorized but undesignated preferred stock and provisions requiring advance notice of board nominations and other actions to be taken at stockholder meetings. All of the foregoing could hinder, delay or prevent a change in control and could limit the price that investors might be willing to pay in the future for shares of our common stock.

The trading price of shares of our common stock may be affected by many factors and the price of shares of our common stock could decline.

As a publicly traded company, the trading price of our common stock has fluctuated significantly in the past. The future trading price of our common stock may be volatile and could be subject to wide price fluctuations in response to such factors, including:

actual or anticipated fluctuations in revenues or operating results;

failure to meet securities analysts' or investors' expectations of performance;

changes in key management personnel;

announcements of technological innovations or new products by us or our competitors;

developments in or disputes regarding patents and proprietary rights;

proposed and completed acquisitions by us or our competitors;

the mix of products and services sold;

the timing, placement and fulfillment of significant orders;

product and service pricing and discounts;

acts of war or terrorism; and

general economic conditions.

Our stock price has been highly volatile in the past and could be highly volatile in the future.

The market price of our stock can be highly volatile due to the risks and uncertainties described in this Annual Report, as well as other factors, including substantial volatility in quarterly revenues and earnings due to comments by securities analysts and our failure to meet market expectations.

Over the two-year period ended February 28, 2017, the price of CalAmp common stock as reported on The NASDAQ Global Select Market ranged from a high of \$21.82 to a low of \$12.13. The stock market has from time to time experienced extreme price and volume fluctuations that were unrelated to the operating performance of particular companies. In the past, companies that have experienced volatility have sometimes subsequently become the subject of securities class action litigation. If litigation were instituted on this basis, it could result in substantial costs and a diversion of management's attention and resources.

Lack of expected dividends may make our stock less attractive as an investment.

We intend to retain all future earnings for use in the development of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. In certain cases, stocks that pay regular dividends command higher market trading prices, and so our stock price may be lower as a result of our dividend policy.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We are headquartered in Irvine, California. We conduct engineering, research and development, sales and administration activities at our principal facilities, all leased. We also conduct some manufacturing activities at our Oxnard, California location. A list of locations of these facilities is as follows:

Location	Square Footage	Location	Square Footage
Irvine, California	16,000	Eden Prairie, Minnesota	7,000
Oxnard, California	98,000	Richardson, Texas	5,200
Carlsbad, California	26,000	Herndon, Virginia	10,000
Torrance, California	5,000	Dublin, Ireland	1,600
Los Angeles, California	500	Milan, Italy	6,000
Alpharetta, Georgia	4,600	Rome, Italy	2,200
Canton, Massachusetts	62,000	Auckland, New Zealand	4,000
Waseca, Minnesota	8,000		

ITEM 3. LEGAL PROCEEDINGS**Omega patent infringement claim**

In December 2013, a patent infringement lawsuit was filed against the Company by Omega Patents, LLC (“Omega”), a non-practicing entity. Omega alleged that certain of the Company’s vehicle tracking products infringed on certain patents owned by Omega. On February 24, 2016, a jury in the U.S. District Court for the Middle District of Florida awarded Omega damages of \$2.975 million, for which CalAmp recorded a reserve of \$2.9 million in the fiscal 2016 fourth quarter. Following trial, Omega brought a motion seeking an injunction and requesting the court to exercise its discretion to treble damages and assess attorneys’ fees. On April 5, 2017, the court denied the request for an injunction, but granted the request for treble damages in the aggregate amount of \$8.9 million. On April 24, 2017 the court awarded attorneys’ fees, costs, and prejudgment interest in the aggregate amount of \$1.2 million, and directed the payment of royalties by CalAmp to Omega for any infringing sales after February 24, 2016 at a royalty rate to be determined. As a result of these April 2017 court rulings, the Company accrued \$7.2 million in the fourth quarter of fiscal 2017. The Company has not yet recorded an accrual for the court’s award of royalties for post-February 24, 2016 sales because such amount is not presently determinable. The Company plans to file motions with the court seeking judgment as a matter of law in its favor and, alternatively, a new trial. If, following resolution of those motions, the judgment against the Company remains wholly or substantially intact, then CalAmp intends to pursue an appeal at the Court of Appeals for the Federal Circuit. CalAmp is seeking to invalidate a number of Omega’s patents in proceedings filed with the U.S. Patent and Trademark Office. Notwithstanding the adverse jury verdict and April 2017 court rulings, the Company continues to believe that its products do not infringe Omega’s patents and that should the Company be compelled to seek appellate relief, it will prevail on appeal. While it is not feasible to predict with certainty the outcome of this litigation, its ultimate resolution could be material to the Company’s cash flows and results of operations.

Orbcomm patent infringement claim

In April 2016, a patent infringement lawsuit was filed against the Company by Orbcomm Inc. (“Orbcomm”) in the U.S. District Court for the Eastern District of Virginia. Orbcomm alleged that certain of the Company’s systems for tracking, monitoring, and controlling vehicles, machinery and other assets infringed five patents asserted by Orbcomm. The Court dismissed one of Orbcomm’s patents for being directed at ineligible subject matter and therefore invalid; Orbcomm dismissed its claims with prejudice under three of its other asserted patents; and as a result of the Court’s claim construction, the parties stipulated to noninfringement of the fifth Orbcomm patent. In October 2016, CalAmp filed its own patent infringement suit against Orbcomm asserting two of its own patents. The Court dismissed certain claims of one of those patents for failing to claim patent eligible subject matter. In April 2017, the parties entered into a settlement agreement pursuant to which both parties agreed to dismiss all claims, counterclaims and defenses in both the *Orbcomm v. CalAmp* case and the *CalAmp v. Orbcomm* case, and which provides that each of Orbcomm and CalAmp grant the other royalty free licenses and covenants not to sue for the patents-in-suit described above as well as general releases. Neither party made a settlement payment to the other party. On May 2, 2017, the Court dismissed each case.

EVE battery claim

LoJack began to receive notice in 2013 from some of its international licensees that the self-powered LoJack units that these licensees had purchased from LoJack, which contained batteries manufactured by LoJack’s then battery supplier, EVE Energy Co., Ltd. (EVE), were exhibiting degraded performance below LoJack’s quality standards. These notifications led LoJack to perform its own investigation and to contact EVE for help. As a result, LoJack determined over time that the batteries manufactured by EVE that were included in certain self-powered LoJack units sold in the United States and to LoJack’s international licensees were exhibiting a failure to power over a period of time that could impact the ability of the LoJack unit to transmit a signal when called upon for stolen vehicle recovery. LoJack manufactures both vehicle-powered and self-powered (battery) units, and this degraded performance potentially affects only the transmit battery pack in the self-powered units. The majority of LoJack units currently in use are vehicle-powered.

On October 27, 2014, LoJack and its wholly-owned subsidiary, LoJack Ireland, commenced arbitration proceedings against EVE by filing a notice of arbitration with a tribunal before the Hong Kong International Arbitration Centre (the Tribunal). The filing alleges that EVE breached representations and warranties made in supply agreements with LoJack relating to the quality and performance of batteries supplied by EVE. The arbitration proceedings against EVE were held in Hong Kong on June 6 to 24, 2016. The Tribunal held additional hearings on the merits on September 15 to 16, 2016, and on damages on January 9 to 10, 2017. The arbitration is now concluded, and the Company is awaiting the Tribunal’s decision. The Company cannot predict the ultimate outcome of the arbitration proceedings or the amount of damages, if any, that the Company may be awarded by the Tribunal.

Tracker South Africa claim

On December 9, 2016, Tracker Connect (Pty) LTD (Tracker), LoJack's international licensee in South Africa, commenced arbitration proceedings against LoJack Ireland by filing a notice of arbitration with the International Centre for Dispute Resolution. The filing alleges breaches of the parties' license agreement, misrepresentations, and violation of Massachusetts General Laws chapter 93A. Tracker seeks various relief, including monetary damages and recovery of attorneys' fees. On March 3, 2017, LoJack Ireland filed its response to Tracker's notice, denying Tracker's allegations against LoJack, and filing counterclaims against Tracker for Tracker's material breaches of the parties' license agreement and bad faith conduct. The selection of the arbitral tribunal is currently underway, and the scheduling order has not yet been set for the arbitration proceedings. The Company has accrued its best estimate of the loss from this arbitration proceeding as of February 28, 2017.

Refer to Note 16 Legal Proceedings in the accompanying consolidated financial statements.

In addition, from time to time as a normal consequence of doing business, various claims and litigation may be asserted or commenced against the Company. In particular, the Company in the ordinary course of business may receive claims concerning contract performance, or claims that its products or services infringe the intellectual property of third parties. While the outcome of any such claims or litigation cannot be predicted with certainty, management does not believe that the outcome of any of such matters existing at the present time would have a material adverse effect on the Company's consolidated results of operations, financial condition and cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Common Stock trades on the NASDAQ Global Select Market under the ticker symbol CAMP. The following table sets forth, for the last two years, the quarterly high and low sale prices for the Company's Common Stock as reported by NASDAQ:

	LOW	HIGH
Fiscal Year Ended February 28, 2017		
1st Quarter	\$ 14.11	\$ 19.67
2nd Quarter	\$ 13.01	\$ 15.71
3rd Quarter	\$ 12.13	\$ 16.67
4th Quarter	\$ 14.12	\$ 16.33
Fiscal Year Ended February 28, 2016		
1st Quarter	\$ 16.04	\$ 21.82
2nd Quarter	\$ 14.01	\$ 20.27
3rd Quarter	\$ 15.12	\$ 20.15
4th Quarter	\$ 15.56	\$ 21.35

At May 2, 2017, the Company had approximately 1,400 stockholders of record. The number of stockholders of record does not include the number of persons having beneficial ownership held in street name which are estimated to approximate 30,000. The Company has never paid a cash dividend and has no current plans to pay cash dividends on its Common Stock. The Company's bank credit agreement prohibits payment of dividends without the prior written consent of the bank.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table contains information with respect to purchases made by or on behalf of CalAmp or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of the Company's common stock during the following months of the Company's fourth quarter ended February 28, 2017:

	Total Number of Shares	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased Under the Plans or Programs
December 1 - December 31, 2016	184,069	\$ 14.99	184,069	\$ 319,084
January 1 - January 31, 2017	21,566	\$ 14.80	21,566	\$ -
Total	205,635	\$ 14.97	205,635	

(1) Average price paid per share for shares purchased as part of the Company's share repurchase program (includes brokerage commissions).

(2) As announced on June 28, 2016, the Company's Board of Directors approved a stock repurchase program of up to \$25 million of shares of its outstanding common stock, expiring June 27, 2017. As of January 31, 2017, all of the \$25 million had been utilized. The Company's

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stock repurchase program does not obligate it to acquire any specific number of shares. Under the program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended February 28,				
	2017	2016	2015	2014	2013
	(In thousands except per share amounts)				
OPERATING DATA					
Revenues	\$ 351,102	\$ 280,719	\$ 250,606	\$ 235,903	\$ 180,579
Cost of revenues	207,750	177,760	163,202	155,972	123,686
Gross profit	143,352	102,959	87,404	79,931	56,893
Operating expenses:					
Research and development	22,005	19,803	19,854	21,052	14,291
Selling	49,044	23,380	20,442	19,837	12,725
General and administrative	57,119	25,065	15,578	14,416	12,154
Intangible asset amortization	15,061	6,626	6,590	6,283	1,743
Total operating expenses	143,229	74,874	62,464	61,588	40,913
Operating income	123	28,085	24,940	18,343	15,980
Non-operating expense, net	(8,306)	(5,744)	(140)	(432)	(532)
Income (loss) before income taxes and equity in net loss of affiliate	(8,183)	22,341	24,800	17,911	15,448
Income tax benefit (provision)	1,563	(4,572)	(8,292)	(6,108)	29,178
Income (loss) before equity in net loss of affiliate	(6,620)	17,769	16,508	11,803	44,626
Equity in net loss of affiliate	(1,284)	(829)	-	-	-
Net income (loss)	\$ (7,904)	\$ 16,940	\$ 16,508	\$ 11,803	\$ 44,626
Earnings (loss) per share:					
Basic	\$ (0.22)	\$ 0.46	\$ 0.46	\$ 0.34	\$ 1.54
Diluted	\$ (0.22)	\$ 0.46	\$ 0.45	\$ 0.33	\$ 1.49

	February 28,				
	2017	2016	2015	2014	2013
	(In thousands except ratio)				
BALANCE SHEET DATA					
Current assets	\$ 206,705	\$ 298,767	\$ 116,054	\$ 84,622	\$ 100,369
Current liabilities	\$ 77,841	\$ 49,565	\$ 47,005	\$ 42,118	\$ 28,949
Working capital	\$ 128,864	\$ 249,202	\$ 69,049	\$ 42,504	\$ 71,420
Current ratio	2.7	6.0	2.5	2.0	3.5
Total assets	\$ 408,139	\$ 384,363	\$ 202,617	\$ 179,265	\$ 150,771
Long-term debt	\$ 146,827	\$ 139,800	\$ -	\$ 702	\$ 2,434
Stockholders' equity	\$ 163,242	\$ 189,447	\$ 151,385	\$ 133,147	\$ 117,549

Effective at the end of fiscal 2015, the Company changed its fiscal year-end from a 52-53 week fiscal year ending on the Saturday that falls the closest to February 28 to a fiscal year ending on the last day of February. In the Selected Financial Data tables above and elsewhere throughout this Form 10-K, the fiscal year end for all years is shown as February 28 for clarity of presentation. The actual period end dates are February 28, 2017, February 29, 2016, February 28, 2015, March 1, 2014, and March 2, 2013.

Factors affecting the year-to-year comparability of the Selected Financial Data include business acquisitions and other significant events, as follows:

In fiscal 2017, the Company acquired LoJack Corporation. See Note 2 to the accompanying consolidated financial statements for additional information on this acquisition.

The Company closed its legacy Satellite segment effective August 31, 2016. Since September 1, 2016, the Company's business operates under a single segment - Wireless DataCom. See Note 17 to the accompanying financial statements for additional information on the business segments.

In fiscal 2016, the Company issued \$172.5 million aggregate principal amount of 1.625% convertible senior unsecured notes through a private placement. See Note 8 to the accompanying consolidated financial statements for additional information on the convertible notes.

In fiscal 2016, the Company invested £1,400,000 or approximately \$2.2 million for a minority ownership interest in Smart Driver Club Limited, a technology and insurance startup company located in the United Kingdom. This investment is accounted for under the equity method and the Company's equity in the net loss of this affiliate amounted to \$1.3 million and \$0.8 million in fiscal 2017 and 2016, respectively. See Note 7 to the accompanying consolidated financial statements for additional information on this investment.

In fiscal 2016, the Company reduced its deferred tax assets valuation allowance by \$2.5 million and recognized federal research and development tax credits of \$0.6 million which lowered its effective tax rate to 20.5% for the year.

In fiscal 2014, the Company acquired Wireless Matrix USA, Inc. and Radio Satellite Integrators, Inc.

In fiscal 2013, the Company recognized an income tax benefit of \$29.2 million, primarily as a result of eliminating substantially all of the valuation allowance for deferred income tax assets at the end of fiscal 2013. Excluding the effects of this \$29.2 million income tax benefit, fiscal 2013 net income was \$15.5 million and earnings per share was \$0.54 basic and \$0.52 diluted.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

Forward looking statements in this Annual Report on Form 10-K which include, without limitation, statements relating to the Company's plans, strategies, objectives, expectations, intentions, projections and other information regarding future performance, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words *may*, *will*, *could*, *plans*, *intends*, *seeks*, *anticipates*, *expects*, *estimates*, *judgment*, *goal*, and variations of these words and similar expressions, are intended to identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and financial performance and are subject to certain risks and uncertainties that are difficult to predict, including, without limitation, product demand, competitive pressures and pricing declines in the Company's wireless and data communications markets, the timing of customer approvals of new product designs, intellectual property infringement claims, interruption or failure of our Internet-based systems used to wirelessly configure and communicate with the tracking and monitoring devices that we sell, our potential needs for additional capital and other risks and uncertainties that are set forth under the caption in Part I, Item 1A of this Annual Report on Form 10-K (Risk Factors). Such risks and uncertainties could cause actual results to differ materially and adversely from historical or anticipated results. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be attained. The Company undertakes no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Overview

The Company is a leading provider of Internet of Things (IoT) enablement solutions for a broad array of mobile and fixed applications serving multiple vertical markets worldwide. The Company was organized into two segments during fiscal 2017 - Wireless DataCom, comprising all of our current operations and Satellite, a legacy business that we brought to a close effective August 31, 2016. Since September 1, 2016, our business operates under a single segment - Wireless DataCom.

In March 2016, the Company acquired all outstanding common stock of LoJack, a global leader in products and services for tracking and recovering cars, trucks and other valuable mobile assets. LoJack became a component of the Company's Wireless DataCom business segment.

WIRELESS DATACOM

Our Wireless DataCom segment offers solutions for Mobile Resource Management (MRM) and applications for the broader IoT market, enabling customers to optimize their operations by collecting, monitoring and efficiently reporting business-critical data and desired intelligence from high-value remote, and often mobile assets. Our extensive portfolio of software applications, scalable cloud service enablement platforms, and intelligent communications device platforms streamline otherwise complex IoT deployments for our customers. We are focused on delivering software services and product solutions globally for Fortune 2000 global enterprise customers in the transportation, government, construction, automotive and energy vertical markets. In addition, we anticipate new opportunities and future growth in insurance and vehicle telematics, industrial machine telematics, as well as other emerging technology applications.

SATELLITE

Prior to the closure of the Company's Satellite business, products of this business segment were sold to EchoStar, an affiliate of Dish Network, for incorporation into complete subscription satellite television systems. In April 2016, EchoStar notified the Company that it would stop purchasing products from the Company at the end of its then-current product demand forecast as a result of a consolidation of its supplier base. EchoStar's product demand forecast with the Company extended through August 2016, and the products covered by this forecast were substantially all shipped prior to August 31, 2016. In light of the fact that EchoStar accounted for essentially all of the revenues of the Satellite segment, the Company's Satellite business was shut down effective August 31, 2016.

Critical Accounting Policies

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting periods. Areas where significant judgments are made include, but are not limited to, the allowance for doubtful accounts, inventory valuation, product warranties, the deferred tax assets valuation allowance, and the valuation of long-lived assets. Actual results could differ materially and adversely from these estimates.

Business Combinations

The Company applies the provisions of ASC 805, Business Combinations, in the accounting for its acquisitions, which requires recognition of the assets acquired and the liabilities assumed at their acquisition date fair values, separately from goodwill. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the tangible and identifiable intangible assets acquired and liabilities assumed. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, its estimates are inherently uncertain and subject to refinement. As a result, during the measurement period that exists up to 12 months from the acquisition date, the Company may record adjustments to the fair values of tangible and specifically identifiable intangible assets acquired and liabilities assumed with a corresponding adjustment to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired and liabilities assumed, whichever comes first, the impact of any subsequent adjustments to the fair values of assets acquired and liabilities assumed is included in the consolidated statements of operations.

Allowance for Doubtful Accounts

The Company establishes an allowance for estimated bad debts based upon a review and evaluation of specific customer accounts identified as known and expected collection problems, based on historical experience, or due to insolvency or other collection issues. If there is a deterioration of a major customer's financial condition, if the Company becomes aware of additional information related to the credit-worthiness of a major customer, or if future actual default rates on trade receivables in general differ from those currently anticipated, the Company may have to adjust its allowance for doubtful accounts, which would affect earnings in the period the adjustments were made.

Inventories

The Company evaluates the carrying value of inventory on a quarterly basis to determine if the carrying value is recoverable at estimated selling prices. To the extent that estimated selling prices do not exceed the associated carrying values, inventory carrying amounts are written down. In addition, the Company generally treats inventory on hand or committed with suppliers, that is not expected to be sold within the next 12 months, as excess and thus appropriate write-downs of the inventory carrying amounts are established through a charge to cost of revenues. Estimated usage in the next 12 months is based on firm demand represented by orders in backlog at the end of the quarter and management's estimate of sales beyond existing backlog, giving consideration to customers' forecasted demand, ordering patterns and product life cycles. Significant reductions in product pricing or changes in technology and/or demand may necessitate additional write-downs of inventory carrying value in the future.

Warranty

The Company initially provides for the estimated cost of product warranties at the time revenue is recognized. While it engages in extensive product quality programs and processes, the Company's warranty obligation is affected by product failure rates and material usage and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage or service delivery costs differ from management's estimates, revisions to the estimated warranty liability would be required.

Deferred Income Tax and Uncertain Tax Positions

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and for income tax purposes. A deferred income tax asset is recognized if realization of such asset is more likely than not, based upon the weight of available evidence that includes historical operating performance and the Company's forecast of future operating performance. The Company evaluates the realizability of its deferred income tax assets and a valuation allowance is provided, as necessary. During this evaluation, the Company reviews its forecasts of income in conjunction with the positive and negative evidence surrounding the realizability of its deferred income tax assets to determine if a valuation allowance is needed.

The Company follows ASC Topic 740, *Income Taxes* framework for determining the appropriate level of tax reserves to maintain for uncertain tax positions. ASC Topic 740 uses a two-step approach in which a tax benefit is recognized if a position is more likely than not to be sustained. The amount of the benefit is then measured as the highest tax benefit that is greater than 50% likely to be realized upon settlement. At February 28, 2017, the Company had unrecognized tax benefits for uncertain tax positions of \$1.0 million.

Impairment Assessments of Goodwill, Purchased Intangible Assets and Other Long-Lived Assets

At February 28, 2017, the Company had \$73.0 million in goodwill, \$67.2 million in other intangible assets and \$21.2 million in net property, equipment and improvements in its consolidated balance sheet. All goodwill and other intangible assets are attributable to the Wireless DataCom segment.

The Company makes judgments about the recoverability of goodwill, other intangible assets and other long-lived assets whenever events or changes in circumstances indicate that an impairment in the remaining value of the assets recorded on the balance sheet may exist. The Company performs its goodwill impairment test in the fourth fiscal quarter of each year. Beyond this, if an event occurs or circumstances change between annual tests that would more likely than not reduce the fair value of a reporting unit below its carrying value, goodwill would be evaluated for impairment.

In the event an indicator of impairment exists, in order to estimate the fair value of long-lived assets, the Company would make various assumptions about the future prospects for the business that the asset relates to, considers market factors specific to that business and estimates future cash flows to be generated by that business. These assumptions and estimates are necessarily subjective and are based on management's best estimates given the information available at the time such estimates are made. Based on these assumptions and estimates, the Company determines whether it needs to record an impairment charge to reduce the value of the asset stated on the balance sheet to reflect its estimated fair value determined by a discounted cash flow analysis. Assumptions and estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in the Company's business strategy and its internal forecasts. Although management believes the assumptions and estimates that have been made in the past have been reasonable and appropriate, different assumptions and estimates could materially impact the Company's reported financial results. More conservative assumptions of the anticipated future benefits from these businesses could result in impairment charges in the statement of operations, and lower asset values on the balance sheet. Conversely, less conservative assumptions could result in smaller or no impairment charges.

Stock-Based Compensation Expense

The Company measures stock-based compensation expense at the grant date, based on the fair value of the award, and recognizes the expense over the employee's requisite service (vesting) period using the straight-line method. The measurement of stock-based compensation expense is based on several criteria including, but not limited to, the valuation model used and associated input factors, such as expected term of the award, stock price volatility, risk free interest rate and forfeiture rate. Certain of these inputs are subjective to some degree and are determined based in part on management's judgment. The Company recognizes the compensation expense on a straight-line basis for its graded-vesting awards. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. However, the cumulative compensation expense recognized at any point in time must at least equal the portion of the grant-date fair value of the award that is vested at that date. As used in this context, the term "forfeitures" is distinct from cancellations or expirations, and refers only to the unvested portion of the surrendered equity awards.

Revenue Recognition

The Company recognizes revenue from product sales when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collection of the sales price is reasonably assured. In cases where terms of sale include subjective customer acceptance criteria, revenue is deferred until the acceptance criteria are met. Critical judgments made by management related to revenue recognition include the determination of whether or not customer acceptance criteria are perfunctory or inconsequential. The determination of whether or not the customer acceptance terms are perfunctory or inconsequential impacts the amount and timing of revenue recognized. Critical judgments also include estimates of warranty reserves, which are established based on historical experience and knowledge of the product.

The Company provides Software as a Service (SaaS) and Platform-as-a-Service (PaaS) subscriptions for its fleet management and vehicle finance applications in which customers are provided with the ability to wirelessly communicate with monitoring devices installed in vehicles via software applications hosted by the Company. The Company defers the recognition of revenue for the monitoring device products that are sold with application subscriptions because the application services are essential to the functionality of the products, and accordingly, the associated product costs are recorded as deferred costs in the balance sheet. The deferred product revenue and deferred product cost amounts are amortized to application subscriptions revenue and cost of revenue on a straight-line basis over the minimum contractual service periods, which are generally one year to five years. Revenues from renewals of data communication services after the initial minimum contractual service term are recognized as application subscriptions revenue when the services are provided. When customers prepay application subscription renewals, such amounts are recorded as deferred revenues and are recognized over the renewal term.

In the United States, the Company generally recognizes revenue on LoJack product sales that have no associated continuing service obligations on the part of the Company upon installation of the products. Revenue relating to sales made to the Company's third party installation partners, who purchase the Company's products and perform installations themselves, is recognized upon shipment, which is prior to the installation of the related products in the end user's vehicle. Revenue from the sales of products to international licensees is recognized when shipment of the products to the licensee has occurred and collection is reasonably assured.

In the United States, sales of a combined LoJack and Early Warning Unit constitute a multiple element arrangement under ASC 605 subtopic 25. The combined LoJack and Early Warning Unit includes LoJack Unit hardware, Early Warning hardware, installation service, and an Early Warning ongoing automated notification service, which is provided over the period of vehicle ownership.

The delivered elements of a multiple element arrangement (LoJack Unit hardware and Early Warning Hardware and installation service) must meet certain criteria to qualify each component of the combined LoJack and Early Warning Unit for separate accounting. The Company performed an analysis and determined that each of the delivered elements in the arrangement qualify for separate accounting based on the applicable guidance.

The LoJack and Early Warning hardware and installation service components of each sale are considered to have met delivery requirements for revenue recognition upon installation of the LoJack and Early Warning Unit; however, revenue from the ongoing notification service, as well as the tracking and recovery service in Canada, are deferred and recognized over an estimated life of new vehicle ownership.

In Italy, the purchase of an initial vehicle monitoring service contract is a requirement at the time the consumer purchases a LoJack product. Revenue for these contracts is recognized over the life of the contract. These contracts, which are sold separately from the LoJack hardware, are offered for terms ranging from 8 to 96 months and are generally payable in full upon activation of the related unit or renewal of a previous contract. Customers are also offered a month-to-month option for service contracts.

The Company offers several types of extended warranty contracts in the United States related to its LoJack products. For those contracts for which an independent third party insurer, and not the Company, is the primary obligor, the Company recognizes revenue at the time of the sale

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of the extended warranty. For those warranty contracts as to which the Company is the primary obligor, revenue is deferred and is recognized over five years, which is the estimated life of new vehicle ownership. For the majority of extended warranty contracts originated after 2011, the Company sells the contract to an independent third party insurer and accordingly recognizes revenue at the time of sale.

For those warranties for which an independent third party insurer, and not the Company, is the primary obligor, the Company records revenue on a gross basis, with related costs being included in cost of goods sold. The Company considered the factors associated with gross vs. net revenue recording and determined that despite not being the primary obligor for these arrangements, gross revenue reporting was deemed appropriate based on the relevant accounting guidance. Specifically, the Company has latitude in establishing price; it can change the product offering; it has discretion in supplier selection; it is involved in the determination of product or service specifications; it bears the credit risk; and the amount that it earns on each contract is not fixed.

Results of Operations, Fiscal Years 2015 Through 2017

The following table sets forth the percentage of revenues represented by items included in the Company's consolidated statements of income for the three most recent years:

	Year Ended February 28,		
	2017	2016	2015
Revenues	100.0%	100.0%	100.0%
Cost of revenues	59.2	63.3	65.1
Gross profit	40.8	36.7	34.9
Operating expenses:			
Research and development	6.3	7.1	7.9
Selling	13.9	8.3	8.2
General and administrative	16.3	8.9	6.2
Intangible asset amortization	4.3	2.4	2.6
Operating income	-	10.0	10.0
Non-operating expense, net	(2.4)	(2.0)	(0.1)
Income (loss) before income taxes and equity in net loss of affiliate	(2.4)	8.0	9.9
Income tax benefit (provision)	0.4	(1.6)	(3.3)
Income (loss) before equity in net loss of affiliate	(2.0)	6.4	6.6
Equity in net loss of affiliate	(0.4)	(0.3)	-
Net income (loss)	(2.4%)	6.1%	6.6%

The Company's revenue, gross profit and operating income by business segment for the last three years are as follows:

REVENUE BY SEGMENT

Segment	Year ended February 28,					
	2017		2016		2015	
	\$000s	% of Total	\$000s	% of Total	\$000s	% of Total
Wireless DataCom	\$ 336,033	95.7%	\$ 241,387	86.0%	\$ 213,119	85.0%
Satellite	15,069	4.3%	39,332	14.0%	37,487	15.0%
Total	\$ 351,102	100.0 %	\$ 280,719	100.0 %	\$ 250,606	100.0 %

GROSS PROFIT BY SEGMENT

Segment	Year ended February 28,					
	2017		2016		2015	
	\$000s	% of Total	\$000s	% of Total	\$000s	% of Total
Wireless DataCom	\$ 139,623	97.4%	\$ 91,976	89.3%	\$ 77,899	89.1%
Satellite	3,729	2.6%	10,983	10.7%	9,505	10.9%
Total	\$ 143,352	100.0 %	\$ 102,959	100.0 %	\$ 87,404	100.0 %

OPERATING INCOME BY SEGMENT

Year ended February 28,

Segment	2017		2016		2015	
	\$000s	% of Total Revenue	\$000s	% of Total Revenue	\$000s	% of Total Revenue
Wireless DataCom	\$ 6,937	2.0%	\$ 26,501	9.4%	\$ 23,833	9.6%
Satellite	1,547	0.4%	8,064	2.9%	5,017	2.0%
Corporate expenses	(8,361)	(2.4%)	(6,480)	(2.3%)	(3,910)	(1.6%)
Total	\$ 123	0.0%	\$ 28,085	10.0%	\$ 24,940	10.0%

Fiscal Year 2017 compared to Fiscal Year 2016

Revenue

Wireless DataCom revenue increased by \$94.6 million, or 39%, to \$336.0 million in fiscal 2017 compared to \$241.4 million last year. This increase was due to the revenue contribution of LoJack, which was acquired in March 2016 and which accounted for revenue of \$117.5 million in fiscal 2017, partially offset by a decrease in Mobile Resource Management (MRM) product revenues due to macroeconomic conditions that negatively impacted demand for fleet telematics products during the year.

Satellite revenue decreased by \$24.3 million, or 62%, to \$15.1 million in fiscal 2017 compared to \$39.3 million last year. This decline was due to the closure of this business effective August 31, 2016, for the reasons explained above.

Gross Profit and Gross Margins

Wireless DataCom gross profit increased by \$47.6 million to \$139.6 million in fiscal 2017 from \$92.0 million last year due to higher revenue, as described above. Wireless DataCom gross margin increased to 41.6% in fiscal 2017 from 38.1% last year primarily due to higher margins for the LoJack business.

Satellite gross profit decreased by \$7.3 million to \$3.7 million in fiscal 2017 compared to \$11.0 million last year, and Satellite's gross margin decreased to 24.7% in fiscal 2017 from 27.9% last year. These decreases were due to lower revenue resulting from the closing of the Satellite business at the end of the fiscal 2017 second quarter.

Operating Expenses

Consolidated research and development (R&D) expense increased to \$22.0 million in fiscal 2017 from \$19.8 million last year due primarily to LoJack R&D expense.

Consolidated selling expenses increased by \$25.7 million to \$49.0 million in fiscal 2017 from \$23.4 million in fiscal 2016 due primarily to the LoJack acquisition, which accounted for \$23.8 million of the increase. The remaining increase was due to higher payroll expense as a result of additional sales and marketing personnel and stock compensation expenses.

Consolidated general and administrative expenses (G&A) increased by \$32.0 million to \$57.1 million in fiscal 2017 compared to \$25.1 million in fiscal 2016 due primarily to the G&A expenses of LoJack, which accounted for \$20.7 million of the increase. Also, transaction and integration expenses for the LoJack acquisition were \$4.5 million and \$2.0 million in fiscal years 2017 and 2016, respectively. The remaining increase in G&A expenses for fiscal 2017 was due to higher legal expenses related to two patent infringement lawsuits and a litigation provision of \$7.2 million recorded in fiscal 2017 related to the Omega Patents LLC patent infringement case. In fiscal 2016, a litigation provision of \$2.9 million was recorded for this lawsuit. Higher stock compensation expenses in fiscal 2017 also contributed to the increase in G&A expenses.

Amortization of intangibles increased from \$6.6 million in fiscal 2016 to \$15.1 million in fiscal 2017 due to the amortization of new intangibles associated with the acquisition of LoJack in the fiscal 2017 first quarter.

Non-operating Expense, Net

Investment income was \$1.7 million in fiscal 2017 compared to investment income of \$1.9 million last year. In fiscal 2017, there was investment income on cash equivalents and marketable securities of \$0.6 million, investment income of \$0.9 million on deferred compensation plan Rabbi Trust assets and other investment income of \$0.2 million. In fiscal 2016, there was investment income on cash equivalents and marketable securities of \$0.8 million and a gain of \$1.4 million on 850,100 shares of LoJack common stock purchased in the open market in November and December 2015. Offsetting the fiscal 2016 income from these investments was a loss on deferred compensation plan Rabbi Trust assets of \$0.4 million. The Company is informally funding its deferred compensation plan obligations by making cash deposits to a Rabbi Trust that are invested in various equity, bond and money market mutual funds in generally the same proportion as investment elections made by the participants for their compensation deferrals.

Interest expense increased to \$9.9 million in fiscal 2017 compared to \$7.6 million last year due to a full year of interest expense in fiscal 2017 on the convertible notes issued in May 2015 versus 9.5 months of interest expense in fiscal 2016.

Income Tax Provision

The Company had an income tax benefit of \$1.6 million and an effective tax rate of 19.1% in fiscal 2017. The income tax benefit was impacted by the geographic mix of earnings (losses) as a result of the acquisition of LoJack in fiscal 2017 and a \$1.4 million increase in the deferred tax assets valuation allowance as a result of the Company's assessment of the future realizability of its deferred tax assets.

In fiscal 2016, the Company recorded an income tax provision of \$4.6 million and an effective tax rate of 20.5%. The effective tax rate was lower than the U.S. statutory rate due primarily to a \$2.5 million reduction in the deferred tax assets valuation allowance as a result of the Company's assessment of the future realizability of its deferred tax assets.

Fiscal Year 2016 compared to Fiscal Year 2015

Revenue

Wireless DataCom revenue increased by \$28.3 million, or 13%, to \$241.4 million in fiscal 2016 compared to \$213.1 million in fiscal 2015. These increases were due primarily to increased sales of MRM products into the fleet management and non-vehicle asset tracking markets, as well as the revenue generated from a major original equipment manufacturer in the heavy equipment industry.

Satellite revenue increased by \$1.8 million, or 5%, to \$39.3 million in fiscal 2016 compared to \$37.5 million in fiscal 2015 due primarily to the introduction of a new product that we began shipping in the second half of fiscal 2015.

Gross Profit and Gross Margins

Wireless DataCom gross profit increased by \$14.1 million to \$92.0 million in fiscal 2016 from \$77.9 million in fiscal 2015 due to higher revenue, as described above. Wireless DataCom gross margin increased to 38.1% in fiscal 2016 from 36.6% in the prior year due to revenue mix changes and increased absorption of fixed manufacturing costs on higher revenue.

Satellite gross profit increased by \$1.5 million to \$11.0 million in fiscal 2016 compared to \$9.5 million in fiscal 2015. Satellite's gross margin increased to 27.9% in fiscal 2016 from 25.4% in the prior year which was attributable to changes in product mix due to the new product introduced in the second half of fiscal 2015.

Operating Expenses

Consolidated R&D expense decreased slightly to \$19.8 million in fiscal 2016 from \$19.9 million in the prior year due primarily to staff reductions from ongoing operational integration.

Consolidated selling expenses increased by \$3.0 million to \$23.4 million in fiscal 2016 from \$20.4 million in fiscal 2015 due primarily to higher marketing-related expenses and stock compensation expenses.

Consolidated G&A increased by \$9.5 million to \$25.1 million in fiscal 2016 compared to \$15.6 million in fiscal 2015 due primarily to acquisition expenses of \$2.0 million related to the acquisition of LoJack which was consummated shortly after the end of fiscal 2016, higher legal expense related to a patent infringement lawsuit, a litigation provision of \$2.9 million related to such lawsuit and higher stock compensation expenses.

Amortization of intangibles was almost unchanged at \$6.6 million in fiscal 2016 and 2015 as the net result of some intangible assets becoming fully amortized and the amortization of a new intangible associated with the acquisition of CrashBoxx in the fiscal 2016 first quarter.

Non-operating Expense, Net

Investment income was \$1.9 million in fiscal 2016 compared to investment income of \$0.2 million in the prior year due to the gain of \$1.4 million on 850,100 shares of LoJack common stock purchased in the open market in November and December 2015 and investment income of \$0.8 million on the net proceeds of the convertible notes issued in May 2015. Offsetting the income from these investments was the loss on deferred compensation plan Rabbi Trust assets of \$0.4 million in fiscal 2016, compared to investment income on Rabbi Trust assets of \$0.2 million in fiscal 2015.

Interest expense increased to \$7.6 million in fiscal 2016 compared to \$0.3 million in fiscal 2015 due to stated interest expense of \$2.3 million, and amortization of debt discount and issue cost of \$5.2 million associated with the convertible notes issued in May 2015.

Income Tax Provision

The effective income tax rate was 20.5% in fiscal 2016 compared to 33.4% in fiscal 2015. The decrease in the effective tax rate is primarily attributable to a \$2.5 million reduction in the deferred tax assets valuation allowance as a result of the Company's assessment of the future realizability of its deferred tax assets.

Liquidity and Capital Resources

In June 2016, the Company's Board of Directors authorized a \$25 million stock repurchase program, under which the Company repurchased 1.8 million of its outstanding common stock shares during the period from June 2016 to January 2017 at an average cost of \$14.20 per share. The Company financed the purchases with existing cash balances, and all of the stock repurchases were paid for as of February 28, 2017. All common stock shares repurchased were retired prior to February 28, 2017.

As described in Note 2 to the accompanying consolidated financial statements, in March 2016 the Company acquired LoJack, which was funded from the Company's cash on hand. The total purchase price was \$131.7 million, which included the \$5.5 million fair value of 850,100 shares of LoJack common stock that were purchased by CalAmp in the open market in November and December 2015, prior to entering into a definitive acquisition agreement with LoJack.

In May 2015, the Company issued \$172.5 million aggregate principal amount of 1.625% convertible senior unsecured notes due May 15, 2020. The Company has used some of the net proceeds from the offering of the convertible notes for general corporate purposes including the LoJack acquisition and repurchases of the Company's common stock.

The Company has a credit facility with Square 1 Bank that provides for borrowings up to \$15 million or 85% of eligible accounts receivable, whichever is less. The credit facility expires on June 1, 2017. Borrowings under this line of credit bear interest at the bank's prime rate. There were no borrowings outstanding under this credit facility at February 28, 2017 or 2016.

The bank credit facility contains financial covenants that require the Company to maintain a minimum level of earnings before interest, income taxes, depreciation, amortization and other noncash charges (EBITDA) and a minimum debt coverage ratio, both measured monthly on a rolling 12-month basis. At February 28, 2017, the Company was in compliance with its debt covenants under the credit facility.

The Company's primary sources of liquidity are its cash, cash equivalents, and marketable securities. During the year ended February 28, 2017, cash and cash equivalents decreased by \$45.7 million. The decrease was primarily due to the cash used for the acquisition of LoJack, net of cash acquired, of \$117.0 million. Other uses of cash were common stock repurchases of \$25.0 million, capital expenditures of \$8.0 million, taxes paid related to net share settlement of vested equity awards of \$1.8 million, and advances to an unconsolidated affiliate of \$2.6 million. Partially offsetting these uses of cash and cash equivalents was cash provided by operations of \$25.8 million, net proceeds from maturities of marketable securities of \$82.0 million, and proceeds from stock option exercises of \$1.0 million.

As of February 28, 2017, the Company's cash, cash equivalents and marketable securities held by foreign subsidiaries was \$16.8 million, of which \$11.4 million was held in U.S. dollar denominated accounts, with the remaining \$5.4 million held in foreign currency denominated accounts. We did not provide for U.S. federal income and foreign withholding taxes on the \$16.8 million of undistributed earnings from non-U.S. operations as of February 28, 2017 because we intend to reinvest such earnings indefinitely outside of the U.S. If we were to distribute these earnings, foreign tax credits may become available under current law to reduce the resulting U.S. income tax liability. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable.

The Company currently anticipates that its existing cash and cash equivalents and short-term marketable securities and cash generated from operations will be sufficient to meet anticipated needs for working capital, capital expenditure, and investment requirements for at least the next 12 months from the issuance date of this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of the Securities and Exchange Commission Regulation S-K.

Contractual Obligations

Following is a summary of the Company's contractual cash obligations as of February 28, 2017 (in thousands):

Contractual Obligations	Future Estimated Cash Payments Due by Period				
	1 year	2-3 years	4-5 years	5 years	Total
Convertible senior notes principal	\$ -	\$ -	\$ 172,500	\$ -	\$ 172,500
Convertible senior notes stated interest	2,803	5,606	1,402	-	9,811
Operating leases	6,815	8,714	2,860	2,799	21,188
Purchase obligations	23,420	-	-	-	23,420
Other contractual commitments	2,115	-	-	-	2,115
Total contractual obligations	\$ 35,153	\$ 14,320	\$ 176,762	\$ 2,799	\$ 229,034

Purchase obligations consist primarily of inventory purchase commitments.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

The Company has international operations, giving rise to exposure to market risks from changes in currency exchange rates. A cumulative foreign currency translation loss of \$506,000 related to the Company's foreign subsidiaries is included in accumulated other comprehensive loss in the stockholders' equity section of the consolidated balance sheet at February 28, 2017. The aggregate foreign currency transaction exchange rate losses included in determining income (loss) before income taxes and equity in net loss of affiliate were \$103,000, \$27,000 and \$53,000 in fiscal years 2017, 2016 and 2015, respectively.

Interest Rate Risk

The Company's exposure to market rate risk for changes in interest rates relates primarily to its investment portfolio. The primary objective of the Company's investment activities is to preserve principal and liquidity while at the same time maximizing yields without significantly increasing risk. To achieve this objective, the Company maintains its portfolio of short-term and long-term investments in a variety of available-for-sale fixed debt securities, including both government and corporate obligations and money market funds. Investments in fixed rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in prevailing interest rates. Due in part to these factors, the Company may suffer losses in principal if it needs the funds prior to maturity and chooses to sell securities that have declined in market value due to changes in interest rates or perceived credit risk related to the securities issuers.

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The Company has variable-rate bank debt. A fluctuation of one percent in the interest rate on the \$15 million credit facility with Square 1 Bank would have an annual impact of approximately \$150,000 on the Company's consolidated statement of operations assuming that the full amount of the facility was borrowed. There were no borrowings outstanding on this facility at February 28, 2017.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
CalAmp Corp.
Irvine, California

We have audited the accompanying consolidated balance sheets of CalAmp Corp. (the Company) as of February 28, 2017 and February 29, 2016, and the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for the years then ended. 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 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 CalAmp Corp. at February 28, 2017 and February 29, 2016, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CalAmp Corp.'s internal control over financial reporting as of February 28, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated May 12, 2017 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Los Angeles, California
May 12, 2017

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
CalAmp Corp. and subsidiaries

We have audited the accompanying consolidated statements of income, stockholders' equity, and cash flows for the year ended February 28, 2015, of CalAmp Corp. and Subsidiaries (collectively, the financial statements). 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 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 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations of CalAmp Corp. and Subsidiaries and their cash flows for the year ended February 28, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ SingerLewak LLP

Los Angeles, California
April 21, 2015

CALAMP CORP.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

Assets	2017	February 28,	2016
Current assets:			
Cash and cash equivalents	\$ 93,706	\$	139,388
Short-term marketable securities	6,722		88,718
Accounts receivable, less allowance for doubtful accounts of \$962 and \$622 at February 28, 2017 and 2016, respectively	67,403		49,432
Inventories	29,279		16,731
Prepaid expenses and other current assets	9,595		4,498
Total current assets	206,705		298,767
Property, equipment and improvements, net of accumulated depreciation and amortization	21,162		11,225
Deferred income tax assets	27,504		30,213
Goodwill	72,980		16,508
Other intangible assets, net	67,223		17,010
Other assets	12,565		10,640
	\$ 408,139	\$	384,363
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 30,266	\$	24,938
Accrued payroll and employee benefits	7,955		6,814
Deferred revenue	14,662		9,438
Other current liabilities	24,958		8,375
Total current liabilities	77,841		49,565
1.625% convertible senior unsecured notes	146,827		139,800
Other non-current liabilities	20,229		5,551
Total liabilities	244,897		194,916
Commitments and contingencies			
Stockholders' equity:			
Preferred stock, \$.01 par value; 3,000 shares authorized; no shares issued or outstanding	-		-
Common stock, \$.01 par value; 80,000 shares authorized; 35,330 and 36,667 shares issued and outstanding at February 28, 2017 and 2016, respectively	353		367
Additional paid-in capital	211,187		229,159
Accumulated deficit	(47,757)		(39,853)
Accumulated other comprehensive loss	(541)		(226)
Total stockholders' equity	163,242		189,447
	\$ 408,139	\$	384,363

See accompanying notes to consolidated financial statements.

CALAMP CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share amounts)

	Year Ended February 28,		
	2017	2016	2015
Revenues:			
Products	\$ 291,685	\$ 237,981	\$ 209,895
Application subscriptions and other services	59,417	42,738	40,711
Total revenues	351,102	280,719	250,606
Cost of revenues:			
Products	178,012	158,689	144,911
Application subscriptions and other services	29,738	19,071	18,291
Total cost of revenues	207,750	177,760	163,202
Gross profit	143,352	102,959	87,404
Operating expenses:			
Research and development	22,005	19,803	19,854
Selling	49,044	23,380	20,442
General and administrative	57,119	25,065	15,578
Intangible asset amortization	15,061	6,626	6,590
Total operating expenses	143,229	74,874	62,464
Operating income	123	28,085	24,940
Non-operating income (expense):			
Investment income	1,691	1,871	224
Interest expense	(9,896)	(7,595)	(296)
Other expense	(101)	(20)	(68)
	(8,306)	(5,744)	(140)
Income (loss) before income taxes and equity in net loss of affiliate	(8,183)	22,341	24,800
Income tax benefit (provision)	1,563	(4,572)	(8,292)
Income (loss) before equity in net loss of affiliate	(6,620)	17,769	16,508
Equity in net loss of affiliate	(1,284)	(829)	-
Net income (loss)	\$ (7,904)	\$ 16,940	\$ 16,508
Earnings (loss) per share:			
Basic	\$ (0.22)	\$ 0.46	\$ 0.46
Diluted	\$ (0.22)	\$ 0.46	\$ 0.45
Shares used in computing earnings (loss) per share:			
Basic	35,917	36,448	35,784
Diluted	35,917	36,950	36,530
Comprehensive income (loss):			
Net income (loss)	\$ (7,904)	\$ 16,940	\$ 16,508
Other comprehensive loss:			

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Foreign currency translation adjustments		(280)		(161)		-
Unrealized loss on equity investment in French licensee, net of tax		(35)		-		-
Total comprehensive income (loss)	\$	(8,219)	\$	16,779	\$	16,508

See accompanying notes to consolidated financial statements.

CALAMP CORP.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balances at February 28, 2014	35,859	\$ 359	\$ 206,154	\$ (73,301)	\$ (65)	\$ 133,147
Net income				16,508		16,508
Stock-based compensation expense			4,100			4,100
Issuance of shares for restricted stock awards	106	1	(1)			-
Shares issued on net share settlement of equity awards	117	1	(3,089)			(3,088)
Exercise of stock options	143	1	717			718
Balances at February 28, 2015	36,225	362	207,881	(56,793)	(65)	151,385
Net income				16,940		16,940
Stock-based compensation expense			5,854			5,854
Equity component of convertible senior notes, net of tax			20,104			20,104
Purchase of note hedges, net of tax			(19,324)			(19,324)
Sale of warrants to note hedge counterparties			15,991			15,991
Issuance of shares for restricted stock awards	115	1	(1)			-
Shares issued on net share settlement of equity awards	99	1	(2,626)			(2,625)
Exercise of stock options	228	3	1,280			1,283
Foreign currency translation adjustment					(161)	(161)
Balances at February 28, 2016	36,667	367	229,159	(39,853)	(226)	189,447
Net loss				(7,904)		(7,904)
Stock-based compensation expense			7,833			7,833
Issuance of shares for restricted stock awards	149	1	(1)			-
Shares issued on net share settlement of equity awards	150	2	(1,782)			(1,780)
Exercise of stock options	125	1	960			961
Repurchase of common stock	(1,761)	(18)	(24,982)			(25,000)
Other comprehensive loss, net of tax					(315)	(315)
Balances at February 28, 2017	35,330	\$ 353	\$ 211,187	\$ (47,757)	\$ (541)	\$ 163,242

See accompanying notes to consolidated financial statements.

CALAMP CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended February 28,		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (7,904)	\$ 16,940	\$ 16,508
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation expense	8,408	3,582	2,796
Intangible assets amortization expense	15,061	6,626	6,590
Stock-based compensation expense	7,833	5,854	4,100
Amortization of convertible debt issue costs and discount	7,027	5,201	-
Deferred tax assets, net	(2,735)	4,122	7,927
Gain on investment in LoJack common stock	-	(1,416)	-
Equity in net loss of affiliate	1,284	829	-
Impairment of internal use software	1,364	-	-
Changes in operating assets and liabilities:			
Accounts receivable	3,090	(1,515)	(11,058)
Inventories	221	1,935	(3,704)
Prepaid expenses and other assets	(178)	(280)	(2,076)
Accounts payable	(4,623)	926	3,504
Accrued liabilities	(5,171)	5,972	1,314
Deferred revenue	2,151	(1,310)	2,497
Other	(32)	(66)	247
NET CASH PROVIDED BY OPERATING ACTIVITIES	25,796	47,400	28,645
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from maturities of marketable securities	114,426	71,991	15,145
Purchases of marketable securities	(32,430)	(150,532)	(16,304)
Capital expenditures	(7,962)	(4,317)	(7,437)
Acquisition of CrashBoxx	-	(1,500)	-
Acquisition of LoJack, net of cash acquired	(116,982)	(4,050)	-
Equity investment in and advances to affiliate	(2,636)	(2,156)	-
Other	(2)	(110)	(55)
NET CASH USED IN INVESTING ACTIVITIES	(45,586)	(90,674)	(8,651)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of convertible notes	-	172,500	-
Payment of debt issuance costs	-	(5,291)	-
Purchase of convertible note hedges	-	(31,343)	-
Proceeds from issuance of warrants	-	15,991	-
Payment of acquisition-related note and contingent consideration	-	(2,037)	(2,673)
Repurchases of common stock	(25,000)	-	-
Taxes paid related to net share settlement of vested equity awards	(1,780)	(2,625)	(3,088)
Proceeds from exercise of stock options	961	1,283	718
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(25,819)	148,478	(5,043)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(73)	-	-
Net change in cash and cash equivalents	(45,682)	105,204	14,951
Cash and cash equivalents at beginning of year	139,388	34,184	19,233
Cash and cash equivalents at end of year	\$ 93,706	\$ 139,388	\$ 34,184

See accompanying notes to consolidated financial statements.

CALAMP CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

CalAmp Corp. (CalAmp or the Company) is a leading provider Internet of Things (IoT) enablement solutions for a broad array of mobile and fixed applications serving multiple vertical markets worldwide. The Company was organized into two segments during fiscal 2017 - Wireless DataCom, comprising all of our current operations and Satellite, a legacy business that we brought to a close effective August 31, 2016. Since September 1, 2016, our business operates under a single segment Wireless DataCom.

In March 2016, the Company acquired all outstanding common stock of LoJack Corporation (LoJack), a global leader in products and services for tracking and recovering cars, trucks and other valuable mobile assets. See Note 2 for a description of this acquisition.

Products of the Company's Satellite segment were sold to EchoStar, an affiliate of Dish Network, for incorporation into complete subscription satellite television systems. In April 2016, EchoStar notified the Company that it would stop purchasing products from the Company at the end of its then-current product demand forecast as a result of a consolidation of its supplier base. EchoStar's product demand forecast with the Company extended through August 2016, and the products covered by this forecast were substantially all shipped prior to August 31, 2016. In light of the fact that EchoStar accounted for essentially all of the revenues of the Satellite segment, the Company's Satellite business was shut down effective August 31, 2016.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company (a Delaware corporation) and its subsidiaries, all of which are wholly-owned. All significant intercompany transactions and accounts have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. Areas where significant judgments are made include, but are not necessarily limited to, allowance for doubtful accounts, inventory valuation, product warranties, deferred income tax asset valuation allowances, valuation of purchased intangible assets and other long-lived assets, stock-based compensation, and revenue recognition.

Fiscal Year

The Company's fiscal year ends on the last day of February. In these consolidated financial statements, the fiscal year end for all years is shown as February 28 for clarity of presentation. The actual period end date for fiscal 2016 was February 29, 2016.

Revenue Recognition

The Company recognizes revenue from product sales when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collection of the sales price is reasonably assured. For product sales that are not bundled with an application service, these criteria are generally met at the time product is shipped, except for shipments made on the basis of FOB Destination terms, in which case title transfers to the customer and the revenue is recorded by the Company when the shipment reaches the customer. Customers generally do not have a right of return except for defective products returned during the warranty period. The Company records estimated commitments related to customer incentive programs as reductions of revenues.

In addition to product sales, the Company provides Software as a Service (SaaS) and Platform-as-a-Service (PaaS) subscriptions for its fleet management and vehicle finance applications through which customers are provided with the ability to wirelessly communicate with monitoring devices installed in vehicles and other mobile or remote assets via software applications hosted by the Company. Generally, the Company defers the recognition of revenue for the products that are sold with application subscriptions because the products are not functional without the application services. In such circumstances, the associated product costs are recorded as deferred costs in the balance sheet. The deferred product revenue and deferred product cost amounts are amortized to application subscriptions revenue and cost of revenue, respectively, on a straight-line basis over minimum contractual subscription periods of one to five years. Revenues from renewals of data communication services after the initial contract term are recognized as application subscriptions revenue over the period the services are provided. When customers prepay application subscription renewals, such amounts are recorded as deferred revenues and are recognized ratably over the renewal term.

In the United States, the Company generally recognizes revenue on LoJack product sales that have no associated continuing service obligations on the part of the Company upon installation of the products. Revenue relating to sales made to the Company's third party installation partners, who purchase the Company's products and perform installations themselves, is recognized upon shipment, which is prior to the installation of the related products in the end user's vehicle. Revenue from the sales of products to international licensees is recognized when shipment of the products to the licensee has occurred and collection is reasonably assured.

In the United States, sales of a combined LoJack and Early Warning Unit constitute a multiple element arrangement under ASC 605 subtopic 25. The combined LoJack and Early Warning Unit includes LoJack Unit hardware, Early Warning hardware, installation service, and an Early Warning ongoing automated notification service, which is provided over the period of vehicle ownership.

The delivered elements of a multiple element arrangement (LoJack Unit hardware and Early Warning Hardware and installation service) must meet certain criteria to qualify each component of the combined LoJack and Early Warning Unit for separate accounting. The Company performed an analysis and determined that each of the delivered elements in the arrangement qualify for separate accounting based on the applicable guidance.

The LoJack and Early Warning hardware and installation service components of each sale are considered to have met delivery requirements for revenue recognition upon installation of the LoJack and Early Warning Unit; however, revenue from the ongoing notification service, as well as the tracking and recovery service in Canada, are deferred and recognized over an estimated life of new vehicle ownership.

In Italy, the purchase of an initial vehicle monitoring service contract is a requirement at the time the consumer purchases a LoJack product. Revenue for these contracts is recognized over the life of the contract. These contracts, which are sold separately from the LoJack hardware, are offered for terms ranging from 8 to 96 months and are generally payable in full upon activation of the related unit or renewal of a previous contract. Customers are also offered a month-to-month option for service contracts.

The Company offers several types of extended warranty contracts in the United States related to its LoJack products. For those contracts for which an independent third party insurer, and not the Company, is the primary obligor, the Company recognizes revenue at the time of the sale of the extended warranty. For those warranty contracts as to which the Company is the primary obligor, revenue is deferred and is recognized over five years, which is the estimated life of new vehicle ownership. For the majority of extended warranty contracts originated after 2011, the Company sells the contract to an independent third party insurer and accordingly recognizes revenue at the time of sale.

For those warranties for which an independent third party insurer, and not the Company, is the primary obligor, the Company records revenue on a gross basis, with related costs being included in cost of goods sold. The Company considered the factors associated with gross vs. net revenue recording and determined that despite not being the primary obligor for these arrangements, gross revenue reporting was deemed appropriate based on the relevant accounting guidance. Specifically, the Company has latitude in establishing price; it can change the product offering; it has discretion in supplier selection; it is involved in the determination of product or service specifications; it bears the credit risk; and the amount that it earns on each contract is not fixed.

Cash and Cash Equivalents

The Company considers all highly liquid investments with remaining maturities at date of purchase of three months or less to be cash equivalents.

Concentrations of Risk

Cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit, and are therefore considered by management to bear minimal credit risk.

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Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, marketable securities and trade receivables.

One Wireless DataCom customer in the heavy equipment industry accounted for 12% and 15% of consolidated accounts receivable at February 28, 2017 and 2016, respectively.

The Company has contract manufacturing arrangements with sole source suppliers for LoJack stolen vehicle recovery products and transmission towers. One such supplier accounted for 11% of the Company's total inventory purchases in fiscal 2017, and 8% of the Company's total accounts payable as of February 28, 2017. Some of the Company's other components, assemblies and electronic manufacturing services are also purchased from sole source suppliers. In addition, a substantial portion of the Company's inventory is purchased from one supplier that functions as an independent foreign procurement agent and contract manufacturer. This supplier accounted for 34%, 56% and 59% of the Company's total inventory purchases in fiscal years 2017, 2016 and 2015, respectively. As of February 28, 2017, this supplier accounted for 33% of the Company's total accounts payable. Another supplier accounted for 14% and 16% of the Company's total inventory purchases in fiscal 2017 and 2016, respectively, and 18% of the Company's total accounts payable as of February 28, 2017.

EchoStar accounted for 4%, 14% and 15% of consolidated revenues in fiscal years 2017, 2016 and 2015, respectively. In August 2016, EchoStar ceased purchasing products from CalAmp.

Allowance for Doubtful Accounts

The Company establishes an allowance for estimated bad debts based upon a review and evaluation of specific customer accounts identified as having known or expected collection problems based on historical experience or due to insolvency, disputes or other collection issues.

Property, equipment and improvements

Property, equipment and improvements are stated at the lower of cost or fair value determined through periodic impairment analyses. The Company follows the policy of capitalizing expenditures that increase asset lives, and expensing ordinary maintenance and repairs as incurred.

Depreciation and amortization are based upon the estimated useful lives of the assets, with such amounts computed using the straight-line method. Plant equipment and office equipment are depreciated over useful lives ranging from two to seven years, while tooling is depreciated over 18 months. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvements.

The Company capitalizes certain costs incurred in connection with developing or obtaining internal-use software and software that are embedded in a product and sold as part of the product as a whole. These costs are included in Property, Equipment and Improvements in the consolidated balance sheets and are amortized over useful lives ranging from three to seven years.

Operating Leases

Rent expense under operating leases is recognized on a straight-line basis over the lease term. The difference between recognized rent expense and the rent payment amount is recorded as an increase or decrease in deferred rent liability.

The Company accounts for tenant allowances in lease agreements as a deferred rent credit, which is amortized on a straight-line basis over the lease term as a reduction of rent expense.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price over the value assigned to the net tangible assets and identifiable intangible assets of businesses acquired. Goodwill is not amortized. Instead, goodwill is tested for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company performs its goodwill impairment test in the fourth fiscal quarter of each year. The Company did not recognize any impairment charges related to goodwill during fiscal years 2017, 2016 and 2015.

The cost of definite-lived identified intangible assets is amortized over the assets' estimated useful lives ranging from two to ten years on a straight-line basis as no other discernible pattern of usage is more readily determinable.

Accounting for Long-Lived Assets

The Company reviews property, equipment and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of an asset may not be recoverable. Recoverability is measured by comparison of the asset's carrying amount to the undiscounted future net cash flows an asset is expected to generate. If a long-lived asset or group of assets is considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset or asset group exceeds the discounted future cash flows that are projected to be generated by the asset or asset group.

Fair Value Measurements

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly manner in an arms-length transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices in active markets for identical assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has elected the fair value option for its investment in marketable securities on a contract-by-contract basis at the time each contract is initially recognized in the financial statements or upon an event that gives rise to a new basis of accounting for the items.

Warranty

The Company generally warrants its products against defects over periods ranging from 12 to 24 months, depending upon the product. An accrual for estimated future costs relating to products returned under warranty is recorded as an expense when products are shipped. At the end of each fiscal quarter, the Company adjusts its liability for warranty claims based on its actual warranty claims experience as a percentage of revenues for the preceding one to two years and also considers the impact of the known operational issues that may have a greater impact than historical trends. The warranty reserve is included in Other Current Liabilities in the consolidated balance sheets. See Note 14 for a table of annual increases in and reductions of the warranty reserve for each of the last three years.

Deferred Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and for income tax purposes. The Company evaluates the realizability of its deferred income tax assets and a valuation allowance is provided as necessary. In assessing this valuation allowance, the Company reviews historical and future expected operating results and other factors, including its recent cumulative earnings experience, expectations of future taxable income by taxing jurisdiction and the carryforward periods available for tax reporting purposes, to determine whether it is more likely than not that deferred tax assets are realizable.

Foreign Currency Translation and Accumulated Other Comprehensive Loss Account

The Company translates the assets and liabilities of its non-U.S. dollar functional currency subsidiaries into U.S. dollars using exchange rates in effect at the end of each period. Revenue and expenses for these subsidiaries are translated using rates that approximate those in effect during the period. Gains and losses from these translations are recognized in foreign currency translation included in Accumulated Other Comprehensive Loss in Stockholders' Equity. The aggregate foreign currency transaction exchange rate losses included in determining income (loss) before income taxes were \$103,000, \$27,000 and \$53,000 in fiscal years 2017, 2016 and 2015, respectively.

Stock-Based Compensation

The Company measures stock-based compensation expense at the grant date, based on the fair value of the equity award, and recognizes the expense over the employee's requisite service (vesting) period using the straight-line method. The measurement of stock-based compensation expense is based on several criteria including, but not limited to, the type of equity award, the valuation model used and associated input factors, such as expected term of the award, stock price volatility, risk free interest rate and forfeiture rate. Certain of these inputs are subjective to some degree and are determined based in part on management's judgment. The Company recognizes the compensation expense on a straight-line basis for its graded-vesting awards. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. However, the cumulative compensation expense recognized in any period must at least equal the portion of the grant-date fair value associated with equity awards that are vested as of such period-end date. As used in this context, the term forfeitures is distinct from cancellations or expirations, and refers only to the unvested portion of the surrendered equity awards.

Business Combinations

The Company applies the provisions of ASC 805, Business Combinations, in the accounting for its acquisitions, which requires recognition of the assets acquired and the liabilities assumed at their acquisition date fair values, separately from goodwill. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the tangible and identifiable intangible assets acquired and liabilities assumed. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, its estimates are inherently uncertain and subject to refinement. As a result, during the measurement period that exists up to 12 months from the acquisition date, the Company may record adjustments to the fair values of tangible and specifically identifiable intangible assets acquired and liabilities assumed with a corresponding adjustment to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired and liabilities assumed, whichever comes first, the impact of any subsequent adjustments to the fair values of assets acquired and liabilities assumed is included in the consolidated statements of operations.

Costs to exit or restructure certain activities of an acquired company or the Company's internal operations are accounted for as a one-time termination and exit cost pursuant to ASC 420, Exit or Disposal Cost Obligations, and are accounted for separately from the business combination. A liability for costs associated with an exit or disposal activity is recognized and measured at its fair value in the Company's consolidated statement of operations in the period in which the liability is incurred.

Uncertain income tax positions and tax-related valuation allowances that are acquired in connection with a business combination are initially estimated as of the acquisition date. The Company reevaluates these items quarterly based upon facts and circumstances that existed as of the acquisition date, with any adjustments to the preliminary estimates being recorded to goodwill provided that such adjustments occur within the 12 month measurement period. Subsequent to the end of the measurement period or the Company's final determination of the value of the tax allowance or contingency, whichever comes first, changes to these uncertain tax positions and tax-related valuation allowances will affect the provision for income taxes in the consolidated statement of operations, and could have a material impact on results of operations and financial position.

Recently Issued Accounting Standards

In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2017-04, Simplifying the Test for Goodwill Impairment (ASU 2017-04). The new guidance eliminates Step 2 from the goodwill impairment test and, alternatively, requires that an entity measure the impairment of goodwill assigned to a reporting unit if the carrying value of assets and liabilities assigned to the reporting unit, including goodwill, exceed the reporting unit's fair value. The new guidance must be adopted for annual and interim goodwill tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for impairment calculations performed on testing dates after January 1, 2017. After the adoption of this standard, which will be applied prospectively, the Company will follow a one-step model for goodwill impairment.

In June 2016, the FASB issued Accounting Standards Update 2016-13, Financial Instruments - Credit Losses. This update amends the FASB's guidance on the impairment of financial instruments. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. This update is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company does not anticipate a significant impact on its consolidated financial statements upon adoption.

In March 2016, the FASB issued Accounting Standards Update 2016-09, Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting (ASU 2016-09). This update is intended to simplify the accounting for share-based payment transactions, including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. The Company will adopt ASU 2016-09 on March 1, 2017, the beginning of its fiscal 2018. At the time of adoption, the Company will record previously unrecognized deferred income tax assets of \$11.7 million with an offsetting reduction of the accumulated deficit. The Company also expects that the adoption of this standard will result in greater volatility of its effective income tax rates in the future.

In February 2016, the FASB issued Accounting Standards Update 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Early adoption is permitted. The Company is currently evaluating the impact of adoption of the new standard on its consolidated financial statements.

In January 2016, the FASB issued Accounting Standards Update 2016-01, Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities (ASU 2016-01). This standard revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. Under the new guidance, entities will have to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income unless the investments qualify for the new practicality exception. ASU 2016-01 is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (ASU 2014-09). The revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. In August 2015, the FASB approved the deferral of the new standard's effective date by one year. The new standard is effective for annual reporting periods beginning after December 15, 2017, and accordingly the Company is required to adopt this standard effective the beginning of its fiscal 2019. In addition, the FASB issued ASU 2016-08, ASU 2016-10 and ASU 2016-12 in March 2016, April 2016 and May 2016, respectively, to provide interpretive clarifications on the new guidance in ASC Topic 606. The Company is currently developing an implementation roadmap and action plan for the adoption this standard.

Reclassifications

Certain amounts in the financial statements of prior years have been reclassified to conform to the fiscal 2017 presentation, with no effect on net earnings.

NOTE 2 ACQUISITIONS**LoJack acquisition**

In March 2016, the Company acquired all outstanding common stock of LoJack. As a result of the acquisition, LoJack became a wholly-owned subsidiary of CalAmp and is consolidated with the Company's financial statements beginning March 15, 2016 as a component of the Company's Wireless DataCom business segment. The Company funded the acquisition from cash on hand. The total purchase price was \$131.7 million, which included the \$5.5 million fair value of the 850,100 shares of LoJack common stock that CalAmp purchased in the open market in November and December 2015, prior to entering into a definitive acquisition agreement with LoJack.

The following is the final purchase price allocation for LoJack (in thousands):

Purchase price		\$ 131,735
Less cash acquired, net of debt assumed		(9,303)
Net cash paid		122,432
Fair value of net assets acquired:		
Current assets other than cash	\$ 41,214	
Property and equipment	11,910	
Developed technology	8,200	
Tradename	35,500	
Customer lists	4,650	
Dealer relationships	16,850	
Other non-current assets	4,208	
Deferred tax liability	(5,466)	
Current liabilities	(37,647)	
Deferred revenue, non-current	(10,883)	
Other non-current liabilities	(2,576)	
Total fair value of net assets acquired		65,960
Goodwill		\$ 56,472

The Company paid a premium (i.e., goodwill) over the fair value of the net tangible and identified intangible assets acquired. The Company believes the acquisition aligns with its strategy to deliver innovative, next generation connected vehicle telematics technologies, thereby accelerating the Company's strategic roadmap in this large, growing market. Furthermore, the Company believes that combining CalAmp's leading portfolio of wireless connectivity devices, software, services and applications with LoJack's world-renowned brand, proprietary stolen vehicle recovery technology, unique relationships with U.S. law enforcement agencies, and strong relationships with auto dealers, heavy equipment providers and global licensees will create a market leader that is well-positioned to drive the broad adoption of connected vehicle telematics technologies and applications worldwide. The combined enterprise offers customers access to integrated, turnkey offerings that enable a multitude of high value applications encompassing vehicle security and enhanced driver safety. Furthermore, the combination of CalAmp's and LoJack's technology offerings is expected to provide global customers with connected vehicle applications to help ensure that retail auto dealers remain competitive and relevant in today's rapidly evolving markets.

The goodwill arising from the LoJack acquisition is not deductible for income tax purposes.

The fair value of the LoJack trade receivables at March 15, 2016 was \$21.2 million, comprised of a gross contractual amount of \$22.3 million net of receivables of \$1.1 million not expected to be collected.

In connection with the acquisition of LoJack, the Company has assumed liabilities related to quality assurance programs, warranty claims and contract obligations which are included in accrued expenses and other current liabilities in the purchase price allocation described above. The fair value of inventories acquired included a purchase accounting fair value step-up of \$4.5 million. In fiscal 2017, the Company recognized \$4.3 million of this markup as a component of cost of revenues that reflects the extent to which the inventory that was subject to step-up was sold to the Company's customers in such period. Included in inventory as of February 28, 2017 was \$0.2 million relating to the remaining fair value step-up associated with the LoJack acquisition.

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In August 2016, the Company received an independent appraisal of LoJack's property and equipment, which resulted in a purchase accounting fair value step-up of \$2.5 million. In fiscal 2017, the Company recognized \$0.7 million of this markup as a component of cost of revenues and operating expenses that reflects the extent to which the property, equipment and improvements that were subject to the step-up were depreciated.

Acquisition and integration-related costs of \$4.5 million and \$2.0 million were included in the Company's statements of comprehensive income (loss) for fiscal 2017 and 2016, respectively.

Revenues of LoJack included in the consolidated statements of operations for fiscal 2017 were \$117.5 million. Post-acquisition earnings of LoJack on a standalone basis are impracticable to determine, because immediately following the acquisition CalAmp began to integrate LoJack into its existing operations.

The following is unaudited pro forma consolidated financial information for the Company presented as if the acquisition of LoJack had occurred on March 1, 2015, the beginning of the Company's prior fiscal year (in thousands except per share amounts).

	Pro Forma	
	Year Ended February 28,	
	2017	2016
Revenues	\$ 356,357	\$ 408,464
Net income	\$ 1,132	\$ 5,069
Earnings per share:		
Basic	\$ 0.03	\$ 0.14
Diluted	\$ 0.03	\$ 0.14
Shares used in computing earnings per share:		
Basic	35,917	36,448
Diluted	36,397	36,950

The following adjustments were included in the unaudited pro forma financial information (in thousands):

	Year Ended February 28,	
	2017	2016
LoJack standalone net income:		
From March 1 to March 14, 2016	\$ 973	\$ -
For the year ended December 31, 2015	-	3,197
Increase (decrease) in revenue for fair valuation of deferred revenue	1,807	(1,807)
(Increase) decrease in costs and expenses:		
Amortization of inventory step-up	4,339	(4,339)
Amortization of intangible assets and depreciation of property, equipment and improvements acquired	(309)	(7,402)
Acquisition and integration expenses	4,513	(4,168)
Net increase (decrease) in pretax income (loss)	11,323	(14,519)
Income tax effects	(2,287)	2,648
Change in net income (loss)	9,036	(11,871)
Net income (loss) as reported	(7,904)	16,940
Pro forma net income	\$ 1,132	\$ 5,069

The pro forma consolidated financial information is not necessarily indicative of what the Company's actual results of operations would have been had LoJack been included in the Company's historical consolidated financial statements for each of the fiscal years ended February 28, 2017 and 2016. In addition, the pro forma consolidated financial information does not attempt to project the future results of operations of the combined company.

CrashBoxx acquisition

On April 17, 2015, the Company acquired certain intangible assets from a company doing business as CrashBoxx to advance its insurance telematics strategy for a cash payment of \$1,500,000 and future earn-out payments. The aggregate estimated fair value of the earn-out payments is \$455,000 based on projected revenues over a period of 5 years of products and services incorporating the acquired technology. The Company acquired developed technology from CrashBoxx with a fair value of \$930,000 and paid a premium (i.e. goodwill) over the fair value of the identified assets acquired. The goodwill of \$1,025,000 is primarily attributable to the benefit of the acquired proprietary automobile accident claims process automation technology. The goodwill arising from this acquisition is deductible for income tax purposes.

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

The following tables summarize the Company's financial instrument assets as of February 28, 2017 and 2016 using the hierarchy described in Note 1 under the heading "Fair Value Measurements" (in thousands):

As of February 28, 2017						
	Adjusted Cost	Unrealized Gains (Losses)	Fair Value	Balance Sheet Classification of Fair Value		
				Cash and Cash Equivalents	Short-Term Marketable Securities	Other Assets
Cash	\$ 39,322	\$ -	\$ 39,322	\$ 39,322	\$ -	\$ -
Level 1:						
Money market funds	3,406	-	3,406	3,406	-	-
Mutual funds (1)	5,429	372	5,801	-	-	5,801
Equity investment in French licensee (2)	296	(54)	242	-	-	242
Level 2:						
Repurchase agreements	24,000	-	24,000	24,000	-	-
Corporate bonds	33,708	(8)	33,700	26,978	6,722	-
Total	\$ 106,161	\$ 310	\$ 106,471	\$ 93,706	\$ 6,722	\$ 6,043

As of February 28, 2016						
	Adjusted Cost	Unrealized Gains (Losses)	Fair Value	Balance Sheet Classification of Fair Value		
				Cash and Cash Equivalents	Short-Term Marketable Securities	Other Assets
Cash	\$ 6,890	\$ -	\$ 6,890	\$ 6,890	\$ -	\$ -
Level 1:						
Mutual funds (1)	3,753	(383)	3,370	-	-	3,370
LoJack common stock (3)	4,050	1,416	5,466	-	-	5,466
Level 2:						
Repurchase agreements	130,900	-	130,900	130,900	-	-
Corporate bonds	82,300	(16)	82,284	1,556	80,728	-
Commercial paper	8,032	-	8,032	42	7,990	-
Total	\$ 235,925	\$ 1,017	\$ 236,942	\$ 139,388	\$ 88,718	\$ 8,836

(1) The Company has established a non-qualified deferred compensation plan for certain members of management and all non-employee directors. The Company is informally funding its obligations under the deferred compensation plan by purchasing shares in various equity, bond and money market mutual funds that are held in a Rabbi Trust and are restricted for payment of obligations to plan participants. The deferred compensation plan liability is included in Other Non-current Liabilities in the accompanying consolidated balance sheets.

(2) The equity investment in LoJack's French licensee, in the form of a publicly-traded common stock, is accounted for as an available-for-sale security and is valued at the quoted closing price on its market exchange. The related unrealized gains or losses are included in accumulated other comprehensive income (loss) in the stockholders' equity section of the consolidated balance sheet.

(3) The Company purchased 850,100 shares of LoJack common stock in the open market in November and December 2015, prior to entering into a definitive agreement to acquire 100% of LoJack's common stock. These shares were considered trading securities and were recorded at fair value as of February 28, 2016.

NOTE 4 INVENTORIES

Inventories consist of the following (in thousands):

	February 28,	
	2017	2016
Raw materials	\$ 15,822	\$ 14,145
Work in process	294	180
Finished goods	13,163	2,406
	\$ 29,279	\$ 16,731

NOTE 5 PROPERTY, EQUIPMENT AND IMPROVEMENTS

Property, equipment and improvements consist of the following (in thousands):

	February 28,	
	2017	2016
Leasehold improvements	\$ 3,484	\$ 1,815
LoJack system components and law enforcement tracking units	22,412	-
Plant equipment and tooling	20,420	12,541
Office equipment, computers and furniture	14,123	6,468
Software	28,225	9,789
	88,664	30,613
Less accumulated depreciation and amortization	(70,388)	(21,852)
	18,276	8,761
Fixed assets not yet in service	2,886	2,464
	\$ 21,162	\$ 11,225

Depreciation expense was \$8,408,000, \$3,582,000 and \$2,796,000 in fiscal years 2017, 2016 and 2015, respectively.

Fixed assets not yet in service consist primarily of capitalized internal-use software and certain tooling and other equipment that have not been placed into service.

NOTE 6 GOODWILL AND OTHER INTANGIBLE ASSETS

All goodwill shown in the accompanying consolidated balance sheets is associated with the Company's Wireless DataCom segment. Changes in goodwill are as follows (in thousands):

	Year Ended February 28,	
	2017	2016
Balance at beginning of period	\$ 16,508	\$ 15,483
Acquisition of LoJack	56,472	-
Acquisition of CrashBoxx	-	1,025
Balance at end of period	\$ 72,980	\$ 16,508

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Other intangible assets are comprised as follows (in thousands):

	Amortization Period	Gross		Accumulated Amortization			Net		
		Feb. 28, 2016	Additions	Feb. 28, 2017	Feb. 28, 2016	Expense	Feb. 28, 2017	Feb. 28, 2017	Feb. 28, 2016
Supply contract	5 years	\$ 2,220	\$ -	\$ 2,220	\$ 1,679	\$ 433	\$ 2,112	\$ 108	\$ 541
Developed technology	2-7 years	14,080	8,200	22,280	6,427	3,896	10,323	11,957	7,653
Tradenames	7-10 years	2,143	35,500	37,643	1,522	3,704	5,226	32,417	621
Customer lists	4-7 years	18,300	4,650	22,950	10,358	4,660	15,018	7,932	7,942
Dealer relationships	7 years	-	16,850	16,850	-	2,308	2,308	14,542	-
Covenants not to compete	5 years	170	-	170	128	34	162	8	42
Patents	5 years	273	74	347	62	26	88	259	211
		\$ 37,186	\$ 65,274	\$ 102,460	\$ 20,176	\$ 15,061	\$ 35,237	\$ 67,223	\$ 17,010

Amortization expense of intangible assets was \$15,061,000, \$6,626,000 and \$6,590,000 in fiscal years 2017, 2016 and 2015, respectively. All intangible asset amortization expense is attributable to the Wireless DataCom segment. Estimated amortization expense in future fiscal years is as follows (in thousands):

Fiscal Year	
2018	\$ 15,010
2019	11,664
2020	9,657
2021	7,834
2022	6,201
Thereafter	16,857
	\$ 67,223

NOTE 7 OTHER ASSETS

Other assets consist of the following (in thousands):

	February 28,	
	2017	2016
Deferred compensation plan assets	\$ 5,801	\$ 3,370
Investment in international licensees	2,282	-
Equity investment in and loans to UK affiliate	2,402	1,167
Other	2,080	637
Investment in LoJack common stock	-	5,466
	\$ 12,565	\$ 10,640

The Company established a non-qualified deferred compensation plan in 2013 in which certain members of management and all non-employee directors are eligible to participate. Participants may defer a portion of their compensation until retirement or a date specified by the participant in accordance with the plan. The Company is informally funding the deferred compensation plan obligations by making cash deposits to a Rabbi Trust that are invested in various equity, bond and money market mutual funds in generally the same proportion as investment elections made by the participants for their compensation deferrals. The deferred compensation plan liability is included in Other Non-current Liabilities in the accompanying consolidated balance sheets.

Investment in international licensees of \$2,282,000 consists of a 12.5% equity interest in LoJack's Mexican licensee of \$1,700,000, a 17.5% equity interest in LoJack's Benelux licensee of \$340,000, and a 5.5% interest in LoJack's French licensee of \$242,000. The investments in Mexican and Benelux licensees, over which we do not exercise significant influence, are accounted for using the cost method of accounting and are carried at cost, which represents their fair value as measured on the date of the acquisition of LoJack. The investment in LoJack's French licensee, in the form of a marketable equity security, is accounted for as an available-for-sale security and is valued at the quoted closing price on its market exchange as of the reporting date.

In September 2015, the Company invested £1,400,000 or approximately \$2,156,000 for a 49% minority ownership interest in Smart Driver Club Limited, a technology and insurance startup company located in the United Kingdom. This investment is accounted for under the equity method since the Company has significant influence over the investee. The Company's equity in the net loss of this affiliate amounted to \$1,284,000 and \$829,000 in fiscal 2017 and 2016, respectively. The Company made loans aggregating \$2,636,000 denominated in British pounds to Smart Driver Club Limited bearing interest at an annual interest rate of 8%, with principal of £2,000,000 and all unpaid interest due in 2020. The foreign currency translation adjustment for this equity investment amounted to \$220,000 as of February 28, 2017 and is included as a component

of other comprehensive income (loss).

LoJack became a wholly-owned subsidiary of the Company in March 2016, at which time the investment in LoJack common stock of \$5,466,000 as of February 29, 2016 became part of the purchase price of the LoJack acquisition, as described in Note 2.

NOTE 8 FINANCING ARRANGEMENTS AND CONTRACTUAL CASH OBLIGATIONS

Bank Credit Facility

The Company has a credit facility with Square 1 Bank that provides for borrowings up to \$15 million or 85% of eligible accounts receivable, whichever is less. The credit facility expires on June 1, 2017. Borrowings under this line of credit bear interest at the bank's prime rate. There were no borrowings outstanding under this credit facility at February 28, 2017 or 2016.

The bank credit facility contains financial covenants that require the Company to maintain a minimum level of earnings before interest, income taxes, depreciation, amortization and other noncash charges (EBITDA) and a minimum debt coverage ratio, both measured monthly on a rolling 12-month basis. At February 28, 2017, the Company was in compliance with its debt covenants under the credit facility.

1.625% Convertible Senior Unsecured Notes

In May 2015, the Company issued \$172.5 million aggregate principal amount of 1.625% convertible senior unsecured notes (the Notes) through a private placement. The Company sold the Notes under a purchase agreement dated April 30, 2015 to J.P. Morgan Securities LLC and Jefferies LLC as representatives of the several initial purchasers. The Notes were issued under an indenture dated May 6, 2015 (the Indenture) between CalAmp and The Bank of New York Mellon Trust Company, N.A., as trustee (the Trustee).

The net proceeds from the sale of the Notes were approximately \$167.2 million, net of issuance costs of \$5.3 million. The Company used \$15.4 million of the proceeds from this offering to pay the net cost of purchased convertible note hedges that was partially offset by the proceeds from the separate sale of warrants, as described below under Note Hedge and Warrant Arrangements. The Company has used, and expects to continue to use, the proceeds from the issuance of the Notes for general corporate purposes including, but not limited to, acquisitions or other strategic transactions and working capital.

Under the Indenture, the Notes bear interest at a rate of 1.625% per year payable in cash on May 15 and November 15 of each year beginning on November 15, 2015. The Notes will mature on May 15, 2020 unless earlier converted or repurchased in accordance with their terms. The Company may not redeem the Notes prior to their stated maturity date. The Notes rank senior in right of payment to any existing or future indebtedness which is subordinated by its terms, will rank equally in right of payment to any indebtedness that is not so subordinated, will be structurally subordinated to all indebtedness and liabilities of the Company's subsidiaries and will be effectively junior to the secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness. The Indenture contains customary terms and conditions, including that upon certain events of default occurring and continuing, either the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes, by notice to the Company and the Trustee, may declare 100% of the principal amount of, and accrued and unpaid interest, if any, on all the Notes then outstanding to be due and payable immediately. Such events of default include, without limitation, the default by the Company or any of its subsidiaries with respect to indebtedness for borrowed money in excess of \$10 million and the entry of judgments for the payment of \$10 million or more against the Company or any of its subsidiaries which are not paid, discharged or stayed within 60 days.

The Notes will be convertible into cash, shares of the Company's common stock or a combination of cash and shares of common stock, at the Company's election, based on an initial conversion rate of 36.2398 shares of common stock per \$1,000 principal amount of Notes, which is equivalent to an initial conversion price of \$27.594 per share of common stock, subject to customary adjustments. Holders may convert their Notes at their option at any time prior to November 15, 2019 upon the occurrence of certain events in the future, as defined in the Indenture. During the period from November 15, 2019 to May 13, 2020, holders may convert all or any portion of their Notes regardless of the foregoing conditions. The Company's intent is to settle the principal amount of the Notes in cash upon conversion. If the conversion value exceeds the Note principal amount, the Company would deliver shares of its common stock in respect to the remainder of its conversion obligation in excess of the aggregate principal amount (the conversion spread). The shares associated with the conversion spread, if any, would be included in the denominator for the computation of diluted earnings per share, with such shares calculated using the average closing price of the Company's common stock during each period. As of February 28, 2017, none of the conditions allowing holders of the Notes to convert have been met.

If the Company undergoes a fundamental change (as defined in the Indenture), holders of the Notes may require the Company to repurchase their Notes at a repurchase price of 100% of the principal amount of the Notes, plus any accrued and unpaid interest, if any, to but not including the fundamental change repurchase date.

In addition, following certain corporate events that occur prior to maturity, the Company will increase the conversion rate for a holder who elects to convert its Notes in connection with such a corporate event in certain circumstances. In such event, an aggregate of up to 2.5 million additional shares of common stock could be issued upon conversions in connection with such corporate events, subject to adjustment in the same manner as the conversion rate.

Accounting guidance requires that convertible debt that can be settled for cash, such as the Notes, be separated into the liability and equity component at issuance and each be assigned a value. The value assigned to the liability component is the estimated fair value, as of the issuance date, of a similar debt without the conversion feature. The difference between the principal amount of the Notes and the estimated fair value of the liability component, representing the value of the embedded conversion option assigned to the equity component, is recorded as a debt discount on the issuance date. The fair value of the liability component of the Notes in the amount of \$138.9 million was determined using a discounted cash flow analysis, in which the projected interest and principal payments were discounted back to the issuance date of the Notes at a market interest rate for nonconvertible debt of 6.2%, which represents a Level 3 fair value measurement. The remaining gross proceeds of the Notes of \$33.6 million represents the fair value of the embedded conversion feature that was recorded as an increase in additional paid-in capital within the stockholders' equity section, with an offsetting debt discount recorded of \$33.6 million. The associated deferred tax effect of \$16.0 million was recorded as a reduction of additional paid-in capital. The amount recorded in additional paid-in capital is not to be remeasured as long as it continues to meet the conditions for equity classification. The debt discount of \$33.6 million is being amortized to interest expense using the effective interest method with an effective interest rate of 6.2% over the period from the issuance date through the contractual maturity date of the Notes of May 15, 2020.

In accounting for the issuance costs related to the Notes, the Company allocated the total amount of such costs incurred to the Note liability and equity components based on their relative fair values. Issuance costs of \$4.3 million attributable to the liability component were recorded as a direct deduction from the carrying value of the Notes and are being amortized to expense over the term of the Notes using the effective interest method. Issuance costs of \$1.0 million attributable to the equity component were recorded as a charge to additional paid-in capital within stockholders' equity. Additionally, the Company recorded a deferred tax asset of \$0.4 million related to the equity component of issuance costs because such costs are deductible for tax purposes.

Balances attributable to the Notes consist of the following (in thousands):

	February 28,	
	2017	2016
Principal	\$ 172,500	\$ 172,500
Less: Unamortized debt discount	(22,770)	(29,002)
Unamortized debt issuance costs	(2,903)	(3,698)
Net carrying amount of the Notes	\$ 146,827	\$ 139,800

The Notes are carried at their principal face amount, less unamortized debt discount and issuance costs, and are not carried at fair value at each period end. The approximate fair value of the Notes as of February 28, 2017 was \$169 million, which was estimated on the basis of inputs that are observable in the market and which is considered a Level 2 measurement method in the fair value hierarchy.

See Note 14 for information related to interest expense on the Notes.

Note Hedge and Warrant Arrangements

In connection with the sale of the Notes, the Company entered into privately negotiated note hedge transactions relating to 6.25 million shares of common stock with certain counterparties that include affiliates of some of the initial purchasers and other financial institutions (the Hedge Counterparties). The note hedges represent call options from the Hedge Counterparties with respect to \$172.5 million aggregate principal amount of the Notes. The Company paid \$31.3 million for the note hedges and as a result, \$19.3 million, net of deferred tax effects, was recorded as a reduction to additional paid-in capital within stockholders' equity.

The note hedges cover, subject to anti-dilution adjustments substantially similar to those applicable to the Notes, the 6.25 million shares of the Company's common stock that initially underlie the Notes. The note hedges are intended generally to reduce the potential dilution to the Company's outstanding common stock and/or reduce the amount of any cash payments the Company is required to make in excess of the principal amount of any converted Notes upon any conversion of Notes in the event that the market price per share of the Company's common stock is greater than the strike price of the note hedges, which is initially equal to \$27.594, the same as the initial conversion price for the Notes. As of February 28, 2017, the Company had not received any common stock under the note hedges.

Separately, the Company also entered into privately negotiated warrant transactions with the Hedge Counterparties, giving them the right to acquire the same number of shares of common stock that underlie the Notes at a strike price of \$39.42 per share, also subject to adjustment, which represents a premium of 100% over the last reported sale price of the Company's common stock of \$19.71 on April 30, 2015, the date on which the Notes were priced. The warrants will be exercisable in equal installments for a period of 80 trading days beginning on August 15, 2020. The Company received a total amount of \$16.0 million in cash proceeds from the sale and issuance of the warrants. As of February 28, 2017, the warrants had not been exercised and remain outstanding.

The warrants will have a dilutive effect to the extent that the market price of the Company's common stock exceeds the applicable strike price of the warrants on any expiration date of the warrants.

The note hedges and warrants are separate transactions, entered into by the Company with the Hedge Counterparties and are not part of the terms of the Notes and will not affect the holders' rights under the Notes. In addition, holders of the Notes will not have any rights with respect to the note hedges or the warrants. The values ascribed to the note hedges and warrants were initially recorded to and continue to be classified as additional paid-in capital within stockholders' equity. The Company is required, for the remaining term of the Notes, to assess whether the note hedges and warrants continue to meet the stockholders' equity classification requirements. If in any future period these derivative instruments fail to satisfy those requirements, they would need to be reclassified out of stockholders' equity, to either assets or liabilities depending on their nature, and be recorded at fair value with subsequent changes in their fair value reflected in earnings.

The Company elected to integrate the note hedge call options with the Notes for federal income tax purposes pursuant to applicable U.S. Treasury Regulations. Accordingly, the \$31.3 million gross cost of the note hedges will be deductible for income tax purposes as original issue discount interest over the term of the Notes. The Company recorded a deferred tax asset of \$12.0 million which represents the tax benefit of these tax deductions with an offsetting entry to additional paid-in capital.

Contractual Cash Obligations

Following is a summary of the Company's contractual cash obligations as of February 28, 2017 (in thousands):

	Future Estimated Cash Payments Due by Fiscal Year							Total
	2018	2019	2020	2021	2022	Thereafter		
Convertible senior notes principal	\$ -	\$ -	\$ -	\$ 172,500	\$ -	\$ -	\$ -	\$ 172,500
Convertible senior notes stated interest	2,803	2,803	2,803	1,402	-	-	-	9,811
Operating leases	6,815	5,311	3,403	1,748	1,112	2,799	-	21,188
Purchase obligations	23,420	-	-	-	-	-	-	23,420
Other contractual commitments	2,115	-	-	-	-	-	-	2,115
Total contractual obligations	\$ 35,153	\$ 8,114	\$ 6,206	\$ 175,650	\$ 1,112	\$ 2,799	\$ -	\$ 229,034

Purchase obligations consist primarily of inventory purchase commitments. We lease various facilities, equipment, vehicles and tower infrastructure locations under operating leases. Rent expense under operating leases was \$6,994,000, \$2,179,000 and \$2,146,000 in fiscal years 2017, 2016 and 2015, respectively.

NOTE 9 INCOME TAXES

The Company's income (loss) before income taxes and equity in net loss of affiliate consists of the following (in thousands):

	Year Ended February 28,		
	2017	2016	2015
Domestic	\$ (11,910)	\$ 22,461	\$ 24,684
Foreign	3,727	(120)	116
Total income (loss) before income taxes and equity in net loss of affiliate	\$ (8,183)	\$ 22,341	\$ 24,800

The income tax benefit (provision) consists of the following (in thousands):

	Year Ended February 28,		
	2017	2016	2015
Current:			
Federal	\$ -	\$ (182)	\$ -
State	(137)	(208)	(325)
Foreign	(1,035)	(60)	(49)
Total current	(1,172)	(450)	(374)
Deferred:			
Federal	1,712	(4,331)	(8,134)
State	539	209	216
Foreign	484	-	-
Total deferred	2,735	(4,122)	(7,918)
Income tax benefit (provision)	\$ 1,563	\$ (4,572)	\$ (8,292)

Differences between the income tax benefit (provision) reported in the consolidated statements of comprehensive income (loss) and the income tax amount computed using the statutory U.S. federal income tax rate are as follows (in thousands):

	Year Ended February 28,		
	2017	2016	2015
Income tax benefit (provision) at U.S. statutory federal rate of 35%	\$ 2,864	\$ (7,819)	\$ (8,680)
State income tax provision, net of federal income tax effect	182	(833)	(867)
Foreign taxes	68	(102)	41
Valuation allowance reductions (increases)	(1,391)	2,541	250
Research and development tax credits	806	1,008	1,556
Other, net	(966)	633	(592)
Total income tax benefit (provision)	\$ 1,563	\$ (4,572)	\$ (8,292)

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The components of net deferred income tax assets for U.S. income tax purposes are as follows (in thousands):

	February 28,	
	2017	2016
Net operating loss carryforwards	\$ 23,751	\$ 10,660
Depreciation, amortization and impairments	(21,959)	1,598
Research and development credits	12,307	9,747
Stock-based compensation	2,855	2,383
Other tax credits	3,650	917
Inventory reserve	903	502
Warranty reserve	670	752
Payroll and employee benefit accruals	3,012	2,421
Allowance for doubtful accounts	961	241
Other accrued liabilities	6,738	2,694
Other, net	1,203	(84)
Gross deferred tax assets	34,091	31,831
Valuation allowance	(6,587)	(1,618)
Net deferred tax assets	\$ 27,504	\$ 30,213

During fiscal 2017, the Company increased the deferred tax assets valuation allowance by \$5.0 million of which \$3.6 million was added as a result of the LoJack acquisition based on its assessment of the future realizability of the U.S. deferred tax assets. This valuation allowance increase related to state net operating loss carryforwards (NOLs), certain federal NOLs, foreign tax credits and capital loss carryforwards that are not projected to be used before their expiration dates.

At February 28, 2017, the Company had NOLs of approximately \$91 million and \$87 million for federal and state purposes, respectively, expiring at various dates through fiscal 2037. If certain substantial changes in the Company's ownership were to occur, there could be an annual limitation on the amount of the NOL carryforwards that can be utilized.

As of February 28, 2017, the Company had R&D tax credit carryforwards of \$8.6 million and \$7.3 million for federal and state income tax purposes, respectively. The federal R&D tax credits expire at various dates through 2037. A substantial portion of the state R&D tax credits have no expiration date.

As described further in Note 10, the Company has tax deductions on exercised stock options and vested restricted stock awards that exceed stock compensation expense amounts recognized for financial reporting purposes. These excess tax deductions, which amounted to \$4.5 million and \$6.5 million in fiscal years 2016 and 2015, respectively, reduce current taxable income and thereby prolong the tax shelter period of the NOL and R&D tax credit carryforwards referred to above.

The Company follows ASC Topic 740, Income Taxes, which clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. Management determined based on its evaluation of the Company's income tax positions that it has one uncertain tax position relating to federal R&D tax credits of \$1.0 million at February 28, 2017 for which the Company has not yet recognized an income tax benefit for financial reporting purposes.

Activity in the amount of unrecognized tax benefits for uncertain tax positions during the past three years is as follows (in thousands):

Balance at February 28, 2014	\$ 1,029
Change in fiscal 2015	-
Balance at February 28, 2015	1,029
Change in fiscal 2016	-
Balance at February 28, 2016	1,029
Change in fiscal 2017	-
Balance at February 28, 2017	\$ 1,029

The Company files income tax returns in the U.S. federal jurisdiction, various U.S. states and Puerto Rico, Canada, Ireland, Italy, United Kingdom, the Netherlands, Brazil and New Zealand. Certain income tax returns for fiscal years 2013 through 2016 remain open to examination by U.S. federal and state tax authorities. LoJack Corporation's U.S. income tax returns for 2012 through 2015 remain open to examination by U.S. federal and state tax authorities. However, to the extent allowed by law, the tax authorities may have the right to examine prior periods in which net operating losses or tax credits were generated and carried forward, and to make adjustments up to the net operating loss or tax credit carryforward amount. CalAmp's Canadian subsidiaries' income tax returns for fiscal years 2013 through 2016 remain open to examination by tax authorities in Canada. Most of LoJack's foreign subsidiaries' foreign returns for 2012 to present remain open for examination by the tax authorities in the countries in which they are filed. Tax returns filed in Italy and the Netherlands from 2011 to present remain open for examination.

The Company has deferred tax assets for Canadian income tax purposes amounting to \$7.2 million at February 28, 2017 which relate primarily to research and development expenses and non-capital loss carryforwards. The Company has provided a 100% valuation allowance against these Canadian deferred tax assets.

The Company has deferred tax assets for Italian income tax purposes amounting to \$6.2 million at February 28, 2017 which relate primarily to Net Operating Loss carryforwards. The Company has provided a 100% valuation allowance against these Italian deferred tax assets.

The Company did not provide for U.S. federal income and foreign withholding taxes on the \$16.8 million of undistributed earnings from non-U.S. operations as of February 28, 2017 because it intends to reinvest such earnings indefinitely outside of the U.S. If the Company were to distribute these earnings, foreign tax credits may become available under current law to reduce the resulting U.S. income tax liability. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable.

NOTE 10 STOCKHOLDERS' EQUITY

Stock Repurchase

In June 2016, the Company's Board of Directors authorized a \$25 million stock repurchase program, under which the Company repurchased 1.8 million of its outstanding common stock shares during the period from June 2016 to January 2017 at an average cost of \$14.20 per share. The Company financed the purchases with existing cash balances, and all of the stock repurchases were paid for as of February 28, 2017. All common stock shares repurchased were retired prior to February 28, 2017.

Equity Awards

Under the Company's 2004 Incentive Stock Plan (the 2004 Plan), which was adopted on July 30, 2004 and was amended on various dates since that time, various types of equity awards can be made, including stock options, stock appreciation rights, restricted stock, performance stock units (PSUs), restricted stock units (RSUs), phantom stock and bonus stock. To date, stock options, restricted stock, PSUs, RSUs and bonus stock have been granted under the 2004 Plan. Options are generally granted with exercise prices equal to market value on the date of grant. All option grants expire 10 years after the date of grant.

Equity awards to officers and other employees become exercisable on a vesting schedule established by the Compensation Committee of the Board of Directors at the time of grant, generally over a four-year period. The Company treats an equity award with multiple vesting tranches as a single award for expense attribution purposes and recognizes compensation cost on a straight-line basis over the requisite service period of the entire award.

Under the 2004 Plan, on the day of the annual stockholders meeting each non-employee director receives an equity award of up to 20,000 award units. Annual equity awards granted to non-employee directors vest on the date of the next annual stockholders meeting or one year from the date of grant, whichever is earlier. In addition, under the Company's current director compensation program, new non-employee directors receive a restricted stock award that vests in full on the third anniversary of the grant date with a grant date fair value equal to the fair value of the most recent annual equity award made to other non-employee directors, as well as a prorated annual equity award that vests 12 months from the grant date.

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The following table summarizes stock option activity for fiscal years 2017, 2016 and 2015 (options in thousands):

	Number of Options	Weighted Average Exercise Price
Outstanding at February 28, 2014	1,093	\$ 5.04
Granted	61	17.47
Exercised	(143)	5.01
Forfeited or expired	(4)	6.88
Outstanding at February 28, 2015	1,007	5.80
Granted	82	17.54
Exercised	(228)	5.62
Forfeited or expired	(1)	1.80
Outstanding at February 28, 2016	860	6.96
Granted	227	14.49
Exercised	(125)	7.67
Forfeited or expired	(7)	15.70
Outstanding at February 28, 2017	955	\$ 8.60
Exercisable at February 28, 2017	624	\$ 5.03

The weighted average fair value for stock options granted in fiscal years 2017, 2016 and 2015 was \$6.69, \$9.39 and \$11.02, respectively. The fair value of options at the grant date was determined using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes Valuation Assumptions	Year Ended February 28,		
	2017	2016	2015
Expected life (years) (1)	6	6	6
Expected volatility (2)	48%	56%	70%
Risk-free interest rates (3)	1.3%	1.8%	1.9%
Expected dividend yield	0%	0%	0%

(1) The expected life of stock options is estimated based on historical experience.

(2) The expected volatility is estimated based on historical volatility of the Company's stock price.

(3) Based on the U.S. Treasury constant maturity interest rate whose term is consistent with the expected life of the stock options.

The weighted average remaining contractual term and the aggregate intrinsic value of outstanding options as of February 28, 2017 was 5.5 years and \$7.5 million, respectively. The weighted average remaining contractual term and the aggregate intrinsic value of exercisable options as of February 28, 2016 was 4.7 years and \$9.7 million, respectively.

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Changes in the Company's outstanding restricted stock shares, PSUs and RSUs during fiscal years 2017, 2016 and 2015 were as follows (shares, PSUs and RSUs in thousands):

	Number of Restricted Shares, PSUs and RSUs	Weighted Average Grant Date Fair Value
Outstanding at February 28, 2014	1,024	\$ 8.02
Granted	365	17.92
Vested	(471)	6.28
Forfeited	(32)	11.69
Outstanding at February 28, 2015	886	12.90
Granted	517	17.75
Vested	(407)	9.97
Forfeited	(43)	15.55
Outstanding at February 28, 2016	953	16.66
Granted	766	14.63
Vested	(382)	15.18
Forfeited	(98)	15.64
Outstanding at February 28, 2017	1,239	\$ 15.94

The Company retained 121,608 shares, 147,335 shares and 175,176 shares of the vested restricted stock and RSUs to cover the minimum required statutory amount of withholding taxes in fiscal years 2017, 2016 and 2015, respectively.

Stock-based compensation expense during fiscal years 2017, 2016 and 2015 is included in the following captions of the consolidated statements of comprehensive income (loss) (in thousands):

	Year Ended February 28,		
	2017	2016	2015
Cost of revenues	\$ 374	\$ 229	\$ 241
Research and development	1,033	781	613
Selling	1,655	1,208	591
General and administrative	4,771	3,636	2,655
	\$ 7,833	\$ 5,854	\$ 4,100

As of February 28, 2017, there was \$16.9 million of total unrecognized stock-based compensation cost related to nonvested equity awards. That cost is expected to be recognized over a weighted-average remaining vesting period of 2.8 years.

As of February 28, 2017, there were 1,258,772 award units in the 2004 Plan that were available for grant.

Tax Benefits from Exercise of Stock Options and Vesting of Restricted Stock and RSU Awards

Total cash received as a result of option exercises was \$961,000, \$1,283,000 and \$718,000 in fiscal years 2017, 2016 and 2015, respectively. The aggregate fair value of options exercised and vested restricted stock and RSU awards as of the exercise date or vesting date was \$6,349,000, \$9,078,000 and \$9,900,000 for fiscal years 2017, 2016 and 2015, respectively. In connection with these option exercises and vested restricted stock and RSU awards, the excess stock compensation tax deductions were \$0, \$4,531,000 and \$6,515,000 for fiscal years 2017, 2016 and 2015, respectively. The Company has elected a policy of applying the with-and-without approach to determine the realized tax benefits for financial reporting purposes. Under this policy, none of the current year excess deductions are deemed to reduce regular taxes payable because the Company's NOL carryforwards are deemed to reduce taxes payable prior to the utilization of any excess tax deductions from the exercise of stock options and vesting of restricted stock and RSU awards. The excess tax deductions when realized by the Company for financial reporting purposes under the with-and-without approach will be recorded as an increase in additional paid-in capital in the consolidated balance sheet and will be classified as cash flows from financing activities rather than cash flows from operating activities in the consolidated cash flow statement. As discussed in Note 1, the Company will adopt ASU 2016-09 on March 1, 2017, the beginning of its fiscal 2018. At the time of adoption, the Company will record previously unrecognized deferred income tax assets of \$11.7 million with an offsetting reduction to the accumulated deficit.

NOTE 11 EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period, plus the dilutive effect of outstanding stock options and restricted stock-based awards using the treasury stock method. The following table sets forth the computation of basic and diluted earnings (loss) per share (in thousands, except per share amounts):

	Year Ended February 28,		
	2017	2016	2015
Net income (loss)	\$ (7,904)	\$ 16,940	\$ 16,508
Basic weighted average number of common shares outstanding	35,917	36,448	35,784
Effect of stock options and restricted stock units computed on treasury stock method	-	502	746
Diluted weighted average number of common shares outstanding	35,917	36,950	36,530
Earnings (loss) per share:			
Basic	\$ (0.22)	\$ 0.46	\$ 0.46
Diluted	\$ (0.22)	\$ 0.46	\$ 0.45

All outstanding options and restricted stock units in the amount of 955,000 and 1,239,000, respectively, at February 28, 2017 were excluded from the computation of diluted earnings per share for the year then ended because the Company reported a net loss and the effect of inclusion would be antidilutive. Shares subject to anti-dilutive stock options and restricted stock-based awards of 199,000 and 159,000 at February 28, 2016 and 2015, respectively, were excluded from the calculations of diluted earnings per share for the years then ended.

The Company has the option to pay cash, issue shares of common stock or any combination thereof for the aggregate amount due upon conversion of the Notes. The Company's intent is to settle the principal amount of the Notes in cash upon conversion. As a result, only the shares issuable for the conversion value, if any, in excess of the principal amount of the Notes would be included in diluted earnings per share. From the time of the issuance of Notes, the average market price of the Company's common stock has been less than the \$27.594 initial conversion price of the Notes, and consequently no shares have been included in diluted earnings per share for the conversion value of the Notes.

NOTE 12 COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) consists of two components, net income (loss) and other comprehensive income (loss) (OCI). OCI refers to revenue, expenses and gains and losses that under U.S. Generally Accepted Accounting Principles (GAAP) are recorded as an element of stockholders' equity but are excluded from net income (loss). The Company's OCI consists of foreign currency translation adjustments from those subsidiaries not using the U.S. dollar as their functional currency and unrealized gains and losses on marketable securities classified as available-for-sale.

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The following table shows the changes in Accumulated Other Comprehensive Loss by component for fiscal years 2017, 2016 and 2015 (in thousands):

	Cumulative Foreign Currency Translation	Unrealized Gains/Losses on Marketable Securities	Total
Balances at February 29, 2014	\$ (65)	\$ -	\$ (65)
Other comprehensive loss, net of tax	-	-	-
Balances at February 29, 2015	(65)	-	(65)
Other comprehensive loss, net of tax	(161)	-	(161)
Balances at February 29, 2016	(226)	-	(226)
Other comprehensive loss, net of tax	(280)	(35)	(315)
Balances at February 29, 2017	\$ (506)	\$ (35)	\$ (541)

NOTE 13 EMPLOYEE RETIREMENT PLANS

The Company maintains a 401(k) employee savings plan in the U.S. and a similar retirement savings plan in New Zealand in which all employees of these respective countries are eligible to participate. The Company may make matching contributions to the savings plans as authorized by the Board of Directors. The matching contribution in the U.S. savings plan is currently equal to a 100% match of the first 3% of participants' compensation contributed to the plans plus a 50% match of the next 2% contributed by the participants. The New Zealand savings plan provides for matching contributions equal to the first 3% of participants' compensation contributed to the plan. The Company recorded expense for the matching contributions of \$1,298,000, \$1,169,000 and \$1,059,000 in fiscal years 2017, 2016 and 2015, respectively.

NOTE 14 OTHER FINANCIAL INFORMATION

Supplemental Balance Sheet Information

Other current liabilities consist of the following (in thousands):

	February 28,	
	2017	2016
Warranty reserves	\$ 6,518	\$ 1,892
Litigation reserve	10,144	2,900
Other	8,296	3,583
	\$ 24,958	\$ 8,375

Other non-current liabilities consist of the following (in thousands):

	February 28,	
	2017	2016
Deferred compensation plan liability	\$ 5,825	\$ 3,392
Deferred revenue	12,257	1,070
Deferred rent	378	559
Acquisition-related contingent consideration	636	530
Other	1,133	-
	\$ 20,229	\$ 5,551

See Note 7 for information related to the Company's non-qualified deferred compensation plan.

The acquisition-related contingent consideration is the estimated earn-out payable to the sellers in conjunction with the April 2015 acquisition of CrashBoxx. See Note 2 for additional information related to this acquisition.

Supplemental Income Statement Information

Investment income consists of the following (in thousands):

	Year Ended February 28,		
	2017	2016	2015
Investment income on cash equivalents and marketable securities	\$ 636	\$ 814	\$ 58
Investment income (loss) on deferred compensation plan Rabbi Trust assets	864	(359)	166
Other investment income	191	-	-
Gain on investment in LoJack common stock	-	1,416	-
Total investment income	\$ 1,691	\$ 1,871	\$ 224

Interest expense consists of the following (in thousands):

	Year Ended February 28,		
	2017	2016	2015
Interest expense on convertible senior unsecured notes:			
Stated interest at 1.625% per annum	\$ 2,803	\$ 2,268	\$ -
Amortization of note discount	6,232	4,613	-
Amortization of debt issue costs	795	588	-
Total interest expense on convertible notes	9,830	7,469	-
Other interest expense	66	126	296
Total interest expense	\$ 9,896	\$ 7,595	\$ 296

Supplemental Cash Flow Information

Net cash provided by operating activities in the consolidated statements of cash flows includes cash payments for interest and income taxes as follows (in thousands):

	Year Ended February 28,		
	2017	2016	2015
Interest expense paid	\$ 2,852	\$ 1,512	\$ 12
Income tax paid	\$ 2,259	\$ 451	\$ 347

Following is the supplemental schedule of non-cash investing and financing activities (in thousands):

	Year Ended February 28,		
	2017	2016	2015
Acquisition of CrashBoxx in April 2015:			
Accrued liability for earn-out consideration	\$ -	\$ 455	\$ -

Valuation and Qualifying Accounts

Following is the Company's schedule of valuation and qualifying accounts for the last three years (in thousands):

	Balance at beginning of year	Charged (credited) to costs and expenses	Deductions	Other (1)	Balance at end of year
Allowance for doubtful accounts:					
Fiscal 2015	\$ 761	\$ 188	\$ (276)	\$ -	\$ 673
Fiscal 2016	673	170	(221)	-	622
Fiscal 2017	622	541	(201)	-	962
Warranty reserve:					
Fiscal 2015	\$ 1,516	\$ 1,333	\$ (1,030)	\$ -	\$ 1,819
Fiscal 2016	1,819	1,015	(942)	-	1,892
Fiscal 2017	1,892	1,305	(2,562)	5,883	6,518
Deferred tax assets valuation allowance:					
Fiscal 2015	\$ 4,849	\$ 150	\$ (840)	\$ -	\$ 4,159
Fiscal 2016	4,159	-	(2,541)	-	1,618
Fiscal 2017	1,618	1,391	-	3,578	6,587

(1) Represents amount of reserves and valuation allowance assumed in acquisition of LoJack.

The warranty reserve is included in the Other Current Liabilities in the consolidated balance sheets.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

The Company leases facilities, tower infrastructure locations, vehicles, certain manufacturing equipment and office equipment under operating lease arrangements expiring through fiscal 2026. A summary of future payments of operating lease commitments is included in the contractual cash obligations table in Note 8.

NOTE 16 LEGAL PROCEEDINGS

Omega patent infringement claim

In December 2013, a patent infringement lawsuit was filed against the Company by Omega Patents, LLC ("Omega"), a non-practicing entity. Omega alleged that certain of the Company's vehicle tracking products infringed on certain patents owned by Omega. On February 24, 2016, a jury in the U.S. District Court for the Middle District of Florida awarded Omega damages of \$2.975 million, for which CalAmp recorded a reserve of \$2.9 million in the fiscal 2016 fourth quarter. Following trial, Omega brought a motion seeking an injunction and requesting the court to exercise its discretion to treble damages and assess attorneys' fees. On April 5, 2017, the court denied the request for an injunction, but granted the request for treble damages in the aggregate amount of \$8.9 million. On April 24, 2017 the court awarded attorneys' fees, costs, and prejudgment interest in the aggregate amount of \$1.2 million, and directed the payment of royalties by CalAmp to Omega for any infringing sales after February 24, 2016 at a royalty rate to be determined. As a result of these April 2017 court rulings, the Company accrued \$7.2 million in the fourth quarter of fiscal 2017. The Company has not yet recorded an accrual for the court's award of royalties for post-February 24, 2016 sales because such amount is not presently determinable. The Company plans to file motions with the court seeking judgment as a matter of law in its favor and, alternatively, a new trial. If, following resolution of those motions, the judgment against the Company remains wholly or substantially intact, then CalAmp intends to pursue an appeal at the Court of Appeals for the Federal Circuit. CalAmp is seeking to invalidate a number of Omega's patents in proceedings filed with the U.S. Patent and Trademark Office. Notwithstanding the adverse jury verdict and April 2017 court rulings, the Company continues to believe that its products do not infringe Omega's patents and that should the Company be compelled to seek appellate relief, it will prevail on appeal. While it is not feasible to predict with certainty the outcome of this litigation, its ultimate resolution could be material to the Company's cash flows and results of operations.

Orbcomm patent infringement claim

In April 2016, a patent infringement lawsuit was filed against the Company by Orbcomm Inc. (“Orbcomm”) in the U.S. District Court for the Eastern District of Virginia. Orbcomm alleged that certain of the Company’s systems for tracking, monitoring, and controlling vehicles, machinery and other assets infringed five patents asserted by Orbcomm. The Court dismissed one of Orbcomm’s patents for being directed at ineligible subject matter and therefore invalid; Orbcomm dismissed its claims with prejudice under three of its other asserted patents; and as a result of the Court’s claim construction, the parties stipulated to noninfringement of the fifth Orbcomm patent. In October 2016, CalAmp filed its own patent infringement suit against Orbcomm asserting two of its own patents. The Court dismissed certain claims of one of those patents for failing to claim patent eligible subject matter. In April 2017, the parties entered into a settlement agreement pursuant to which both parties agreed to dismiss all claims, counterclaims and defenses in both the Orbcomm v. CalAmp case and the CalAmp v. Orbcomm case, and which provides that each of Orbcomm and CalAmp grant the other royalty free licenses and covenants not to sue for the patents-in-suit described above as well as general releases. Neither party made a settlement payment to the other party. On May 2, 2017, the Court dismissed each case.

EVE battery claim

LoJack began to receive notice in 2013 from some of its international licensees that the self-powered LoJack units that these licensees had purchased from LoJack, which contained batteries manufactured by LoJack’s then battery supplier, EVE Energy Co., Ltd. (EVE), were exhibiting degraded performance below LoJack’s quality standards. These notifications led LoJack to perform its own investigation and to contact EVE for help. As a result, LoJack determined over time that the batteries manufactured by EVE that were included in certain self-powered LoJack units sold in the United States and to LoJack’s international licensees were exhibiting a failure to power over a period of time that could impact the ability of the LoJack unit to transmit a signal when called upon for stolen vehicle recovery. LoJack manufactures both vehicle-powered and self-powered (battery) units, and this degraded performance potentially affects only the transmit battery pack in the self-powered units. The majority of LoJack units currently in use are vehicle-powered.

On October 27, 2014, LoJack and its wholly-owned subsidiary, LoJack Ireland, commenced arbitration proceedings against EVE by filing a notice of arbitration with a tribunal before the Hong Kong International Arbitration Centre (the Tribunal). The filing alleges that EVE breached representations and warranties made in supply agreements with LoJack relating to the quality and performance of batteries supplied by EVE. The arbitration proceedings against EVE were held in Hong Kong on June 6 to 24, 2016. The Tribunal held additional hearings on the merits on September 15 to 16, 2016, and on damages on January 9 to 10, 2017. The arbitration is now concluded, and the Company is awaiting the Tribunal’s decision. The Company cannot predict the ultimate outcome of the arbitration proceedings or the amount of damages, if any, that the Company may be awarded by the Tribunal.

Tracker South Africa claim

On December 9, 2016, Tracker Connect (Pty) LTD (Tracker), LoJack’s international licensee in South Africa, commenced arbitration proceedings against LoJack Ireland by filing a notice of arbitration with the International Centre for Dispute Resolution. The filing alleges breaches of the parties’ license agreement, misrepresentations, and violation of Massachusetts General Laws chapter 93A. Tracker seeks various relief, including monetary damages and recovery of attorneys’ fees. On March 3, 2017, LoJack Ireland filed its response to Tracker’s notice, denying Tracker’s allegations against LoJack, and filing counterclaims against Tracker for Tracker’s material breaches of the parties’ license agreement and bad faith conduct. The selection of the arbitral tribunal is currently underway, and the scheduling order has not yet been set for the arbitration proceedings. The Company has accrued its best estimate of the loss from this arbitration proceeding as of February 28, 2017.

In addition to the foregoing matters, from time to time as a normal consequence of doing business, various claims and litigation may be asserted or commenced against the Company. In particular, the Company in the ordinary course of business may receive claims concerning contract performance, or claims that its products or services infringe the intellectual property of third parties. While the outcome of any such claims or litigation cannot be predicted with certainty, management does not believe that the outcome of any of such matters existing at the present time would have a material adverse effect on the Company’s consolidated results of operations, financial condition and cash flows.

NOTE 17 SEGMENT AND GEOGRAPHIC DATA

Historically, the Company's business activities were organized into its Wireless DataCom and Satellite business segments. The segments represent components of the Company for which separate financial information is available that is utilized on a regular basis by the chief executive officer in determining how to allocate resources and evaluate performance. The segments are determined based on several factors, including homogeneity of products, technology, delivery channels and similar economic characteristics. Information about each segment's business and the products and services that generate each segment's revenue is described in Note 1, Description of Business and Summary of Significant Accounting Policies.

Products of the Company's Satellite segment were sold to EchoStar. In August 2016, EchoStar ceased purchasing products from CalAmp and accordingly the Satellite business was closed effective August 31, 2016.

Information by business segment is as follows (in thousands, except percentages):

	Year ended February 28, 2017				Year ended February 28, 2016				Total
	Operating Segments		Corporate Expenses	Total	Operating Segments		Corporate Expenses	Total	
	Wireless DataCom	Satellite			Wireless DataCom	Satellite			
Revenues	\$ 336,033	\$ 15,069		\$ 351,102	\$ 241,387	\$ 39,332		\$ 280,719	
Gross profit	\$ 139,623	\$ 3,729		\$ 143,352	\$ 91,976	\$ 10,983		\$ 102,959	
Gross margin	41.6%	24.7%		40.8%	38.1%	27.9%		36.7%	
Operating income	\$ 6,937	\$ 1,547	\$ (8,361)	\$ 123	\$ 26,501	\$ 8,064	\$ (6,480)	\$ 28,085	
Year ended February 28, 2015									
	Operating Segments		Corporate Expenses	Total	Operating Segments		Corporate Expenses	Total	
	Wireless DataCom	Satellite			Wireless DataCom	Satellite			
Revenues	\$ 213,119	\$ 37,487		\$ 250,606	\$ 213,119	\$ 37,487		\$ 250,606	
Gross profit	\$ 77,899	\$ 9,505		\$ 87,404	\$ 77,899	\$ 9,505		\$ 87,404	
Gross margin	36.6%	25.4%		34.9%	36.6%	25.4%		34.9%	
Operating income	\$ 23,833	\$ 5,017	\$ (3,910)	\$ 24,940	\$ 23,833	\$ 5,017	\$ (3,910)	\$ 24,940	

The Company considers operating income to be a primary measure of operating performance of its business segments. The amount shown for each period in the Corporate Expenses column above consists of expenses that are not allocated to the business segments. These non-allocated corporate expenses include salaries and benefits of certain corporate staff and expenses such as audit fees, investor relations, stock listing fees, director and officer liability insurance, and director fees and expenses.

In fiscal years 2017, 2016 and 2015, Satellite segment revenues accounted for only 4%, 14% and 15%, respectively, of the Company's consolidated revenues. Also, assets and liabilities of the Satellite segment represented less than 5% of consolidated assets and liabilities at the end of fiscal 2016. Accordingly, the Company believes that the shutdown of the Satellite segment did not qualify for discontinued operations accounting treatment because it represents neither a strategic shift nor did it have or will it have a major impact on the Company's business or consolidated financial statements.

The Company does not have significant long-lived assets outside the United States.

The Company's revenues were derived mainly from customers in the United States, which represented 74%, 83% and 79% of consolidated revenues in fiscal years 2017, 2016 and 2015, respectively. No single foreign country accounted for more than 10% of the Company's revenue in fiscal years 2017, 2016 or 2015.

NOTE 18 QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following summarizes certain quarterly statement of operations data for each of the quarters in fiscal years 2017 and 2016 (in thousands, except percentages and per share data). The operating results in any quarter are not necessarily indicative of the results that may be expected for any future period. The Company derived this data from the unaudited consolidated interim financial statements that, in the Company's opinion, have been prepared on substantially the same basis as the audited financial statements contained elsewhere in this report and include all normal recurring adjustments necessary for a fair presentation of the financial information for the periods presented. These unaudited quarterly results should be read in conjunction with the financial statements and notes thereto included elsewhere in this report.

	Fiscal 2017				Total
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	
Revenues	\$ 91,147	\$ 90,479	\$ 83,350	\$ 86,126	\$ 351,102
Gross profit	34,834	37,614	35,117	35,787	143,352
Gross margin	38.2%	41.6%	42.1%	41.6%	40.8%
Net income (loss)	(2,659)	521	(1,527)	(4,239)	(7,904)
Earnings (loss) per diluted share	(0.07)	0.01	(0.04)	(0.12)	(0.22)

	Fiscal 2016				Total
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	
Revenues	\$ 65,429	\$ 69,808	\$ 74,675	\$ 70,807	\$ 280,719
Gross profit	23,526	25,303	26,574	27,556	102,959
Gross margin	36.0%	36.2%	35.6%	38.9%	36.7%
Net income	4,059	3,499	3,876	5,506	16,940
Earnings per diluted share	0.11	0.10	0.10	0.15	0.46

The net loss in the fiscal 2017 fourth quarter includes a litigation provision of \$7.2 million. The loss contingency from litigation is described in Note 16 - Legal Proceedings.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's principal executive officer and principal financial officer have concluded, based on their evaluation of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of February 28, 2017, that the Company's disclosure controls and procedures are effective, at the reasonable assurance level, to ensure that the information required to be disclosed in reports that are filed or submitted under the Exchange Act is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and to allow such information to be recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities Exchange Commission.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended.

The Company's management has assessed the effectiveness of the Company's internal control over financial reporting as of February 28, 2017. In making this assessment, management used criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment, management of the Company has concluded that as of February 28, 2017 the Company's internal control over financial reporting is effective based on those criteria.

In March 2016, the Company acquired LoJack and as permitted by the guidance issued by the Office of the Chief Accountant of the Securities and Exchange Commission, management excluded LoJack from its assessment of the effectiveness of the Company's internal control over financial reporting for the year ended February 28, 2017. LoJack accounted for total revenues of \$117.5 million, or 33% of total revenues, for the year ended February 28, 2017, and total assets of \$170.9 million, or 42% of total assets, as of February 28, 2017.

The effectiveness of the Company's internal control over financial reporting as of February 28, 2017 has been audited by BDO USA, LLP, an independent registered public accounting firm, as stated in their report which is included below.

Remediation of Previously Reported Material Weakness

As previously reported during the quarter ended November 30, 2016, the Company identified a material weakness in its internal control over financial reporting related to the classification of cash equivalents and marketable securities. To remediate this material weakness the Company took corrective steps in the fourth quarter of fiscal 2017 and completed documentation and implementation of new and revised internal controls over classification of cash equivalents and marketable securities. After completing testing of the design and operating effectiveness of the new controls, the Company has concluded that the above identified material weakness relating to the classification of cash equivalents and marketable has been fully remediated as of February 28, 2017.

Changes in Internal Control over Financial Reporting

Except for the remediation of the material weakness described above, there were no changes in the Company's internal control over financial reporting during the fourth quarter of fiscal 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
CalAmp Corp.
Irvine, California

We have audited CalAmp Corp.'s internal control over financial reporting as of February 28, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). CalAmp Corp.'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, included in the accompanying Item 9A, Management's Report on 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, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included 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.

As described in the accompanying Item 9A, Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the LoJack acquisition, which is included in the consolidated balance sheet of CalAmp Corp. as of February 28, 2017, and the related consolidated statements of comprehensive income (loss), stockholders' equity and cash flows for the year then ended. LoJack constituted approximately 42% of total assets as of February 28, 2017 and approximately 33% of revenues for the year then ended. Management did not assess the effectiveness of internal control over financial reporting of LoJack because of the timing of the acquisition. Our audit of internal control over financial reporting of CalAmp Corp. also did not include and evaluation of the internal control over financial reporting of the LoJack.

In our opinion, CalAmp Corp. maintained, in all material respects, effective internal control over financial reporting as of February 28, 2017, 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 sheet of CalAmp Corp. as of February 28, 2017 and February 29, 2016, and the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for the years then ended and our report dated May 12, 2017 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Los Angeles, California
May 12, 2017

ITEM 9B. OTHER INFORMATION

Compensatory Arrangements of Executive Officers

On April 13, 2017, the Board of Directors of the Company, upon the recommendation of the Compensation Committee, established the target and maximum bonuses and performance goals under the fiscal 2018 executive officer incentive compensation plan. The individuals covered by the fiscal 2018 executive officer incentive compensation plan are:

Michael Burdick	President and Chief Executive Officer
Richard Vitelle	Executive Vice President, CFO and Secretary/Treasurer
Garo Sarkissian	Senior Vice President, Corporate Development

Mr. Burdick is eligible for target and maximum bonuses of up to 100% and 150%, respectively, of his annual salary. Mr. Vitelle is eligible for target and maximum bonuses of up to 65% and 120%, respectively, of his annual salary. Mr. Sarkissian is eligible for target and maximum bonuses of up to 55% and 110%, respectively, of his annual salary. The target and maximum bonus amounts for all executive officers are based on the Company attaining certain levels of consolidated revenue and consolidated earnings before interest, taxes, depreciation, amortization and certain other adjustments (Adjusted EBITDA) for fiscal 2018 and, in the case of Messrs. Burdick and Sarkissian, attaining certain objectives related to commercializing the Company's telematics technologies.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information about executive officers is included in Part I, Item 1 of this Annual Report on Form 10-K.

The following information required by this Item will be included in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held on July 28, 2017 and is incorporated herein by this reference:

Information regarding directors of the Company.

Information regarding the Company's Audit Committee and designated audit committee financial experts.

Information on the Company's Code of Business Conduct and Ethics for directors, officers and employees.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be set forth under the caption Executive Compensation in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held on July 28, 2017 and is incorporated herein by this reference.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED

ITEM 12. STOCKHOLDER MATTERS

The information required by this Item will be set forth under the caption Stock Ownership in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held on July 28, 2017 and is incorporated herein by this reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information contained under the captions Certain Relationships and Related Transactions and Director Independence in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held on July 28, 2017 is incorporated herein by reference in response to this item.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item will be set forth under the caption **Independent Public Accountants** in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held on July 28, 2017 and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

1. The following consolidated financial statements of CalAmp Corp. and subsidiaries are filed as part of this report under Item 8 Financial Statements and Supplementary Data:

	Form 10-K Page No.
Reports of Independent Registered Public Accounting Firms	30-31
Consolidated Balance Sheets	32
Consolidated Statements of Comprehensive Income (Loss)	33
Consolidated Statements of Stockholders' Equity	34
Consolidated Statements of Cash Flows	35
Notes to Consolidated Financial Statements	36

2. *Financial Statements Schedules:*

Schedule II Valuation and Qualifying Accounts is included in the consolidated financial statements which are filed as part of this report under Item 8 Financial Statements and Supplementary Data.

All other financial statement schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. *Exhibits*

Exhibits required to be filed as part of this report are:

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of February 1, 2016, by and among LoJack Corporation, CalAmp Corp. and Lexus Acquisition Sub, Inc. (incorporated by reference to Exhibit 2.1 on Form 8-K dated February 1, 2016).
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Report on Form 10-Q for the period ended August 31, 2014).
3.2	Bylaws of the Company (incorporated by reference to Exhibit 3.01 on Form 8-K dated December 23, 2016).
4.1	Indenture, dated May 6, 2015, between CalAmp Corp and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.1 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
4.2	Form of 1.625% Convertible Senior Notes due May 15, 2020 (incorporated by reference to Exhibit 4.2 of the Company's Report on Form 10-Q for the period ended May 31, 2015).

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10.	Material Contracts:
	(i) Other than Compensatory Plans or Arrangements:
10.1	Building lease dated June 10, 2003 between the Company and Sunbelt Enterprises for facility in Oxnard, California (incorporated by reference to Exhibit 10-1 filed with the Company's Report on Form 10-Q for the quarter ended May 31, 2003).
10.2	First Amendment to building lease dated December 20, 2010 between the Company and Sunbelt Enterprises for facility in Oxnard, California (incorporated by reference to Exhibit 10.2 of the Company's Report on Form 10-K for the year ended February 28, 2011).
10.3	Second Amendment to building lease dated November 5, 2015 between the Company and PR 1401 Rice, LLC (successor in interest to Sunbelt Enterprises) for facility in Oxnard, California (incorporated by reference to Exhibit 10.3 of the Company's Report on Form 10-K for the year ended February 29, 2016).
10.4	Form of Directors and Officers Indemnity Agreement (incorporated by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K for the year ended February 28, 2005).
10.5	Loan and Security Agreement dated December 22, 2009 between Square 1 Bank, CalAmp Corp. and CalAmp's domestic subsidiaries (incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K dated December 22, 2009).
10.6	Amendment dated March 24, 2010 to Loan and Security Agreement between Square 1 Bank, CalAmp Corp. and CalAmp's domestic subsidiaries (incorporated by reference to Exhibit 10.7 of the Company's Annual Report on Form 10-K for the year ended February 28, 2010).
10.7	Amendment dated December 22, 2010 to Loan and Security Agreement between Square 1 Bank, CalAmp Corp. and CalAmp's domestic subsidiaries (incorporated by reference to Exhibit 10.1 of the Company's Report on Form 10-Q for the period ended November 30, 2010).
10.8	Amendment dated August 15, 2011 to Loan and Security Agreement between Square 1 Bank, CalAmp Corp. and CalAmp's domestic subsidiaries (incorporated by reference to Exhibit 10.1 of the Company's Report on Form 8-K dated August 15, 2011).
10.9	Amendment dated March 1, 2013 to Loan and Security Agreement between Square 1 Bank, CalAmp Corp. and CalAmp's principal domestic subsidiary (incorporated by reference to Exhibit 10.1 of the Company's Report on Form 8-K dated March 6, 2013).
10.10	Amendment dated February 27, 2017 to Loan and Security Agreement between Pacific Western Bank (successor in interest to Square I Bank), CalAmp Corp. and CalAmp's domestic subsidiaries.
10.11	Confirmation of Base Call Option Transaction, dated April 30, 2015, between CalAmp Corp and Jefferies International Limited (incorporated by reference to Exhibit 10.1 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.12	Confirmation of Base Call Option Transaction, dated April 30, 2015, between CalAmp Corp and JPMorgan Chase Bank, National Association, London Branch (incorporated by reference to Exhibit 10.2 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.13	Confirmation of Base Call Option Transaction, dated April 30, 2015, between CalAmp Corp and Barclays Bank PLC (incorporated by reference to Exhibit 10.3 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.14	Confirmation of Base Call Option Transaction, dated April 30, 2015, between CalAmp Corp and Nomura Global Financial Products Inc. (incorporated by reference to Exhibit 10.4 of the Company's Report on Form 10-Q for the period ended May 31, 2015).

10.15

Confirmation of Warrant Transaction, dated April 30, 2015, between CalAmp Corp and Jefferies International Limited (incorporated by reference to Exhibit 10.5 of the Company's Report on Form 10-Q for the period ended May 31, 2015).

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10.16	Confirmation of Warrant Transaction, dated April 30, 2015, between CalAmp Corp and JPMorgan Chase Bank, National Association, London Branch (incorporated by reference to Exhibit 10.6 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.17	Confirmation of Warrant Transaction, dated April 30, 2015, between CalAmp Corp and Barclays Bank PLC (incorporated by reference to Exhibit 10.7 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.18	Confirmation of Warrant Transaction, dated April 30, 2015, between CalAmp Corp and Nomura Global Financial Products Inc. (incorporated by reference to Exhibit 10.8 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.19	Confirmation of Additional Call Option Transaction, dated May 21, 2015, between CalAmp Corp and Jefferies International Limited (incorporated by reference to Exhibit 10.9 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.20	Confirmation of Additional Call Option Transaction, dated May 21, 2015, between CalAmp Corp and JPMorgan Chase Bank, National Association, London Branch (incorporated by reference to Exhibit 10.10 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.21	Confirmation of Additional Call Option Transaction, dated May 21, 2015, between CalAmp Corp and Barclays Bank PLC (incorporated by reference to Exhibit 10.11 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.22	Confirmation of Additional Call Option Transaction, dated May 21, 2015, between CalAmp Corp and Nomura Global Financial Products Inc. (incorporated by reference to Exhibit 10.12 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.23	Confirmation of Additional Warrant Transaction, dated May 21, 2015, between CalAmp Corp and Jefferies International Limited (incorporated by reference to Exhibit 10.13 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.24	Confirmation of Additional Warrant Transaction, dated May 21, 2015, between CalAmp Corp and JPMorgan Chase Bank, National Association, London Branch (incorporated by reference to Exhibit 10.14 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.25	Confirmation of Additional Warrant Transaction, dated May 21, 2015, between CalAmp Corp and Barclays Bank PLC (incorporated by reference to Exhibit 10.15 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
10.26	Confirmation of Additional Warrant Transaction, dated May 21, 2015, between CalAmp Corp and Nomura Global Financial Products Inc. (incorporated by reference to Exhibit 10.16 of the Company's Report on Form 10-Q for the period ended May 31, 2015).
	(ii) Compensatory Plans or Arrangements required to be filed as Exhibits to this Report pursuant to Item 15 (b) of this Report:
10.27	CalAmp Corp. 2004 Incentive Stock Plan as amended and Restated (incorporated by reference to Exhibit A of the Company's Definitive Proxy Statement filed on June 16, 2014).
10.28	Employment Agreement between the Company and Richard Vitelle dated May 31, 2002 (incorporated by reference to Exhibit 10.9 of the Company's Annual Report on Form 10-K for the year ended February 28, 2004).
10.29	Employment Agreement between the Company and Michael Burdick effective June 1, 2011 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated May 27, 2011).

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10.30

Employment Agreement between the Company and Garo Sarkissian dated July 2, 2007 (incorporated by reference to Exhibit 10.2 of the Company's Report on Form 10-Q for the period ended May 31, 2007).

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10.31	Form of amendment to executive officer employment agreement dated December 19, 2008 (incorporated by reference to Exhibit 10.1 of the Company's Report on Form 10-Q for the period ended November 29, 2008).
10.32	Amendments to executive officer employment agreements dated June 12, 2013 (incorporated by reference to Exhibits 10.1, 10.2 and 10.3 of the Company's Report on Form 8-K filed on June 14, 2013).
10.33	Amendment No. 2 to Employment Agreement between the Company and Michael Burdick dated May 30, 2014 (incorporated by reference to Exhibit 10.2 of the Company's Report on Form 10-Q for the period ended May 31, 2014).
10.34	Amendment No. 3 to Employment Agreement between the Company and Richard Vitelle dated May 31, 2014 (incorporated by reference to Exhibit 10.3 of the Company's Report on Form 10-Q for the period ended May 31, 2014).
10.35	Amendment No. 3 to Employment Agreement between the Company and Garo Sarkissian dated May 30, 2014 (incorporated by reference to Exhibit 10.4 of the Company's Report on Form 10-Q for the period ended May 31, 2014).
10.36	Amendment No. 3 to Employment Agreement between the Company and Michael Burdick dated May 30, 2016 (incorporated by reference to Exhibit 10.1 of the Company's Report on Form 10-Q for the period ended May 31, 2016).
10.37	Amendment No. 4 to Employment Agreement between the Company and Richard Vitelle dated May 30, 2016 (incorporated by reference to Exhibit 10.2 of the Company's Report on Form 10-Q for the period ended May 31, 2016).
10.38	Amendment No. 4 to Employment Agreement between the Company and Garo Sarkissian dated May 30, 2016 (incorporated by reference to Exhibit 10.3 of the Company's Report on Form 10-Q for the period ended May 31, 2016).
21	Subsidiaries of the Registrant.
23.1	Consent of BDO USA, LLP.
23.2	Consent of SingerLewak LLP.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data Files Pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets as of February 28, 2017 and 2016, (ii) Consolidated Statements of Comprehensive Income for the years ended February 28, 2017, 2016 and 2015, (iii) Consolidated Statement of Stockholders' Equity for the years ended February 28, 2017, 2016 and 2015, (iv) Consolidated Statements of Cash Flows for the years ended February 28, 2017, 2016 and 2015, and (v) Notes to Consolidated Financial Statements.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on May 12, 2017.

CALAMP CORP.

By: /s/ Michael Burdick
Michael Burdick
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ A.J. Moyer A.J. Moyer	Chairman of the Board of Directors	<u>May 12, 2017</u>
/s/ Kimberly Alexy Kimberly Alexy	Director	<u>May 12, 2017</u>
/s/ Jeffery Gardner Jeffery Gardner	Director	<u>May 12, 2017</u>
/s/ Amal Johnson Amal Johnson	Director	<u>May 12, 2017</u>
/s/ Jorge Titingier Jorge Titingier	Director	<u>May 12, 2017</u>
/s/ Larry Wolfe Larry Wolfe	Director	<u>May 12, 2017</u>
/s/ Michael Burdick Michael Burdick	President, Chief Executive Officer and Director (principal executive officer)	<u>May 12, 2017</u>
/s/ Richard Vitelle Richard Vitelle	Executive Vice President, CFO and Secretary/ Treasurer (principal accounting and financial officer)	<u>May 12, 2017</u>