TIVO INC
Form 10-K
March 23, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K

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

For the fiscal year ended January 31, 2012

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

FOR THE TRANSITION PERIOD FROM TO

Commission file number 000-27141

TIVO INC.
(Exact name of registrant as specified in its charter)

Delaware	77-0463167
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
2160 Gold Street, PO Box 2160, Alviso, CA	95002
(Address of principal executive offices)	(Zip Code)

(408) 519-9100
(Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act:
NONE

Securities registered pursuant to Section 12(g) of the Act:
COMMON STOCK, $.001 PAR VALUE PER SHARE

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

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 o 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 o

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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, or a smaller reporting company. See definitions of "accelerated filer", "large accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller Reporting Company o
Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes o No x
The aggregate market value of the registrant’s common stock, $0.001 par value per share, held by non-affiliates of the registrant on July 31, 2011, the last business day of the registrant’s most recently completed second fiscal quarter, was approximately $1.1 billion (based on the closing sales price of the registrant’s common stock on that date as reported in the Nasdaq Global Market). Shares of the registrant's common stock held by each officer and director and each person that controls, is controlled by or is under common control of the registrant have been excluded in that such persons may be deemed to be affiliates. This calculation does not exclude shares held by such organizations whose ownership exceeds 5% of the registrant's outstanding common stock that the registrant believes are registered investment advisers or investment companies registered under section 8 of the Investment Company Act of 1940. This determination of affiliate status is not a determination for other purposes.
On March 15, 2012, the Registrant had 122,186,427 outstanding shares of common stock.
DOCUMENTS INCORPORATED BY REFERENCE
Part III incorporates by reference certain information from the registrant’s definitive proxy statement (the “Proxy Statement”) for the 2012 Annual Meeting of Shareholders to be filed on or before May 31, 2012.

TIVO INC.
FORM 10-K
For the Fiscal Year Ended January 31, 2012

TABLE OF CONTENTS

Except as the context otherwise requires, the terms “TiVo,” “Registrant,” “Company,” “we,” “us,” or “our” as used herein are references to TiVo Inc. and its consolidated subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains certain forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to, among other things:

- our financial results, expectations of future revenues and profitability;
- our intention and ability to protect our intellectual property, the cost of prosecuting or defending our intellectual property through litigation, the outcome of related litigations and the strength and future value of our intellectual property;
- our future investments in subscription acquisition activities, offers of bundled hardware and service subscriptions, future advertising expenditures, future use of consumer rebates, hardware cost and associated subsidies, and other marketing activities and consumer offers, including our current subsidized hardware pricing and related subscription pricing and their impact on our hardware revenues, service revenues, total acquisition costs as well as sales and marketing, subscription acquisition costs, and average revenue per subscription ("ARPU");
- our estimates of the useful life of TiVo-enabled digital video recorders ("DVRs") in connection with the recognition of revenue received from product lifetime subscriptions and the expected future increase in the number of fully-amortized TiVo-Owned product lifetime subscriptions;
- our expectations regarding the seasonality of our business and subscription additions to the TiVo service;
- our intentions to continue to grow the number of TiVo-Owned subscriptions through our relationships with major retailers and our expectations with respect to future gross additions in our TiVo-Owned subscriptions as well as multiple system operators and broadcasters' ("MSOs") subscriptions;
- our expectations related to future advertising and audience research measurement revenues;
- our expectations related to changes in the cost of our hardware revenues and the reasons for changes in the volume of DVRs sold to retailers;
- our future earnings including expected future service revenues from future TiVo-Owned subscriptions and future service and technology revenues from MSOs;
- our expectations regarding any future growth in subscriptions to the TiVo Service, including future increases in TiVo's MSO subscription base and the possibility of future decreases in the TiVo-Owned subscription base;
- our expectations of the growth in the future DVR and advanced television services market, including our expectations regarding competition and consumer acceptance of alternatives to our products, including cable Video On Demand ("VOD"), streaming VOD from the internet, and network DVRs;
- our expectations regarding installation and operational issues surrounding cable-operator provided CableCARDs and switched digital devices essential for TiVo consumer devices in cable homes;
- our expectations that in the future we may also offer services for additional non-DVR products that would incorporate the TiVo user interface and non-DVR software;
- our expectations of the growth of the TiVo service and technology outside the United States;
- our expectations with respect to the timing of future development and deployment, including future subscription growth or attrition and future technology and service revenues, with our distribution partners

such as Virgin Media Limited (U.K.), Suddenlink (U.S.), Charter Communications (U.S.), Cableuropa S.A.U. ("ONO") (Spain), Comcast (U.S.), Cox (U.S.), RCN (U.S.), Grande Communications (U.S.), DIRECTV (U.S.), and Cablevision (Mexico);

- our expectations regarding the future amount of our research and development spending and associated ability to remain competitive and a technology innovator in advanced television solutions beyond the DVR;
- our expectations regarding future increases in the amount of deferred expenses in costs of technology revenues related to development work for our television distribution partners;
- our expectations regarding future increases in our operating expenses, including increases in general and administrative expenses, litigation expenses, sales and marketing and subscription acquisition costs, and future increases in hardware costs related to supply shortages in the hard disk drive component market;
- our expectations regarding our ability to oversee outsourcing of our manufacturing processes and engineering work, and management of our inventory;
- our expectations regarding our ability to fund operations, capital expenditures, and working capital needs during the next year;
- our expectations regarding our ability to raise additional capital through the financial markets in the future;
- our expectations regarding our ability to perform or comply with laws, regulations, and requirements different than those in the United States; and
- our expectations regarding our estimates and expectations related to long-term investments and their associated carrying value.

Forward-looking statements generally can be identified by the use of forward-looking terminology such as "believe," "expect," "may," "will," "intend," "estimate," "continue," "ongoing," "predict," "potential," and "anticipate" or similar express negative of those terms or expressions. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, or achievements to differ materially from those expressed or implied by such forward-looking statements. Such factors include, among others, the information contained under the caption Part I, Item 1A. "Risk Factors" in this annual report on Form 10-K. The reader is cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date of this annual report and we undertake no obligation to publicly update or revise any forward-looking statements in this annual report. The reader is strongly urged to read the information set forth under the caption Part I, Item 1, "Business" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Part I, Item 1A, "Risk Factors" for a more detailed description of these significant risks and uncertainties.

PART I.

ITEM 1. BUSINESS

The Company

TiVo is a leading developer and provider of software and technology that enables the search, navigation, and access of content across disparate sources, including linear television, on-demand television, and broadband video in a single, easy, intuitive user experience. We provide these capabilities through set-top boxes that include digital video recorders (“DVRs”) or non-DVR set-top boxes, tablet computers, mobile phones, and other screens. We also provide innovative advertising solutions for the media industry, including a unique platform for interactive advertising and audience measurement services. Since prior to the introduction of our first commercial DVR in 1999, we have developed significant intellectual property applicable to the advanced television market and we are focused on protecting our intellectual property.

Historically, we have distributed the majority of our products and services directly to consumers and have also developed indirect channels of distribution through large domestic and international television service providers who utilize our software and technology in set-top boxes and other devices that receive their multichannel services. These customers include Charter Communications, DIRECTV, Grande, RCN, Suddenlink, and others in the United States, ONO (Spain), Virgin Media (United Kingdom) and others outside the United States.

We primarily generate revenues from four sources:

•Consumer Service. Our primary source of revenues is from consumers in our direct to consumer business, who subscribe to the TiVo service directly with us and typically pay us monthly fees, or in some cases pay for TiVo service for the life of their product upfront, which we report as our TiVo-Owned service subscriptions. We sell our DVRs to consumers through distribution relationships with major retailers, such as Best Buy, and direct through our on-line store at TiVo.com.

•Television Service Providers or MSOs. We work with television service providers, which we also refer to as MSOs, who typically pay us recurring monthly fees in order to provide the TiVo service to their subscribers either as their default user interface or as an optional premium service. We may also receive revenues for licensing and professional services and hardware sales from these customers.

•Media Services. We work directly with television advertisers, agencies, and networks to offer a variety of solutions for the television advertising and research market. These include short- and long-form interactive video advertising, lead generation, and commerce as well as unique second-by-second audience research measurement.

•Licensing Revenues. In connection with settlements of litigation, TiVo has entered into agreements with DISH Network and AT&T Inc in which we provide rights to use certain TiVo patents.

We continue to be subject to a number of risks, including intellectual property claims by and against us and the related costs of such intellectual property litigation; continued need for significant research and development and the related costs of such research and development activities; delays in product and service developments; competitive service offerings; lack of market acceptance; ongoing losses and uncertainty of future profitability; dependence on third-parties for manufacturing, marketing, and sales support, as well as third-party rollout schedules, software development issues for third-party products which contain our technology; access to television programming including digital cable signals in connection with CableCARD™ and switched digital technologies; dependence on our relationships with third-party service providers for our MSO subscription growth; and our ability to maintain our TiVo-Owned subscription base and consumer service business. We conduct our operations through one reportable segment. In our fiscal year ended January 31, 2012, we had net income of $102.2 million and cash provided by operating activities was $239.2 million, which was primarily driven by litigation settlements with DISH Network and AT&T Inc. As of January 31, 2012, we had an accumulated deficit of $(677.1) million. We have had a history of losses and expect this trend to continue in our fiscal year ending January 31, 2013. We anticipate that our TiVo-Owned business will continue to be seasonal and expect to generate a significant number of our new TiVo-Owned subscriptions during and immediately after the holiday shopping season. We are cautious about our ability to maintain our current number of TiVo-Owned subscriptions in our fiscal year ending January 31, 2013. While we anticipate growth in our MSO subscription base from our deployments with television service providers, we may not immediately achieve a corresponding increase in service revenues and margin expansion from the fees these subscriptions generate since these fees will be first classified as technology revenues until we recoup our initial development expenditures under our current zero margin or completed contract arrangements, including with DIRECTV, ONO, and Virgin. See the discussions under the heading “Risk Factors - Risks Related to Our Business -

If we fail to properly estimate, manage, and perform the development and engineering services for our television service provider customers, we could incur additional unexpected expenses and losses which could reduce or even eliminate any profit from these deployment arrangements, in which case our business would be harmed."

Our Industry

Widespread Adoption of Advanced Television Services. TiVo revolutionized television viewing when it introduced the DVR over ten years ago, allowing consumers to enjoy an on-demand experience. Since then, DVR adoption has grown rapidly and consumers have come to expect a great deal of flexibility and convenience in their consumption of entertainment. Our DVR products proved that the television entertainment experience could be significantly improved by removing the limitations of linear, appointment based viewing.

The emergence of Video on Demand and broadband video is once again revolutionizing the way people consume video entertainment. The rapid growth of broadband video means a virtually infinite world of content choices now exists along with much greater convenience in how and when that content is viewed. The rapid proliferation of content requires a solution to effectively suggest, search, navigate, and access the growing volume of broadcast, cable, and broadband video content choices including television shows, movies, user generated videos, music, and other personal content including photos and home videos - whether that content was recorded via a DVR or delivered via broadband. In addition, proliferation of new consumption devices like tablets and entertainment-oriented smartphones creates additional demand for solutions that enable viewing when and where convenient for the user across multiple screens.

Advanced Television Technology as a Competitive Asset. Nearly all of the major television service providers in the United States including Comcast, DIRECTV, DISH (formerly "EchoStar"), Time-Warner Cable, and others, are offering DVR technology to their customers. In addition, some are developing strategies to address (albeit in very diverse ways) the proliferation of broadband video and alternate devices. Some of these companies have indicated they consider such services a competitive tool to help differentiate their pay television services by offering their customers more programming features. We believe that the combination of our award winning, easy to use interface and famous brand, hosted services, and customized advanced television solutions will drive higher consumer satisfaction and revenue for those operators who deploy our product offerings enabling them to more effectively attract and retain consumers to their own offerings.

The Changing Television Advertising & Audience Measurement Industry. The decline of linear television viewing, which is now only approximately 40% of viewing on the TiVo Premiere platform, along with the proliferation of additional content choices is requiring television advertisers to evaluate new and different ways to reach consumers and measure their interactions with content and advertising. The DVR and other new consumer electronic devices which access broadband video have given viewers the freedom to view content when they want; and this time shifting has made it more difficult for advertisers to be assured that their commercials will be viewed by audiences at the regularly scheduled time the program is aired by network or local television stations. DVRs, in particular, allow viewers the freedom to fast forward through all or a portion of commercial advertising incorporated into television and other programs, which means that advertisers are not assured that their commercials will be viewed at all. TiVo offers other programming options, such as video delivered by broadband to the television, which may result in further audience fragmentation.

In addition, subject to its privacy policy and applicable laws, TiVo collects data that allows it to anonymously (except in cases where end-users have specifically opted-in to be identified such as the participants in our consumer panels) measure the viewing of television programs and commercials in a manner that TiVo believes is significantly more accurate and insightful than the traditional approach to television measurement practiced by companies like Nielsen Media. This traditional approach is gradually being replaced by alternate forms of measurement which TiVo is uniquely positioned to provide. TiVo uses second-by-second viewing data from a large national sample of our set-top boxes to create highly detailed statistics which are not subject to the limitations of Nielsen's minute by minute approach and program-based ratings and should therefore become more and more valuable to television advertisers and programmers.

Our Strategy

We believe we have created a unique set of technologies, products, and services that meet the needs of consumers, television service providers, and the advertising community. Our goal is to change the way consumers access and watch linear television, on-demand television, and broadband video by offering a best in class user experience and to generate revenue through the licensing of our branded services and technology to television viewing households worldwide.

Provide Compelling, Easy-to-Use Consumer Offering. Our advanced television solutions have an easy, intuitive user interface and many features that we believe dramatically improve a consumer's television viewing experience. Our advanced television solutions can support linear television delivered through analog cable, digital cable, satellite, or over-the-air, television service provider Video on Demand, and broadband video. Our technology enables consumers to find and watch their favorite content by helping them discover new programming through features that search and browse for content by subject, title, genre, actor, director, or channel, enjoy access to extra content via broadband and comprehensive episode guides, as well as suggesting programs that consumers may like through a variety of TiVo recommendation features.

Offer Increasingly Differentiated Features and Services. Our goal is to lead the market with innovations that expand the value and potential of our advanced television services. We plan to continue to invest significant resources in innovation to improve consumer choice, convenience, and control over their home entertainment and to make our services more compelling for both current and potential customers. For example, we have launched TiVo applications for Android-enabled smart phones and tablets and iOS-enabled smartphones and tablets. These applications give consumers a much richer and more powerful way to explore all of the content available to them and expand the population of devices upon which we can deploy our services. We expect that a significant portion of our future product development efforts will be focused on broadband functionality, support for additional secondary devices that will enable the TiVo experience on additional consumer screens, and integration of new discovery paradigms like social network recommendations.

Develop Solutions for Television Service Providers. Part of our strategy focuses on developing versions of the TiVo service that can be deployed by third-parties (typically television service providers) in conjunction with both TiVo and third-party designed set-top boxes in order to promote the mass deployment of devices utilizing our technology. For example, we are able to deliver a set-top box product to our television service provider customers that combines within one integrated user interface: on-demand viewing of linear broadcast television delivered by the television service provider through a built in DVR; access to on-demand viewing of a television service provider's own VOD service; and access to broadband delivered content (or so called over-the-top content). Additionally, we believe our retail business uniquely positions us versus other vendors to license our technology to television service providers as we understand consumer behavior first-hand. It allows us to leverage our research and development across our direct to consumer products as well as our products and services provided to television service providers. There are two primary ways in which we license our TiVo technology; a TiVo box provisioned as a set-top box where we are the hardware and software provider; and TiVo software we build into third-party hardware. We have announced partnerships with operators to deploy our products in both these manners. We have extensive knowledge of the inner-workings of the television service providers' infrastructures and believe we are able to integrate with their infrastructures in a cost and time effective manner.

Extend TiVo Products Beyond the U.S. Market. We also believe there is a large opportunity to deploy the TiVo service and technology outside the United States. For example, we launched an exclusive distribution agreement in the United Kingdom with Virgin Media, the United Kingdom's largest cable operator, to provide the TiVo service on next generation set-top boxes, including both DVR and non-DVR platforms. We also have distribution arrangements that cover the geographies of Australia, Mexico, New Zealand, Spain, and Taiwan. Our solutions have the ability to integrate broadband offerings for cable, satellite, and over-the-air television service providers and our strategy is to sign additional international partnerships and distribution agreements in the future. Typically, the parties distributing the TiVo service under these agreements are subject to significant deployment and marketing commitments.

Extend and Protect Our Intellectual Property. The convenience, control, and ease of use of the TiVo service is derived largely from the technology we have developed since prior to the introduction of our first commercial DVR in 1999. We have adopted a proactive patent and trademark strategy designed to protect and extend our technology and intellectual property. We have filed patent applications relating to numerous inventions resulting from TiVo research and development, including many critical aspects of the design, functionality, and operation of TiVo products and services as well as technology that we may incorporate in future products and services.

TiVo is prosecuting an intellectual property lawsuit against Verizon including for willful infringement of the Time Warp patent. During the fiscal year ended January 31, 2012, TiVo entered into separate settlements of pending intellectual property lawsuits against DISH Network and AT&T Inc. for $500 million and $215 million, respectively. TiVo is also defending counterclaims from Verizon and a lawsuit from Motorola, in addition to other intellectual property litigation. See the discussions in Item 1A. Risk Factors, relating to pending intellectual property litigation, and Item 3. Legal Proceedings.

Generate Revenue from Advertising and Audience Research Capabilities. We offer interactive advertising capabilities to advertisers, advertising agencies, and broadcast networks. Our advertising products include detailed anonymous aggregated reporting on actual viewing and screen-by-screen interaction by consumers. We offer our advertisers compelling interactive products such as branded Showcases including long-form video, requests for information, and customizable applications. We also offer the ability to enhance existing television commercials with interactive tags, enabling consumers to pause television and explore additional advertising content. We plan to continue to develop and enhance our interactive advertising and audience research measurement capabilities in the future to generate additional revenues as well as provide us with additional information to help us improve and enhance the TiVo service for our customers.

Our Technology

TiVo has developed a technology portfolio that makes the TiVo service available on a standalone retail DVR product line that is capable of receiving over-the-air digital signals, analog cable, digital cable through the use of CableCARDs™, and from broadband video sources. We have also entered into agreements with cable operators in the U.S. such as Comcast to enable our retail DVR products in the future to access operator provided Video on Demand services in addition to broadband video services. The TiVo service can also be deployed directly by U.S. satellite and cable operators such as Charter, DIRECTV, Grande, RCN, Suddenlink and internationally, such as with Virgin Media and ONO. Our strategy is to sign additional distribution agreements in the future to make the TiVo service available on additional set-top boxes and other devices. We believe that our research and development activity will continue to be a major priority that allows us to continue to innovate new products for our customers. TiVo's technology for enabling the TiVo service includes: the TiVo service client software platform, the TiVo service infrastructure, and TiVo-enabled hardware designs.

TiVo Service Client Software. The TiVo service client software functions on set-top boxes and mobile devices which run the TiVo software. We have enhanced the client software to support multiple services and applications, such as receipt of broadband video content, digital music, and photos. The TiVo client software manages interaction with the TiVo service infrastructure. After the initial set-up of the TiVo service, the TiVo-enabled set-top box will automatically connect to the TiVo service infrastructure over a dial-up or broadband connection to download the program guide data, client software upgrades, advertising content, and other broadband content. We have also enabled the TiVo service client software to operate on certain commonly used integrated DVR set-top boxes, such as on a Cisco and Samsung manufactured set-top box in connection with our Virgin deployment arrangement.

TiVo Service Infrastructure. The TiVo service infrastructure operates the TiVo service, managing the distribution of proprietary services, and specialized content such as program guide data, interactive advertising, and TiVo client software upgrades. It interfaces with our billing and customer support systems for service authorization and bug tracking, among other activities. In addition, the TiVo service infrastructure collects anonymous viewing information uploaded from TiVo-enabled set-top boxes for use in our audience research measurement efforts. The infrastructure has also been designed to work with the networks of service provider customers.

TiVo-Enabled Hardware Design. The TiVo-enabled hardware designs are specifications developed by TiVo for set-top boxes containing a CPU, memory, digital video chips, and other components such as a hard disk drive in the case of our DVR products. We provide this design to our contract manufacturer that produces TiVo-branded hardware. The TiVo-enabled DVR hardware design includes a modular front-end that allows the basic platform to be used for digital and analog broadcast, digital and analog cable, and satellite applications. In addition, certain designs include USB ports to allow connection to broadband networks and external devices to enable existing and future services. A TiVo-enabled DVR without a subscription to the TiVo service has minimal functionality.

Significant Relationships

DIRECTV. DIRECTV is the largest provider of satellite television in the U.S. We have had a longstanding relationship with DIRECTV from 1999 to the present to provide the TiVo service to its customer base. As of January 31, 2012, DIRECTV was our second largest MSO subscription partner and represented a significant portion of our 1.2 million MSO subscription base.

DIRECTV currently pays us a recurring monthly per-household fee for access to the technology needed to provide its customers the TiVo service subject to an aggregate minimum monthly amount. Due to the declining number of DIRECTV MSO subscriptions in recent years, in fiscal year 2012, we recognized the monthly minimum amount each month during the entire year. We incur limited recurring expenses. We also recognize revenue from DIRECTV for engineering services work on integrated DIRECTV satellite receivers with TiVo service and the related service infrastructure. DIRECTV also distributes TiVo advertising features on DIRECTV receivers with TiVo service. Subject to certain restrictions and exceptions, both DIRECTV and TiVo may sell this advertising and collect audience research measurement data, with each party retaining all their respective revenues generated from such sales.

On September 3, 2008, we extended our current agreement with DIRECTV for the development, marketing, and distribution of a new HD DIRECTV DVR featuring the TiVo service.Under this new agreement, DIRECTV will pay a substantially higher monthly fee for households using the new HD DIRECTV DVRs with TiVo, which are being deployed by DIRECTV, than the fees for previously deployed DIRECTV DVRs with TiVo service. DIRECTV will continue to pay the previous monthly fee for all households using only the previously deployed DIRECTV DVRs with TiVo service. The fees paid by DIRECTV are subject to monthly minimum payments that escalate during the term of the agreement (which expires on February 15, 2015, unless extended until February 15, 2018 by DIRECTV). We will continue to defer a portion of these fees as a non-refundable credit to fund mutually agreed development, with excess development work to be funded by DIRECTV. DIRECTV also has certain additional annual obligations to market and promote the new HD DIRECTV DVR featuring the TiVo service now that it has launched.

Best Buy. Best Buy is one of the largest nationwide retailers of consumer electronics in the United States and our largest retail customer. We have had a long-standing relationship with Best Buy since 1999 to sell our TiVo DVRs to consumers. On July 7, 2009, we entered into the Master Marketing and Development Agreement (the “Marketing Agreement”), and as later amended, with Best Buy Stores, L.P., which amends and supplements our existing Vendor Agreement, as amended, dated as of March 3, 2002, with Best Buy Purchasing, L.L.C., under which we developed and deployed a broadband connected TV with a TiVo user interface and continue our long-standing retail marketing and DVR sales relationship.

Customer Service and Support

For our TiVo-Owned standalone DVRs, we provide customer support through outsourced service providers as well as our internal customer service personnel. In most cases, when our product is sold through a television service provider (such as Charter, DIRECTV, Grande, ONO, RCN, Suddenlink, and Virgin for example) the service provider is primarily responsible for customer support. We may provide training and other assistance to these service providers. Individual customers have access to an Internet-based repository for technical information and troubleshooting techniques. They also can obtain support through other means such as the TiVo website, web forums, email, and telephone support.

We offer a manufacturer’s warranty of 90 days for labor and one year for parts on the DVRs TiVo manufacturers which enable our TiVo-Owned subscriptions. We contract with third-parties to handle warranty repair. Warranties provided to service providers who distribute TiVo hardware vary in length depending on the pricing paid by the buyer.

Research and Product Development

Our research and development efforts are focused on designing and developing the components necessary to enable the TiVo service. These activities include hardware and software development.

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(in millions)		
Research and Development Expenses	$110.4	$81.6	$63.0

We increased the number of our regular, temporary, and part-time employees engaged in research and development by 2% from a total of 514 as of January 31, 2011 to 526 as of January 31, 2012. However, during fiscal year 2011 we worked to ramp up our R&D headcount resources to accommodate our development work and grew our research and development headcount by 48% from 347 to 514 with the majority of the hiring during the last four months of the year. Thus, in fiscal year ended January 31, 2012, while we only moderately increased our staffing levels over the prior year, we experienced significantly higher levels of spend related to R&D headcount resources because we maintain the higher staffing levels we achieved at the end of January 31, 2011 for the entire fiscal year ended January 31, 2012. In the fiscal year ending January 31, 2013, we currently expect our research and development expense to be consistent with fiscal year 2012 in the aggregate; however, we do expect our research and development expenditures to begin to decrease in the second half of fiscal year 2013 as compared to the same prior year periods.

Manufacturing and Supply Chain

We outsource the manufacturing of our products to third-party manufacturers. This outsourcing extends from prototyping to volume manufacturing and includes activities such as material procurement, final assembly, test, quality control, and shipment to distribution centers. Today the majority of our products are assembled in Mexico. Our primary distribution center is operated on an outsourced basis in Texas.

The components that make up our products are purchased from various vendors, including key suppliers such as Broadcom, which supplies system controllers. Some of our components, including system controllers, chassis, remote controls, hard drives, and certain discrete components are currently supplied by sole source suppliers.

We often require substantial lead time to purchase components and manufacture anticipated quantities of DVRs that enable the TiVo service. This long lead time requires us to make component purchasing and inventory decisions well in advance of our peak selling periods. We offer our individual end-users who purchase from TiVo.com a 30-day money back guarantee. We typically do not offer a right of return or significant extended payment terms to our retailers.

Seasonality

Sales of our TiVo-Owned DVRs and subscriptions to the TiVo service are affected by seasonality. Thus, we generate a significant number of our annual DVR sales and new TiVo-Owned subscriptions during and immediately after the holiday shopping season with associated increases in revenue. We also incur significant increases in expenses in the second half of the year related to hardware costs, revenue share and other payments to channel, and sales and marketing, subscription acquisition costs in anticipation of the holiday shopping season. There is less seasonality associated with our MSO customers.

Competition

We believe that the principal competitive factors in the advanced television market, which includes DVRs and other broadband enabled consumer electronic devices are brand recognition and awareness, functionality, ease of use, content availability, and pricing. We currently see two primary categories of competitors for the TiVo-Owned channel: DVRs offered by satellite, cable, and telecommunications operators and advanced television products and DVRs offered by consumer electronics and software companies.

Competition in the TiVo-Owned Subscription Business. Our retail products compete in the United States against services sold directly by cable, telecommunications, and satellite operators including DISH (formerly “EchoStar”), DIRECTV, Comcast, Time Warner Cable, Verizon, and AT&T. These products typically combine pay television reception with DVR functionality; most of these products include multiple tuners, high definition recording, and in some cases multi-room viewing capability. Some of these products are offered at lower prices but in many cases are bundled with other services provided by the operator and the price for the DVR and DVR service may not be apparent to the consumer. In addition, these products are usually professionally installed and may appeal to consumers who do not proactively select a DVR service. Additionally, many U.S. cable operators are currently deploying Video on Demand technology, which over time could serve as a substitute to our retail products. We are aware of at least one U.S. cable operator, Cablevision, Inc., which is deploying remote storage-based DVR products. To the extent that cable operators offer regular television programming as part of their server-based VOD offerings and DVR technology, consumers may prefer not to acquire an independent set-top based DVR through retail channels.

Our retail products also compete against products with on-demand internet-enabled services offered by consumer electronics companies including:

•Personal computers: Microsoft based PCs and Apple products (among others) enable a variety of entertainment features and services which offer alternatives to traditional DVR services, primarily via internet delivery of content.

•Broadband capable devices and game consoles: We are seeing a proliferation of broadband enabled devices, such as connected televisions, “smartphones”, single purpose broadband set-top boxes and gaming consoles that offer broadband delivered content. Though these devices do not offer the breadth of the TiVo service, they do offer alternative ways to access internet-delivered video content through devices that many consumers may seek to acquire for other purposes. For example, many consumer electronics companies have television or DVD products that are internet enabled and others have built dedicated devices for accessing video over the internet such as AppleTV and GoogleTV. Similarly, companies such as Sony and Microsoft have now enabled the digital delivery of video programming over the internet to their game consoles.

Competition in our MSO business. Our MSO revenues depend upon both our ability to successfully negotiate

11

agreements with our service provider customers and, in turn, upon our customers' successful commercialization of their underlying products. We face competition from companies such as NDS, Microsoft, Motorola, Cisco, Arris, and Rovi, which have created competing products that provide user interface software for use on television set-top boxes and consumer electronic devices. Such companies may offer more economically attractive agreements to service providers and consumer electronics manufacturers. We also face competition from internal development initiatives at some large service providers and consumer electronics manufacturers who may choose to develop similar products on their own rather than resell products/services developed by TiVo.

Competition in the Media Services business. Digital video recorder services, in general, and TiVo, specifically, compete with other advertising media such as print, radio, television, Video on Demand, internet, and other emerging advertising platforms for a share of advertisers' total advertising budgets. If advertisers do not perceive digital video recording services, in general, and TiVo specifically, as an effective advertising medium, they may be reluctant to advertise on the TiVo service. In addition, advertisers may not support or embrace the TiVo technology due to a belief that our technology's ability to fast-forward through commercials will reduce the effectiveness of general television advertising.

We compete with audience research companies such as Nielsen, Kantar Media Research, and RenTrak for research spend from advertisers, advertising agencies, and television networks. These companies have all announced intentions to provide second-by-second viewership information based on data from digital cable set-top boxes and satellite set-top boxes. The type of research we provide is a discretionary purchase. If advertisers, advertising agencies, and television networks perceive the information provided by these companies to be more valuable, they may invest in those services rather than ours, or they may choose not to purchase this type of information at all.

Patents and Intellectual Property

We have filed patent applications relating to numerous inventions resulting from TiVo research and development, including many critical aspects of the design, functionality, and operation of TiVo products and services as well as technology that we may incorporate in future products and services. We have been awarded approximately 238 foreign and domestic patents and have approximately 413 foreign and domestic patent applications pending. For example, TiVo owns U.S. Patent No. 6,233,389, titled "Multimedia Time Warping System" (referred to as the Time Warp patent or the '389 patent) which describes an invention that allows an user to store selected television shows while the user is simultaneously watching or storing another program and expires in July 2018. The Time Warp patent has been through reexamination at the United States Patent Office twice and had its claims upheld without modification. The majority of our patents have expirations beyond 2018.

TiVo is prosecuting an intellectual property lawsuit against Verizon, including for willful infringement of the Time Warp patent. During the fiscal year ended January 31, 2012, TiVo entered into separate settlements of pending intellectual property lawsuits it had filed against DISH Network and AT&T Inc. for $500 million and $215 million, respectively. TiVo is also defending counterclaims from Verizon and a lawsuit from Motorola, in addition to other intellectual property litigation. See the discussions in Item 1A. Risk Factors, relating to pending intellectual property litigation, and Item 3. Legal Proceedings.

TiVo has secured numerous foreign and domestic trademark registrations for its distinctive marks, including but not limited to registrations, for the marks "TiVo," the TiVo logo, "Season Pass," Thumbs logos, and certain sound marks. We anticipate ongoing progress in our establishment of a defensible and useful intellectual property portfolio; however, we cannot assure you that current patents will be enforceable or our current patent applications will ever be allowed or granted. See Part I. Item 1A. "Risk Factors – Our success depends on our ability to secure and protect our patents, trademarks, and other proprietary rights" and "Pending Intellectual Property Litigation" for additional information concerning our intellectual property.

Privacy Policy

We have adopted a privacy policy, which we make available on our website at www.tivo.com/privacy and deliver to each new subscriber to the TiVo service. This policy was last updated in February 2011 to cover new features that we have introduced and plan to introduce in the future. This policy explains that we collect certain types of information such as anonymous viewing and diagnostic information, but unless the subscriber gives prior consent, we do not collect or access personally identifiable viewing information from a subscriber's DVRs except as necessary to provide service to the DVR. We further give subscribers the ability to "opt-out" from the collection of anonymous viewing information and diagnostic information log files.

We have designed a system that ensures that any anonymous viewing information transmitted from a TiVo-enabled DVR remains unidentifiable to a particular viewer (known as anonymous viewing information). Anonymous viewing information is collected separately from any information that identifies a viewer personally. As a result, we may be able to use this anonymous information to tell a broadcast or advertising client the percentage of our viewers that recorded a particular program or advertisement, but we will not know, nor be able to tell the client, which of our viewers did so, unless a viewer decides to provide that information.

Employees

At February 29, 2012, we employed approximately 631 employees, including 51 in service operations, 406 in research and development, 53 in sales and marketing, and 121 in general and administration. We also employ, from time to time, a number of temporary and part-time employees as well as consultants on a contract basis. Our future success will depend in part on our ability to attract, train, retain, and motivate highly qualified employees. We may not be successful in attracting and retaining such personnel. Our employees are not represented by a collective bargaining organization and we have never experienced a work stoppage or strike. Our management considers employee relations to be good.

Executive Officers and Key Employees (as of March 19, 2012):

Name	Age	Position
Thomas Rogers	57	President and CEO
Anna Brunelle	44	Vice President, Chief Financial Officer
Jeffrey Klugman	51	Senior Vice President Products and Revenue
Charles (Dan) Phillips	54	Senior Vice President, Engineering and Operations
Matthew Zinn	47	Senior Vice President, General Counsel, Secretary and Chief Privacy Officer
Nancy Kato	56	Senior Vice President, Human Resources

Thomas Rogers was appointed by our Board to serve as a director in September 2003 and was named President and Chief Executive Officer of TiVo, effective July 1, 2005. In connection with being appointed as our President and Chief Executive Officer, Mr. Rogers resigned as Vice Chairman of our board of directors and as a Class II Director and was immediately reappointed by our board of directors as a Class III Director. Since November 2006, Mr. Rogers has served as member of the Board of Directors of SuperMedia and is currently the Vice Chairman of the Board. SuperMedia (NYSE: SPMD), formerly Idearc Inc. which filed for bankruptcy in 2009, is one of the nation’s largest providers of yellow and white pages directories and related advertising products. Mr. Rogers served as Chairman of the Board of Teleglobe International Holdings, Ltd. (NASDAQ:TLGB), a provider of international voice, data, internet, and mobile roaming services, a position he held from November 2004 to February 2006. Since July 2003, he has also served as Chairman of TRget Media, a media industry investment and operations advisory firm. From 2004 until July 2005, he also served as the Senior Operating Executive for media and entertainment for Cerberus Capital Management, a large private equity firm. From October 1999 until April 2003, Mr. Rogers was Chairman and CEO of Primedia, Inc. (NYSE:PRM), a print, video, and online media company. From January 1987 until October 1999, Mr. Rogers held positions with National Broadcast Company, Inc. including President of NBC Cable and Executive Vice President. Mr. Rogers holds a B.A. degree in Government from Wesleyan University and a J.D. degree from Columbia Law School.

Anna Brunelle was named Chief Financial Officer in September 2008 and is responsible for financial operations including accounting, tax, treasury, purchasing, internal audit, financial reporting and planning. Ms. Brunelle joined TiVo in April 2005 and served as Vice President, Controller, and Treasurer prior to her promotion. Prior to joining TiVo, Ms. Brunelle held positions at Broadvision, Adaptec, Roxio, and Napster. Ms. Brunelle began her career at Deloitte & Touche, LLP in San Jose, and has also held senior finance roles at Silicon Valley start-ups where she was responsible for raising capital, developing business plans, integrating acquisitions, and building the finance teams. Ms. Brunelle is a CPA and holds a B.A. in Business Administration/ Accounting from California Polytechnic State University, San Luis Obispo.

Jeffrey Klugman was named Senior Vice President of Products and Revenue on November 1, 2009. Prior to that Mr. Klugman had served, as Vice President of Technology Licensing from December 2001 until February 2004, Vice President, TiVo Platform Business from February 2004 until April 2005, and Senior Vice President and General Manager, Service Provider and Advertising Products Division from April 2005 to November 2009. Prior to joining TiVo, Mr. Klugman was CEO of PointsBeyond.com, an internet-portal start-up focused on outdoor activities and adventures. In 1999, Mr. Klugman was Vice President of Marketing and Business Development for Quantum Corporation's Consumer Electronics Business Unit. Mr. Klugman holds a B.S. degree in engineering from Carnegie Mellon University and an M.B.A. degree from the Stanford Business School.

Charles (Dan) Phillips was named Senior Vice President of Engineering and Operations on June 21, 2010. Mr. Phillips oversees Engineering and Operations company-wide, which includes engineering activity for consumer product distribution, service providers, advertising and audience research efforts, as well as manufacturing, distribution, call center, service operations, information technology, facilities, and broadcast center operations. Until that time, Mr. Phillips had served as Vice President, Chief Information Officer and Engineering from November 2009 to June 2010 and as Vice President, Chief Information Officer from October 2006 until November 2009. Prior to joining TiVo, Mr. Phillips held several leadership positions in the high-tech industry. From May 2002 to January 2006, he served as Senior Vice President of Products at TRADOS Software, a globalization software company. Mr. Phillips served as Senior Vice President of Product Development at Uniscape Inc. from December 2000 until it merged with TRADOS in 2002. In July 1996, Mr. Phillips joined CrossWorlds' Software and held multiple executive positions including Vice President of Product Management and Vice President of Engineering until December 2000. From February 1995 to June 1997, Mr. Phillips held several senior management positions at SGI. Mr. Phillips co-founded Meta Systems in May 1991. Mr. Phillips holds B.A. degrees in Business Administration and Computer Information Systems from Humboldt State University.

Matthew Zinn was named Senior Vice President, General Counsel, Secretary, and Chief Privacy Officer in April 2006. Mr. Zinn had served as Vice President, General Counsel, and Chief Privacy Officer since July 2000 and as Corporate Secretary since November 2003. From May 1998 to July 2000, Mr. Zinn was the Senior Attorney, Broadband Law and Policy for the MediaOne Group, a global communications company. From August 1995 to May 1998, Mr. Zinn served as corporate counsel for Continental Cablevision, the third largest cable television operator in the United States. From November 1993 to August 1995, he was an associate with the Washington, D.C., law firm of Cole, Raywid & Braverman, where he represented cable operators in federal, state, and local matters. Mr. Zinn holds a B.A. degree in Political Science from the University of Vermont and holds a J.D. degree from the George Washington University National Law Center.

Nancy Kato was named Senior Vice President of Human Resources in April 2006. Ms. Kato has served as Vice President, Human Resources since January 2005. From January 2003 to January 2005 Ms. Kato was Vice President of Global Compensation at Hewlett-Packard. From December 2000 to October 2002 Ms. Kato was Senior Vice President of Human Resources for Ariba. She has also held senior roles at Compaq and Tandem. Prior to her career in Human Resources, Ms. Kato had been a child and family therapist and an undergraduate studies instructor at Stanford University. Ms. Kato holds a B.S. in Health Sciences and M.A. in Education and Counseling from San Jose State University.

Other Information

TiVo was incorporated in August 1997 as a Delaware corporation and is located in Alviso, California. In August of 2000, we formed a wholly owned subsidiary, TiVo (U.K.) Ltd., in the United Kingdom. In October of 2001, we formed a subsidiary, TiVo International, Inc., a Delaware corporation. On January 12, 2004, we acquired Strangeberry, Inc., a small Palo Alto based technology company specializing in using home network and broadband technologies to create new entertainment experiences on television. On July 16, 2004, TiVo Intl. II, Inc., a wholly owned subsidiary of TiVo Inc., was incorporated in the Cayman Islands. On March 22, 2005, TiVo Brands LLC, a wholly owned subsidiary of TiVo Inc., was incorporated in the State of Delaware.

We maintain an Internet website at the following address: www.tivo.com. The information on our website is not incorporated by reference in this annual report on Form 10-K or in any other filings we make with the Securities and Exchange Commission (“the SEC”).

We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the SEC in accordance with the Securities Exchange Act of 1934, as amended. These include our annual reports on Form 10-K, our quarterly reports on Form 10-Q, and our current reports on Form 8-K. We make this information available on or through our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC.

ITEM 1A. RISK FACTORS

Risk Factors

An investment in our securities involves risks. You should carefully consider the risk factors set forth below as well as the other information contained or incorporated by reference in this offering memorandum before investing in the notes. Any of the following risks could materially and adversely affect our business, financial condition, results of operations or prospects, which in turn could adversely affect our ability to repay the notes and the trading price of the notes and our common stock. Additional risks and uncertainties not currently known to us or those

Table of Contents

currently viewed by us to be immaterial may also materially and adversely affect our business, financial condition or results of operations.

We have incurred significant net losses and may never achieve sustained profitability.
During the fiscal years ended January 31, 2012, 2011, and 2010, our net income (losses) were $102.2 million, $(84.5) million, and $(23.0) million, respectively. As of January 31, 2012, we had an accumulated deficit of $(677.1) million. The size of future net losses will be impacted by a number of factors, including the timing of the development or deployment of solutions under our television service provider arrangements, the growth or decline in the number of TiVo-Owned subscriptions, the price at which we sell TiVo-Owned set-top boxes, the amount of research and development expenses we incur to fund new product development and expand our engineering services capacity, the amount and timing of litigation expenses we incur in connection with protecting our intellectual property and the outcomes of our intellectual property litigations. In particular, we expect to incur significant net losses in our fiscal year ending January 31, 2013. Unless and until we generate significant additional revenues or substantially reduce our expenses, including revenues and expenses resulting from our ongoing legal proceedings, we will likely continue to incur losses in our current and future fiscal years and we may never achieve sustained profitability. Over time, continued net losses and negative cash flow could drain our existing cash balance.
We are a party to patent infringement lawsuits involving Verizon and Motorola. We are incurring material litigation expenses as a result, and an adverse outcome in any of these lawsuits could harm our business.
Our claims against Verizon. On August 26, 2009, we filed a complaint against Verizon Communications, Inc. in the United States District Court for the Eastern District of Texas for infringement of the following three TiVo patents: U.S. Patent Nos. 6,233,389 B1 (“Multimedia Time Warping System”), 7,529,465 B2 (“System for Time Shifting Multimedia Content Streams”), and 7,493,015 B1 (“Automatic Playback Overshoot Correction System”). Our complaint seeks, among other things, damages for past infringement and a permanent injunction, similar to that issued by the United States District Court, Eastern District of Texas against EchoStar. We continue to incur material expenses in connection with this lawsuit, and in the event we were to lose, our business would be harmed.
Verizon's claims against us. On February 24, 2010, Verizon answered our August 26, 2009 complaint and Verizon asserted counterclaims. The counterclaims seek declaratory judgment of non-infringement and invalidity of the patents we asserted against Verizon in our August 26, 2009 complaint. Additionally, Verizon alleged infringement by us of U.S. Patents: 5,410,344 (“Apparatus and Method of Selecting Video Programs Based on Viewers' Preferences”), 5,635,979 (“Dynamically Programmable Digital Entertainment Terminal Using Downloaded Software to Control Broadband Data Operations”), 5,973,684 (“Digital Entertainment Terminal Providing Dynamic Execution in Video Dial Tone Networks”), 7,561,214 (“Two-dimensional Navigation of Multiplexed Channels in a Digital Video Distribution System”), and 6,367,078 (“Electronic Program-Guide System with Sideways-Surfing Capability”). On March 15, 2010, Verizon filed an amended answer further alleging infringement by us of U.S. Patent No. 6,381,748 (“Apparatus And Methods For Network Access Using A Set Top Box And Television”). Verizon seeks, among other things, damages and a permanent injunction. We continue to incur material expenses in connection with this lawsuit, and in the event we were to lose, we could be forced to pay damages for infringement or to license technology from Verizon, and we could be subject to an injunction preventing us from infringing Verizon's technology or otherwise affecting our business, and in any such case, our business would be harmed.
Motorola's claims against us. On February 25, 2011, Motorola Mobility, Inc. and General Instrument Corporation, a subsidiary of Motorola, filed a complaint against us in the United States District Court for the Eastern District of Texas seeking declaratory judgment of non-infringement and invalidity of two of the patents we asserted against Verizon in our August 26, 2009 complaint. Additionally, Motorola alleged infringement of U.S. Patents: 6,304,714 (“In Home Digital Video Unit with Combined Archival Storage and High-Access Storage”), 5,949,948 (“Method and Apparatus for Implementing Playback Features for Compressed Video”) and 6,356,708 (“Method and Apparatus for Implementing Playback Features for Compressed Video”). Motorola seeks, among other things, damages and a permanent injunction. We continue to incur material expenses in connection with this lawsuit, and in the event we were to lose, we could be forced to pay damages for infringement, to license technology from Motorola, and we could be subject to an injunction preventing us from infringing Motorola's technology or otherwise affecting our business,

and in any such case, our business would be harmed.

Intellectual property claims against us could be extremely costly, could result in the loss of significant rights, and could require us to alter our current product and business strategy and could force us to cease operating our business, in which case our business would be harmed.

In addition to the litigation discussed above, we are subject to, or otherwise engaged in, a significant number of pending intellectual property litigation proceedings. In addition, from time to time, we are sued in court or receive letters from third-parties alleging that we are infringing on their intellectual property. Regardless of their merit, we are forced to devote time and resources to respond to these lawsuits and letters. In addition, if any of these third-parties or others were to be successful in suing us, our business could be harmed because intellectual property litigation may:

- be time-consuming and expensive;
- divert management's attention and resources away from our business;
- cause delays in product delivery and new service introduction;
- cause the cancellation of current or future products or services;
- require us to pay significant amounts in damages, royalties and/or licensing fees;
- incur material expenses as a result of our indemnification obligations; and
- result in an injunction that could force us to limit the functionality of our products and services, stop importing our products and services into certain markets, or cease operating our business altogether.

The emerging advanced-television industry is highly litigious. Additionally, many patents covering interactive television technologies have been granted but have not been commercialized. A number of companies in the advanced-television industry earn substantial profits from technology licensing, and the introduction of new technologies by us is likely to provoke lawsuits from such companies. A successful claim of infringement against us, our inability to obtain an acceptable license from the holder of the patent or other right, or our inability to design around an asserted patent or other right could cause our manufacturers to cease manufacturing DVRs that enable the TiVo service, our retailers to stop selling the product or us to cease providing our service, or all of the above, which would eliminate our ability to generate revenues.

Under our agreements with many of our manufacturing and licensing partners, we may be required to indemnify them in the event that our technology infringes upon the intellectual property rights of third-parties. Due to these indemnity obligations which include infringement of third-party intellectual property rights and may also include indemnification for open source software violations, we could be forced to incur material expenses if our manufacturing and licensing partners are sued. If they were to lose the lawsuit, our business could be harmed. In addition, because the products sold by our manufacturing and licensing partners often involve the use of other persons' technology, this increases our exposure to litigation in circumstances where there is a claim of infringement asserted against the product in question, even if the claim does not pertain to our technology.

We face risks in connection with our marketing and distribution agreements for the development and deployment of TiVo-branded advanced television solutions and services to our marketing partners and distributors, particularly as our ability to perform and meet such contractual arrangements may be dependent on our ability to gain access to certain necessary third-party technologies.

We face significant technological challenges in our development of the TiVo service for our marketing partners and distributors, such as Charter, Cox, Comcast, Virgin, and ONO, among others, as well as our dependence on certain third-party technology providers who we depend upon to provide technology to us to allow us to meet the agreed upon feature and technology requirements requested by our television service providers. For example, we rely on access to and receipt of certain technologies from third-parties to enable Video on Demand and other content and search features on our products. Additionally, we are engaged in active intellectual property infringement suits with parties that we may otherwise rely on for the delivery of necessary technologies for enablement of key features of our products and as required by our contractual arrangements with our television service provider customers. For example, we are engaged in patent infringement litigation with Motorola and previously with Microsoft, who also license technology to us for use in our products to enable certain features. If we were unable to gain access to such technologies on reasonable commercial terms, we may be unable to provide certain features and functionalities in our products. In such an event, our products may not be competitive with similar products in the market and further we may not be able to comply with the contractual arrangements with certain of our television service provider, in either case our business would be harmed as a result. Our ability to benefit from these agreements is dependent upon the mass-deployment and adoption of our TiVo-branded advanced television solutions, which may include TiVo-branded DVRs, third-party set-top boxes which run TiVo

software, and DVR and non-DVR set-top boxes, among other solutions, by the subscribers of our distribution customers and marketing partners. For example, we are currently in trials in certain geographic markets with Charter and in the initial stages of deployment with other distribution customers, such as ONO. If we are unable to complete development of these products in a timely and efficient manner to the satisfaction of our distribution customers, which includes hiring and retaining the necessary number of engineers and software developers to develop each partner's customized solution, correctly estimating the amount of time and resources that are necessary to develop each such solution, licensing necessary third-party technology (such as, for example, technology which enables the display of VOD content from our partners), and enabling full-scale deployment of our TiVo-branded advanced television solutions and services with these marketing partners and distributors, we may not be able to acquire new subscribers from them under these agreements and our business would be harmed.
Furthermore, some of our partners have the right to receive certain most favored terms from us such that if we were to license similar products and services to other parties at more attractive terms than what such partners receive under their agreements with us, then such partners may be entitled to receive the new more favorable terms. Additionally, such partners may have the right to terminate their agreements with us in the event we are subject to certain specified change of control transactions involving companies specified in their agreements. If any of these events occurred, including our inability to develop, license, and deploy in a timely, efficient, and on a full-scale basis, we would have difficulty generating revenues and new subscriptions under these agreements and our business would be harmed.
If we fail to adequately manage our increasingly complex distribution agreements, including licensing, development, and engineering services, we could be subjected to unexpected delays in the expected deployment of TiVo's advanced television solutions, increased costs, possible penalties and adverse accounting and contractual consequences, including termination of such distribution arrangements. In any such event, our business would be harmed.
In connection with our deployment arrangements, we engage in complex licensing, development, and engineering services arrangements with our marketing partners and distributors. These deployment agreements with television service providers usually provide for some or all of the following deliverables: software engineering services, solution integration services, hosting of the TiVo service, maintenance and support. In general, these contracts are long-term and complex and often rely on the timely performance of such television service provider's third-party vendors that are outside TiVo's control. The engineering services and technology we agree to provide and/or develop may be essential to the functionality of the licensed software and delivered product or such software may involve significant customization and modification for each customer. We have experienced or may experience delays in delivery with television service providers including, for example, DIRECTV, Virgin, Suddenlink, ONO, and Charter, as well as significant increases in expected costs of development and performance in certain instances in the past. Additional delays could lead to additional costs and adverse accounting treatments forcing us to recognize costs earlier than expected. If we are unable to deliver the contracted for technology, including specified customizations and modifications, and services in a timely manner or at all, then we could face penalties in the form of unreimbursed engineering development work, loss of subscriber or minimum financial commitments on the part of our partners or in extreme cases the early termination of such distribution agreements. In any such case our business would be harmed.
If we fail to properly estimate, manage, and perform the development and engineering services for our television service provider customers, we could incur additional unexpected expenses and losses which could reduce or even eliminate any profit from these deployment arrangements, in which case our business would be harmed.
When we enter into deployment agreements with television service providers, we are typically required to make cost estimates based on historical experience and various other assumptions. These estimates are assessed continually during the term of the contract and revisions are reflected when the conditions become known. Using different cost estimates related to engineering services may produce materially different operating results, in addition to differences in timing and income statement classification of related expenses and revenues. An unfavorable change in estimates could result in a reduction of profit due to higher cost or the recording of a loss once such a loss becomes known to us that would be borne solely by us. We also recognize revenues for software engineering services that are essential to the functionality of the software or involve significant customization or modification using the percentage-of-completion method. We recognize revenue by measuring progress toward completion based on the ratio of costs incurred, principally labor, to total estimated costs of the project, an input method. If we are unable to

properly measure and estimate our progress toward completion in such circumstances, we could incur unexpected additional costs, be required to recognize certain costs earlier than expected, or otherwise be required to delay recognition of revenues unexpectedly. A material inability to properly

17

Table of Contents

manage, estimate, and perform these development and engineering services for our television service provider customers could cause us to incur unexpected losses and reduce or even eliminate any profit from these arrangements, and in such a case our business would be harmed.

Many of our current deployment arrangements with television service providers require us to incur significant upfront development and engineering expenses for which we are in total or in part compensated through service fees received after a solution is launched. If we are required to incur such upfront development and integration costs in excess of any development revenues and we are reasonably assured that these excess upfront development costs are recoverable, we will defer such cost and recognize them on a zero margin or straight-line basis after the solution is launched. However, despite the deferral of these development costs, we do incur cash outflows associated with these development efforts resulting in potentially higher cash usage in the near term. In situations where we are recovering upfront project-specific development costs, we would start recognizing service revenues (and related margin) only after the initial project-specific development costs are fully recovered. As of January 31, 2012, we had approximately $18.4 million in such project-specific deferred costs. The assessment of recoverability is highly dependent on our estimates of engineering and operating costs related to the project. As a consequence, it may be a significant period of time after a solution launches and after we are adding new subscriptions from such deployment arrangement before we experience a corresponding impact on our service revenues (and related margins) from such a deployment arrangement. If we fail to properly estimate, manage, and perform these development and engineering services and otherwise comply with the terms of these deployment arrangements, we could incur additional unexpected expenses and losses in connection with these arrangements.

In the event of an early termination of these arrangements with our television service provider customers prior to deployment, we would be forced to recognize any deferred development costs which we have incurred but not recognized without corresponding revenues from development or subscription fees, in such an event we would be forced to incur unexpected losses. From time to time during development and integration for our television service provider customers, we or our customers may request to revise certain terms of our contracts or statements of work to modify such deliverables required or to otherwise address circumstances and technological requirements not anticipated by the parties when the contract or statement of work was originally agreed upon. Additionally, from time to time, we have and may in the future experience delays in our development work with our television service provider customers like ONO and Charter, which may cause us to modify the terms of those arrangements in the future. If we were to fail in modifying the terms of these arrangements to the satisfaction of both parties and the arrangements were unexpectedly terminated early, we would have to recognize immediately any associated deferred costs that may no longer be deemed recoverable. In such an event that we would have to recognize early such deferred development and integration costs, we would be required to do so without any corresponding revenue in which case we would incur unexpected losses which would harm our business.

Our success depends on our ability to secure and protect our patents, trademarks, and other proprietary rights.

Our success and ability to compete are substantially dependent upon our internally developed technology. We rely on patent, trademark and copyright law, trade secret protection, as well as confidentiality and license agreements with our employees, customers, partners, and others to protect our intellectual property rights. However, the steps we take to protect our proprietary rights may be inadequate. We have filed patent applications and provisional patent applications covering much of the unique technology used to deliver the TiVo service and its features and functionality. To date, several of these patents have been granted, but we cannot assure you that any additional patents will ever be granted, that any issued patents will protect our intellectual property or that third-parties will not challenge any issued patents. For example, several of our European patents, including foreign counterparts of our Time Warp patent, are the subject of proceedings before the opposition division of the European Patent Office. Opposition proceedings may result in changes to certain claims or revocation of a patent. In addition, other parties may independently develop similar or competing technologies that design around any patents that may be issued to us. Our failure to secure and protect our proprietary rights could have a material adverse effect on our business.

We generate a significant amount of revenue from our patent settlement agreements with DISH and AT&T which expire in calendar year 2018, and if we are unable to renew or replace these revenues, our business could be harmed.

In fiscal year 2012, we entered into patent settlement agreements with DISH and AT&T which will pay us recurring revenues until 2018. We generate a significant amount of revenues as a result from these settlement agreements. If we are unable to renew or replace these revenues through similar or other business arrangements,

Table of Contents

our revenues would decline and our business would be harmed as a result.
We face intense competition from a number of sources, which may impair our revenues, increase our subscription acquisition costs, and hinder our ability to generate new subscriptions.
The DVR and advanced television solutions market is rapidly evolving, and we face significant competition. Moreover, the market for in-home entertainment is intensely competitive and subject to rapid technological change. As a result of this intense competition, we could incur increased subscription acquisition costs that could adversely affect our ability to reach or sustain profitability in the future. If new technologies render the DVR market obsolete, we may be unable to generate sufficient revenue to cover our expenses and obligations.
We believe that the principal competitive factors in the DVR and advanced television solutions market are brand recognition and awareness, functionality, ease of use, availability, and pricing. We currently see two primary categories of DVR competitors and advanced television solutions competitors: DVRs and advanced television solutions (e.g. VOD based services on set-top boxes which stream content remotely) offered by telecommunications, cable and satellite operators and DVRs and other advanced television solutions (e.g. VOD based services on set-top boxes or other consumer electronic devices (TV, BluRay player, etc.) which stream content remotely) offered by consumer electronics and software companies. For more information on our competitors, see our discussion on competition in Item 1. “Business” in our annual report on Form 10-K incorporated by reference herein.
Licensing Competitors. Our revenues depend both upon our ability to successfully negotiate agreements with our consumer electronics and service provider customers and, in turn, upon our customers' successful commercialization of their underlying products. We face competition from companies such as Microsoft, DIRECTV, DISH, Pace, Motorola, Cisco, NDS (who recently announced it was being acquired by Cisco), Arris, and Rovi, each of which have created competing digital video recording technologies. Such companies may offer more economically attractive agreements to service providers and manufacturers of DVRs.
We face a number of competitive challenges in the sale and marketing of the TiVo service and products that enable the TiVo service.
Our success depends upon the successful retail marketing of the TiVo service and related DVRs, which began in the third quarter of calendar year 1999.
We compete with other consumer electronics products and home entertainment services for consumer spending. DVRs and the TiVo service compete in markets that are crowded with other consumer electronics products and home entertainment services. The competition for consumer spending is intense, and many consumers on limited budgets may choose other products and services over ours. DVRs compete for consumer spending with products such as DVD players, satellite television systems, personal computers, video game consoles, and other dedicated video streaming devices (such as Roku, AppleTV, and Boxee). The TiVo service competes with home entertainment services such as cable and satellite television, movie rentals, pay-per-view, Video on Demand, and mail-order DVD services. Such competition may impair our business, financial condition and results of operations.
Many of these products or services have established markets, broad user bases, and proven consumer acceptance. In addition, many of the manufacturers and distributors of these competing devices and services have substantially greater brand recognition, market presence, distribution channels, advertising and marketing budgets and promotional activities, and other strategic partners. Faced with this competition, we may be unable to effectively differentiate our DVRs and the TiVo service from other consumer electronics devices or entertainment services and our business, financial condition, and results of operations could be harmed.
Consumers may not be willing to pay for our products and services or we may be forced to discount our products and services. Many of our customers already pay monthly fees for cable or satellite television. We must convince these consumers to pay an additional subscription fee to receive the TiVo service. Consumers may perceive the TiVo service and related DVR as too expensive. In order to continue to grow our subscription base, we have lowered the price of our DVRs in the past and raised our subscription pricing and alternatively we may choose to raise our DVR pricing and lower our subscription pricing in the future. As a result of lower hardware pricing and higher subscription pricing, the profitability of such newly acquired customers was shifted outward in time as we need to first recoup the expenses incurred in connection with the sale of a heavily subsidized DVR. For competitive and financial reasons, we may need to change the pricing of our DVRs and our service fees again in the future. The availability of competing

services that do not require subscription fees or that are enabled by low or no cost DVRs will harm our ability to effectively attract and retain subscriptions, including at a financially attractive level, in such an event our business would be harmed.

Growth in our TiVo-Owned subscriptions and related revenues could be harmed by offerings by our television distribution partners who also would be able to offer the TiVo service in the future. Our ability to grow our TiVo-Owned subscriptions and related revenues could be harmed by competition from our television distribution partners, such as DIRECTV, RCN, Suddenlink, Charter (in the future) and others, who may be able to offer TiVo-branded DVR and non-DVR solutions to their customers at more attractive pricing than we may be able to offer the TiVo service to our TiVo-Owned customers. Furthermore, if we are unable to sufficiently differentiate the TiVo service offered direct to consumers by TiVo from the TiVo-branded DVR solutions offered by our licensing partners, customers who would have otherwise chosen the TiVo service offered direct to consumers by us may instead choose to purchase the TiVo-branded DVR solution from our licensing partners. Additionally, to the extent that potential customers defer subscribing to the TiVo service in order to wait for announced, but not yet deployed in their geographic area, TiVo-branded DVR solutions from our licensing partners, the growth of our TiVo-Owned subscriptions could be reduced. If our TiVo-Owned subscriptions continue to decrease, our business will be harmed.
We compete with digital cable, satellite, and telecommunications DVRs. Cable, satellite, and telecommunications service providers are accelerating deployment of integrated cable and satellite receivers with DVRs that bundle DVR services with other digital services and do not require their customers to purchase hardware. If we are not able to enter into agreements with these service providers to embed the TiVo service into their offerings, our ability to attract their subscribers to the TiVo service would be limited and our business, financial condition and results of operations could be harmed.
We also expect to compete with digital cable, satellite, and telecommunications services that provide consumers with DVR and VOD-based services via a network connection on an on-demand basis. We are aware of at least one U.S. cable operator, Cablevision, Inc., which has deployed server-based DVR technology. To the extent that cable, satellite, or telecommunication operators offer regular television programming with DVR services as part of their server-based VOD offerings or offer linear television programming in other VOD-based broadband delivered services, consumers would have an alternate means of watching time-shifted shows besides physical DVRs. In such an event, competitors would be able to deploy competing DVR services or equivalent VOD-based viewing services (such as the TV Everywhere service from Comcast) without the expense of deploying DVR hardware in consumer homes. Such an event would impair our ability to compete in a cost-effective manner with these television providers as well as attract and retain customers, in which case, our business, financial condition and results of operations could be harmed.
We are currently only able to offer a high definition DVR that has access to digital cable signals. Only the cable industry in the United States is currently required to provide access to digital high definition television signals through CableCARD™ technology. Without separate agreements with satellite operators, such as our agreement with DIRECTV, or other telecommunication providers, who offer television service, such as AT&T, that would give us access to digital and high definition television, our ability to attract their subscribers to the TiVo service is limited and our business, financial condition and results of operations could be harmed.
It is expensive to establish a strong brand. We believe that establishing and strengthening the TiVo brand is critical to achieving widespread acceptance of our products and services and to establishing key strategic relationships. The importance of brand recognition will increase as current and potential competitors enter the DVR market with competing products and services. Our ability to promote and position our brand depends largely on the success of our marketing efforts and our ability to provide high quality services and customer support. These activities are expensive and we may not generate a corresponding increase in subscriptions or revenues to justify these costs. If we fail to establish and maintain our brand, or if our brand value is damaged or diluted, we may be unable to attract subscriptions and effectively compete in the DVR market.
We rely on our retail customers and service providers to market and distribute our products and services. In addition to our own efforts, our retail customers distribute DVRs that enable the TiVo service. We rely on their sales forces, marketing budgets, and brand images to promote and support DVRs and the TiVo service. Additionally, we now have arrangements with certain service providers, such as Comcast, to market and promote the TiVo service. We expect to continue to rely on our relationships with these companies to promote and support DVRs and other devices that enable the TiVo service. The loss of one or more of these companies could require us to undertake more of these activities on our own. As a result, we would spend significant resources to support the TiVo service and DVRs and other devices

that enable the TiVo service. The failure of one or more of these companies to provide anticipated marketing support will require us to divert more of our limited resources to marketing the TiVo service. If we are unable to provide adequate marketing support for DVRs and the TiVo service, our ability to attract subscriptions to the TiVo service will be limited.

Many consumers are not aware of the full range of benefits of our products and services. DVR products and services are a continually evolving consumer electronic category. Retailers, consumers, and potential partners may perceive little or no benefit from DVR products and services. Many consumers are not aware of its benefits, such as the ability to seamlessly integrate linear and broadband/VOD-based video, time-shifting of linear television, transfer of recorded programs to portable devices, access to web based and broadband delivered content not available through traditional cable and satellite operators, and therefore may not value the benefits of the TiVo service and products. We will need to continue to devote a substantial amount of time and resources to educate consumers and promote our products in order to increase our subscriptions. We cannot be sure that a broad base of consumers will ultimately subscribe to the TiVo service or purchase the products that enable the TiVo service.

We face competitive risks in the provision of an entertainment offering involving the distribution of digital content through broadband, including from broadband devices connected directly to the TV or through a PC connected to the TV.

We have previously launched access to the entertainment offerings of Amazon Video on Demand service, Netflix, Hulu Plus, Pandora, and others for the distribution of digital content directly to broadband-connected TiVo DVRs. Our offerings with Amazon Video On Demand, Netflix, Hulu Plus, Pandora, and others typically involve no significant long-term commitments. We face competitive, technological, and business risks in our on-going provision of an entertainment offering involving the distribution of digital content through broadband to consumer televisions with Amazon, Netflix, and others, including availability of premium content and speed and quality of the delivery, including the availability of high definition content, of such content to TiVo DVRs. For instance, we face increased competition from a growing number of broadband-enabled devices from providers such as Roku, AppleTV, and Google that provide broadband delivered digital content directly to a consumer's television connected to such a device. Additionally, we face competition from online content providers and other PC software providers who deliver digital content directly to a consumer's personal computer, which in some cases may then be viewed on a consumer's television. If we are unable to provide a competitive entertainment offering with Amazon Video On Demand, Netflix, Hulu Plus, Pandora, and our other partners, on our own, or an equivalent offering with other third-parties, the attractiveness of the TiVo service to new subscribers could be harmed as consumers increasingly look for new ways to receive and view digital content and our ability to retain and attract subscribers could be harmed.

Our ability to retain our current customers may continue to decrease in the future which could increase our TiVo-Owned subscription monthly churn rate and could cause our revenues to suffer.

We believe factors such as increased competition in the DVR marketplace, failure by us to continue to innovate and deliver new features on current deployed DVRs as well as deliver new DVR models in the future, changing television technologies such as the increasing penetration of high definition, the use of switched digital technology to deliver encrypted digital television signals, and the failure of cable operators in the future to transmit both an analog and digital transmission thus impacting our Series2 DVRs, increased price sensitivity in the consumer base, any deterioration in the quality of our service, and product lifetime subscriptions no longer using our service may cause our TiVo-Owned subscription monthly churn rate to increase. If we are unable to retain our subscriptions by limiting the factors that we believe increase subscription churn, our ability to grow our subscription base could suffer and our revenues could be harmed.

The product lifetime subscriptions to the TiVo service that we currently are obligated to service commit us to providing services for an indefinite period. The revenue we generate from these subscriptions may be insufficient to cover future costs and will negatively impact our TiVo-Owned Average Revenue per Subscription.

We offer a product lifetime subscription option to the TiVo service that commits us to provide the TiVo service for as long as the DVR is in service. We receive product lifetime subscription fees for the TiVo service in advance and amortize these fees as subscription revenue over 66 months for product lifetime subscriptions which is our current estimate of the service life of the DVR. If these product lifetime subscriptions use the DVR for longer than anticipated, we will incur costs such as telecommunications and customer support costs without a corresponding subscription revenue stream and therefore will be required to fund ongoing costs of service from other sources, such as advertising revenue. Additionally, if these product lifetime subscriptions use the DVR for longer than the period in which we recognize revenue, our average revenue per subscription (“ARPU”) for our TiVo-Owned subscriptions will be negatively impacted as we continue to count these customers as subscriptions without corresponding subscription revenue thus lowering our average revenues across our TiVo-Owned subscription base. As of January 31, 2012, we had approximately 253,000 product lifetime subscriptions that had exceeded the

66 month period we use to recognize product lifetime subscription revenues and had made contact with the TiVo service within the prior six-month period. We will continue to monitor the useful life of a TiVo-enabled DVR and the impact of higher churn, increased competition, and compatibility of our existing TiVo units with high-definition programming. Future results will allow us to determine if our useful life is shorter or longer than currently estimated, in which case we may revise the estimated life and we would recognize revenues from this source over a shorter or longer period.

From time to time, we have agreed to share a substantial portion of the revenue we generate from subscription fees with some of our marketing partners, retailers, and consumer electronics companies. We may be unable to generate enough revenue to cover these obligations.

In certain instances from time to time, we have agreed to share a substantial portion of our subscription and other fees with some of our marketing partners, retailers, and certain consumer electronics manufacturing companies in exchange for manufacturing, distribution and/or marketing support, and/or discounts on key components for DVRs. In some cases, these agreements have required us to share substantial portions of the subscription and other fees attributable to the same subscription with multiple companies. These agreements also typically require us to share a portion of our subscription fees whether or not we increase or decrease the price of the TiVo service. If we decrease our subscription fees in response to competitive or other market factors, our operating results would be adversely affected. Our decision to share subscription revenues has been based on our expectation that these relationships will help us obtain subscriptions, broaden market acceptance of our DVRs, and increase our future revenues. If these expectations are not met, we may be unable to generate sufficient revenue to cover our expenses and obligations in which case our business would be harmed.

We face intense competition for advertising revenues.

DVR services, in general, and TiVo, specifically, compete with other advertising media such as print, radio, television, Internet, Video on Demand and other emerging advertising platforms for a share of advertisers' total advertising budgets. If advertisers do not perceive digital video recording services, in general, and TiVo specifically, as an effective advertising medium, they may be reluctant to advertise on the TiVo service. In addition, advertisers may not support or embrace the TiVo technology due to a belief that our technology's ability to fast-forward through commercials will reduce the effectiveness of general television advertising.

The nature of some of our business relationships may restrict our ability to operate freely in the future.

From time to time, we have engaged and may engage in the future in discussions with other parties concerning business relationships, which have and may in the future include equity investments by such parties in us or may include exclusivity provisions. While we believe that such business relationships have historically enhanced our ability to finance and develop our business model or otherwise were justified by the terms of the particular relationship, the terms and conditions of such business relationships may place some restrictions on the operation of our business, including where we operate, who we work with, and what kinds of activities we may engage in, in the future.

If our technological security measures are compromised, or if the TiVo service or our website is subject to attacks that prevents our customers from using the TiVo products and services, our customers may curtail or stop use of our products.

The TiVo service and TiVo products such as DVRs may contain the private information of our customers, and security breaches could expose us to a risk of loss of this information, which could result in potential liability and litigation. Like all services that connect with the internet, our service, including our website, is vulnerable to break-ins, attacks, attempts to overload our servers with denial-of-service or other attacks and similar disruptions from unauthorized use of our computer systems, any of which could lead to interruptions, delays, or shutdowns of our service, causing loss of critical data or the unauthorized disclosure or use of personally identifiable or other confidential information. If we experience compromises to our security that result in service and website performance or availability problems, the complete shutdown of our service or website, or the loss or unauthorized disclosure of confidential information, our customers may lose trust and confidence in us, and decrease or discontinue their use of our service. Further, outside parties may attempt to fraudulently induce employees or customers to disclose sensitive information in order to gain access to our information or our customers' information. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, we may be unable to proactively address these techniques or to implement adequate preventative measures. Any or all of these issues could negatively impact our ability to attract new customers, cause existing customers to cancel their subscriptions, subject us to third-party lawsuits, regulatory fines or other action or liability, thereby harming our operating results.

Table of Contents

We depend on a limited number of third-parties to manufacture, distribute, and supply critical components, assemblies, and services for the DVRs that enable the TiVo service. We may be unable to operate our business if these parties do not perform their obligations.
The TiVo service is enabled through the use of a DVR manufactured for us by a third-party contract manufacturer. In addition, we rely on sole suppliers for a number of key components for the DVRs. We also rely on third-parties with whom we outsource supply-chain activities related to inventory warehousing, order fulfillment, distribution, and other direct sales logistics. We cannot be sure that these parties will perform their obligations as expected or that any revenue, cost savings, or other benefits will be derived from the efforts of these parties. If any of these parties breaches or terminates their agreement with us or otherwise fails to perform their obligations in a timely manner, we may be delayed or prevented from commercializing our products and services. Because our relationships with these parties are non-exclusive, they may also support products and services that compete directly with us, or offer similar or greater support to our competitors. Any of these events could require us to undertake unforeseen additional responsibilities or devote additional resources to commercialize our products and services. This outcome would harm our ability to compete effectively and achieve increased market acceptance and brand recognition.
In addition, we face the following risks in relying on these third-parties:
If our manufacturing relationships are not successful, we may be unable to satisfy demand for our products and services. We manufacture DVRs that enable the TiVo service through a third-party contract manufacturer. Delays, product shortages, and other problems could impair our retail distribution and brand image and make it difficult for us to attract subscriptions. In addition, the loss of a manufacturer would require us to identify and contract with alternative sources of manufacturing, which we may be unable to do or which could prove time-consuming and expensive.
We are dependent on sole suppliers for several key components and services. If these suppliers fail to perform their obligations, we may be unable to find alternative suppliers or deliver our products and services to our customers on time. We currently rely on sole suppliers for a number of the key components used in the TiVo-enabled DVRs and the TiVo service. For example, Broadcom is the sole supplier of the system controller for our DVR.
We do not currently have a long-term written supply agreement with Broadcom. Therefore, Broadcom may not be contractually obligated to supply us with these key components on a long-term basis or at all.
We do have written supply agreements with several other sole suppliers for key components or services for our products such as Remote Solutions, Askey, and Flextronics.
Tribune is the sole supplier of the program guide data for the TiVo service. Tribune Media Services, Inc., ("Tribune"), is the current sole supplier of program guide data for the TiVo service. Our current Television Listings Data Agreement with Tribune originally became effective on May 14, 2007 and has an initial term of five years and with TiVo having the right to renew the agreement for four additional years, which TiVo has elected to exercise. The agreement provides each party with a termination right if the other party becomes controlled by certain third parties. Tribune Media Services, along with their parent company, Tribune Co., filed Chapter 11 bankruptcy on December 8, 2008. As a result, Tribune or Tribune Media Services, Inc. could reject the Television Listing Data Agreement and we would be left with only an unsecured claim in Tribune's bankruptcy. If Tribune breaches its obligation to provide us with data, rejects the agreement or otherwise fails to perform its obligations under our agreement, we would be unable to provide certain aspects of the TiVo service to our customers until we are able to incorporate an alternate source of guide data. While we have access to alternative sources of guide data, there would be significant cost and delay involved in integrating such an alternative source of guide data. Depending upon the amount of notice we receive of such a breach or rejection of our agreement, and the amount of development work required by us to incorporate an alternate source of guide data, we may be subject to a period of time in which we are unable to provide the TiVo service to our customers and distribution partners. In such an event, our business would be harmed.
If our arrangements with Broadcom or Tribune or with our third-party contract manufacturer were to terminate or expire without a replacement arrangement in place, or if we or our manufacturers were unable to obtain sufficient quantities of these components or required program guide data from our suppliers, our search for alternate suppliers could result in significant delays, added expense or disruption in product or service availability.

We depend upon third-parties to provide supply chain services related to inventory management, order fulfillment, and direct sales logistics. We rely on third-party vendors to provide cost-effective and efficient supply chain services. Among other activities, these outsourced services relate to direct sales logistics, including order fulfillment, inventory management and warehousing, and distribution of inventory to third-party retailers. If one or several of our third-party supply chain partners were to discontinue services for us, our ability to fulfill direct sales orders and distribute inventory timely, cost effectively, or at all, would be hindered which could in turn harm our business.

We are dependent on our major retail partners for distribution of our products to consumers. We currently rely on our relationships with major retail distributors including Best Buy, (who is our sole brick and mortar nationwide consumer electronics retailer), and others for distribution of TiVo-enabled DVRs. We do not typically enter into long-term volume commitments with our major retail distributors. If one or several of our major retail partners were to discontinue selling our products, the volume of TiVo-enabled DVRs sold to consumers could decrease which could in turn harm our business.

We face significant risks in overseeing our outsourcing of manufacturing processes as well as in the management of our inventory, and failure to properly oversee our manufacturing processes or to effectively manage our inventory levels may result in product recalls or supply imbalances that could harm our business.

We have contracted for the manufacture of certain TiVo-enabled DVRs with a contract manufacturer. We sell these units to retailers and distributors, as well as through our own online sales channels. Product manufacturing is outside our core business and we face significant risks if our contract manufacturer does not perform as expected. If we fail to effectively oversee the manufacturing process, including the work performed by our contract manufacturer, we could suffer from product recalls, poorly performing product, and higher than anticipated warranty costs.

In connection with our manufacturing operations, we maintain a finished goods inventory of the DVR units we produce throughout the year. Due to the seasonality in our business and our long-lead time product development and manufacturing cycles, we need to make forecasts of demand and commit significant resources towards manufacturing of our DVR units well in advance of our peak selling periods. We also have risks with respect to changing hardware forecasts with our television service provider customers who may revise their purchase forecasts lower after we have committed manufacturing resources to meeting such forecasts due to long-lead times and prior to the time in which such television service provider forecasts become contractually binding. As such, we are subject to significant risks in managing the inventory needs of our business during the year, including estimates of the appropriate mix of demand across our older and newer DVR models. If we were to overestimate demand for our DVRs, we may end up with inventories that exceed currently forecasted demand which would require us to record additional write-downs. Should actual market conditions differ from our estimates, our future results of operations could be materially affected. In the future, we may be required to record additional write-downs of finished products and materials on-hand and/or additional charges for excess purchase commitments as a result of future changes in our sales forecasts.

We face significant risks to our business when we engage in the outsourcing of engineering work, including outsourcing of software work oversees, which, if not properly managed, could result in the loss of valuable intellectual property, increased costs due to inefficient and poor work product, and subject us to export control restrictions which could impede or prevent us from working with partners internationally, which could harm our business, including our financial results, reputation, and brand.

We have from time-to-time outsourced engineering work related to the design, development, and manufacturing of our products, typically to save money and gain access to additional engineering resources. We have and expect to in the future work with companies located in jurisdictions outside of the United States, including, but not limited to, India, Ukraine, United Kingdom, and Mexico. We have limited experience in the outsourcing of engineering, manufacturing, and other work to third-parties located internationally that operate under different laws and regulations than those in the United States. If we are unable to properly manage and oversee the outsourcing of this engineering, manufacturing and other work related to our products, we could suffer the loss of valuable intellectual property, or the loss of the ability to claim such intellectual property, including patents, trademarks, trade secrets, and copyrights. We could also be subjected to increased regulatory and other scrutiny related to export control restrictions which could impede or prevent us from working with international partners. Additionally, instead of saving money, we could in fact incur significant additional costs as a result of inefficient engineering services and poor work product. As a result our business could be harmed, including our financial results, reputation, and brand.

Product defects, system failures, or interruptions to the TiVo service may have a negative impact on our revenues, damage our reputation and decrease our ability to attract new customers.

Our ability to provide uninterrupted service and high quality customer support depends on the efficient and uninterrupted operation of our computer and communications systems. Our computer hardware and other operating systems for the TiVo service are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunication failures, and similar events. They are also subject to break-ins, sabotage, intentional acts of vandalism, and similar misconduct. These types of interruptions in the TiVo service may reduce our revenues and profits. We currently house the server hardware that delivers the TiVo service at only one location; however, in the event that location became unavailable, we do have a backup facility capable of delivering the TiVo service. Our business also will be harmed if consumers believe our service is unreliable. In addition to placing increased burdens on our engineering staff, service outages will create a flood of customer questions and complaints that must be responded to by our customer support personnel. Any frequent or persistent system failures could irreparably damage our reputation and brand and possibly trigger requests for refunds on subscription fees and hardware purchases and possible consumer litigation.

We have detected in the past and may continue to detect software and manufacturing errors in our products in the future. These problems can affect system uptime and result in significant warranty and repair problems, which could cause customer service and customer relations problems. Correcting errors in our software or fixing defects in our products requires significant time and resources, which could delay product releases and affect market acceptance of the TiVo service. Any delivery by us of products or upgrades with undetected material product defects or software errors could harm our credibility and market acceptance of the DVRs and the TiVo service. In addition, defective products could cause a risk of injury that may subject us to litigation or cause us to have to undertake a product recall. For example, we previously became aware of occasions where a part came loose from the remote control device that comes with the DVRs that enable the TiVo service, including occurrences where a young child gagged on or ingested a part of the remote control device. While we are unaware of any injuries resulting from the use of our products, we may be subject to products liability litigation in the future. Additionally, if we are required to repair or replace any of our products, we could incur significant costs, which would have a negative impact on our financial condition and results of operations.

If we are unable to create or maintain multiple revenue streams, we may not be able to cover our expenses and this could cause our revenues to decrease and net losses to increase.

Our long-term success will depend on securing additional revenue from such areas as:

- licensing;
- advertising;
- audience research measurement; and
- electronic commerce.

In order to derive substantial revenues from these activities, we will need to attract and retain a large and growing base of subscriptions to the TiVo service. We also will need to work closely with television advertisers, cable, satellite, and telecommunications network operators, electronic commerce companies, and consumer electronics manufacturers to develop products and services in these areas. We may not be able to work effectively with these parties to develop products that generate revenues that are sufficient to justify their costs. We also may be unable to work with, or to continue working with, these parties to distribute video and collect and distribute data or other information to provide these product or services. In addition, we are currently obligated to share a portion of these revenues with several of our strategic partners. Any inability to attract and retain a large and growing group of subscriptions or inability to attract new strategic partners or maintain and extend our relationships with our current strategic partners would seriously harm our ability to support new services and develop new revenue streams.

If we are unable to introduce new products or services, or if our new products and services are unsuccessful, the growth in our subscription base and revenues may suffer.

To attract and retain subscriptions and generate revenues, we must continue to maintain and add to our functionality and content and introduce products and services which embody new technologies and, in some instances, new industry standards. This challenge will require hardware and software improvements, as well as maintaining and adding new collaborations with programmers, advertisers, network operators, hardware manufacturers, and other strategic partners. These activities require significant time and resources and may require us to develop and promote new ways of generating revenue with established companies in the television industry. These companies include television advertisers, cable and satellite network operators, electronic commerce companies, and consumer electronics manufacturers. In each of these examples, a small number of large companies dominate a major portion of the market and may be reluctant to work with us to develop new products and services for digital video recorders as well as maintain our current functionality. If we are unable to maintain and further develop and improve the TiVo service or maintain and expand our operations in a cost-effective or timely manner, our ability to attract and retain customers and generate revenue will suffer.

We must manage product transitions successfully in order to remain competitive.

The introduction of a new product or product line is a complex task, involving significant expenditures in research and development, training, promotion and sales channel development, and management of existing product inventories to reduce the cost associated with returns and slow moving inventory. As new products are introduced, we intend to monitor closely the inventory of products to be replaced, and to phase out their manufacture in a controlled manner. However, we cannot assure you that we will be able to execute product transitions in this manner or that product transitions will be executed without harming our operating results. Failure to develop products with required features and performance levels or any delay in bringing a new product to market could significantly reduce our revenues and harm our competitive position.

If we fail to manage the growth and complexity of our activities, it could disrupt our business and impair our ability to generate revenues.

The growth in our subscription base and increasing complexity of our sources of other revenue have placed, and will continue to place, a significant strain on our management, operational and financial resources and systems. Specific risks we face as our business expands include:

Any inability of our systems to accommodate future subscription growth, or any inability of our TiVo.com website to handle customer traffic, may cause service interruptions or delay our introduction of new services and limit our ability to sell the TiVo service and TiVo-enabled DVRs. We internally developed many of the systems we use to provide the TiVo service and perform other processing functions. The ability of these systems to scale as we add new subscriptions is unproven. We must continually improve these systems to accommodate subscription growth and to add features and functionality to the TiVo service. Our inability to add software and hardware or to upgrade our technology, systems or network infrastructure could adversely affect our business, cause service interruptions or delay the introduction of new services. Our inability to manage customer traffic and sales volume through our TiVo.com website could limit our ability to sell the TiVo service and TiVo-enabled DVRs in the future. If our website were to become unavailable for a significant amount of time, our ability to provide certain features of the TiVo service and our ability to service customers and sell the TiVo service and TiVo-enabled DVRs would be harmed.

We will need to provide acceptable customer support, particularly with respect to installation of DVRs and CableCARDs™, and any inability to do so would harm our brand and ability to retain current subscriptions and generate new subscriptions. Our ability to increase sales, retain current and future subscriptions and strengthen our brand will depend in part upon the quality of our customer support operations, including our ability to assist customers with installation and CableCARD™-related issues. Some customers require significant support when installing the DVR and required CableCARDs™ for our HD DVRs and becoming acquainted with the features and functionality of the TiVo service. We have limited experience with widespread deployment of our products, services, and CableCARD™ installation requirements to a diverse customer base, and we may not have adequate personnel to provide the levels of support that our customers require. In addition, we have entered into agreements with third-parties to provide this support and will rely on them for a substantial portion of our customer support functions. Furthermore, the installation of a CableCARD™ for TiVo customers may be performed by third-party cable operators and TiVo would then be dependent on such parties to timely service new subscribers to enable their receipt of digital and premium cable content. Our failure to provide adequate customer support for the TiVo service, DVRs, and a CableCARD™ will damage our reputation in the DVR and consumer electronics marketplace and strain our relationships with customers and consumer electronics manufacturers. This could prevent us from gaining new or retaining existing subscriptions and could cause harm to our reputation and brand.

We will need to improve our operational and financial systems to support our growth in the future, increasingly complex business arrangements, and rules governing revenue and expense recognition and any inability to do so will adversely affect our billing and reporting.

We have increasingly complex business arrangements, and the rules which govern revenue and expense recognition in our business are increasingly complex as well. To manage the expected growth of our operations and increasing complexity, we will need to improve our operational and financial systems, procedures and controls and continue to increase systems automation to reduce reliance on manual operations. Any inability to do so will affect our billing and reporting. Our current and planned systems, procedures and controls may not be adequate to support our complex arrangements and the rules governing revenue and expense recognition for our future operations and expected growth. Delays or problems associated with any improvement or expansion of our

26

Table of Contents

operational and financial systems and controls could adversely affect our relationships with our customers; cause harm to our reputation and brand; and could also result in errors in our financial and other reporting.
The nature of our business requires the application of complex revenue and expense recognition rules and the current legislative and regulatory environment affecting U.S. Generally Accepted Accounting Principles (GAAP) is uncertain and volatile, and significant changes in current principles could affect our financial statements going forward.
The accounting rules and regulations that we must comply with are complex and continually changing. Recent actions and public comments from the Securities Exchange Commission have focused on the integrity of financial reporting generally. In addition, many companies' accounting policies are being subject to heightened scrutiny by regulators and the public. While we believe that our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, we cannot predict the impact of future changes to accounting principles or our accounting policies on our financial statements going forward. In addition, were we to change our critical accounting estimates, including the timing of recognition of revenue from our product lifetime subscriptions, our results of operations could be significantly impacted.
We face risks associated with various cable operators making their own transition to digital transmission of cable signals.
We face increased risks in addition to the 2009 digital transition as cable operators were only required to carry analog signals for customers through February 2012 where cable operators transmit in both analog and digital formats. Cable operators who transmit entirely in digital format to their customers and make set- top boxes available to such customers are exempted from the dual carriage mandate. Our business faces increased risks as cable operators convert their systems to transmit in all digital format because our dual tuner standard definition Series2™ DVR is reduced to a single tuner experience when used exclusively with a cable set-top box and no analog cable transmission is available. The lack of an analog signal being transmitted by the cable operator means that the DVR would only be able to use one tuner to record television although all the model DVRs we currently sell to our customers are high definition digital video recorders which are CableCARD™ capable and not subject to this risk. In the event that the features and functionality of our Series2 DVRs currently deployed with customers are impacted, such an impact may cause such customers to cancel their subscriptions. The migration of cable systems to all digital transmissions could result in increased customer churn or deter new customers from subscribing to the TiVo service with these older model DVRs, and in such an event our business would be harmed.
If there is increased use of switched digital video technologies to transmit television programs by cable operators (also known as switched digital) in the future, the desirability and competitiveness of our current products could be reduced in which case our business would be harmed.
We rely on conditional access security cards supplied by cable operators called CableCARDs™ for certain types of our DVRs to receive encrypted digital television signals without a cable operator supplied set-top box. These DVRs presently are limited to using CableCARDs™ to access digital cable, high definition, and premium cable channels like HBO that are delivered in a linear fashion where all programs are broadcast to all subscribers all the time. Certain cable operators are deploying switched digital video technologies to transmit television programs in an on demand fashion (switched digital) only to subscribers who request to watch a particular program. Although cable operators are deploying a solution to enable our customers to receive channels delivered with switched technologies (known as the "Tuning Adapter"), if this technology is not successful or is not adopted by our customers (due to cost, complexity, or functionality), then the increased use of switched technologies and the continued inability of our products to receive switched cable programming without a Tuning Adapter may reduce the desirability and competitiveness of our products and services and adversely affect sales of our TiVo-Owned subscriptions in which case our business would be harmed.
We have limited experience and face significant competition in providing service and operations internationally that are subject to different competitors, laws, regulations, and requirements than those in the United States and our inability to compete or comply with such laws, regulations, and requirements could harm our reputation, brand, and have a negative impact on revenues.
We have provided and expect to continue to provide the TiVo service in jurisdictions outside of the United States, such as the United Kingdom, Spain, Mexico, Canada, Australia, and New Zealand. However, we have limited

experience in international operations. We face significant competition and technological challenges in competing with other consumer electronics manufacturers in these jurisdictions and in complying with international laws and technological standards such the various digital over-the-air standards like DVB-T. If we are unable to properly manage our international operations or comply with international laws, regulations, and requirements, we could suffer damage to our reputation, brand, and revenues and as a result our business could be harmed. We

Table of Contents

have and expect to continue to partner with local broadcasters, cable television operators, and satellite providers to provide the TiVo service internationally. Transactions with international partners may never materialize or may not result in significant revenue for us and may result in significant costs.

Entertainment companies and other content owners may claim that some of the features of our DVRs violate copyright or trademark laws, which could force us to incur significant costs in defending such actions and affect our ability to market the TiVo service and the products that enable the TiVo service.

Although we have not been the subject of such actions to date, a past competitor's DVRs were the subject of several copyright infringement lawsuits by a number of major entertainment companies, including the major television networks. These lawsuits alleged that the competitor's DVRs violate copyright laws by allowing users to skip commercials, delete recordings only when instructed and use the Internet to send recorded materials to other users. TiVo-enabled DVRs have some similar features, including the ability to fast-forward through commercials, the ability to delete recordings only when instructed and the ability to transfer recordings from a TiVo-enabled DVR to a PC and/or portable media devices via TiVoToGo transfers. Based on market or consumer pressures, we may decide in the future to add additional features that may be objectionable to entertainment companies. If similar actions are filed against us based on current or future features of our DVRs, entertainment companies may seek injunctions to prevent us from including these features and/or damages. Such litigation can be costly and may divert the efforts of our management. Furthermore, if we were ordered to remove features from our DVRs, we may experience increased difficulty in marketing the TiVo service and related TiVo-enabled DVRs and may suffer reduced revenues as a result.

Entertainment companies, networks, or video distributors may claim that our advertising products or features may unintentionally violate copyright or trademark laws or otherwise unfairly compete with them, which could result in the blocking, stripping or failure to carry out our advertising products or features or force us to incur significant costs in defending such actions and affect our ability to generate advertising revenues.

Entertainment companies, networks, or video distributors may claim that our advertising products or features may unintentionally violate copyright or trademark laws, or otherwise unfairly compete with them, by being placed within, adjacent to, or on top of, existing video programming or advertising. Entertainment companies or video distributors may seek injunctions to prevent us from offering these products or features, seek damages and/or take other measures, such as blocking, stripping or refusing carriage to prevent us from selling or distributing our advertising products. If we were unable to sell or distribute our advertising products or features on our DVRs, we may suffer reduced revenues as a result.

We use open source software in our products, which could expose us to intellectual property infringement claims, require us to provide indemnification to third-parties, and delay or prevent development of certain products or features, any of which could harm our business.

TiVo's products include open source software. From time to time, we may face claims seeking to enforce the terms of an applicable open source license. Such claims could result in litigation, require us to seek licenses from third-parties in order to keep offering our software, require us to re-engineer our software, require us to release proprietary source code, require us to provide indemnification or otherwise subject us to liability to a customer or supplier, or require us to discontinue the sale of a product in the event re-engineering cannot be accomplished in a timely manner, any of which could adversely affect our business.

If we release software that includes open source software licensed under version 3 of the GNU General Public License ("GPLv3"), even if it was software provided to us by a supplier, we may be required to provide end users with the ability to install modified software on their TiVo product, which could adversely affect our business.

If GPLv3 is widely adopted among the open source community, we may be unable to use future open source enhancements or components in our software, which could adversely affect our business.

DVRs could be the subject of future regulation relating to copyright law or evolving industry standards and practices that could adversely impact our business.

In the future, copyright statutes or case law could be changed to adversely impact our business by restricting the ability of consumers to temporally or spatially shift copyrighted materials for their own personal use. Our business could be harmed as a result. In addition, we are aware that some media companies may attempt to form organizations to develop standards and practices in the DVR industry. These organizations or individual media companies may attempt to require companies in the digital video recorder industry to obtain copyright or other licenses. Lawsuits or other actions taken by these types of organizations or companies could make it more difficult for us to introduce new services, delay widespread consumer acceptance of our products and services, restrict our

Table of Contents
use of some television content, increase our costs, and adversely affect our business.
Legislation, laws or regulations that govern the consumer electronics and television industry, the delivery of programming, access to television signals, and the collection of viewing information from subscriptions could expose us to legal action if we fail to comply and could adversely impact and/or could require us to change our business.
The delivery of television programming, access to television signals by consumer electronics devices, and the collection of viewing information from subscriptions via the TiVo service and a DVR represent a relatively new category in the television and home entertainment industries. As such, it is difficult to predict what laws or regulations will govern our business. Changes in the regulatory climate, the enactment of new legislation, or the expansion, contraction, enforcement or interpretation of existing laws or regulations could expose us to additional costs and expenses and could adversely impact or require changes to our business. For example, legislation regarding customer privacy or copyright could be enacted or expanded to apply to the TiVo service, which could adversely affect our business. Laws or regulations could be interpreted to prevent or limit access to some or all television signals by certain consumer electronics devices, or impose limits on the number of copies, the ability to transfer or move copies, or the length of time a consumer may retain copies of some or all types of television programming. New or existing copyright laws could be applied to restrict the capture of television programming, which would adversely affect our business. It is unknown whether existing laws and regulations will apply to the digital video recorder market. Therefore, it is difficult to anticipate the impact of current or future laws and regulations on our business. We may have significant expenses associated with staying appraised of local, state, federal, and international legislation and regulation of our business and in presenting TiVo's positions on proposed laws and regulations.
The Federal Communications Commission, or FCC, has broad jurisdiction over the telecommunications and cable industries. The FCC could promulgate new regulations, or interpret existing regulations in a manner that would cause us to incur significant compliance costs or force us to alter or eliminate certain features or functionality of the TiVo products or services which may adversely affect our business. For example, the FCC could determine that certain of our products fail to comply with regulations concerning matters such as electrical interference, copy protection, digital tuners, or display of television programming based on rating systems. The FCC could also impose limits on the number of copies, the ability to transfer or move copies, the length of time a consumer may retain copies, or the ability to access some or all types of television programming.
Compliance with federal securities laws and regulations is costly.
The federal securities laws and regulations, including the corporate governance and other requirements of the Sarbanes-Oxley Act of 2002 and subsequent laws impose complex and continually changing regulatory requirements on our operations and reporting. These requirements impose comprehensive reporting and disclosure requirements, set stricter independence and financial expertise standards for audit committee members, and impose civil and criminal penalties for companies, their chief executive officers, chief financial officers and directors for securities law violations. These requirements have increased and will continue to increase our legal compliance costs, increase the difficulty and expense in obtaining director and officer liability insurance, and make it harder for us to attract and retain qualified members of our Board of Directors and/or qualified executive officers. Such developments could harm our results of operations and divert management's attention from business operations.
Our business could be adversely impacted if we have deficiencies in our disclosure controls and procedures or internal control over financial reporting.
The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management continues to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we cannot assure you that our disclosure controls and procedures and internal control over financial reporting will be effective in accomplishing all control objectives all of the time. For instance, recognizing the significant increase in our investments of cash as a result of our on-going patent litigation, we have instituted controls to monitor compliance with the Investment Company Act of 1940 (“the 1940 Act”). If we fail to maintain compliance with the 1940 Act in the future, such noncompliance could have significant adverse impact on our business. Deficiencies, particularly a material weakness in internal control over financial reporting, which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our stock price, the

delisting of our common stock from the Nasdaq Global Market, or otherwise materially adversely affect our business, reputation, results of operation, financial condition or liquidity.

We advertise, market, and sell our services directly to consumers; many of these activities are highly

Table of Contents

regulated by constantly evolving state and federal laws and regulations and violations of these laws and regulations could harm our business.

We engage in various advertising, marketing, and other promotional activities, such as offering gift subscriptions to consumers, which are subject to state and federal laws and regulations. A constantly evolving network of state and federal laws is increasingly regulating these promotional activities. Additionally, we enter into subscription service contracts directly with consumers which govern both our provision of and the consumers' payment for the TiVo service. For example, consumers who activate new monthly subscriptions to the TiVo service may be required to commit to pay for the TiVo service for a minimum of one year or be subject to an early termination fee if they terminate prior to the expiration of their commitment period. If the terms of our subscription service contracts with consumers, such as our imposition of an early termination fee, or our previously offered rebate or gift subscription programs were to violate state or federal laws or regulations, we could be subject to suit, penalties, and/or negative publicity in which case our business could be harmed.

We and the third-party vendors we work with will need to remain compliant with the Payment Card Industry requirements for security and protection of customer credit card information and an inability to do so by us or our third-party vendors will adversely affect our business.

As a merchant who processes credit card payments from its customers, we are required to comply with the payment card industry requirements imposed on us for the protection and security of our customers' credit card information. If we are unable to successfully remain compliant with the payment card industry requirements imposed on us as a credit card merchant, our business could be harmed because we could be prevented in the future from transacting customer subscription payments by means of a credit card.

We need to safeguard the security and privacy of our subscribers' confidential data and remain in compliance with laws that govern such data, and any inability to do so may harm our reputation and brand and expose us to legal action.

The DVR collects and stores viewer preferences and other data that many of our customers consider confidential. Any compromise or breach of the encryption and other security measures that we use to protect this data could harm our reputation and expose us to potential liability. Advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments could compromise or breach the systems we use to protect our subscribers' confidential information. We may be required to make significant expenditures to protect against security breaches or to remedy problems caused by any breaches. Additionally, the laws governing such data are constantly changing and evolving and we must comply with these laws or our business, including our reputation, brand and financial results will be harmed.

Uncertainty in the marketplace regarding the use of data from subscriptions could reduce demand for the TiVo service and result in increased expenses. Consumers may be concerned about the use of viewing information gathered by the TiVo service and the DVR. Currently, we gather anonymous information about our customers' viewing choices while using the TiVo service, unless a customer affirmatively consents to the collection of personally identifiable viewing information. This anonymous viewing information does not identify the individual customer. Privacy concerns, however, could create uncertainty in the marketplace for digital video recording and for our products and services. Changes in our privacy policy could reduce demand for the TiVo service, increase the cost of doing business as a result of litigation costs or increased service delivery costs, or otherwise harm our reputation and business.

Legislation, laws or regulations relating to environmental issues, employment matters, and unclaimed property may adversely impact our business in the future.

It is possible that future proposed environmental regulations on consumer electronic devices, such as DVRs and set-top boxes, may regulate and increase the production, manufacture, use, and disposal costs incurred by us and our customers. For example, the Energy Independence and Security Act of 2007 directs the Department of Energy to prescribe labeling or other disclosure requirements for the energy use of standalone digital video recorder boxes. This and future energy regulations could potentially make it more costly for us to design, manufacture, and sell our DVRs to our customers thus harming the growth of our business.

Additionally, as our business grows and we expand our employed and contracted work force, employment laws and regulations will have an increasing impact on our ability to manage and grow our work-force. Regulations and laws relating to the status of contractors, classification and related benefits for exempt and non-exempt employees all may adversely impact our business if we are unable to properly manage and comply with federal, state, and local laws. Furthermore, as part of our regular business activities now, and in the past, we engage in the issuance of gift

Table of Contents

subscriptions and the marketing of rebate offers related to the sale of our products and services. It is possible that money received by us for the sale of gift subscriptions or related to our past rebate offers could be subject to state and federal escheat, or unclaimed property, laws in the future. If this were the case, our business could be adversely impacted.

If we fail to comply with the laws and regulations relating to the collection of sales tax and payment of income taxes in the various States in which we do business, we could be exposed to unexpected costs, expenses, penalties, and fees as a result of our noncompliance in which case our business could be harmed.

As our business grows and expands, we have started to do business in an increasing number of states nationally. By engaging in business activities in these states, we become subject to their various laws and regulations, including requirements to collect sales tax from our sales within those states and the payment of income taxes on revenue generated from activities in those states. The laws and regulations governing the collection of sales tax and payment of income taxes are numerous, complex, and vary between states. If we fail to comply with these laws and regulations requiring the collection of sales tax and payment of income taxes in one or more states where we do business, we could be subject to significant costs, expenses, penalties, and fees in which case our business could be harmed.

We are subject to the Foreign Corrupt Practices Act (“FCPA”), and our failure to comply with the laws and regulations there under could result in penalties which could harm our reputation, business, and financial condition.

We are subject to the FCPA, which generally prohibits companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business. The FCPA also requires companies to maintain adequate record-keeping and internal accounting practices to accurately reflect the transactions of the Company. Under the FCPA, U.S. companies may be held liable for actions taken by their strategic or local partners or representatives. The FCPA and similar laws in other countries can impose civil and criminal penalties for violations. If we do not properly implement practices and controls with respect to compliance with the FCPA and similar laws, or if we fail to enforce those practices and controls properly, we may be subject to regulatory sanctions, including administrative costs related to governmental and internal investigations, civil and criminal penalties, injunctions and restrictions on our business activities, all of which could harm our reputation, business and financial condition.

Our Certificate of Incorporation, Bylaws and Delaware law could discourage a third-party from acquiring us and consequently decrease the market value of our common stock.

In the future, we could become the subject of an unsolicited attempted takeover of our Company. Although an unsolicited takeover could be in the best interests of our stockholders, certain provisions of Delaware law and our organizational documents could be impediments to such a takeover.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, the statute prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws also require that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of the stockholders and may not be effected by a consent in writing. In addition, special meetings of our stockholders may be called only by a majority of the total number of authorized directors, the chairman of the board, our chief executive officer or the holders of 50% or more of our common stock. Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws also provide that directors may be removed only for cause by a vote of a majority of the stockholders and that vacancies on the Board of Directors created either by resignation, death, disqualification, removal or by an increase in the size of the Board of Directors may be filled by a majority of the directors in office, although less than a quorum. Our Amended and Restated Certificate of Incorporation also provides for a classified Board of Directors and specifies that the authorized number of directors may be changed only by resolution of the Board of Directors. These provisions of Delaware law, our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws could make it more difficult for us to be acquired by another company, even if our acquisition is in the best interests of our stockholders. Any delay or prevention of a change of control or change in management could cause the market price of our common stock to decline.

31

Table of Contents

In the future, our revenues and operating results may fluctuate significantly, which may adversely affect the market price of our common stock.
We expect our revenues and operating results to fluctuate significantly due to a number of factors, many of which are outside of our control. Therefore, you should not rely on period-to-period comparisons of results of operations as an indication of our future performance. It is possible that in some periods our operating results may fall below the expectations of market analysts and investors. In such event, the market price of our common stock would likely fall.
Factors that may affect our annual operating results include:
•demand for TiVo-enabled DVRs and the TiVo service;
•the timing and introduction of new services and features on the TiVo service;
•seasonality and other consumer and advertising trends;
•entering into new or terminating existing strategic partnerships;
•timing of the roll-out of the TiVo service and delivery of customized set-top boxes to our strategic partners;
•changes in our pricing policies, the pricing policies of our competitors and general pricing trends in the consumer electronics market;
•timing of revenue recognition under our agreements;
•loss of subscriptions to the TiVo service;
•recruiting and retention of key personnel; and
•general economic conditions.
Because our expenses precede associated revenues, unanticipated shortfalls in revenues could adversely affect our results of operations for any given period and cause the market price of our common stock to fall.
Seasonal trends may cause our quarterly operating results to fluctuate and our inability to forecast these trends may adversely affect the market price of our common stock.
Consumer electronic product sales have traditionally been much higher during the holiday shopping season than during other times of the year. Although predicting consumer demand for our products is very difficult, we have experienced that sales of DVRs and new subscriptions to the TiVo service have been disproportionately high during the holiday shopping season when compared to other times of the year. If we are unable to accurately forecast and respond to consumer demand for our products, our reputation and brand will suffer and the market price of our common stock would likely fall.
We expect that a portion of our future revenues will come from targeted commercials and other forms of interactive television advertising enabled by the TiVo service. Expenditures by advertisers tend to be seasonal and cyclical, reflecting overall economic conditions as well as budgeting and buying patterns. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities or increase the time it takes to close a sale with our advertisers, which could cause our revenues from advertisements to decline significantly in any given period.
If we are unable to raise additional capital through the issuance of equity, debt or other financing activities on acceptable terms, our ability to effectively manage growth and build a strong brand could be harmed. We may incur debt to which covenants attach which could be violated if we do not meet our expectations.
We expect that our existing capital resources will be sufficient to meet our cash requirements through the next twelve months and beyond. However, as we continue to grow our business, we may need to raise additional capital, which may not be available on acceptable terms or at all. We may also incur debt which will subject us to restrictive covenants which if violated by us would cause us to incur penalties and increased expenses which could in turn harm our business. If we cannot raise necessary additional capital on acceptable terms, we may not be able to develop or enhance our products and services, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements.
If additional capital is raised through the issuance of equity securities, the percentage ownership of our existing stockholders will decline, stockholders may experience dilution in net book value per share, or these

Table of Contents

equity securities may have rights, preferences or privileges senior to those of the holders of our common stock. In addition, we may be limited in our ability to raise capital through the issuance of additional equity securities by the number of authorized, but unissued and unreserved shares of our common stock available for issuance. Any debt financing, if available, may involve covenants limiting, or restricting our operations or future opportunities. For example, we may seek to leverage our existing and future revenues to raise capital for investing in future subscription growth initiatives. Such financing activities may involve the issuance of debt or other secured instruments tied to current or future revenues that may involve covenants limiting, or restricting our operations or future opportunities or may involve other risks to stockholders.

The large number of shares available for future sale could adversely affect the market price for our stock.

Sales of a substantial number of shares of our common stock in the public market or the perception that such sales might occur could adversely affect the market price of our common stock. Several of our stockholders own a substantial number of our shares.

As of January 31, 2012, options to purchase a total of 11,148,528 shares and 5,546,158 unvested restricted stock awards and restricted stock units were outstanding under our option and equity incentive plans, and there were 6,602,277 shares available for future grants. We have filed registration statements with respect to the shares of common stock issuable under our option and equity incentive plans.

Future sales of the shares of the common stock, or the registration for sale of such common stock, or the issuance of common stock to satisfy our current or future cash payment obligations or to acquire technology, property, or other businesses, could cause immediate dilution and adversely affect the market price of our common stock. The sale or issuance of such stock, as well as the existence of outstanding options and shares of common stock reserved for issuance under our option and equity incentive plans, also may adversely affect the terms upon which we are able to obtain additional capital through the sale of equity securities.

Our business could be adversely impacted in the event of a natural disaster.

Our corporate headquarters is located in Alviso, California which is where the overwhelming majority of our employees work. Our primary servers are located nearby in San Jose, California. Alviso and San Jose lay near the San Andreas Fault, among other known and unknown faults, a major source of earthquake activity in California. In the event of an earthquake or similar natural disaster, our ability to continue operations could be adversely affected and our business could be harmed.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Our corporate headquarters, which houses our administrative, sales and marketing, customer service and product development activities, is located in Alviso, California, under a lease that expires on January 31, 2017. Our corporate headquarters includes two buildings totaling 127,124 square feet of office space and an additional 37,145 square feet of office space as part of another building under a lease that expires on January 31, 2017. Additionally we have 11,985 square feet of space as part of another building under a lease that expires on March 31, 2012 and an additional 1,000 square feet of space under a lease that expires on August 31, 2012 for a total of 177,254 square feet of office space. We believe that our corporate facilities will be adequate to meet our office space needs for the next year as we currently utilize approximately 95% of our total office space. Our current facilities lease obligations are subject to periodic increases and we believe that our existing facilities are well maintained and in good operating condition. The Company also has operating leases for sales and administrative office space in New York City, New York and Chicago, Illinois.

ITEM 3. LEGAL PROCEEDINGS

33

Table of Contents

From time to time, the Company is involved in numerous lawsuits as well as subject to various legal proceedings, claims, threats of litigation, and investigations in the ordinary course of business, including claims of alleged infringement of third-party patents and other intellectual property rights, commercial, employment, and other matters. The Company assesses potential liabilities in connection with each lawsuit and threatened lawsuits and accrues an estimated loss for these loss contingencies if both of the following conditions are met: information available prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. While certain matters to which the Company is a party specify the damages claimed, such claims may not represent reasonably possible losses. Given the inherent uncertainties of the litigation, the ultimate outcome of these matters cannot be predicted at this time, nor can the amount of possible loss or range of loss, if any, be reasonably estimated. As of January 31, 2012, the Company has not accrued any liability for any lawsuits filed against the Company, as the Company has neither determined that it is probable that a liability has been incurred at the date of the financial statements nor that the amount of any loss can be reasonably estimated. The Company expenses legal costs as they are incurred.

Intellectual Property Litigation.

On August 26, 2009, TiVo filed separate complaints against AT&T Inc. (“AT&T”) and Verizon Communications, Inc. ("Verizon") in the United States District Court for the Eastern District of Texas for infringement of the following three TiVo patents: U.S. Patent Nos. 6,233,389 B1 ("Multimedia Time Warping System"); 7,529,465 B2 ("System for Time Shifting Multimedia Content Streams"); and 7,493,015 B1 ("Automatic Playback Overshoot Correction System"). The complaints seek, among other things, damages for past infringement and a permanent injunction, similar to that issued by the United States District Court, Eastern District of Texas against EchoStar. On January 15, 2010, Microsoft Corporation ("Microsoft") moved to intervene in the action filed against AT&T, and on March 31, 2010 the district court granted Microsoft's motion.

On March 12, 2010, AT&T Intellectual Property I, L.P., and AT&T Intellectual Property II, L.P. (collectively, "AT&T IP") filed a complaint against TiVo in the United States District Court for the Northern District of California for infringement of the following four patents: U.S. Patent Nos. 5,809,492 ("Apparatus and Method for Defining Rules for Personal Agents"); 5,922,045 ("Method and Apparatus for Providing Bookmarks when Listening to Previously Recorded Audio Programs"); 6,118,976 ("Asymmetric Data Communications System"); and 6,983,478 ("Method and System for Tracking Network Use"). The complaint sought, among other things, damages for past infringement and a permanent injunction. This litigation had been stayed.

On January 3, 2012, TiVo and AT&T entered into a Settlement and Patent License Agreement (the “Agreement”), pursuant to which the parties agreed to settle and dismiss with prejudice all outstanding litigation between them, including TiVo's claims against AT&T and AT&T IP's claims against TiVo, provide each party with a license to certain patents owned by the other party, and release all infringement claims between the parties with respect to such licensed patents.

Under the Agreement, AT&T has agreed to pay TiVo a minimum amount of $215.0 million (the “Payment to TiVo”) plus incremental monthly fees per DVR subscriber if the growth of AT&T's subscriber base exceeds certain pre-determined levels. The first $51.0 million of the Payment to TiVo was paid on January 4, 2012 and the remaining amount is due to TiVo in equal installments 30 days after the end of each calendar quarter in the amount of $5 million for the first four calendar quarters and approximately $6.5 million in subsequent calendar quarters through the calendar quarter ending June 30, 2018. Any incremental additional per subscriber fees are due to TiVo on the same schedule. Refer to Note 19. "AT&T Inc." for additional information.

Pursuant to the Agreement, TiVo granted AT&T a limited license under its advanced television patents, including the patents that TiVo had asserted against AT&T (U.S. Patent Nos. 6,233,389, 7,493,015 and 7,529,465), to make, have made, use, sell, offer to sell and import advanced television technology in connection with AT&T multichannel video programming services, including AT&T U-verse, subject to certain limitations and exclusions. AT&T granted TiVo a limited license under its advanced television patents, including the patents that AT&T had asserted against TiVo (U.S. Patent Nos. 5,809,492, 5,922,045, 6,118,976 and 6,983,478), to make, have made, use, sell, offer to sell and import advanced television technology in connection with TiVo products and services, including products and services provided to other multichannel video programming service providers, subject to certain limitations and exclusions.

The Agreement expires on July 30, 2018. In addition, TiVo may terminate the rights and licenses granted to AT&T pursuant to the Agreement under certain circumstances, including but not limited to if AT&T has failed to make timely payments.

On February 24, 2010, Verizon answered TiVo's August 26, 2009 complaint and Verizon asserted counterclaims. The counterclaims seek declaratory judgment of non-infringement and invalidity of the patents TiVo asserted against Verizon in the August 26th complaint. Additionally, Verizon alleged infringement of U.S. Patents: 5,410,344 ("Apparatus and Method of Selecting Video Programs Based on Viewers' Preferences"); 5,635,979 ("Dynamically Programmable Digital Entertainment Terminal Using Downloaded Software to Control Broadband Data Operations"); 5,973,684 ("Digital Entertainment Terminal Providing Dynamic Execution in Video Dial Tone Networks"); 7,561,214 ("Two-dimensional Navigation of Multiplexed Channels in a Digital Video Distribution System"); and 6,367,078 ("Electronic Program-Guide System with Sideways-Surfing Capability"). On March 15, 2010, Verizon filed an amended answer further alleging infringement of U.S. Patent No. 6,381,748 ("Apparatus And Methods For Network Access Using A Set Top Box And Television"). Verizon seeks, among other things, damages and a permanent injunction. On September 17, 2010, the court issued an order denying Verizon's motion to transfer. On June 1-2, 2011, the judge conducted a claim construction hearing on the patents asserted by TiVo against Verizon and the patents asserted by Verizon against TiVo. On November 10, 2011 the Court issued an order staying TiVo's lawsuit against Verizon due to the Court's schedule. On January 26, 2012, the Court issued an order lifting the stay. On February 23, 2012, the Court held a status conference. The Court directed the parties to submit a joint scheduling proposal with the assumption that a claim construction order would be issued by March 16, 2012, and that the final pretrial conference would occur on October 1, 2012. The Court issued its claim construction order on March 12, 2012. The Company is incurring material expenses in connection with this litigation and in the event there is an adverse outcome, the Company's business could be harmed. The Company has determined a potential loss is reasonably possible as it is defined by the Financial Accounting Standard Board's Accounting Standards Codification (“ASC”) 450, Contingencies; however, based on its current knowledge, management does not believe that the amount of such possible loss or a range of potential loss is reasonably estimable.

On January 19, 2010, Microsoft Corporation filed a complaint against TiVo in the United States District Court for the Northern District of California for alleged infringement of the following two patents: U.S. Patent Nos. 6,008,803 ("System for Displaying Programming Information") and 6,055,314 ("System and Method for Secure Purchase and Delivery of Video Content Programs"). The complaint seeks, among other things, damages and a permanent injunction. On April 19, 2010, TiVo served its answer to the complaint, and counterclaimed seeking a declaration that TiVo does not infringe and the patents are invalid. On June 30, 2010, Microsoft filed an amended complaint alleging infringement of the following additional five patents: U.S. Patent Nos. 5,654,748 ("Interactive Program Identification System"), 5,677,708 ("System for Displaying a List on a Display Screen"), 5,896,444 ("Method and Apparatus for Managing Communications Between a Client and a Server in a Network"), 6,725,281 ("Synchronization of Controlled Device State Using State Table and Eventing in Data-Driven Remote Device Control Model"), and 5,648,824 ("Video Control User Interface for Controlling Display of a Video"). The amended complaint seeks, among other things, damages and a permanent injunction. On August 2, 2010, TiVo served its answer to the amended complaint and counterclaimed, seeking a declaration that TiVo does not infringe and the patents are invalid. On January 13, 2011, TiVo filed a motion to amend its answer and counterclaims to allege infringement of U.S. Patent No. 6,792,195 B2 ("Method and Apparatus Implementing Random Access and Time-Based Functions on a Continuous Stream of Formatted Digital Data"). On February 14, 2011, the Court issued an order granting TiVo's motion to amend its answer to assert U.S. Patent No. 6,792,195 B2 against Microsoft. On March 7, 2011, TiVo filed with the USPTO ex parte reexamination requests for all seven of the patents that Microsoft has asserted against TiVo in this litigation. On the same day, the Company filed a motion to stay this litigation in view of the reexamination requests. The USPTO has granted all of TiVo's reexamination requests, except with respect to U.S. Patent No. 5,896,444. On May 6, 2011, the Court granted TiVo's motion to stay the litigation pending final exhaustion of all reexamination proceedings, including any appeals. This litigation has been stayed. Since that time, due to events unfolding in the companion ITC action described below, Microsoft has indicated that it will dismiss two of the four patents (USP 6,028,604 and 5,731,844) from the district court action. On March 21, 2012, TiVo and Microsoft reached an agreement whereby Microsoft has agreed to dismiss all of its pending litigation against TiVo, including its action in the United States International Trade Commission and both of its cases in the United States District Court for the Northern District of California. In conjunction with these dismissals, TiVo has agreed to dismiss its counterclaim against Microsoft in the United States District Court for the Northern District of California.

On January 24, 2011, Microsoft Corporation filed a Complaint with the United States International Trade Commission (the “ITC”) requesting that the ITC commence an investigation pursuant to Section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, into the importation into the United States, the sale for importation into the United States, and/or the sale within the United States after importation of certain set-top boxes that allegedly infringe the following four patents: U.S. Patent Nos. 5,585,838 ("Program Time Guide"), 5,731,844 ("Television Scheduling System for Displaying a Grid Representing Scheduled Layout and Selecting a Programming Parameter for Displaying or Recording"), 6,028,604 ("User Friendly Remote System Interface Providing Previews of Applications"), and 5,758,258 ("Selective Delivery of Programming for Interactive Televideo System"). The Complaint named TiVo as Respondent. On February 24, 2011, the ITC voted to investigate the complaint filed by

Table of Contents

Microsoft. The ITC's Chief Administrative Law Judge assigned the case to one of the ITC's six administrative law judges, who will schedule and hold an evidentiary hearing. The administrative law judge will make an initial determination as to whether there is a violation of Section 337; that initial determination is subject to review by the ITC. The ITC will make a final determination in the investigation at the earliest practicable time. Two of the four patents (USP 6,028,604 and 5,731,844) have been dropped by Microsoft from the ITC action. The hearing on the remaining two patents commenced on November 30, 2011 and ended in December 2011, and an initial determination is expected by April 20, 2012. The ITC has set a target date for completing the investigation of August 20, 2012. On March 21, 2012, TiVo and Microsoft reached an agreement whereby Microsoft has agreed to dismiss all of its pending litigation against TiVo, including its action in the United States International Trade Commission and both of its cases in the United States District Court for the Northern District of California. In conjunction with these dismissals, TiVo has agreed to dismiss its counterclaim against Microsoft in the United States District Court for the Northern District of California.

On January 24, 2011, Microsoft Corporation filed a complaint against TiVo in the United States District Court for the Western District of Washington for alleged infringement of the following four patents, which are the same four patents alleged to be infringed in Microsoft's Complaint filed on the same date with the ITC: U.S. Patent Nos. 5,585,838 ("Program Time Guide"); 5,731,844 ("Television Scheduling System for Displaying a Grid Representing Scheduled Layout and Selecting a Programming Parameter for Displaying or Recording"); 6,028,604 ("User Friendly Remote System Interface Providing Previews of Applications"); and 5,758,258 ("Selective Delivery of Programming for Interactive Televideo System"). On March 3, 2011, TiVo filed a motion to stay this litigation in view of the ITC investigation referenced above, and to transfer the litigation to the more convenient forum of the United States District Court for the District of Northern California. Under the February 18, 2011 stipulated order, because TiVo filed a motion to stay the litigation, the time for TiVo to answer the Complaint has been extended indefinitely until TiVo's motion to stay and transfer has been decided on the merits. On May 19, 2011, the district court granted TiVo's motion to stay and transferred the case to the Northern District of California. This litigation has been stayed. On March 21, 2012, TiVo and Microsoft reached an agreement whereby Microsoft has agreed to dismiss all of its pending litigation against TiVo, including its action in the United States International Trade Commission and both of its cases in the United States District Court for the Northern District of California. In conjunction with these dismissals, TiVo has agreed to dismiss its counterclaim against Microsoft in the United States District Court for the Northern District of California.

On February 25, 2011, Motorola Mobility, Inc. and General Instrument Corporation, a subsidiary of Motorola, filed a complaint against TiVo in the United States District Court for the Eastern District of Texas seeking declaratory judgment of non-infringement and invalidity of two of the patents the Company asserted against Verizon in its August 26, 2009 complaint. Additionally, Motorola alleged infringement of U.S. Patents: 6,304,714 (“In Home Digital Video Unit with Combined Archival Storage and High-Access Storage”); 5,949,948 (“Method and Apparatus for Implementing Playback Features for Compressed Video”); and 6,356,708 (“Method and Apparatus for Implementing Playback Features for Compressed Video”). Motorola seeks, among other things, damages and a permanent injunction. On April 18, 2011, the Company served its answer to the complaint and counterclaimed, seeking a declaration that it does not infringe and the patents are invalid. On April 20, 2011, Motorola filed a reply to the Company's counterclaims. The magistrate judge has currently indicated that trial would likely be scheduled for April 2013. The Company expects to incur material expenses in connection with this lawsuit, and in the event it were to lose, it could be forced to pay damages for infringement, to license technology from Motorola, and it could be subject to an injunction preventing it from infringing Motorola's technology or otherwise affecting its business, and in any such case, the Company's business would be harmed. The Company has determined a potential loss is reasonably possible; however, based on its current knowledge, management does not believe that the amount of such possible loss or a range of potential loss is reasonably estimable.

On October 6, 2011, Digital CBT filed a complaint against TiVo alleging infringement of U.S. Patent No. 5,805,173 ("System and Method for Capturing and Transferring Selected Portions of a Video Stream in a Computer System"). Digital CBT seeks an injunction and unspecified damages. The Company may incur material expenses in connection with this litigation and in the event there is an adverse outcome, the Company's business could be harmed. The

Company has determined a potential loss is reasonably possible; however, based on its current knowledge, management does not believe that the amount of such possible loss or a range of potential loss is reasonably estimable.

Securities Litigation. On June 12, 2001, the Company and certain of its officers and directors ("TiVo defendants") were originally named as defendants in a consolidated securities class action lawsuit filed in the United States District Court for the Southern District of New York. This action, which is captioned Wercberger v. TiVo et al., also names several of the underwriters involved in the Company's initial public offering ("IPO") as defendants. This class action is brought on behalf of a purported class of purchasers of the Company's common

Table of Contents

stock from the time of the Company's IPO (October 31, 1999) through December 6, 2000. The central allegation in this action is that the underwriters in the Company's IPO solicited and received undisclosed commissions from, and entered into undisclosed arrangements with, certain investors who purchased the Company's stock in the IPO and the after-market, and that the TiVo defendants violated the federal securities laws by failing to disclose in the IPO prospectus that the underwriters had engaged in these allegedly undisclosed arrangements. More than 300 issuers have been named in similar lawsuits. In February 2003, after the issuer defendants (including the TiVo defendants) filed an omnibus motion to dismiss, the Court dismissed the Section 10(b) claim as to the Company, but denied the motion to dismiss the Section 11 claim as to the Company and virtually all of the other issuer defendants. On October 8, 2002, the Company's executive officers who were named as defendants in this action were dismissed without prejudice. On June 26, 2003, the plaintiffs in the suit announced a proposed settlement with the Company and the other issuer defendants. This proposed settlement was terminated on June 25, 2007, following the ruling by the United States Court of Appeals for the Second Circuit on December 5, 2006, reversing the District Court's granting of class certification in the six focus cases currently being litigated in this proceeding. The proposed settlement had provided that the insurers of all settling issuers would guarantee that the plaintiffs recover damages from non-settling defendants, including the investment banks who acted as underwriters in those offerings.
On August 14, 2007, the plaintiffs filed Amended Master Allegations. On September 27, 2007, the Plaintiffs filed a Motion for Class Certification, which was subsequently withdrawn without prejudice by the plaintiffs. Defendants filed a Motion to Dismiss the focus cases on November 9, 2007. On March 26, 2008, the Court ruled on the Motion to Dismiss, holding that the plaintiffs had adequately pleaded their Section 10(b) claims against the Issuer Defendants and the Underwriter Defendants in the focus cases. As to the Section 11 claim, the Court dismissed the claims brought by those plaintiffs who sold their securities for a price in excess of the initial offering price, on the grounds that they could not show cognizable damages, and by those who purchased outside the previously certified class period, on the grounds that those claims were time barred. This ruling, while not binding on the Company's case, provides guidance to all of the parties involved in this litigation. On April 2, 2009, the parties lodged with the Court a motion for preliminary approval of a proposed settlement between all parties to the consolidated action, including the Company and its former officers and directors, as well as numerous other companies and their officers and directors. Any direct financial impact of the proposed settlement is expected to be borne by the Company's insurers. The proposed settlement also provides for full releases for the defendants, including the Company and its former officers and directors. On June 12, 2009, the Federal District Court granted preliminary approval of the proposed settlement. On September 10, 2009, the Federal District Court held the fairness hearing for final approval of the settlement. On October 6, 2009, the District Court issued an order granting class certification and final approval of the settlement. Several individual or groups of individuals filed appeals with the United States Court of Appeals for the Second Circuit. On May 17, 2011, the Second Circuit Court of Appeals dismissed the appeals of all but one objector to the settlement, whose matter was remanded to the District Court. On August 25, 2011, the District Court held on remand that the remaining objector was not a member of the settlement class. On September 23, 2011, the remaining objector appealed the District Court's August 25, 2011 ruling to the Second Circuit Court of Appeals. On January 9, 2012, the remaining objector entered into a settlement agreement and dismissed its appeal with prejudice. After a decade of litigation, these IPO cases are now over.

ITEM 4. MINE SAFETY DISCLOSURES

None
`

PART II.

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

Market Information for Common Equity

Our common stock has traded on the Nasdaq Global Market under the symbol “TIVO” since September 30, 1999. Prior to that time, there was no public trading market for our common stock.

The following table sets forth, for the periods indicated, the high and low sales prices of our common stock as reported by the Nasdaq Global Market, on any trading day during the respective period:

Table of Contents

Fiscal Year 2012	High	Low
Fourth Quarter ended January 31, 2012	$11.27	$8.75
Third Quarter ended October 31, 2011	$11.33	$7.06
Second Quarter ended July 31, 2011	$11.00	$9.08
First Quarter ended April 30, 2011	$12.65	$8.16
Fiscal Year 2011	High	Low
Fourth Quarter ended January 31, 2011	$11.53	$8.10
Third Quarter ended October 31, 2010	$11.50	$7.80
Second Quarter ended July 31, 2010	$18.23	$6.92
First Quarter ended April 30, 2010	$18.93	$8.56

Holders of Record

As of March 15, 2012, we had 1,088 stockholders of record and the closing price of our common stock was $11.61 per share.

Dividend Policy

We paid no cash dividends during the fiscal year ended January 31, 2012 and we expect to continue our current policy of paying no cash dividends to holders of our common stock for the foreseeable future.

Equity Compensation Plan Information

Information required by this item with respect to equity compensation plans of the Company is incorporated by reference to the Company's Proxy Statement for its 2012 Annual Meeting of Stockholders. The definitive Proxy Statement will be filed within 120 days of the end of the fiscal year ended January 31, 2012.

Recent Sales of Unregistered Securities

As previously reported on Current Reports on Form 8-K filed on March 16, 2011 and March 30, 2011, on March 10, 2011, TiVo issued convertible notes with the aggregate principal amount of $150.0 million and received approximately $144.5 million in proceeds. On March 30, 2011, TiVo issued an additional $22.5 million aggregate principal notes and received approximately $21.8 million in proceeds pursuant to the exercise of the initial purchaser's overallotment option. The notes will pay interest semi-annually at a rate of 4.00% per year and mature on March 15, 2016. These convertible notes have no financial covenants.

The notes will be convertible at any time, at the option of the holders, into shares of TiVo's common stock at an initial conversion rate of 89.6359 shares per $1,000 principal amount of notes. At the initial conversion rate, the initial conversion price will be approximately $11.16 per share. In addition, following certain corporate transactions that occur prior to the maturity date, TiVo will, in certain circumstances, increase the conversion rate for a holder that elects to convert its notes in connection with such a corporate transaction.

TiVo offered and sold the notes to the initial purchaser, UBS Investment Bank, in reliance on the exemption from registration provided by Section 4(2) of the Securities Act. The initial purchaser then sold the notes to qualified institutional buyers pursuant to the exemption from registration provided by Rule 144A under the Securities Act.

Purchases of Equity Securities

We have reacquired shares of stock from employees, upon the vesting of restricted stock that was granted under our Amended & Restated 1999 Employee Incentive Plan and our Amended & Restated 2008 Equity Incentive Award Plan. These shares were surrendered by the employees, and reacquired by us to satisfy the employees' minimum statutory tax withholding which is required on restricted stock once they become vested and are shown in the following table:

Table of Contents

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per share	(c) Total Number of Share Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs
November 1, through November 30, 2011	28,980	$ 10.21	—	$—
December 1, through December 31, 2011	27,075	$ 9.84	—	$—
January 1, through January 31, 2012	—	$ —	—	$—
Total	56,055	$ 10.03	—	$—

TiVo will continue to reacquire shares of stock from employees as their restricted stock grants vest.

Share Repurchases. On August 11, 2011, our board of directors authorized a $100 million discretionary share repurchase program, that became effective on August 29, 2011. During the fiscal year ended January 31, 2012, we did not repurchase any shares under the program.

Stock Performance Graph

The following table and graph compares the cumulative total stockholder returns for our common stock, the NASDAQ Composite index and the Research Data Group ("RDG") Technology Composite index over the last five fiscal years. The graph and table assume an investment of $100 in TiVo and in each index on January 31, 2007, and that dividends, if any were reinvested. The graph and table depict the change in value of TiVo in relation to the indices as of January 31st of each subsequent year (and not for any interim or other period). The stock performance shown on the graph and table below is not necessarily indicative of future price performance.

Table of Contents

	January 31,					
	2007	2008	2009	2010	2011	2012
TiVo Inc.	100.00	163.93	134.39	168.60	180.75	193.93
NASDAQ Composite	100.00	97.07	60.02	87.95	111.84	116.36
RDG Technology Composite	100.00	98.32	61.80	94.86	120.84	125.31

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data as of and for the fiscal years ended January 31, 2012, 2011, 2010, 2009, and 2008, respectively are presented below. These historical results are not necessarily indicative of the results of operations to be expected for any future period.

The data set forth below (in thousands, except share and per share data) should be read in conjunction with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data."

Table of Contents

	Fiscal Year Ended January 31,				
	2012	2011	2010	2009	2008
	(in thousands, except per share data and share amounts)				
Consolidated Statements of Operations Data:					
Revenues					
Service revenues	$131,341	$140,649	$159,772	$188,408	$211,496
Technology revenues	58,945	27,341	29,907	20,126	19,382
Hardware revenues	47,893	51,618	48,787	41,652	41,798
Net revenues	238,179	219,608	238,466	250,186	272,676
Cost and Expenses					
Cost of service revenues	35,865	40,515	40,878	44,603	42,976
Cost of technology revenues	23,056	18,813	20,703	12,300	17,367
Cost of hardware revenues	59,439	69,033	65,909	57,742	92,052
Research and development	110,367	81,604	63,039	62,083	58,780
Sales and marketing	26,388	27,587	23,270	24,944	23,987
Sales and marketing, subscription acquisition costs	7,392	8,169	5,048	6,038	31,050
General and administrative	96,502	59,487	44,801	42,931	42,954
Litigation Proceeds	(230,160)	—	—	(87,811)	—
Income (loss) from operations	109,330	(85,600)	(25,182)	87,356	(36,490)
Interest income	5,672	1,397	1,039	18,636	5,031
Interest expense and other	(12,034)	(145)	83	(553)	(102)
Income (loss) before income taxes	102,968	(84,348)	(24,060)	105,439	(31,561)
Benefit from (provision for) income taxes	(807)	(164)	1,024	(1,328)	(30)
Net income (loss)	$102,161	$(84,512)	$(23,036)	$104,111	$(31,591)
Net income (loss) per share					
Basic	$0.88	$(0.74)	$(0.22)	$1.04	$(0.32)
Diluted	$0.80	$(0.74)	$(0.22)	$1.01	$(0.32)
Income (loss) for purposes of computing net income (loss) per share:					
Basic	$102,161	$(84,512)	$(23,036)	$104,111	$(31,591)
Diluted	$109,140	$(84,512)	$(23,036)	$104,111	$(31,591)
Weighted average shares used to calculate basic net income (loss) per share	116,592,943	113,490,177	106,182,488	100,389,980	97,510,576
Weighted average shares used to calculate diluted net income (loss) per share	136,255,424	113,490,177	106,182,488	102,595,607	97,510,576

Table of Contents

	As of January 31,				
	2012	2011	2010	2009	2008
	(in thousands)				
Consolidated Balance Sheets Data:					
Cash and cash equivalents	169,555	71,221	70,891	162,337	78,812
Short-term investments	449,244	138,216	173,691	44,991	20,294
Total assets	719,810	285,818	310,812	266,147	167,049
Long-term portion of deferred revenues	81,336	34,857	28,990	28,557	38,128
Convertible senior notes	172,500	—	—	—	—
Total stockholders' equity	313,027	168,756	197,141	155,007	16,120

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

You should read the following discussion and analysis in conjunction with the consolidated financial statements and the accompanying notes included in this annual report and the section entitled “Risk Factors” in Item 1A, as well as other cautionary statements and risks described elsewhere in this report before deciding to purchase, sell or hold our common stock.

Company Overview

We are a leading provider of technology and services for advanced television solutions, which include such products as DVRs, non-DVR set-top boxes (STBs) and other consumer electronic devices and the services that enable their functionality. Our advanced television solutions provide consumers with an easy intuitive way to record, watch, and control television and receive videos, pictures, and movies from cable, broadcast, and broadband sources. We offer features such as Season Pass®™ recordings, integrated search (including content from both traditional linear television, cable VOD, and broadband sources in one user interface), WishList® searches, cable VOD, the ability to transfer content amongst our DVRs and non-DVR STBs and to other consumer electronics devices, access to broadband video content, TiVo Online/Mobile Scheduling and applications on third-party devices such as tablet computers and smartphones (such as iPads and iPhones).

As of January 31, 2012, there were approximately 2.3 million total subscriptions to the TiVo service through our TiVo-Owned and MSO businesses. In our TiVo-Owned business, in which we sell our products and subscriptions directly to consumers in the United States, we generate hardware revenues through the distribution of TiVo DVRs through consumer electronics retailers and through our on-line store at TiVo.com. We generate service revenues through the sales of TiVo service subscriptions to the consumers who purchase our TiVo DVRs. We also have agreements with Comcast and Cox to allow us in the future to provide integrated access to each provider's VOD content for TiVo-Owned customers in select regions who also subscribe to Comcast's or Cox's television service in those regions. Additionally, in our MSO business, we generate service and/or hardware revenues by providing the TiVo service on MSO provisioned DVRs and non-DVR STBs through agreements with leading satellite and cable television service providers and broadcasters such as Charter, DIRECTV, Grande Communications, ONO, RCN, Suddenlink, and Virgin Media. We also generate technology revenues through the provision of engineering professional services in connection with our provision of the TiVo service to our MSO customers. We also generate advertising and audience research and measurement revenues by providing innovative advertising and audience measurement solutions for the television industry.

Additionally, we have and continue to engage in significant intellectual property litigation with certain television service and technology providers in the United States to protect our technology from infringement. During the fiscal year ended January 31, 2012, we settled such a lawsuit with DISH for $500 million and with AT&T for $215 million, with the potential for additional amounts based on the possible future growth of AT&T's U-verse business. We currently have additional lawsuits pending against Verizon and are defending such a lawsuit from Motorola. While we have recorded the portion of these settlements that related to past infringement as litigation proceeds in the quarter in which the settlements occurred, the amounts related to future use are recognized by us as technology revenues from the licensing of our technology over the remaining term of the license (Refer to Note 18. "DISH Network Corporation" and Note 19. "AT&T Inc." of notes to consolidated financial statements included in Part II. Item 8. of this report).

Table of Contents

Executive Overview

Fiscal year 2013

In the fiscal year ending January 31, 2013, we plan to continue to be focused on our efforts to build leading advanced television products, enter into new distribution agreements, engage in development work for existing distribution agreements, and continue deployment activities for our existing distribution agreements. Additionally, we have been and plan to continue to actively protect our intellectual property. We will continue to focus on the following priorities:

•We expect to continue our efforts to increase our subscription base by adding new subscriptions through our TiVo-Owned direct and retail sales with the roll out of our new products, as well as our mass distribution partnerships both in the U.S. and internationally. We expect the growth trend in our MSO subscription base to continue in fiscal year 2013 with the continued contributions from current deployments and the expected future deployment of additional distribution deals. However, this growth in our installed base of MSO subscriptions will likely be slightly offset by further losses in our TiVo-Owned subscription base stemming from continued competition and our efforts to manage the amount of TiVo-Owned marketing dollars we are devoting to TiVo-Owned subscription acquisition activities.

•We believe that our investment in research and development is critical to remaining competitive and being a leader in advanced television solutions that go beyond the DVR. Therefore, we expect our annual research and development spending in fiscal year 2013 to be consistent with the fiscal year ended January 31, 2012 as we continue to pursue new technological and product developments which include the continued development of whole-home and multi-screen offerings which includes non-DVR STBs and software solutions that extend the TiVo experience to personal computers, tablets, and mobile devices, increasing our operational capacity to handle increased operator deployments, and gaining more efficiency in our distribution efforts. However, we do expect our research and development costs to decrease on a quarterly basis later in the year.

•We will continue our efforts to protect our technological innovations and intellectual property. As a result, we expect to continue to incur litigation expenses for our ongoing patent infringement lawsuits, which includes litigation with Verizon and Motorola Mobility.

•We expect to continue our development efforts under our existing MSO deployment agreements. To the extent that our upfront development efforts are not paid for through development fees from such arrangements, but such development expenses are recoverable through future guaranteed service fees from these MSOs, we will defer the cost of the development and expense it in our Statement of Operations. However, despite the deferral of these development costs, we do incur cash outflows associated with these development efforts resulting in potentially higher cash usage in the near term. Later, when related revenues from service fees are received, they are first recognized as technology revenues until the previously deferred costs of development of such arrangements are expensed. This recognition of such associated service fees as technology revenues will negatively impact the average revenue per subscription ("ARPU") for MSOs metric until such service fees are later recognized as service revenues. We expect that our MSO ARPU will be negatively impacted by the recovery of these previously incurred development cost in fiscal year 2013.

•As a result of the flooding in Thailand and the impact on the suppliers of hard disk drives, including our primary supplier, Western Digital, we expect to incur incremental hardware costs relating to the increased pricing of hard disk drives, including up to $3.9 million of expenses relating to increased hard disk drive costs in the first half of fiscal year 2013. This amount of additional cost is not necessarily reflective of the impact we expect for the full fiscal year 2013 as we may be able to pass along some of the increased costs to either consumers or distribution partners.

Key Business Metrics

Management periodically reviews certain key business metrics in order to evaluate our operations, allocate resources, and drive financial performance in our business. Management monitors these metrics together and not individually as it does not make business decisions based upon any single metric.

Subscriptions. Management reviews this metric, and believes it may be useful to investors, in order to evaluate our relative position in the marketplace and to forecast future potential service revenues. The TiVo-Owned lines refer to subscriptions sold directly or indirectly by TiVo to consumers who have TiVo-enabled DVRs and for which TiVo incurs acquisition costs. The MSOs lines refer to subscriptions sold to consumers by multiple

43

Table of Contents

system operators and broadcasters such as DIRECTV, Cablevision Mexico, Seven/Hybrid TV (Australia), Television New Zealand (TVNZ) (New Zealand), Virgin Media (United Kingdom), RCN, Grande, and Suddenlink, among others, and for which TiVo expects to incur little or no acquisition costs. Additionally, we provide a breakdown of the percent of TiVo-Owned subscriptions for which consumers pay recurring fees, including on a monthly and a prepaid one, two, or three year basis, as opposed to a one-time prepaid product lifetime fee.

	Fiscal Year Ended January 31,		
(Subscriptions in thousands)	2012	2011	2010
TiVo-Owned Subscription Gross Additions:	114	160	148
Subscription Net Additions/(Losses):			
TiVo-Owned	(157)	(199)	(189)
MSOs	387	(357)	(541)
Total Subscription Net Additions/(Losses)	230	(556)	(730)
Cumulative Subscriptions:			
TiVo-Owned	1,109	1,266	1,465
MSOs	1,170	783	1,140
Total Cumulative Subscriptions	2,279	2,049	2,605
Fully Amortized Active Lifetime Subscriptions	253	310	279
% of TiVo-Owned Cumulative Subscriptions paying recurring fees	55 %	56 %	58 %

We define a “subscription” as a contract referencing a TiVo-enabled DVR for which (i) a consumer has committed to pay for the TiVo service and (ii) service is not canceled. We count product lifetime subscriptions in our subscription base until both of the following conditions are met: (i) the period we use to recognize product lifetime subscription revenues ends; and (ii) the related DVR has not made contact to the TiVo service within the prior six month period. Product lifetime subscriptions past this period which have not called into the TiVo service for six months are not counted in this total. Prior to November 1, 2011 we amortized all product lifetime subscriptions over a 60 month period. Effective November 1, 2011, we have extended the period we use to recognize product lifetime subscription revenues from 60 months to 66 months for product lifetime subscriptions where we have not recognized all of the related deferred revenue as of the reassessment date. This change resulted in a reduction of service revenues of $623,000 for the quarter and fiscal year ended January 31, 2012. We are not aware of any uniform standards for defining subscriptions and caution that our presentation may not be consistent with that of other companies. Additionally, the subscription fees that our MSOs pay us are typically based upon a specific contractual definition of a subscriber or subscription which may not be consistent with how we define a subscription for our reporting purposes nor be representative of how such subscription fees are calculated and paid to us by our MSOs. Our MSOs subscription data is based in part on reporting from our third-party MSO partners.

TiVo-Owned subscriptions declined by 157,000 subscriptions, as compared to a decrease of 199,000 in the same prior year period. This improvement was driven by decreased churn. TiVo-Owned installed subscription base was approximately 1.1 million subscriptions as of January 31, 2012 as compared to approximately 1.3 million as of January 31, 2011. We believe this decrease in total TiVo-Owned subscriptions was largely due to continued pressure on subscription gross additions resulting from increased competition from DVRs distributed by cable and satellite companies as we continued to have fewer TiVo-Owned subscription gross additions than we had TiVo-Owned subscription cancellations. Despite our efforts to improve TiVo-Owned net additions, we expect current trends will likely continue and that we will experience further net losses in our TiVo-Owned subscription base in fiscal year 2013.

Our MSO installed subscription base increased by 387,000 subscriptions to 1.2 million subscriptions as of January 31, 2012 as compared to 783,000 as of January 31, 2011. The increase in subscriptions is due to subscription growth from partners such as Virgin Media, RCN, Suddenlink, ONO, Grande, and others. We expect continued MSO installed base subscription growth during the fiscal year 2013 as we increase penetration within current distribution deals.

TiVo-Owned Churn Rate per Month. Management reviews this metric, and believes it may be useful to investors, in order to evaluate our ability to retain existing TiVo-Owned subscriptions (including both monthly and

Table of Contents

product lifetime subscriptions) by providing services that are competitive in the market. Management believes factors such as service enhancements, service commitments, higher customer satisfaction, and improved customer support may improve this metric. Conversely, management believes factors such as increased competition, lack of competitive service features such as high definition television recording capabilities in our older model DVRs or access to certain digital television channels or MSO Video On Demand services, as well as increased price sensitivity and installation and CableCARD™ technology limitations, may cause our TiVo-Owned Churn Rate per month to increase.

We define the TiVo-Owned Churn Rate per month as the total TiVo-Owned subscription cancellations in the period divided by the Average TiVo-Owned subscriptions for the period (including both monthly and product lifetime subscriptions), which then is divided by the number of months in the period. We calculate Average TiVo-Owned subscriptions for the period by adding the average TiVo-Owned subscriptions for each month and dividing by the number of months in the period. We calculate the average TiVo-Owned subscriptions for each month by adding the beginning and ending subscriptions for the month and dividing by two. We are not aware of any uniform standards for calculating churn and caution that our presentation may not be consistent with that of other companies.

The following table presents our TiVo-Owned Churn Rate per month information:

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(In thousands, except percentages)		
TiVo-Owned subscription cancellations	(271)	(359)	(337)
Average TiVo-Owned subscriptions	1,174	1,367	1,577
Annual Churn Rate	(23)%	(26)%	(21)%
Number of Months	12	12	12
TiVo-Owned Churn Rate per month	(1.9)%	(2.2)%	(1.8)%

Included in our TiVo-Owned Churn Rate per month are those product lifetime subscriptions that have both reached the end of the revenue recognition period and whose DVRs have not contacted the TiVo service within the prior six months. Conversely, we do not count as churn product lifetime subscriptions that have not reached the end of the revenue recognition period, regardless of whether such subscriptions continue to contact the TiVo service.

TiVo-Owned Churn Rate per month was (1.9)%, (2.2)%, and (1.8)% for the fiscal year ended January 31, 2012, 2011, and 2010, respectively.

For the fiscal year ending January 31, 2013, we expect churn to be potentially higher on a percentage basis as total cancellations are being divided over a smaller TiVo-Owned subscription base. Historically we have seen a large amount of churn associated with non-HD box subscriptions and we expect the majority of our churn in fiscal 2013 continue to come from these non-HD box subscriptions.

Subscription Acquisition Cost or SAC. Management reviews this metric, and believes it may be useful to investors, in order to evaluate trends in the efficiency of our marketing programs and subscription acquisition strategies. We define SAC as our total TiVo-Owned acquisition costs for a given period divided by TiVo-Owned subscription gross additions for the same period. We define total acquisition costs as sales and marketing, subscription acquisition costs less net TiVo-Owned related hardware revenues (defined as TiVo-Owned related gross hardware revenues less rebates, revenue share and market development funds paid to retailers) plus TiVo-Owned related cost of hardware revenues. The sales and marketing, subscription acquisition costs line item includes advertising expenses and promotion-related expenses directly related to subscription acquisition activities, but does not include expenses related to advertising sales. We do not include third-parties' subscription gross additions, such as MSOs' gross additions with TiVo subscriptions, in our calculation of SAC because we typically incur limited or no acquisition costs for these new subscriptions, and so we also do not include MSOs' sales and marketing, subscription acquisition costs, hardware revenues, or cost of hardware revenues in our calculation of TiVo-Owned SAC. We are not aware of any uniform standards for calculating total acquisition costs or SAC and caution that our presentation may not be consistent with that of other companies.

45

Table of Contents

Subscription Acquisition Costs	Fiscal Year Ended January 31, 2012	2011	2010
	(In thousand, except SAC)		
Sales and marketing, subscription acquisition costs	$7,392	$8,169	$5,048
Hardware revenues	(47,893)	(51,618)	(48,787)
Less: MSOs related hardware revenues	31,483	14,885	14,497
Cost of hardware revenues	59,439	69,033	65,909
Less: MSOs related cost of hardware revenues	(23,577)	(11,296)	(13,706)
Total Acquisition Costs	26,844	29,173	22,961
TiVo-Owned Subscription Gross Additions	114	160	148
Subscription Acquisition Costs (SAC)	$235	$182	$155

As a result of the seasonal nature of our subscription growth, total acquisition costs vary significantly during the year. Management primarily reviews the SAC metric on an annual basis due to the timing difference between our recognition of promotional program expense and the subsequent addition of the related subscriptions. For example, we have historically experienced increased TiVo-Owned subscription gross additions during the fourth quarter; however, sales and marketing, subscription acquisition activities occur throughout the year.

During the twelve months ended January 31, 2012 our total acquisition costs were $26.8 million, a decrease of $2.4 million compared to $29.2 million during the same prior year period. TiVo's sales and marketing, subscription acquisition costs decreased by $777,000, as compared to the same prior year period combined with a decrease in TiVo's hardware gross margin losses of $1.6 million as compared to the same prior year period. This decrease in hardware gross margin loss is largely due to the lower number of subscription gross additions as compared to the same prior year period. The increase in SAC of $53 for the twelve months ended January 31, 2012 as compared to the same prior year period was largely a result of the decrease in subscription gross additions as compared to the same prior year period and full year of the impact from our new consumer pricing (whereby consumers pay lower hardware price in exchange for higher subscription fees) that we initiated during the fourth quarter of the fiscal year ended January 31, 2011.

Average Revenue Per Subscription or ARPU. Management reviews this metric, and believes it may be useful to investors, in order to evaluate the potential of our subscription base to generate revenues from a variety of sources, including service fees, advertising, and audience research measurement. You should not use ARPU as a substitute for measures of financial performance calculated in accordance with GAAP. Management believes it is useful to consider this metric excluding the costs associated with rebates, revenue share, and other payments to channel because of the discretionary and varying nature of these expenses and because management believes these expenses, which are included in hardware revenues, net, are more appropriately monitored as part of SAC. We are not aware of any uniform standards for calculating ARPU and caution that our presentation may not be consistent with that of other companies. Furthermore, ARPU for our MSOs may not be directly comparable to the service fees we may receive from these partners on a per subscription basis as the fees that our MSOs pay us may be based upon a specific contractual definition of a subscriber or subscription which may not be consistent with how we define a subscription for our reporting purposes or be representative of how such subscription fees are calculated and paid to us by our MSOs. For example, an agreement that includes contractual minimums may result in a higher than expected MSOs ARPU if such fixed minimum fee is spread over a small number of subscriptions. Additionally, ARPU for our MSO subscriptions may not be reflective of revenues received by TiVo as in certain cases the cost of development for such MSO customer may be deferred on our consolidated balance sheet until later when related revenues from service fees are received and are first recognized as Technology revenues by us until the previously deferred costs of development are fully expensed. This recognition of service fees as Technology revenues will have the effect of lowering ARPU for certain of our MSO subscriptions until such costs of development are fully expensed.

We calculate ARPU per month for TiVo-Owned subscriptions by subtracting MSOs'-related service revenues (which includes MSOs' subscription service revenues and MSOs'-related advertising revenues) from our total reported net service revenues and dividing the result by the number of months in the period. We then divide the resulting average service revenue by Average TiVo-Owned subscriptions for the period, calculated as described above for churn rate. The following table shows this calculation:

46

Table of Contents

TiVo-Owned Average Revenue per Subscription	Fiscal Year Ended January 31, 2012	2011	2010
	(In thousands, except ARPU)		
Total Service revenues	$131,341	$140,649	$159,772
Less: MSOs'-related service revenues	(16,589)	(15,540)	(14,932)
TiVo-Owned-related service revenues	114,752	125,109	144,840
Average TiVo-Owned revenues per month	9,563	10,426	12,070
Average TiVo-Owned per month subscriptions	1,174	1,367	1,577
TiVo-Owned ARPU per month	$8.15	$7.63	$7.65

The increase in TiVo-Owned ARPU per month for the fiscal year ended January 31, 2012 as compared to the same prior year period was largely due to the higher subscription pricing that we initiated during the fourth quarter of the fiscal year ended January 31, 2011 and we expect this trend to continue through fiscal year 2013.

We calculate ARPU per month for MSOs' subscriptions by first subtracting TiVo-Owned-related service revenues (which includes TiVo-Owned subscription service revenues and TiVo-Owned related advertising revenues) from our total reported service revenues. Then we divide average revenues per month for MSOs'-related service revenues by the average MSOs' subscriptions for the period. The following table shows this calculation:

MSOs' Average Revenue per Subscription	Fiscal Year Ended January 31, 2012	2011	2010
	(In thousands, except ARPU)		
Total Service revenues	$131,341	$140,649	$159,772
Less: TiVo-Owned-related service revenues	(114,752)	(125,109)	(144,840)
MSOs'-related service revenues	16,589	15,540	14,932
Average MSOs' revenues per month	1,382	1,295	1,244
Average MSOs' per month subscriptions	849	1,017	1,422
MSOs' ARPU per month	$1.63	$1.27	$0.88

The MSOs' related service revenues for the fiscal year ended January 31, 2012 increased $0.36 per subscription to $1.63 per subscription, as compared $1.27 for the same prior year period. The increase in MSOs' ARPU is related primarily to DIRECTV's fixed minimum commitment (which extends through the term of our agreement with DIRECTV which expires on February 15, 2015, unless extended until February 15, 2018 by DIRECTV) being spread over a declining DIRECTV subscription base. We do not expect further significant increases in MSOs' ARPU due to the fact that subscription additions from some newly launched deployment agreements, including Virgin, do not necessarily correspond to an increase in service revenues as the cost of development for an MSO customer may have been deferred on our consolidated balance sheet and such MSO service fees are first recognized as Technology revenues by us until the previously deferred costs of development are fully expensed. This recognition of service fees as Technology revenues will have the effect of lowering ARPU for certain of our MSO subscriptions until such costs of development are fully expensed. As a result, we expect the MSO ARPU to be negatively impacted by the recovery of previously incurred development cost in fiscal year 2013.

Critical Accounting Estimates

In preparing our consolidated financial statements, we make assumptions, judgments and estimates that can have a significant impact on our revenue, operating income (loss) and net income (loss), as well as on the value of certain assets and liabilities on our consolidated balance sheets. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. At least quarterly, we evaluate our assumptions, judgments and estimates and make changes accordingly. Historically, our assumptions, judgments and estimates relative to our critical accounting estimates have not differed materially from actual results.

47

Table of Contents

Revenue Recognition
TiVo generates service revenues from fees for providing the TiVo service to consumers and operators and through the sale of advertising and audience research measurement services. We also generate technology revenues from licensing technology (Refer to Note 18. "DISH Network Corporation" and Note. 19 "AT&T Inc." of notes to consolidated financial statements included in Part II. Item 8. of this report) and by providing engineering professional services. In addition, we generate hardware revenues from the sale of hardware products that enable the TiVo service. A substantial part of our revenues are derived from multiple element arrangements.
TiVo recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, collectability is probable, and there are no post-delivery obligations. Service revenue is generally recognized as the services are performed which generally is ratably over the term of the service period.
Multiple Element Arrangements
TiVo's multiple deliverable revenue arrangements primarily consist of bundled sales of TiVo-enabled DVRs and TiVo service to consumers; arrangements with multiple system operators and broadcasters ("MSOs") which generally include delivery of software customization and set up services, training, post contract support ("PCS"), TiVo-enabled DVRs and TiVo service; and bundled sales of advertising and audience research measurement services.
In October 2009, the Financial Accounting Standards Board ("FASB") amended the accounting standards for revenue recognition to remove tangible products containing software components and non-software components that function together to deliver the product's essential functionality from the scope of industry specific software revenue recognition guidance. In October 2009, the FASB also amended the accounting standards for multiple deliverable revenue arrangements to:

- provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and how the consideration should be allocated;
- require an entity to allocate revenue in an arrangement using its best estimated selling price ("BESP") of deliverables if a vendor does not have vendor-specific objective evidence ("VSOE") of selling price or third-party evidence ("TPE") of selling price; and
- eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method.

TiVo adopted this guidance at the beginning of our first quarter of fiscal year 2012 on a prospective basis for applicable transactions originating or materially modified after January 31, 2011. We apply and will continue to apply the previous applicable accounting guidance for continuing arrangements that originated prior to the adoption date of February 1, 2011. The adoption of the new guidance did not have a significant impact on our consolidated financial statements. We currently do not expect changes in our products, services, bundled arrangements, or pricing practices that could have a significant impact on the consolidated financial statements in periods post adoption; however, this may change in the future.
TiVo allocates revenue to each element in a multiple-element arrangement based upon their relative selling price. We determine the selling price for each deliverable using VSOE of selling price or TPE of selling price, if it exists. If neither VSOE nor TPE of selling price exists for a deliverable, we use our BESP for that deliverable. Since the use of the residual method is eliminated under the new accounting standards, any discounts offered by TiVo are allocated to each of the deliverables. Revenue allocated to each element, limited to the amount not contingent on future performance, is then recognized when the basic revenue recognition criteria are met for the respective element.
Consistent with our methodology under previous accounting guidance, if available, TiVo determines VSOE of fair value for each element based on historical standalone sales to third-parties or from the stated renewal rate for the elements contained in the initial contractual arrangement. We currently estimate selling prices for our PCS, training, TiVo-enabled DVRs for MSOs, and consumer TiVo service based on VSOE of selling price.
In some instances, we may not be able to obtain VSOE of selling price for all deliverables in an arrangement with multiple elements. This may be due to TiVo infrequently selling each element separately or not pricing products within a narrow range. When VSOE cannot be established, we attempt to estimate the selling price of each element based on TPE. TPE would consist of competitor prices for similar deliverables when sold separately. Generally, our

offerings contain significant differentiation such that the comparable pricing of products with similar functionality or services cannot be obtained. Furthermore, we sell TiVo-enabled DVRs to consumers whereas our

Table of Contents

competitors usually lease them to their customers. Therefore, TiVo is typically not able to obtain TPE of selling price. When TiVo is unable to establish a selling price using VSOE or TPE, which is generally the case for sales of TiVo-enabled DVRs to consumers and advertising and audience research measurement services, we use our BESP in determining the allocation of arrangement consideration. The objective of BESP is to determine the price at which we would transact a sale if the product or service were sold on a standalone basis. BESP is generally used for offerings that are not typically sold on a standalone basis or for new or highly customized offerings.

TiVo establishes pricing for our products and services by considering multiple factors including, but not limited to, geographies, market conditions, competitive landscape, internal costs, gross margin objectives, and industry pricing practices. When determining BESP for a deliverable that is generally not sold separately, these factors are also considered.

TiVo-enabled DVRs and TiVo service

TiVo sells the DVR and service directly to end-users through bundled sales programs through the TiVo website. Under these bundled programs, the customer receives a DVR and commits to a minimum subscription period of one to three years or product lifetime and has the option to either pay a monthly fee over the subscription term (monthly program) or to prepay the subscription fee in advance (prepaid program). After the initial committed subscription term, the customers have various pricing options at which they can renew the subscription.

The VSOE of selling price for the subscription services is established based on standalone sales of the service and varies by service period. TiVo is not able to obtain VSOE for the DVR element due to infrequent sales of standalone DVRs to consumers. The BESP of the DVR is established based on the price that we would sell the DVR without any service commitment from the customer. Under these bundled programs, revenue is allocated between hardware revenue for the DVR and service revenue for the subscription using on a relative basis, with the DVR revenue recognized upon delivery, up to an amount not contingent on future service delivery, and the subscription revenue recognized over the term of the service.

Subscription revenues from product lifetime subscriptions are recognized ratably over our estimate of the useful life of a TiVo-enabled DVR associated with the subscription. The estimates of expected lives are dependent on assumptions with regard to future churn of product lifetime subscriptions. TiVo continuously monitors the useful life of a TiVo-enabled DVR and the impact of the differences between actual churn and forecasted churn rates. If subsequent actual experience is not in line with our current assumptions, including higher churn of product lifetime subscriptions due to the incompatibility of its standard definition TiVo units with high definition programming and increased competition, we may revise the estimated life which could result in the recognition of revenues from this source over a longer or shorter period. Prior to November 1, 2011 we amortized all product lifetime subscriptions over a 60 month period. Effective November 1, 2011, we have extended the period we use to recognize product lifetime subscription revenues from 60 months to 66 months for product lifetime subscriptions where we have not recognized all of the related deferred revenue as of the reassessment date.

End users have the right to cancel their subscription within 30 days of subscription activation for a full refund. TiVo establishes allowances for expected subscription cancellations.

Arrangements with MSOs

TiVo has two different types of arrangements with MSOs under technology deployment and engineering services agreements. Our arrangements with MSOs typically include software customization and set up services, limited training, PCS, TiVo-enabled DVRs, non-DVR STBs, and TiVo service.

In instances where TiVo hosts the TiVo service, we recognize revenue under the general revenue recognition guidance. We determine whether evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collection is probable. Revenue recognition is deferred until such time as all of the criteria are met. Elements in such arrangements usually include DVRs, non-DVR STBs, TiVo service hosting, associated maintenance and support and training. Non-refundable payments received for customization and set up services are deferred and recognized as revenue ratably over the longer of the contractual or customer relationship period. The related cost of such services is capitalized to the extent it is deemed recoverable and amortized to cost of revenues over the longer of the contractual or customer relationship period. TiVo has established VSOE of selling prices for training, DVRs, non-DVR STBs, and maintenance and support, based on the price charged in standalone sales of the element or stated renewal rates in the agreement. The BESP of TiVo service is determined considering the size of the MSO and expected volume of deployment, market conditions, competitive landscape, internal costs, and gross margin objectives. Total arrangement consideration is allocated among individual

Table of Contents
elements on a relative basis and revenue for each element is recognized when the basic revenue recognition criteria are met for the respective elements.

In arrangements where TiVo does not host the TiVo service and which include engineering services that are essential to the functionality of the licensed technology or involve significant customization or modification of the software, we recognize revenue under industry specific software revenue recognition guidance. Under this guidance, such arrangements are accounted for using the percentage-of-completion method or a completed-contract method. The percentage-of-completion method is used if we believe we are able to make reasonably dependable estimates of the extent of progress toward completion and the arrangement as a whole is reasonably expected to be profitable. We measure progress toward completion using an input method based on the ratio of costs incurred, principally labor, to date to total estimated costs of the project. These estimates are assessed continually during the term of the contract, and revisions are reflected when the changed conditions become known.

In some cases, it may not be possible to separate the various elements within the arrangement due to a lack of VSOE of selling prices for undelivered elements in the contract or because of the lack of reasonably dependable estimates of total costs. In these situations, provided that TiVo is reasonably assured that no loss will be incurred under the arrangement, we recognize revenues and costs based on a zero profit model, which results in the recognition of equal amounts of revenues and costs, until the engineering professional services are complete. Costs incurred in excess of revenues are deferred up to the amount deemed recoverable. Thereafter, any profit from the engineering professional services is recognized over the period of the maintenance and support or other services that are provided, whichever is longer. If we cannot be reasonably assured that no loss will be incurred under the arrangement, we will account for the arrangement under the completed contract method, which results in a full deferral of the revenue and costs until the project is complete. Provisions for losses are recorded when estimates indicate that a loss will be incurred on the contract.

Advertising and Audience Research Measurement Services

Advertising and audience research measurement service revenue is recognized as the service is provided. Such services are usually sold in packages customized for each campaign which generally lasts for up to three months. Because of the significant customization of offerings, TiVo historically has not been able to obtain VSOE of selling prices for each element in the package. Accordingly, we would combine all elements in the package as a single unit and recognize revenue ratably over the campaign period. As a result of the updated guidance on multiple element revenue arrangements, we can now estimate BESP for each element in the package and separate them into individual units of accounting. Nonetheless, the new units of accounting have very similar revenue earning patterns and timing and the amounts of revenue recorded in each period are not significantly impacted by the new guidance.

Hardware Revenues

Hardware revenues represent revenues from standalone hardware sales and amounts allocated to hardware elements in multiple element arrangements. Revenues are recognized upon product shipment to the customers or receipt of the products by the customer, depending on the shipping terms, provided that all fees are fixed or determinable, evidence of an arrangement exists, and collectibility is reasonably assured. End users have the right to return their product within 30 days of the purchase. TiVo establishes allowances for expected product and service returns and these allowances are recorded as a direct reduction of revenues and accounts receivable.

Certain payments to retailers and distributors such as market development funds and revenue share are recorded as a reduction of hardware revenues rather than as a sales and marketing expense. TiVo's policy for revenue share payments is to reduce revenue when these payments are incurred and fixed or determinable. TiVo's policy for market development funds is to reduce revenue at the later of the date at which the related hardware revenue is recognized or the date at which the market development program is offered.

Recognition Period for Product Lifetime Subscription Revenues. We perform a quarterly quantitative and qualitative analysis of the expected life of a product lifetime subscription which incorporates historical and future churn rates. Effective November 1, 2011, we extended the period we use to recognize product lifetime subscription revenues from 60 months to 66 months for product lifetime subscriptions acquired on or before October 31, 2006 and such change is being recognized on a prospective basis. This change resulted in a reduction of service revenues of $623,000 for the quarter and fiscal year ended January 31, 2012. The new estimates of expected lives are dependent on assumptions with regard to future churn of the product lifetime subscriptions. As of January 31, 2012, 253,000 product lifetime subscriptions have exceeded the period we use to recognize product lifetime subscription revenues and had made contact with the TiVo service within the prior six month period. This represents approximately 51% of our cumulative lifetime subscriptions. We will continue to monitor the useful life

Table of Contents

of a TiVo-enabled DVR and the impact of the differences between actual churn and forecasted churn rates. If subsequent actual experience is not in line with our current assumptions, including higher churn of product lifetime subscriptions due to the incompatibility of our standard definition TiVo units with high definition programming and increased competition, we may revise the estimated life which could result in the recognition of revenues from this source over a longer or shorter period.

Deployment Arrangements Cost Estimates. We enter into deployment agreements with MSOs, which typically include software customization and set up services, limited training, PCS, TiVo-enabled DVRs, non-DVR STBs, and TiVo service. We usually incur development cost for which we are in total or in part compensated through service fees received after a solution launch. When we are reasonably assured that these upfront development costs are recoverable, we defer such cost and recognize them after the launch of the solution. The assessment of recoverability is highly dependent on our estimates of engineering costs related to the project. We also recognize revenues for certain software engineering services that are essential to the functionality of the software or involve significant customization or modification using the percentage-of-completion method. We recognize revenue by measuring progress toward completion based on the ratio of costs incurred, principally labor, to total estimated costs of the project, an input method. We believe we are able to make reasonably dependable estimates based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. These estimates include forecasting of costs and schedules, tracking progress of costs incurred to date, and projecting the remaining effort to complete the project. Costs included in project costs are labor, materials, and overhead related to the specific activities that are required for the project. Costs related to general infrastructure or uncommitted platform development are not included in the project cost estimates. These estimates are assessed continually during the term of the contract and revisions are reflected when the conditions become known. Using different cost estimates, or different methods of measuring progress to completion, engineering services revenues and expenses may produce materially different results or development costs may not be deemed recoverable. A favorable change in estimates in a period could result in additional profit, and an unfavorable change in estimates could result in a reduction of profit or the recording of a loss that would be borne solely by TiVo including a write-off of development costs that were incurred in prior periods and previously deferred because they were previously deemed recoverable. See also the discussions under the heading “Risk Factors - Risks Related to Our Business - If we fail to properly estimate, manage, and perform the development and engineering services for our television service provider customers, we could incur additional unexpected expenses and losses which could reduce or even eliminate any profit from these deployment arrangements, in which case our business would be harmed.” For the fiscal year ended January 31, 2012, the majority of our technology revenues (after excluding revenues from our licensing agreement with DISH Network and AT&T Inc.) were related to DIRECTV and Virgin Media (United Kingdom).

Valuation of Inventory. We value inventory at the lower of cost or market with cost determined on the first-in, first-out method. We base write-downs of inventories upon current facts and circumstances and determine net realizable value on an aggregate pool basis (DVR type). We perform a detailed assessment of excess and obsolete inventory and purchase commitments at each balance sheet date, which includes a review of, among other factors, demand requirements and market conditions. Based on this analysis, we record adjustments, when appropriate, to reflect inventory of finished products and materials on hand at lower of cost or market and to reserve for products or materials which are not forecasted to be used. We also record accruals for charges that represent management’s estimate of our exposure to the contract manufacturer for excess non-cancelable purchase commitments. Although we make every effort to ensure the accuracy of our forecasts of product demand and pricing assumptions, any significant unanticipated changes in demand, pricing, or technological developments would significantly impact the value of our inventory and our reported operating results. If we find that our estimates are too optimistic and determine that our inventory needs to be written down, we will be required to recognize such costs in our cost of revenue at the time of such determination. Conversely, if we find our estimates are too pessimistic and/or circumstances beyond our control change and we subsequently sell product that has previously been written down, our gross margin in the period of sale will be favorably impacted.

Recent Accounting Pronouncements

In June 2011, the FASB issued an amendment to an existing accounting standard which requires companies to present net income and other comprehensive income in one continuous statement or in two separate, but consecutive, statements. In addition, in December 2011, the FASB issued an amendment to an existing accounting standard which defers the requirement to present components of reclassifications of other comprehensive income on the face of the income statement. We will adopt both standards in the first quarter of fiscal year 2013.

In May 2011, the FASB issued a new accounting standard update, which amends the fair value measurement

Table of Contents

guidance and includes some enhanced disclosure requirements. The most significant change in disclosures is an expansion of the information required for Level 3 measurements based on unobservable inputs. The standard is effective for fiscal years beginning after December 15, 2011. We will adopt this standard in the first quarter of fiscal year 2013 and the adoption will not have a material impact on our financial statements and disclosures.

Results of Operations

Net Revenues.

Our net revenues for the fiscal years ended January 31, 2012, 2011, and 2010 as a percentage of total net revenues were as follows:

	Fiscal Year Ended January 31,					
	2012		2011		2010	
	(In thousands, except percentages)					
Service revenues	$131,341	55 %	$140,649	64 %	$159,772	67 %
Technology revenues	$58,945	25 %	$27,341	12 %	$29,907	13 %
Hardware revenues	$47,893	20 %	$51,618	24 %	$48,787	20 %
Net revenues	$238,179	100 %	$219,608	100 %	$238,466	100 %
Change from same prior year period	8 %		(8)%		(5)%	

Service Revenues. The decrease in service revenues of $9.3 million for the fiscal year ended January 31, 2012, as compared to the same prior year period was primarily due to a lower cumulative subscription base (including both TiVo-Owned and MSO subscriptions) slightly offset by an increase in MSO service revenues of $1.0 million primarily due to revenues from new deployments.

The decrease in service revenues of $19.1 million in the fiscal year ended January 31, 2011, as compared to the same prior year period was due to a lower cumulative subscription base combined with an increased number of fully-amortized product lifetime subscriptions which no longer generated subscription revenues. The decrease in TiVo-Owned Service revenues in the fiscal year ended January 31, 2011 as compared to the same prior year period was slightly offset by an increase in MSOs service revenues of $608,000 primarily due to DIRECTV monthly minimum payments.

Technology Revenues. Technology revenues for the fiscal year ended January 31, 2012 increased by $31.6 million, as compared to the same prior year periods primarily due to our agreement with DISH Network, which generates $11.1 million in revenue per quarter (Refer to Note 18. "DISH Network Corporation" of notes to consolidated financial statements included in Part II. Item 8. of this report). We expect our Technology revenues in our fiscal year ending January 31, 2013 to further benefit from licensing revenue we will receive due to our agreement with AT&T entered into in the fourth quarter ended January 31, 2012.

Technology revenues for the fiscal year ended January 31, 2011 decreased by 9%, or $2.6 million as compared to the prior fiscal year primarily due to the fact that some of our newer deployment arrangements such as Virgin provide for lower or later funding of the development effort and we recognize revenue in these arrangements only after we have the contractual right to invoice the customer. Also, the amounts paid by DIRECTV and attributable to development efforts were lower in fiscal year 2011 compared to the same prior year periods.

Hardware Revenues. Hardware revenues, net of allowance for sales returns and net of revenue shares and marketing development fund payments for the fiscal year ended January 31, 2012 decreased by $3.7 million as compared to the same prior year period. The decrease in net hardware revenues for the fiscal year ended January 31, 2012 is largely related to the decrease in the number of hardware units sold, as compared to the same prior year period when we launched our TiVo Premiere boxes. Also contributing to the decrease is the continuation of our lower hardware pricing and higher subscription pricing (which allow consumers to pay lower upfront costs for the TiVo box with higher monthly subscription fees) for TiVo-Owned subscriptions, offset by an increase in revenues from MSOs.

Hardware revenues, net of allowance for sales returns and net of revenue share and marketing development fund payments for the twelve months ended January 31, 2011, increased by $2.8 million, as compared to the same prior year period. The increase in net hardware revenues for the fiscal year ended January 31, 2011 is largely related to the increase in the number of units sold during the period as compared to the same prior year period, as

Table of Contents

our sales volume increased due to the launch of our new TiVo Premiere boxes and purchases of the TiVo Premiere boxes by MSOs such as RCN and others.

Cost of service revenues.

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(In thousands, except percentages)		
Cost of service revenues	$35,865	$40,515	$40,878
Change from same prior year period	(11)%	(1)%	(8)%
Percentage of service revenues	27%	29%	26%
Service gross margin	$95,476	$100,134	$118,894
Service gross margin as a percentage of service revenues	73%	71%	74%

Cost of service revenues consists primarily of telecommunication and network expenses, employee salaries, service center, credit card processing fees, and other expenses related to providing the TiVo service. Cost of service revenues decreased by $4.6 million for the fiscal year ended January 31, 2012, as compared to the same prior year period. This decrease in cost of service revenues was largely related to lower call center service costs as we continued our efforts to efficiently manage our customer service-related expenditures.

For the fiscal year ended January 31, 2011, cost of service revenues remained relatively flat, as compared to the same prior year period.

Cost of technology revenues.

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(In thousands, except percentages)		
Cost of technology revenues	$23,056	$18,813	$20,703
Change from same prior year period	23%	(9)%	68%
Percentage of technology revenues	39%	69%	69%
Technology gross margin	$35,889	$8,528	$9,204
Technology gross margin as a percentage of technology revenues	61%	31%	31%

Cost of technology revenues includes costs associated with our development work primarily for DIRECTV, Virgin, and our other international and domestic projects. The increase of $4.2 million in cost of technology revenues in the fiscal year ended January 31, 2012 related to an increase in the number of customers we were performing development work for in the current year period as compared to the same prior year period.

The decrease of $1.9 million in cost of technology revenues for the fiscal year ended January 31, 2011, as compared to the same prior year period is largely due to the fact that some of our newer deployment arrangements such as Virgin provide for lower or later funding of the development effort and we recognize cost of revenue in these arrangements only after we have the contractual right to invoice the customer and recognize the associated revenues. Also, the amounts paid by DIRECTV and attributable to development efforts are lower in fiscal year 2011 compared to the same prior year period.

The increase in technology gross margin for the fiscal year ended January 31, 2012 as compared to the same prior year periods is primarily due to the revenue recognized from our DISH and AT&T agreements as most of our newer deployment arrangements such as Virgin are accounted for under a zero margin method during the development period and also during the post-launch period until all deferred development costs are recovered.

In certain of our distribution deals, such as Virgin, TiVo is not being paid in full for the upfront development cost. However, in exchange, TiVo is receiving guaranteed financial commitments over the duration of the distribution deal. If we are reasonably assured that these arrangements as a whole will be profitable (assuming successful completion of development), we do not expense the development costs that exceed cash payable for the development work as incurred but rather we defer those costs and recognize these costs later when we receive service fees. However, despite the deferral of these development costs, we do incur cash outflows associated with these development efforts resulting in potentially higher cash usage in the near term. As a result, a portion of

53

Table of Contents

service fees will be used to recover the initial development costs and therefore will be classified as technology revenues and timing of recognition of these costs and revenues may differ from when these costs are actually incurred. Thus, in accordance with our revenue recognition policies, we have deferred costs of approximately $27.9 million related to development work, largely related to Virgin, ONO, and Charter and these costs are recorded on our consolidated balance sheets under deferred cost of technology revenues, current and deferred cost of technology revenues, long-term at January 31, 2012. In instances where TiVo does not host the TiVo service, these costs (up to the amount billed) will be recognized when related revenues are recognized upon billing our customers, as specified in the agreement. In instances where TiVo hosts the TiVo service, starting upon deployment, these costs will be amortized to cost of revenues over the longer of the contractual or customer relationship period.

Cost of hardware revenues.

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(In thousands, except percentages)		
Cost of hardware revenues	$59,439	$69,033	$65,909
Change from same prior year period	(14)%	5%	14%
Percentage of hardware revenues	124%	134%	135%
Hardware gross margin	$(11,546)	$(17,415)	$(17,122)
Hardware gross margin as a percentage of hardware revenue	(24)%	(34)%	(35)%

Cost of hardware revenues include all product costs associated with the TiVo-enabled DVRs we distribute and sell, including manufacturing-related overhead and personnel, warranty, certain licensing, order fulfillment, and freight costs. We sell this hardware primarily as a means to grow our service revenues and, as a result, do not intend to generate positive gross margins from these hardware sales. Our cost of hardware sales for the fiscal year ended January 31, 2012 decreased as compared to the same prior year period as we sold fewer TiVo units during the twelve months ended January 31, 2012 as compared to the fiscal year ended January 31, 2011 primarily due to the launch of our TiVo Premiere boxes in the first quarter of fiscal year 2011.

Our cost of hardware sales for the fiscal year ended January 31, 2011 increased as compared to the fiscal year ended January 31, 2010 primarily because we sold significantly more TiVo units as compared to the same prior year period due to the launch of our new TiVo Premiere boxes in the first quarter of fiscal 2011.Hardware gross margin loss for the fiscal year ended January 31, 2012 decreased by $5.9 million, as compared to the same prior year period largely due to an increased number of units sold into the MSO channel during this year as compared to the same prior year period which sales do not include any hardware subsidy unlike sales of TiVo DVRs in the retail channel sold to our TiVo-Owned customers.

Hardware gross margin loss for the fiscal year ended January 31, 2011 increased by $293,000, as compared to the same prior year period. This increase is largely due to our bundled pricing model which allows a customer to purchase a TiVo box at a lower upfront box price when the customer commits for at least one year to one of our new higher priced service plans.

Research and development expenses.

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(In thousands, except percentages)		
Research and development expenses	$110,367	$81,604	$63,039
Change from same prior year period	35%	29%	2%
Percentage of net revenues	46%	37%	26%

Our research and development expenses consist primarily of employee salaries, related expenses, and consulting expenses related to our development of new technologies and products, such as whole home DVR and non-DVR technologies and new features and functionality as well as investments in creating an integrated software code base across our product lines to increase the efficiency of our product development efforts in the future. Thus, the increase in research and development expenses of $28.8 million for the fiscal year ended January 31, 2012, as compared to the same prior year periods, was largely related to increased headcount, headcount related, and

54

Table of Contents

consulting costs due to increased research and development spending as we believe that it is critical to remaining competitive and being a leader in advanced television solutions beyond the DVR to include whole home and multi-screen solutions. In the fiscal year ending January 31, 2013, we currently expect our research and development expense to be consistent with fiscal year 2012 in the aggregate; however, we do expect our research and development expenditures to begin to decrease in the second half of fiscal year 2013 as compared to the same prior year periods.
The increase in research and development expenses of $18.6 million for the fiscal year ended January 31, 2011 was largely related to increased headcount and headcount related costs of $27.8 million and increased IT spending of $3.9 million. These increased costs were offset by increased allocations to deferred costs of technology revenues of $14.6 million for utilization of our engineering staff on development projects generating technology revenues.

Sales and marketing expenses.

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(In thousands, except percentages)		
Sales and marketing expenses	$26,388	$27,587	$23,270
Change from same prior year period	(4)%	19%	(7)%
Percentage of net revenues	11%	13%	10%

Sales and marketing expenses consist primarily of employee salaries, consulting and related expenses. Sales and marketing expenses for the fiscal year ended January 31, 2012 remained relatively flat as compared to the same prior year period.

The increase for the fiscal year ended January 31, 2011 of $4.3 million, as compared to the same prior year period were primarily related to increased headcount related costs of $1.5 million and increased non-cash stock-based compensation expense of $1.1 million. Additionally, in the fiscal year ended January 31, 2011, we incurred approximately $1.0 million in increased channel support and other related expenses associated with the launch of our Premiere boxes.

Sales and marketing, subscription acquisition costs.

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(In thousands, except percentages)		
Sales and marketing, subscription acquisition costs	$7,392	$8,169	$5,048
Change from same prior year period	(10)%	62%	(16)%
Percentage of net revenues	3%	4%	2%

Sales and marketing, subscription acquisition costs include advertising expenses and promotional expenses directly related to our efforts to acquire new TiVo-Owned subscriptions to the TiVo service. The decrease for the fiscal year ended January 31, 2012 as compared to the same prior year period was largely related to decrease in advertising related expenses.

The sales and marketing subscription acquisition spending for the fiscal year ended January 31, 2011, as compared to the same prior year period was largely related to the launch of the TiVo Premiere and TiVo Premiere XL boxes in the retail channel.

General and administrative expenses.

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(In thousands, except percentages)		
General and administrative	$96,502	$59,487	$44,801
Change from same prior year period	62%	33%	4%
Percentage of net revenues	41%	27%	19%

General and administrative expenses consist primarily of employee salaries and related expenses for executive, administrative, accounting, information technology systems, facility costs, and legal and professional fees. During the fiscal year ended January 31, 2012, general and administrative expenses increased by $37.0 million as compared to the same prior year period. In the fiscal year ended January 31, 2012, TiVo spent a total of $50.5 million in litigation related expenses. The increase in total general and administrative expenses last year was largely related to increased litigation related spending of $30.6 million, which was largely related to our intellectual property litigations with AT&T, Verizon, Microsoft and Motorola, and increased headcount and headcount related costs of $5.8 million.Additionally, based on the settlement and patent cross-licensing agreement with AT&T, TiVo expensed an estimate of $14.5 million in contingent success-based legal fees related to past performance under general and administration expenses in its statement of operations in the quarter ended January 31, 2012. TiVo has paid $4.3 million of these contingent legal fees during the quarter ended January 31, 2012. The remaining estimate of $10.2 million is recorded under accrued liabilities on TiVo's consolidated balance sheets at January 31, 2012 and will be paid out upon favorable (as defined in the agreement with counsel) resolution of the Microsoft and ITC legal matters. The increase of $14.7 million for the fiscal year ended January 31, 2011 as compared to the same prior year period was primarily due to an increase in litigation related spending of $14.1 million, which was largely related to our Echostar, Verizon, and AT&T litigations.

Litigation proceeds. During the fiscal year ended January 31, 2012 we recorded litigation proceeds of $175.7 million and $54.4 million from our patent infringement settlements with DISH and AT&T, respectively.

On April 29, 2011, we entered into a Settlement and Patent License Agreement with EchoStar Corporation (“EchoStar”) and DISH Network Corporation (“DISH”). Under the terms of the agreement, DISH and EchoStar agreed to pay us $500.0 million, including an initial payment of $300.0 million received by us on May 2, 2011 with the remaining $200.0 million to be distributed in six equal annual installments of $33.3 million between 2012 and 2017.

The total consideration of $500.0 million was allocated on a relative fair value basis as $175.7 million to the past infringement and litigation settlement element, $2.9 million to interest income related to past infringement and $321.4 million to the future license royalties element. The amount related to past infringement and settlement was recorded under “Litigation proceeds” in the fiscal year ended January 31, 2012. The amount related to interest income was recorded under “Interest income” in the fiscal year ended January 31, 2012.

Additionally, on January 3, 2012, we entered into a Settlement and Patent License Agreement with AT&T, Inc. Under the terms of the agreement, AT&T agreed to pay us a minimum of $215 million plus incremental monthly fees per DVR subscriber if the growth of AT&T's subscriber base exceeds certain pre-determined levels. On January 4, 2012, we received $51.0 million in cash with the remaining $164.0 million to be paid in installments after the end of each calendar quarter in the amount of $5.0 million for the first four calendar quarters and approximately $6.5 million in subsequent calendar quarters through the calendar quarter ending June 30, 2018.

The total consideration of $215.0 million was allocated on a relative fair value basis as $54.4 million to the past infringement and litigation settlement element, $254,000 to interest income related to past infringement and $160.3 million to the future base license royalties element. The amount related to interest income was recorded under “Interest income” in the quarter ended January 31, 2012. There was no similar transaction for the fiscal years ended January 31, 2011 and 2010. (For additional information, refer to Note 18. "DISH Network Corporation" and Note 19. "AT&T, Inc." of notes to consolidated financial statements included in Part II. Item 8. of this report.)

Interest income. Interest income for the fiscal years ended January 31, 2012 and January 31, 2011 was $5.7 million and $1.4 million, respectively. The increase of $4.3 million for the fiscal year ended January 31, 2012 as compared to the same prior year period was largely related to higher cash and short term investment balances in the fiscal year ended January 31, 2012 as compared to the same prior year period combined with the EchoStar and DISH settlement and interest of $2.9 million associated with their past infringement and the $254,000 in interest received from the AT&T Settlement. There were no such similar litigation related interest payments in the fiscal years ended January 31, 2011 and 2010.

Interest income resulting from cash and cash equivalents held in interest bearing accounts and short-term investments for the fiscal year ended January 31, 2011 was $1.4 million or approximately a 34% increase compared to the $1.0 million from the prior fiscal year. The increase was a result of an increase in the average interest rate earned in the

fiscal year ended January 31, 2011 to approximately 0.58% from 0.43% in the prior fiscal year.
Interest expense and other. Interest and other expense/(benefit) for the fiscal years ended January 31, 2012, 2011, and 2010 was $12.0 million, $145,000, and, $(83,000) respectively. The increase in interest expense for the

Table of Contents

fiscal year ended January 31, 2012 as compared to the same prior year periods was due to interest associated with the convertible senior notes that were issued during the quarter ended April 30, 2011. We had no long-term debt in the fiscal years ended January 31, 2011 and 2010. Additionally, during the fiscal year ended January 31, 2012, we determined the fair value of our long term cost method investment was below its carrying value and we recorded a $3.4 million other-than-temporary impairment.

Benefit (provision) for income taxes. Income tax benefit (provision) was $(807,000), $(164,000) and $1.0 million, in fiscal years 2012, 2011, and 2010, respectively. The income tax expense in fiscal years 2012 and 2011 relates primarily to state income taxes, and foreign withholding taxes. The income tax benefit in fiscal year 2010 is due to a refund of previously paid AMT as a result of changes in the tax code passed in November 2009 and refundable research credits.

Liquidity and Capital Resources

We have financed our operations and met our capital expenditure requirements primarily from the proceeds from the sale of equity securities, issuance of convertible senior notes, litigation proceeds, and cash flows from operations. Our cash resources are subject, in part, to the amount and timing of cash received from our license agreements, subscriptions, deployment agreements, and hardware customers. As of January 31, 2012, we had $618.8 million of cash, cash equivalents, and short-term investments. We believe our cash, cash equivalents and short-term investments, provide sufficient resources to fund operations, capital expenditures, future repurchases of TiVo shares in connection with our previously announced share repurchase program, and working capital needs through the next twelve months.

On March 10, 2011, TiVo issued convertible notes with the aggregate principal amount of $150 million and received approximately $144.5 million in net proceeds. On March 30, 2011, TiVo issued an additional $22.5 million aggregate principal notes and received approximately $21.8 million in proceeds pursuant to the exercise of the initial purchaser's overallotment option. The notes pay interest semi-annually at a rate of 4.00% per year and mature on March 15, 2016.

On May 2, 2011, we received an initial payment of $300 million in cash (with the remaining $200 million to be paid in six equal annual installments of $33.3 million) from DISH Network in connection with the settlement and patent license we entered into with EchoStar and DISH on April 29, 2011 to settle and dismiss all litigation and claims between the companies. For additional information about our settlement and license with EchoStar and DISH, please refer to Note 18. "DISH Network Corporation" of Notes to Consolidated Financial Statements included in Part II, Item 8 of this report.

Additionally, on January 4, 2012, we received $51.0 million in cash (with the remaining $164.0 million to be paid in installments after the end of each calendar quarter in the amount of $5.0 million for the first four calendar quarters and approximately $6.5 million in subsequent calendar quarters through the calendar quarter ending June 30, 2018) in connection with the settlement and patent license we entered into with AT&T on January 3, 2012 to settle and dismiss all litigation and claims between the companies. For additional information about our settlement and license with AT&T Inc. please refer to Note 19. "AT&T Inc."

Statement of Cash Flows Discussion

The following table summarizes our cash flow activities:

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(in thousands)		
Net cash provided by (used in) operating activities	$239,201	$(58,727)	$9,580
Net cash provided by (used in) investing activities	$(318,757)	$28,862	$(140,386)
Net cash provided by financing activities	$177,890	$30,195	$39,360

Net Cash Used in Operating Activities

During the fiscal year ended January 31, 2012 our net cash provided by operating activities was $239.2 million as compared to net cash used by operating activities of $58.7 million during the same prior year period. This change in operating cash flow was largely attributed to our net income of $102.2 million combined with increased

57

deferred revenues of $87.7 million associated with our settlements with DISH Network and AT&T Inc. On May 2, 2011, we received an initial payment of $300 million in cash from DISH Network in connection with the settlement and patent license we entered into with EchoStar and DISH and on January 4, 2012, we received $51.0 million in cash in connection with the settlement and patent license we entered into with AT&T on January 3, 2012.

During the fiscal year ended January 31, 2011 our net cash used by operating activities was $58.7 million as compared to net cash provided by operating activities of $9.6 million during the same prior year period. This change in operating cash flow was largely attributed to our increased net loss of $84.5 million. Additionally, we increased spending on technology projects during the fiscal year ended January 31, 2011. In certain cases, we have deferred these cost of technology revenues and we will recognize them when related revenues are recognized upon billing our customers, as specified in the customer agreements. This has resulted in an increase in deferred costs of technology revenues of $15.4 million, as compared to the same prior year period.

Net Cash Used in Investing Activities

The net cash used in investing activities for the fiscal year ended January 31, 2012 was $318.8 million compared to net cash provided by investing activities of $28.9 million for the same prior year period. The net cash used in investing activities for the year ended January 31, 2012 was largely related to TiVo's cash management process, and the purchase and sales of short-term investments resulting in a net decrease in cash and cash equivalents of $313.4 million (resulting in a corresponding increase in short-term investments). Additionally, during the fiscal year ended January 31, 2012, we acquired property and equipment of $4.9 million which is used to support our business.

The net cash provided by investing activities for the fiscal year ended January 31, 2011 was approximately $28.9 million compared to net cash used in investing activities of $(140.4) million for the same prior year period. The net cash provided by investing activities for the fiscal year ended January 31, 2011 was largely related to TiVo's cash management process, and the purchase and sales of short-term investments resulting in a net increase in cash and cash equivalents of $35.5 million (this, along with amortization of discounts and premiums on our short-term investments resulted in a corresponding decrease in short-term investments). Additionally, during the fiscal year ended January 31, 2011, we acquired property and equipment of $6.7 million which is used to support our business.

Net Cash Provided by Financing Activities

For the fiscal year ended January 31, 2012 the principal sources of cash generated from financing activities was related to the issuance of convertible senior notes which generated $166.1 million ,we intend to use the net proceeds from the sale of the notes to fund intellectual property litigation and research and development spending and for general corporate purposes, which may include funding sales and marketing expenses, increasing our working capital, making capital expenditures and potentially for strategic acquisitions. Additionally, we had issuance of common stock upon exercise of stock options which generated $11.3 million and issuance of common stock related to the employee stock purchase plan of $5.6 million. These amounts were partially offset by the repurchase of $5.1 million in restricted stock to satisfy employee tax withholdings.

For the fiscal year ended January 31, 2011, the principal sources of cash generated from financing activities was related to the issuance of common stock upon exercise of stock options which generated $30.5 million combined with issuance of common stock related to our employee stock purchase plan of $4.1 million. These amounts were partially offset by the repurchase of $4.3 million in restricted stock to satisfy employee tax withholdings.

Financing Agreements

Share Repurchases. On August 11, 2011, the Company's board of directors authorized a $100 million discretionary share repurchase program, that became effective on August 29, 2011. The Company has not yet repurchased any shares under the program.

Universal Shelf Registration Statement. We have an effective universal shelf registration statement on Form S-3 (No. 333-171031) on file with the SEC under which we may issue an unlimited amount of securities, including debt securities, common stock, preferred stock, and warrants. Depending on market conditions, we may issue securities under this or future registration statements or in private offerings exempt from registration requirements.

Contractual Obligations

Table of Contents

Contractual Obligations	Payments due by Period Total	Less than 1 year	1-3 years	3-5 years	Over 5 years
	(In thousands)				
Operating leases	$13,761	$2,679	$5,604	$5,478	$—
Interest on Convertible Debt	30,954	6,900	13,800	10,254	—
Purchase obligations	21,834	21,834	—	—	—
Total contractual cash obligations	$66,549	$31,413	$19,404	$15,732	$—

Purchase Commitments with Contract Manufacturers and Suppliers. We purchase components from a variety of suppliers and use several contract manufacturers to provide manufacturing services for our products. During the normal course of business, in order to manage manufacturing lead times and help assure adequate component supply, we enter into agreements with contract manufacturers and suppliers that either allow them to procure inventory based upon criteria as defined by us or that establish the parameters defining our requirements. In certain instances, these agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed. The table above displays that portion of our purchase commitments arising from these agreements that is firm, non-cancelable, and unconditional. If there are unexpected changes to anticipated demand for our products or in the sales mix of our products, some of the firm, non-cancelable, and unconditional purchase commitments may result in our being committed to purchase excess inventory.

As of January 31, 2012, gross unrecognized tax benefits, which if recognized would affect the effective tax rate, were approximately $231,000, which are classified as long-term liabilities in the consolidated balance sheets. At this time, we are unable to make a reasonably reliable estimate of the timing of payments in individual years due to uncertainties in the timing of tax audit outcomes and the related ability to use net operating loss or tax credit carryforwards; therefore, such amounts are not included in the above contractual obligation table.

Off-Balance Sheet Arrangements

As part of our ongoing business, we generally do not engage in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities. Accordingly, our operating results, financial condition, and cash flows are not generally subject to off-balance sheet risks associated with these types of arrangements. We did not have any material off-balance sheet arrangements as of January 31, 2012.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio. We do not use derivative financial instruments in our investment portfolio and we conduct transactions in U.S. dollars. We currently invest the majority of our cash in money market funds, investment-grade government and corporate debt, and investment-grade foreign corporate and government securities. We maintain our investments with two financial institutions with high credit ratings. As part of our cash management process, we perform periodic evaluations of the relative credit ratings of issuers of these securities. We have not experienced any credit losses on our cash, cash equivalents, or short and long-term investments. Our investment portfolio only includes instruments with original maturities of less than two years held for investment purposes, not trading purposes. Due to the short-term nature of our cash equivalents and short-term investments we do not anticipate any material effect on our portfolio due to fluctuations in interest rates.

TiVo also had a direct investment in a privately-held company accounted for under the cost method, which was periodically assessed for other-than-temporary impairment. In the fourth quarter of fiscal year 2012, we determined that an other-than-temporary impairment had occurred and recorded a $3.4 million impairment charge.

Our convertible debt has a fixed interest rate and therefore we are not exposed to fluctuations in interest rates on this debt.

The table below presents principal amounts and related weighted average interest rates for our cash and cash equivalents and short-term investments as of January 31, 2012 and 2011, respectively.

	Fiscal Year Ended January 31,	
	2012	2011
Cash and cash equivalents and short-term investments (in thousands)	$618,799	$209,437
Average interest rate	0.47 %	0.58 %

Although payments under the operating leases for our facility are tied to market indices, we are not exposed to material interest rate risk associated with the operating leases.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
TiVo Inc.:

We have audited the accompanying consolidated balance sheets of TiVo Inc. and subsidiaries (the Company) as of January 31, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended January 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TiVo Inc. and subsidiaries as of January 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended January 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), TiVo Inc.'s internal control over financial reporting as of January 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 23, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Santa Clara, California
March 23, 2012

Table of Contents

TIVO INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share and share amounts)

	As of January 31, 2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$169,555	$71,221
Short-term investments	449,244	138,216
Accounts receivable, net of allowance for doubtful accounts of $370 and $275, respectively	24,665	16,011
Inventories	18,925	13,228
Deferred cost of technology revenues, current	4,400	13,760
Prepaid expenses and other, current	12,106	6,983
Total current assets	678,895	259,419
LONG-TERM ASSETS		
Property and equipment, net of accumulated depreciation of $47,170 and $44,682, respectively	9,191	10,229
Purchased technology, capitalized software, and intangible assets, net of accumulated amortization of $17,797 and $15,110, respectively	4,677	6,956
Deferred cost of technology revenues, long-term	23,546	2,100
Prepaid expenses and other, long-term	3,501	1,224
Long-term investments	—	5,890
Total long-term assets	40,915	26,399
Total assets	$719,810	$285,818
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$32,102	$18,052
Accrued liabilities	45,341	30,115
Deferred revenue, current	74,986	33,792
Total current liabilities	152,429	81,959
LONG-TERM LIABILITIES		
Deferred revenue, long-term	81,336	34,857
Convertible senior notes	172,500	—
Deferred rent and other long-term liabilities	518	246
Total long-term liabilities	254,354	35,103
Total liabilities	406,783	117,062
COMMITMENTS AND CONTINGENCIES (see Note 9)		
STOCKHOLDERS' EQUITY		
Preferred stock, par value $0.001: Authorized shares are 10,000,000; Issued and outstanding shares - none	—	—
Common stock, par value $0.001: Authorized shares are 275,000,000; Issued shares are 123,073,486 and 117,420,874, respectively, and outstanding shares are 121,616,908 and 116,475,318, respectively	123	117
Treasury stock, at cost - 1,456,578 shares and 945,556 shares, respectively	(13,788)	(8,660)
Additional paid-in capital	1,003,696	956,947
Accumulated deficit	(677,064)	(779,225)

Accumulated other comprehensive income (loss)	60	(423)
Total stockholders’ equity	313,027	168,756
Total liabilities and stockholders’ equity	$719,810	$285,818

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

TIVO INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share and share amounts)

	Fiscal Year Ended January 31,		
	2012	2011	2010
Revenues			
Service revenues	$131,341	$140,649	$159,772
Technology revenues	58,945	27,341	29,907
Hardware revenues	47,893	51,618	48,787
Net revenues	238,179	219,608	238,466
Cost of revenues			
Cost of service revenues	35,865	40,515	40,878
Cost of technology revenues	23,056	18,813	20,703
Cost of hardware revenues	59,439	69,033	65,909
Total cost of revenues	118,360	128,361	127,490
Gross margin	119,819	91,247	110,976
Research and development	110,367	81,604	63,039
Sales and marketing	26,388	27,587	23,270
Sales and marketing, subscription acquisition costs	7,392	8,169	5,048
General and administrative	96,502	59,487	44,801
Litigation Proceeds	(230,160)	—	—
Total operating expenses	10,489	176,847	136,158
Income (loss) from operations	109,330	(85,600)	(25,182)
Interest income	5,672	1,397	1,039
Interest expense and other income (expense)	(12,034)	(145)	83
Income (loss) before income taxes	102,968	(84,348)	(24,060)
Benefit from (provision for) income taxes	(807)	(164)	1,024
Net income (loss)	$102,161	$(84,512)	$(23,036)
Net income (loss) per common share			
Basic	$0.88	$(0.74)	$(0.22)
Diluted	$0.80	$(0.74)	$(0.22)
Income (loss) for purposes of computing net income (loss) per share:			
Basic	102,161	(84,512)	(23,036)
Diluted	109,140	(84,512)	(23,036)
Weighted average common and common equivalent shares:			
Basic	116,592,943	113,490,177	106,182,488
Diluted	136,255,424	113,490,177	106,182,488

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

TIVO INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME(LOSS)
(In thousands, except share amounts)

	Common Stock		Treasury Stock					
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated other comprehensive loss	Total
BALANCE JANUARY 31, 2009	103,604,015	$ 104	(233,492)	$ (1,659)	$ 829,273	$ (671,677)	$ (1,035)	$ 155,006
Issuance of common stock related to exercise of common stock options	6,195,101	6	—	—	37,952	—	—	37,958
Issuance of common stock related to employee stock purchase plan	663,127	—	—	—	4,116	—	—	4,116
Issuance of restricted shares of common stock	41,100	—	—	—	—	—	—	—
Forfeiture of unvested restricted shares	(69,321)	—	—	—	—	—	—	—
Treasury Stock - repurchase of restricted stock for tax withholding	—	—	(331,468)	(2,666)	—	—	—	(2,666)
Recognition of stock based compensation	—	—	—	—	25,354	—	—	25,354
Net loss	—	—	—	—	—	(23,036)	—	(23,036)
Unrealized gain on marketable securities	—	—	—	—	—	—	409	409
Comprehensive loss								(22,627)
BALANCE JANUARY 31, 2010	110,434,022	$ 110	(564,960)	$ (4,325)	$ 896,695	$ (694,713)	$ (626)	$ 197,141
Issuance of common stock related to exercise of common stock options	4,319,165	4	—	—	30,466	—	—	30,470
Issuance of common stock related to employee stock purchase plan	642,725	1	—	—	4,059	—	—	4,060
Issuance of restricted shares of common stock	2,122,111	2	—	—	(2)	—	—	—
Forfeiture of unvested restricted shares	(97,149)	—	—	—	—	—	—	—
Treasury Stock - repurchase of restricted stock for tax withholding	—	—	(380,596)	(4,335)	—	—	—	(4,335)
Recognition of stock based compensation	—	—	—	—	25,729	—	—	25,729
Net loss	—	—	—	—	—	(84,512)	—	(84,512)
	—	—	—	—	—	—	203	203

Unrealized gain on marketable securities								
Comprehensive loss								(84,309)
BALANCE JANUARY 31, 2011	117,420,874	$ 117	(945,556)	$ (8,660)	$ 956,947	$ (779,225)	$ (423)	$ 168,756
Issuance of common stock related to exercise of common stock options	1,735,003	3	—	—	11,294	—	—	11,297
Issuance of common stock related to employee stock purchase plan	806,793	—	—	—	5,612	—	—	5,612
Issuance of restricted shares of common stock	3,424,768	3	—	—	(3)	—	—	—
Forfeiture of unvested restricted shares	(313,952)	—	—	—	—	—	—	—
Treasury Stock - repurchase of restricted stock for tax withholding	—	—	(511,022)	(5,128)	—	—	—	(5,128)
Recognition of stock based compensation	—	—	—	—	29,846	—	—	29,846
Net loss	—	—	—	—	—	102,161	—	102,161
Unrealized gain on marketable securities	—	—	—	—	—	—	483	483
Comprehensive loss	—	—	—	—	—	—	—	102,644
BALANCE JANUARY 31, 2012	123,073,486	123	(1,456,578)	(13,788)	1,003,696	(677,064)	60	313,027

The accompanying notes are an integral part of these consolidated financial statements.

64

Table of Contents

TIVO INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended January 31,		
	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$102,161	$(84,512)	$(23,036)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization of property and equipment and intangibles	8,805	9,050	9,160
Loss on disposal of fixed assets	—	42	—
Stock-based compensation expense	29,287	25,442	25,354
Amortization of discounts and premiums on investments	4,068	1,768	—
Non-cash loss on overallotment option and amortization of deferred debt issuance costs	2,432	—	—
Inventory write-down	—	525	—
Impairment of a long-term cost method investment	3,400	—	—
Utilization and write-down of trade credits	619	96	90
Allowance for doubtful accounts	476	259	(7)
Changes in assets and liabilities:			
Accounts receivable	(9,130)	726	(2,706)
Inventories	(5,697)	(1,643)	917
Deferred cost of technology revenues	(11,527)	(15,132)	(138)
Prepaid expenses and other	(2,752)	1,205	(3,218)
Accounts payable	13,888	(2,604)	11,454
Accrued liabilities	15,226	5,329	(220)
Deferred revenue	87,673	707	(8,175)
Deferred rent and other long-term liabilities	272	15	105
Net cash provided by (used in) operating activities	$239,201	$(58,727)	$9,580
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of short-term investments	(750,161)	(161,949)	(309,370)
Sales or maturities of long-term and short-term investments	436,730	197,481	180,911
Purchase of long-term investment	—	—	(3,400)
Acquisition of property and equipment	(4,918)	(6,670)	(6,496)
Acquisition of capitalized software and intangibles	(408)	—	(2,031)
Net cash provided by (used in) investing activities	$(318,757)	$28,862	$(140,386)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of convertible senior notes, net of issuance costs of $6,391	166,109	—	—
Proceeds from issuance of common stock related to exercise of common stock options	11,297	30,470	37,958
Proceeds from issuance of common stock related to employee stock purchase plan	5,612	4,060	4,116
Treasury stock - repurchase of stock for tax withholding	(5,128)	(4,335)	(2,666)
Payments under capital lease obligation	—	—	(48)
Net cash provided by financing activities	$177,890	$30,195	$39,360
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$98,334	$330	$(91,446)
CASH AND CASH EQUIVALENTS:			

Balance at beginning of period	71,221	70,891	162,337
Balance at end of period	$169,555	$71,221	$70,891
SUPPLEMENTAL DISCLOSURE OF CASH AND NON-CASH FLOW INFORMATION			
Cash paid for interest	3,604	1	1
Cash paid (received) for income taxes	686	(1,101)	(901)

The accompanying notes are an integral part of these consolidated financial statements.

65

Table of Contents
TIVO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS
TiVo Inc. (together with its subsidiaries the "Company” or “TiVo”) was incorporated in August 1997 as a Delaware corporation and is located in Alviso, California. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation. The Company conducts its operations through one reportable segment.
The Company is subject to a number of risks, including delays in product and service developments; competitive product and service offerings; lack of market acceptance; uncertainty of future profitability; the dependence on third-parties for manufacturing, marketing, and sales support, as well as third-party rollout schedules, software development issues for third-party products which contain its technology; intellectual property claims by and against the Company; access to television programming including digital cable signals in connection with CableCARD and switched digital technologies; dependence on its relationships with third-party service providers such as Charter, DIRECTV, Grande Communications, ONO, RCN, Suddenlink, and Virgin Media, among others, for subscription growth; and the Company’s ability to sustain and grow both its TiVo-Owned and MSO subscription base. The Company anticipates that its retail business will continue to be seasonal and expects to generate a significant portion of its new subscriptions during and immediately after the holiday shopping season. However, while the Company expects growth in its MSO subscription base in fiscal year ending January 31, 2013, the Company remains cautious about its ability to grow or even maintain its TiVo-Owned subscription base.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Use of Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and judgments affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. On an on-going basis, the Company evaluates its estimates, including those related to estimated lives of product lifetime subscriptions, total estimated cost of engineering service and profitability of deployment agreements, allowance for doubtful accounts, product returns, inventories and related reserves, warranty obligations, contingencies, stock compensation, and assessment of other-than-temporary impairment of investments, allocation of amounts from litigation settlements. The Company bases estimates on historical experience and on other assumptions that its management believes are reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates will be reflected in the financial statements in future periods.
Cash and Cash Equivalents
The Company considers investments with a maturity of three months or less when purchased to be cash equivalents. The majority of payments due from banks for third-party credit card, debit card, and electronic benefit transactions (“EBT”) process within 24-72 hours, except for transactions occurring on a Friday, which are generally processed the following Monday. All credit card, debit card, and EBT transactions that process in less than three days are classified as cash and cash equivalents. Amounts due from banks for these transactions classified as cash totaled $1.6 million and $1.8 million at January 31, 2012 and 2011, respectively.
Short-term and Long-term Investments
Short-term and long-term investments are classified as available-for-sale and are carried at fair value. The Company’s short-term and long-term investments are reviewed each reporting period for declines in value that are considered to be other-than temporary and, if appropriate, the investments are written down to their estimated fair value. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in the Company’s consolidated statements of operations. Unrealized gains and unrealized losses deemed temporary are included in accumulated other comprehensive income (loss). The cost of securities sold is based on the specific

identification method. Interest and dividends on securities classified as available-for-sale are included in interest income in the consolidated statements of operations.
Receivables
Accounts receivable consist primarily of receivables from retailers, cable and satellite companies, as well as

individual consumers and relate to its subscription, technology, and hardware revenues. Additionally, amounts due from banks for customer credit card, debit card and EBT transactions that take in excess of three days to process are classified as accounts receivable. As of January 31, 2012 and 2011 the Company had approximately $105,000 and $173,000, respectively, of unbilled accounts receivable related to long-term development contracts and $5.7 million of unbilled accounts receivable related to AT&T.

Allowance for doubtful accounts

TiVo maintains an allowance for doubtful accounts to reserve for potentially uncollectible trade receivables. The Company reviews its trade receivable by aging category to identify significant customers with known disputes or collection issues. For accounts not specifically identified, the Company provides allowances based on the age of the receivable. In determining the allowance, the Company makes judgments about the credit-worthiness of significant customers based on ongoing credit evaluations. TiVo also considers its historical level of credit losses and current economic trends that might impact the level of future credit losses.

	Beginning Balance	Charged to Operating Expenses	Deductions/Additions (*)	Ending Balance
	(in thousands)			
Allowance for doubtful accounts:				
Fiscal year ended:				
January 31, 2012	$275	$ 476	$ (381)	$370
January 31, 2011	$409	$ 259	$ (393)	$275
January 31, 2010	$770	$ (7)	$ (354)	$409

(*) Deductions/additions related to the allowance for doubtful accounts represent amounts written off against the allowance, less recoveries.

Inventories and Inventory Valuation

Inventories consist primarily of finished DVR units and accessories and are stated at the lower of cost or market on an aggregate basis, with cost determined using the first-in, first-out method. The Company performs a detailed assessment of excess and obsolete inventory and purchase commitments at each balance sheet date, which includes a review of, among other factors, demand requirements and market conditions. Based on this analysis, the Company records adjustments, when appropriate, to reflect inventory of finished products and materials on hand at lower of cost or market and to reserve for products and materials which are not forecasted to be used in future production.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Maintenance and repair expenditures are expensed as incurred.

Depreciation is computed using the straight-line method over estimated useful lives as follows:

Furniture and fixture	3-5 years
Computer and office equipment	3-5 years
Lab equipment	3 years
Leasehold improvements	The shorter of 7 years or the term of the lease
Capitalized software for internal use	1-5 years

Capitalized Software

Software development costs are capitalized when a product’s technological feasibility has been established by completion of a working model of the product and amortization begins when a product is available for general release to customers. The period between the development of a working model and the release of the final product to customers is short, and, therefore, the development costs incurred during this short period are immaterial and, as

such, are not capitalized.
Software development costs incurred as part of an approved project plan that result in additional functionality to internal use software are capitalized and amortized on a straight-line basis over the estimated useful life of the software, between one and five years.
Intangible Assets
Purchased intangible assets include intellectual property such as patent rights which are carried at cost less accumulated amortization. Useful lives generally range from five to seven years.
Sales Taxes
The Company accounts for sales taxes imposed on its goods and services on a net basis in the consolidated statements of operations.
Revenue Recognition
The Company generates service revenues from fees for providing the TiVo service to consumers and television service providers (also referred to as “MSOs”) and through the sale of advertising and audience research measurement services. The Company also generates technology revenues from licensing technology (Refer to Note 18. "DISH Network Corporation" and Note 19. "AT&T Inc." of notes to consolidated financial statements included in Part II. Item 8. of this report) and by providing engineering professional services. In addition, the Company generates hardware revenues from the sale of hardware products that enable the TiVo service. A substantial portion of the Company's revenues is derived from multiple element arrangements.
The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, collectibility is probable, and there are no post-delivery obligations. Service revenue is recognized as the services are performed which generally is ratably over the term of the service period.
Multiple Element Arrangements
The Company's multiple deliverable revenue arrangements primarily consist of bundled sales of TiVo-enabled DVRs and TiVo service to consumers; arrangements with MSOs which generally include delivery of software customization and set up services, training, post contract support (“PCS”), TiVo-enabled DVRs, non-DVR set-top boxes (STBs), and TiVo service; and bundled sales of advertising and audience research measurement services.
In October 2009, the Financial Accounting Standards Board (“FASB”) amended accounting standards for revenue recognition to remove tangible products containing software components and non-software components that function together to deliver the product's essential functionality from the scope of industry specific software revenue recognition guidance. In October 2009, the FASB also amended the accounting standards for multiple deliverable revenue arrangements to:
•provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and how the consideration should be allocated;
•require an entity to allocate revenue in an arrangement using its best estimated selling price (“BESP”) of deliverables if a vendor does not have vendor-specific objective evidence (“VSOE”) of selling price or third-party evidence (“TPE”) of selling price; and
•eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method.
The Company adopted this guidance at the beginning of its first quarter of fiscal year 2012 on a prospective basis for applicable transactions originating or materially modified after January 31, 2011. The Company applies and will continue to apply the previous applicable accounting guidance for continuing arrangements that originated prior to the adoption date of February 1, 2011. The adoption of the new guidance did not have a significant impact on the Company's consolidated financial statements. The Company currently does not expect changes in the Company's products, services, bundled arrangements or pricing practices that could have a significant impact on the consolidated financial statements in periods post adoption; however, this may change in the future.
The Company allocates revenue to each element in a multiple-element arrangement based upon their relative selling price. The Company determines the selling price for each deliverable using VSOE of selling price or TPE of selling price, if it exists. If neither VSOE nor TPE of selling price exists for a deliverable, the Company uses its BESP for that deliverable. Since the use of the residual method is eliminated under the new accounting standards, any discounts offered by the Company are allocated to each of the deliverables. Revenue allocated to each

element is then recognized when the basic revenue recognition criteria are met for the respective element. However, revenue recognized for each deliverable is limited to amounts that are not contingent on future performance for other deliverables in the arrangement.

Consistent with its methodology under previous accounting guidance, if available, the Company determines VSOE of fair value for each element based on historical standalone sales to third parties or from the stated renewal rate for the elements contained in the initial contractual arrangement. The Company currently estimates selling prices for its PCS, training, TiVo-enabled DVRs and non-DVR STBs for MSOs and TiVo service for consumers based on VSOE of selling price. In some instances, the Company may not be able to obtain VSOE of selling price for all deliverables in an arrangement with multiple elements. This may be due to the Company infrequently selling each element separately or not pricing products within a narrow range. When VSOE cannot be established, the Company attempts to estimate the selling price of each element based on TPE. TPE would consist of competitor prices for similar deliverables when sold separately. Generally, the Company's offerings contain significant differentiation such that the comparable pricing of products with similar functionality or services cannot be obtained. Furthermore, the Company sells TiVo-enabled DVRs to consumers whereas its competitors usually lease them to their customers. Therefore, the Company is typically not able to obtain TPE of selling price. When the Company is unable to establish a selling price using VSOE or TPE, which is generally the case for sales of TiVo-enabled DVRs to consumers and advertising and audience research measurement services, the Company uses its BESP in determining the allocation of arrangement consideration. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service were sold on a standalone basis. BESP is generally used for offerings that are not typically sold on a standalone basis or for new or highly customized offerings. The Company establishes pricing for its products and services by considering multiple factors including, but not limited to, geographies, market conditions, competitive landscape, internal costs, gross margin objectives, and industry pricing practices. When determining BESP for a deliverable that is generally not sold separately, these factors are also considered.

TiVo-enabled DVRs and TiVo service

The Company sells the DVR and service directly to end-users through bundled sales programs through the TiVo website. Under these bundled programs, the customer receives a DVR and commits to a minimum subscription period of one year for monthly payment plans (monthly program) or for the lifetime of the product for one upfront payment (prepaid program). In the case of the monthly program, after the initial committed subscription term, the customers have various pricing options at which they can renew the subscription.

VSOE of selling price for the subscription services is established based on standalone sales of the service and varies by service period. The Company is not able to obtain VSOE for the DVR element due to infrequent sales of standalone DVRs to consumers. The BESP of the DVR is established based on the price at which the Company would sell the DVR without any service commitment from the customer. Under these bundled programs, revenue is allocated between hardware revenue for the DVR and service revenue for the subscription on a relative selling price basis, with the DVR revenue recognized upon delivery, up to an amount not contingent on future service delivery, and the subscription revenue recognized over the term of the service.

Subscription revenues from product lifetime subscriptions are recognized ratably over the Company's estimate of the useful life of a TiVo-enabled DVR associated with the subscription. The estimates of expected lives are dependent on assumptions with regard to future churn of product lifetime subscriptions. The Company continuously monitors the useful life of a TiVo-enabled DVR and the impact of the differences between actual churn and forecasted churn rates. If subsequent actual experience is not in line with the Company's current assumptions, including higher churn of product lifetime subscriptions due to the incompatibility of its standard definition TiVo units with high definition programming and increased competition, the Company may revise the estimated life which could result in the recognition of revenues from this source over a longer or shorter period. Prior to November 1, 2011 the Company amortized all product lifetime subscriptions over a 60 month period. Effective November 1, 2011, the Company has extended the period it uses to recognize product lifetime subscription revenues from 60 months to 66 months for product lifetime subscriptions where it has not recognized all of the related deferred revenue as of the reassessment date.

End users have the right to cancel their subscription within 30 days of subscription activation for a full refund. TiVo establishes allowances for expected subscription cancellations.

Arrangements with MSOs

The Company has two different types of arrangements with MSOs that include technology deployment and engineering services in such agreements. The Company's arrangements with MSOs typically include software

customization and set up services, limited training, PCS, TiVo-enabled DVRs, non-DVR STBs, and TiVo service.
In instances where TiVo hosts the TiVo service, the Company recognizes revenue under the general revenue recognition guidance. The Company determines whether evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collection is reasonably assured. Revenue recognition is deferred until such time as all of the criteria are met. Elements in such arrangements usually include DVRs, non-DVR STBs, TiVo service hosting, associated maintenance, and support and training. Non-refundable payments received for customization and set up services are deferred and recognized as revenue ratably over the longer of the contractual or customer relationship period. The related cost of such services is capitalized to the extent it is deemed recoverable and amortized to cost of revenues over the same period as revenue. The Company has established VSOE of selling prices for training, DVRs, non-DVR STBs, and maintenance and support based on the price charged in standalone sales of the element or stated renewal rates in the agreement. The BESP of TiVo service is determined considering the size of the MSO and expected volume of deployment, market conditions, competitive landscape, internal costs, and gross margin objectives. Total arrangement consideration is allocated among individual elements on a relative basis and revenue for each element is recognized when the basic revenue recognition criteria are met for the respective element.
In arrangements where the Company does not host the TiVo service and that include engineering services that are essential to the functionality of the licensed technology or involve significant customization or modification of the software, the Company recognizes revenue under industry specific software revenue recognition guidance. Under this guidance, such arrangements are accounted for using the percentage-of-completion method or a completed-contract method. The percentage-of-completion method is used if the Company believes it is able to make reasonably dependable estimates of the extent of progress toward completion and the arrangement as a whole is reasonably expected to be profitable. The Company measures progress toward completion using an input method based on the ratio of costs incurred, principally labor, to date to total estimated costs of the project. These estimates are assessed continually during the term of the contract, and revisions are reflected when the changed conditions become known.
In some cases, it may not be possible to separate the various elements within the arrangement due to a lack of VSOE of selling prices for undelivered elements in the contract or because of the lack of reasonably dependable estimates of total costs. In these situations, provided that the Company is reasonably assured that no loss will be incurred under the arrangement, the Company recognizes revenues and costs based on a zero profit model, which results in the recognition of equal amounts of revenues and costs, until the engineering professional services are complete. Costs incurred in excess of revenues are deferred up to the amount deemed recoverable. Thereafter, any profit from the engineering professional services is recognized over the period of the maintenance and support or other services that are provided, whichever is longer.
If the Company cannot be reasonably assured that no loss will be incurred under the arrangement, the Company will account for the arrangement under the completed contract method, which results in a full deferral of the revenue and costs until the project is complete. Provisions for losses are recorded when estimates indicate that a loss will be incurred on the contract.

Advertising and Audience Research Measurement Services

Advertising and audience research measurement service revenue is recognized as the service is provided. When advertising and audience measurement services are sold in packages customized for each campaign, they generally last for up to three months. Because of the significant customization of offerings, the Company historically has not been able to obtain VSOE of selling prices for each element in the package. Accordingly, the Company would combine all elements in the package as a single unit and recognize revenue ratably over the campaign period. As a result of the updated guidance on multiple element revenue arrangements, the Company can now estimate BESP for each element in the package and separate them into individual units of accounting. Nonetheless, the new units of accounting have very similar revenue earning patterns and timing and the amounts of revenue recorded in each period are not significantly impacted by the new guidance.

Hardware Revenues

Hardware revenues represent revenues from standalone hardware sales and amounts allocated to hardware elements in multiple element arrangements. Revenues are recognized upon product shipment to the customers or receipt of the products by the customer, depending on the shipping terms, provided that all fees are fixed or determinable, evidence of an arrangement exists, and collectibility is reasonably assured. End users have the right to return their product within 30 days of the purchase. TiVo establishes allowances for expected product and service returns and these allowances are recorded as a direct reduction of revenues and accounts receivable.

Certain payments to retailers and distributors such as market development funds and revenue share are recorded as a reduction of hardware revenues rather than as a sales and marketing expense. TiVo's policy for revenue share payments is to reduce revenue when these payments are incurred and fixed or determinable. TiVo reduces revenue at the later of the date at which the related hardware revenue is recognized or the date at which the market development program is offered.

Stock-Based Compensation

The Company has equity incentive plans under which officers, employees, consultants, and non-employee directors may be granted options to purchase shares of the Company's authorized but unissued or reacquired common stock, and may also be granted restricted stock, performance based stock options and other stock awards. Additionally the Company has an Employee Stock Purchase Plan ("ESPP") which officers and employees can participate. Upon the exercise of options, the Company issues new common stock from its authorized shares.

The fair value of TiVo's restricted stock awards is calculated based on the fair market value of the Company's stock at the grant date. The fair value of TiVo's stock options and ESPP awards is estimated using a Black-Scholes option valuation model and Monte-Carlo valuation model for stock awards with market vesting conditions. TiVo recognizes compensation expense for stock option awards on a straight-line basis over the requisite service period of the award.

Advertising Costs

The Company expenses advertising costs related to its products and service as incurred. Marketing co-op development payments, where the Company receives, or will receive, an identifiable benefit (goods or services) in exchange for the amount paid to its customer, and the Company can reasonably estimate the fair value of the benefit it receives, are classified as marketing expense. For the fiscal years ended January 31, 2012, 2011, and 2010, this amount was immaterial. All other marketing co-op development payments are classified as a reduction of hardware revenues. Advertising expenses were $2.5 million, $3.8 million, and $1.6 million, of sales and marketing, subscription acquisition costs for the fiscal years ended January 31, 2012, 2011, and 2010, respectively. Included in these advertising expenses were $2.0 million, $3.2 million, and $1.0 million, respectively, related to media placement costs.

Warranty Expense

The Company accrues for the expected material and labor costs required to provide warranty services on its hardware products. The Company's warranty reserve liability is calculated as the total volume of unit sales over the warranty period, multiplied by the expected rate of warranty returns (based on historical experience) multiplied by the estimated cost to replace or repair the customers' product returns under warranty.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax reporting bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain.

TiVo takes a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

The Company's policy is to include interest and penalties related to unrecognized tax benefits, if any, within the provision for taxes in the consolidated statements of operations.

Business Concentrations and Credit Risk

The Company's business is concentrated primarily in the United States and is dependent on discretionary consumer spending. Continued uncertainty or adverse changes in the economy could lead to additional significant declines in discretionary consumer spending, which, in turn, could result in further declines in the demand for the TiVo service and TiVo-enabled DVRs. Decreases in demand for the Company's products and services, particularly during the critical holiday selling season, could have an adverse impact on its operating results and financial condition. Uncertainty and adverse changes in the economy could also increase the risk of losses on the Company's investments, increase costs associated with developing and producing its products, increase TiVo's

churn rate per month, increase the cost and decrease the availability of potential sources of financing, and increase the Company's exposure to losses from bad debts, any of which could have an adverse impact on the Company's financial condition and operating results.

Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash, cash equivalents, short-term and long-term investments, and trade receivables. The Company currently invests the majority of its cash in high-grade government and corporate debt and maintains them with two financial institutions with high credit ratings. As part of its cash management process, the Company performs periodic evaluations of the relative credit ratings of these financial institutions and issuers of the securities the Company owns. The Company has not experienced significant credit losses on its cash, cash equivalents, or short-term and long-term investments.

The majority of the Company's customers are concentrated in the United States. The Company is subject to a minimal amount of credit risk related to service revenue contracts as these are primarily obtained through credit card sales. The Company sells its TiVo-enabled DVRs to retailers under customary credit terms and generally requires no collateral.

The Company's significant revenue concentrations as of January 31, 2012, 2011, and 2010 were as follows:

	Fiscal Year Ended January 31,		
	2012	2011	2010
DISH	14 %	*	*

* Less than 10%.

The Company's accounts receivable concentrations as of January 31, 2012 and 2011 were as follows:

	As of January 31,	
	2012	2011
AT&T	22 %	*
Suddenlink	12 %	*
DIRECTV	11 %	14 %
RCN	11 %	*
Virgin Media	11 %	*
Comcast	*	16 %
Other customers	33 %	70 %
Total accounts receivable	100 %	100 %

* Less than 10%.

The Company does not have a long-term written supply agreement with Broadcom, the sole supplier of the system controller for its DVR. In instances where a supply agreement does not exist and suppliers fail to perform their obligations, the Company may be unable to find alternative suppliers or deliver its products and services to its customers on time if at all.

The TiVo service is enabled through the use of a DVR manufactured for TiVo by a third-party contract manufacturer. The Company also relies on third-parties with whom it outsources supply-chain activities related to inventory warehousing, order fulfillment, distribution, and other direct sales logistics. The Company cannot be sure that these parties will perform their obligations as expected or that any revenue, cost savings, or other benefits will be derived from the efforts of these parties. If any of these parties breaches or terminates their agreement with TiVo or otherwise fails to perform their obligations in a timely manner, the Company may be delayed or prevented from commercializing its products and services.

Recent Accounting Pronouncements

In June 2011, the FASB issued an amendment to an existing accounting standard which requires companies to present net income and other comprehensive income in one continuous statement or in two separate, but consecutive, statements. In addition, in December 2011, the FASB issued an amendment to an existing accounting standard which defers the requirement to present components of reclassifications of other comprehensive income on the face of the income statement. We will adopt both standards in the first quarter of fiscal year 2013.

In May 2011, the FASB issued a new accounting standard update, which amends the fair value measurement guidance and includes some enhanced disclosure requirements. The most significant change in disclosures is an expansion of the information required for Level 3 measurements based on unobservable inputs. The standard is effective for fiscal years beginning after December 15, 2011. We will adopt this standard in the first quarter of fiscal year 2013 and the adoption will not have a material impact on our financial statements and disclosures.

3. CASH AND INVESTMENTS

Cash, cash equivalents, short-term investments, and long-term investments consisted of the following:

	As of January 31,	
	2012	2011
	(in thousands)	
Cash and cash equivalents:		
Cash	$7,016	$4,362
Cash equivalents:		
Commercial paper	106,024	40,189
Certificate of deposit	5,000	—
Money market funds	51,515	26,670
Total cash and cash equivalents	169,555	71,221
Marketable debt securities:		
Certificate of deposit	52,568	25,607
Commercial paper	81,272	24,473
Corporate debt securities	206,910	42,897
US agency securities	27,332	23,083
US Treasury securities	50,421	5,023
Foreign government securities	—	12,035
Variable-rate demand notes	470	2,600
Asset-backed securities	13,087	2,498
Municipal bond	17,184	—
Current marketable debt securities	449,244	138,216
Auction rate securities	—	2,490
Non-current marketable securities	—	2,490
Total marketable securities	449,244	140,706
Other investment securities:		
Other investment securities - cost method	—	3,400
Total other investment securities	—	3,400
Total cash, cash equivalents, marketable securities and other investment securities	$618,799	$215,327

Marketable securities

The Company’s investment securities portfolio consists of various debt instruments, including corporate and government bonds, asset-backed securities, foreign government securities, government securities, and municipal bonds, all of which are classified as available-for-sale.

Other investment securities

TiVo has an investment in a private company where the Company’s ownership is less than 20% and TiVo does not have significant influence. The investment is accounted for under the cost method and is periodically assessed for other-than-temporary impairment. Refer to Note 4. "Fair Value" for additional information on the impairment assessment of the investment.

Contractual Maturity Date

Table of Contents

The following table summarizes the estimated fair value of the Company's debt investments, designated as available-for-sale classified by the contractual maturity date of the security:

	As of January 31,	
	2012	2011
	(in thousands)	
Due within 1 year	$402,164	$123,631
Due within 1 year through 5 years	46,610	14,585
Due within 5 years through 10 years	—	—
Due after 10 years	470	2,490
Total	$449,244	$140,706

Unrealized Gains (Losses) on Marketable Investment Securities

The following table summarizes unrealized gains and losses related to the Company's investments in marketable securities designated as available-for-sale:

	As of January 31, 2012			
	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Certificate of deposit	$52,625	$—	$(57)	$52,568
Commercial paper	81,298	13	(39)	81,272
Corporate debt securities	206,849	159	(98)	206,910
US agency securities	27,330	3	(1)	27,332
US Treasury securities	50,360	61	—	50,421
Variable-rate demand notes	470	—	—	470
Asset-backed securities	13,071	16	—	13,087
Municipal Bond	17,186	9	(11)	17,184
Total	$449,189	$261	$(206)	$449,244

	As of January 31, 2011			
	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Certificate of deposit	$25,600	$7	$—	$25,607
Commercial paper	24,471	2	—	24,473
Corporate debt securities	42,847	50	—	42,897
US agency securities	23,074	11	(2)	23,083
US Treasury securities	5,009	14	—	5,023
Foreign government securities	12,030	5	—	12,035
Variable-rate demand notes	2,600	—	—	2,600
Asset-backed securities	2,499	—	(1)	2,498
Auction rate securities	3,000	—	(510)	2,490
Total	$141,130	$89	$(513)	$140,706

The available-for-sale investments that were in an unrealized loss position as of January 31, 2012 and

Table of Contents

January 31, 2011, aggregated by length of time that individual securities have been in a continuous loss position, were as follows:

	As of January 31, 2012					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in thousands)					
Certificate of deposit	$33,564	$(57)	$—	$—	$33,564	$(57)
Commercial paper	16,449	(39)	—	—	16,449	(39)
Corporate debt securities	83,364	(98)	—	—	83,364	(98)
US Treasury securities	22,312	(1)	—	—	22,312	(1)
Municipal Bond	11,145	(11)	—	—	11,145	(11)
Total	$166,834	$(206)	$—	$—	$166,834	$(206)

	As of January 31, 2011					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in thousands)					
US agency securities	5,088	(2)	—	—	5,088	(2)
Asset-backed securities	2,498	(1)	—	—	2,498	(1)
Auction rate securities	—	—	2,490	(510)	2,490	(510)
Total	$7,586	$(3)	$2,490	$(510)	$10,076	$(513)

4. FAIR VALUE

Assets and liabilities measured and recorded at fair value on a recurring basis consisted of the following types of instruments as of January 31, 2012 and January 31, 2011:

Table of Contents

	As of January 31, 2012			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Assets:				
Cash equivalents:				
Commercial paper	$106,024	$—	$106,024	$—
Certificate of deposit	5,000	5,000	—	—
Money market funds	51,515	51,515	—	—
Municipal bond	—	—	—	—
Short-term investments:				
Certificate of deposit	52,568	52,568	—	—
Commercial paper	81,272	—	81,272	—
Corporate debt securities	206,910	—	206,910	—
US agency securities	27,332	—	27,332	—
US Treasury securities	50,421	50,421	—	—
Variable-rate demand notes	470	—	470	—
Asset-backed securities	13,087	—	13,087	—
Municipal bond	17,184	—	17,184	—
Total	$611,783	$159,504	$452,279	$—

	As of January 31, 2011			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Assets:				
Cash equivalents:				
Commercial paper	$40,189	$—	$40,189	$—
Money market funds	26,670	26,670	—	—
Short-term investments:				
Certificate of deposit	25,607	25,607	—	—
Commercial paper	24,473	—	24,473	—
Corporate debt securities	42,897	—	42,897	—
US agency securities	23,083	—	23,083	—
US Treasury securities	5,023	5,023	—	—
Foreign government securities	12,035	—	12,035	—
Variable-rate demand notes	2,600	—	2,600	—
Asset-backed securities	2,498	—	—	2,498
Long-term investments:				
Auction rate securities	2,490	—	—	2,490
Total	$207,565	$57,300	$145,277	$4,988

Table of Contents

Level 2 Debt securities are priced using quoted market prices for similar instruments or nonbinding market prices that are corroborated by observable market data. The Company uses inputs such as broker/dealer quotes, and other similar data, which are obtained from quoted market prices, independent pricing vendors, or other sources, to determine the ultimate fair value of these assets and liabilities. The Company uses such pricing data as the primary input to make its assessments and determinations as to the ultimate valuation of its investment portfolio and has not made, during the periods presented, any material adjustments to such inputs. The Company is ultimately responsible for the financial statements and underlying estimates. The Company did not have any transfers between Level 1 and Level 2 fair value measurements during the periods presented.

The following tables present reconciliations of financial assets measured at fair value using significant unobservable inputs (Level 3) during the twelve months ended January 31, 2012 and January 31, 2011:

	Auction Rate Securities (in thousands)	Asset-backed Securities	Total
Balance, January 31, 2011	$2,490	$2,498	$4,988
Purchases	—	—	—
Sales	(3,000)	(2,500)	(5,500)
Total gains (losses) (realized and unrealized)	510	2	512
Balance, January 31, 2012	$—	$—	$—

	Auction Rate Securities (in thousands)	Asset-backed Securities	Total
Balance, January 31, 2010	$4,112	$—	$4,112
Purchases	—	2,498	2,498
Sales	(1,715)	—	(1,715)
Total gains or losses (realized and unrealized)	93	—	93
Balance, January 31, 2011	$2,490	$2,498	$4,988

Marketable securities measured at fair value using Level 3 inputs are comprised of asset-backed and auction rate securities. Asset-backed securities values are based on non-binding broker provided price quotes and may not have been corroborated by observable market data. There were no transfers in and out of Level 1 or 2.

TiVo also has a direct investment in a privately-held company accounted for under the cost method, which was periodically assessed for other-than-temporary impairment. In the fourth quarter of fiscal year 2012, through comparative analysis and analysis of the investee's actual and projected financial results, the Company determined that an other-than-temporary impairment had occurred and recorded a $3.4 million impairment charge, which is recorded under Interest expense and other income (expense) on its statement of operations.

Cash equivalents and available-for-sale marketable securities (including auction rate securities and asset-backed securities) are reported at their fair value. Additionally, carrying amounts of certain of the Company’s financial instruments including accounts receivable, accounts payable, and accrued expenses approximate their fair value because of their short maturities.

The Company has convertible senior notes for which it is obligated to repay the carrying value, unless the holder agrees to a lesser amount. The carrying value of these financial liabilities at January 31, 2012 was $172.5 million and the fair value was $207.3 million based on the bond's quoted market price as of January 31, 2012. There was no debt as of January 31, 2011. Refer to Note 10. "Convertible Senior Notes" for additional information.

5. BARTER TRANSACTION

During the second quarter of fiscal year 2008, the Company entered into a barter transaction, exchanging TiVo Series2™ standard definition DVR inventory with a net book value of $2,774,000 for barter credits that are

redeemable for a percentage of future purchases of advertising media and other services from certain vendors. The barter credits were valued at the fair value of the inventory exchanged, which was determined to be $1,785,000. The resultant pre-tax loss on this exchange of $989,000 was included in the gross margin in the Company's consolidated statement of operations for the fiscal year ended January 31, 2008.
In the fiscal years ended January 31, 2012, 2011 and 2010, the Company utilized trade credits in the amount of $0, $96,000, and $90,000, respectively. Additionally, in the fiscal year ended January 31, 2009, the Company wrote off another $522,000 in trade credits based on lower expected purchases of advertising media and other services that can be applied against the credits prior to their expiration. During the year ended January 31, 2012, the Company wrote-off the remaining credits of $619,000 based on lower expected purchases of advertising, media, and other services.

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	As of January 31, 2012	2011
	(In thousands)	
Furniture and fixtures	$4,213	$3,788
Computer and office equipment	18,039	18,720
Lab equipment	4,387	3,713
Leasehold improvements	8,846	8,550
Capitalized internal use software	20,876	20,140
Total property and equipment	56,361	54,911
Less: accumulated depreciation and amortization	(47,170)	(44,682)
Property and equipment, net	$9,191	$10,229

Depreciation and amortization expense for property and equipment for the fiscal years ended January 31, 2012, 2011, and 2010 was $6.1 million, $6.4 million, and $6.1 million, respectively.

7. PURCHASED TECHNOLOGY, CAPITALIZED SOFTWARE, AND INTANGIBLE ASSETS, NET

Purchased technology, capitalized software, and intangible assets, net consists of the following:

	As of January 31, 2012			2011		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(In thousands)					
Purchased technology	$1,500	$(1,500)	$—	$1,500	$(1,500)	$—
Capitalized software	1,951	(1,951)	—	1,951	(1,951)	—
Intellectual property rights	19,023	(14,346)	4,677	18,615	(11,659)	6,956
Purchased technology, capitalized software, and intangible assets	$22,474	$(17,797)	$4,677	$22,066	$(15,110)	$6,956

During the fiscal year ended January 31, 2012 the Company acquired purchased technology, capitalized software, and intangible assets of $408,000 with a weighted average life of 44 months.
The total expected future annual amortization expense related to purchased technology, capitalized software, and intangible assets is calculated on a straight-line basis, using the useful lives of the assets, which range from three to five years for purchased technology and capitalized software and two to seven years for intellectual property rights.

Amortization expense for the fiscal years ended January 31, 2012, 2011, and 2010, was $2.7 million, $2.6 million, and $3.1 million, respectively. Estimated future annual amortization expense is set forth in the

Table of Contents

table below:

Fiscal Year Ending January 31,	Estimated Annual Amortization Expense
	(In thousands)
2013	$2,264
2014	1,580
2015	419
2016	330
2017	84
Total	$4,677

8. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	As of January 31,	
	2012	2011
	(In thousands)	
Compensation and vacation	$18,625	$12,873
Marketing and promotions	3,904	4,507
Legal services	11,516	3,761
Redeemable gift certificates for subscriptions	2,499	2,646
Interest payable	2,588	—
Other	6,209	6,328
Total accrued liabilities	$45,341	$30,115

9. COMMITMENTS AND CONTINGENCIES

Product Warranties

The Company’s standard manufacturer's warranty period to consumers for TiVo-enabled DVRs is 90 days for parts and labor from the date of consumer purchase, and from 91-365 days for parts only, also known as the Limited Warranty. Within the limited warranty period, consumers are offered a no-charge exchange for TiVo-enabled DVRs returned due to product defect, within 90 days from the date of consumer purchase. Thereafter, consumers may exchange a TiVo-enabled DVR with a product defect for a charge. As of January 31, 2012 and January 31, 2011, the accrued warranty reserve was $194,000 and $419,000, respectively. The Company’s accrued warranty reserve is included in accrued liabilities in the accompanying consolidated balance sheets.

The Company also offers customers separately priced optional 2-year and 3-year extended warranties. The Company defers and amortizes cost and revenue associated with the sales of the extended warranties over the warranty period or until a warranty is redeemed. As of January 31, 2012, the extended warranty deferred revenue and cost was $913,000 and $280,000, respectively. As of January 31, 2011, the extended warranty deferred revenue and cost was $891,000 and $269,000, respectively.

Purchase Commitments with Contract Manufacturers and Suppliers

The Company purchases components from a variety of suppliers and use several contract manufacturers to provide manufacturing services for its products. During the normal course of business, in order to manage manufacturing lead times and help ensure adequate component supply, the Company enters into agreements with the Company's contract manufacturer and suppliers that either allow them to procure inventory based upon criteria

79

Table of Contents

as defined by the Company or that establish the parameters defining the Company’s requirements. A significant portion of the Company’s reported purchase commitments arising from these agreements consists of firm, noncancelable, and unconditional purchase commitments. In certain instances, these agreements allow the Company the option to cancel, reschedule, and adjust the Company’s requirements based on its business needs prior to firm orders being placed. As of January 31, 2012 the Company had total purchase commitments for inventory of $21.8 million.

Indemnification Arrangements

The Company undertakes indemnification obligations in its ordinary course of business. For instance, the Company has undertaken to indemnify its underwriters and certain investors in connection with the issuance and sale of its securities. The Company has also undertaken to indemnify certain customers and business partners for, among other things, the licensing of its products, the sale of its DVRs, and the provision of engineering and consulting services. Pursuant to these agreements, the Company may indemnify the other party for certain losses suffered or incurred by the indemnified party in connection with various types of claims, which may include, without limitation, intellectual property infringement, advertising and consumer disclosure laws, certain tax liabilities, negligence and intentional acts in the performance of services and violations of laws, including certain violations of securities laws with respect to underwriters and investors. The term of these indemnification obligations is generally perpetual. The Company’s obligation to provide indemnification would arise in the event that a third-party filed a claim against one of the parties that was covered by the Company’s indemnification obligation. As an example, if a third-party sued a customer for intellectual property infringement and the Company agreed to indemnify that customer against such claims, its obligation would be triggered.

The Company is unable to estimate with any reasonable accuracy the liability that may be incurred pursuant to its indemnification obligations, if any. A few of the variables affecting any such assessment include but are not limited to: the nature of the claim asserted; the relative merits of the claim; the financial ability of the party suing the indemnified party to engage in protracted litigation; the number of parties seeking indemnification; the nature and amount of damages claimed by the party suing the indemnified party; and the willingness of such party to engage in settlement negotiations. Due to the nature of the Company’s potential indemnity liability, its indemnification obligations could range from immaterial to having a material adverse impact on its financial position and its ability to continue operation in the ordinary course of business.

Under certain circumstances, the Company may have recourse through its insurance policies that would enable it to recover from its insurance company some or all amounts paid pursuant to its indemnification obligations. The Company does not have any assets held either as collateral or by third-parties that, upon the occurrence of an event requiring it to indemnify a customer, the Company could obtain and liquidate to recover all or a portion of the amounts paid pursuant to its indemnification obligations.

Legal Matters

From time to time, the Company is involved in numerous lawsuits as well as subject to various legal proceedings, claims, threats of litigation, and investigations in the ordinary course of business, including claims of alleged infringement of third-party patents and other intellectual property rights, commercial, employment, and other matters. The Company assesses potential liabilities in connection with each lawsuit and threatened lawsuits and accrues an estimated loss for these loss contingencies if both of the following conditions are met: information available prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. While certain matters to which the Company is a party specify the damages claimed, such claims may not represent reasonably possible losses. Given the inherent uncertainties of the litigation, the ultimate outcome of these matters cannot be predicted at this time, nor can the amount of possible loss or range of loss, if any, be reasonably estimated. As of January 31, 2012, the Company has not accrued any liability for any lawsuits filed against the Company, as the Company has neither determined that it is probable that a liability has been incurred at the date of the financial statements nor that the amount of any loss can be reasonably estimated. The Company expenses legal costs as they are incurred.

Intellectual Property Litigation.

On August 26, 2009, TiVo filed separate complaints against AT&T Inc. (“AT&T”) and Verizon Communications, Inc. ("Verizon") in the United States District Court for the Eastern District of Texas for infringement of the following three

TiVo patents: U.S. Patent Nos. 6,233,389 B1 ("Multimedia Time Warping System"); 7,529,465 B2 ("System for Time Shifting Multimedia Content Streams"); and 7,493,015 B1 ("Automatic Playback Overshoot Correction

80

System"). The complaints seek, among other things, damages for past infringement and a permanent injunction, similar to that issued by the United States District Court, Eastern District of Texas against EchoStar. On January 15, 2010, Microsoft Corporation ("Microsoft") moved to intervene in the action filed against AT&T, and on March 31, 2010 the district court granted Microsoft's motion.

On March 12, 2010, AT&T Intellectual Property I, L.P., and AT&T Intellectual Property II, L.P. (collectively, "AT&T IP") filed a complaint against TiVo in the United States District Court for the Northern District of California for infringement of the following four patents: U.S. Patent Nos. 5,809,492 ("Apparatus and Method for Defining Rules for Personal Agents"); 5,922,045 ("Method and Apparatus for Providing Bookmarks when Listening to Previously Recorded Audio Programs"); 6,118,976 ("Asymmetric Data Communications System"); and 6,983,478 ("Method and System for Tracking Network Use"). The complaint sought, among other things, damages for past infringement and a permanent injunction. This litigation had been stayed.

On January 3, 2012, TiVo and AT&T entered into a Settlement and Patent License Agreement (the “Agreement”), pursuant to which the parties agreed to settle and dismiss with prejudice all outstanding litigation between them, including TiVo's claims against AT&T and AT&T IP's claims against TiVo, provide each party with a license to certain patents owned by the other party, and release all infringement claims between the parties with respect to such licensed patents. Refer to Note 19. "AT&T Inc." for additional information.

On February 24, 2010, Verizon answered TiVo's August 26, 2009 complaint and Verizon asserted counterclaims. The counterclaims seek declaratory judgment of non-infringement and invalidity of the patents TiVo asserted against Verizon in the August 26th complaint. Additionally, Verizon alleged infringement of U.S. Patents: 5,410,344 ("Apparatus and Method of Selecting Video Programs Based on Viewers' Preferences"); 5,635,979 ("Dynamically Programmable Digital Entertainment Terminal Using Downloaded Software to Control Broadband Data Operations"); 5,973,684 ("Digital Entertainment Terminal Providing Dynamic Execution in Video Dial Tone Networks"); 7,561,214 ("Two-dimensional Navigation of Multiplexed Channels in a Digital Video Distribution System"); and 6,367,078 ("Electronic Program-Guide System with Sideways-Surfing Capability"). On March 15, 2010, Verizon filed an amended answer further alleging infringement of U.S. Patent No. 6,381,748 ("Apparatus And Methods For Network Access Using A Set Top Box And Television"). Verizon seeks, among other things, damages and a permanent injunction. On September 17, 2010, the court issued an order denying Verizon's motion to transfer. On June 1-2, 2011, the judge conducted a claim construction hearing on the patents asserted by TiVo against Verizon and the patents asserted by Verizon against TiVo. On November 10, 2011 the Court issued an order staying TiVo's lawsuit against Verizon due to the Court's schedule. On January 26, 2012, the Court issued an order lifting the stay. On February 23, 2012, the Court held a status conference. The Court directed the parties to submit a joint scheduling proposal with the assumption that a claim construction order would issue by March 16, 2012, and that the final pretrial conference would occur on October 1, 2012. The Company is incurring material expenses in connection with this litigation and in the event there is an adverse outcome, the Company's business could be harmed. The Company has determined a potential loss is reasonably possible as it is defined by the Financial Accounting Standard Board's Accounting Standards Codification (“ASC”) 450 Contingencies; however, based on its current knowledge, management does not believe that the amount of such possible loss or a range of potential loss is reasonably estimable.

On January 19, 2010, Microsoft Corporation filed a complaint against TiVo in the United States District Court for the Northern District of California for alleged infringement of the following two patents: U.S. Patent Nos. 6,008,803 ("System for Displaying Programming Information") and 6,055,314 ("System and Method for Secure Purchase and Delivery of Video Content Programs"). The complaint seeks, among other things, damages and a permanent injunction. On April 19, 2010, TiVo served its answer to the complaint, and counterclaimed seeking a declaration that TiVo does not infringe and the patents are invalid. On June 30, 2010, Microsoft filed an amended complaint alleging infringement of the following additional five patents: U.S. Patent Nos. 5,654,748 ("Interactive Program Identification System"), 5,677,708 ("System for Displaying a List on a Display Screen"), 5,896,444 ("Method and Apparatus for Managing Communications Between a Client and a Server in a Network"), 6,725,281 ("Synchronization of Controlled Device State Using State Table and Eventing in Data-Driven Remote Device Control Model"), and 5,648,824 ("Video Control User Interface for Controlling Display of a Video"). The amended complaint seeks, among other things, damages and a permanent injunction. On August 2, 2010, TiVo served its answer to the amended complaint and counterclaimed, seeking a declaration that TiVo does not infringe and the patents are invalid. On January 13, 2011, TiVo filed a motion to amend its answer and counterclaims to allege infringement of U.S. Patent No. 6,792,195 B2 ("Method and Apparatus Implementing Random Access and Time-Based Functions on a Continuous Stream of Formatted Digital Data"). On February 14, 2011, the Court issued an order granting

Table of Contents

TiVo's motion to amend its answer to assert U.S. Patent No. 6,792,195 B2 against Microsoft. On March 7, 2011, TiVo filed with the USPTO ex parte reexamination requests for all seven of the patents that Microsoft has asserted against TiVo in this litigation. On the same day, the Company filed a motion to stay this litigation in view of the reexamination requests. The USPTO has granted all of TiVo's reexamination requests, except with respect to U.S. Patent No. 5,896,444. On May 6, 2011, the Court granted TiVo's motion to stay the litigation pending final exhaustion of all reexamination proceedings, including any appeals. This litigation has been stayed. Since that time, due to events unfolding in the companion ITC action described below, Microsoft has indicated that it will dismiss two of the four patents (USP 6,028,604 and 5,731,844) from the district court action. On March 21, 2012, TiVo and Microsoft reached an agreement whereby Microsoft has agreed to dismiss all of its pending litigation against TiVo, including its action in the United States International Trade Commission and both of its cases in the United States District Court for the Northern District of California. In conjunction with these dismissals, TiVo has agreed to dismiss its counterclaim against Microsoft in the United States District Court for the Northern District of California.

On January 24, 2011, Microsoft Corporation filed a Complaint with the United States International Trade Commission (the “ITC”) requesting that the ITC commence an investigation pursuant to Section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, into the importation into the United States, the sale for importation into the United States, and/or the sale within the United States after importation of certain set-top boxes that allegedly infringe the following four patents: U.S. Patent Nos. 5,585,838 ("Program Time Guide"), 5,731,844 ("Television Scheduling System for Displaying a Grid Representing Scheduled Layout and Selecting a Programming Parameter for Displaying or Recording"), 6,028,604 ("User Friendly Remote System Interface Providing Previews of Applications"), and 5,758,258 ("Selective Delivery of Programming for Interactive Televideo System"). The Complaint named TiVo as Respondent. On February 24, 2011, the ITC voted to investigate the complaint filed by Microsoft. The ITC's Chief Administrative Law Judge assigned the case to one of the ITC's six administrative law judges, who will schedule and hold an evidentiary hearing. The administrative law judge will make an initial determination as to whether there is a violation of Section 337; that initial determination is subject to review by the ITC. The ITC will make a final determination in the investigation at the earliest practicable time. Two of the four patents (USP 6,028,604 and 5,731,844) have been dropped by Microsoft from the ITC action. The hearing on the remaining two patents commenced on November 30, 2011 and ended in December 2011, and an initial determination is expected by April 20, 2012. The ITC has set a target date for completing the investigation of August 20, 2012. On March 21, 2012, TiVo and Microsoft reached an agreement whereby Microsoft has agreed to dismiss all of its pending litigation against TiVo, including its action in the United States International Trade Commission and both of its cases in the United States District Court for the Northern District of California. In conjunction with these dismissals, TiVo has agreed to dismiss its counterclaim against Microsoft in the United States District Court for the Northern District of California.

On January 24, 2011, Microsoft Corporation filed a complaint against TiVo in the United States District Court for the Western District of Washington for alleged infringement of the following four patents, which are the same four patents alleged to be infringed in Microsoft's Complaint filed on the same date with the ITC: U.S. Patent Nos. 5,585,838 ("Program Time Guide"); 5,731,844 ("Television Scheduling System for Displaying a Grid Representing Scheduled Layout and Selecting a Programming Parameter for Displaying or Recording"); 6,028,604 ("User Friendly Remote System Interface Providing Previews of Applications"); and 5,758,258 ("Selective Delivery of Programming for Interactive Televideo System"). On March 3, 2011, TiVo filed a motion to stay this litigation in view of the ITC investigation referenced above, and to transfer the litigation to the more convenient forum of the United States District Court for the District of Northern California. Under the February 18, 2011 stipulated order, because TiVo filed a motion to stay the litigation, the time for TiVo to answer the Complaint has been extended indefinitely until TiVo's motion to stay and transfer has been decided on the merits. On May 19, 2011, the district court granted TiVo's motion to stay and transferred the case to the Northern District of California. This litigation has been stayed. On March 21, 2012, TiVo and Microsoft reached an agreement whereby Microsoft has agreed to dismiss all of its pending litigation against TiVo, including its action in the United States International Trade Commission and both of its cases in the United States District Court for the Northern District of California. In conjunction with these dismissals, TiVo has agreed to dismiss its counterclaim against Microsoft in the United States District Court for the Northern District of California.

On February 25, 2011, Motorola Mobility, Inc. and General Instrument Corporation, a subsidiary of Motorola, filed a complaint against TiVo in the United States District Court for the Eastern District of Texas seeking declaratory judgment of non-infringement and invalidity of two of the patents the Company asserted against Verizon in its August 26, 2009 complaint. Additionally, Motorola alleged infringement of U.S. Patents: 6,304,714 (“In Home Digital Video Unit with Combined Archival Storage and High-Access Storage”); 5,949,948 (“Method and Apparatus for

Implementing Playback Features for Compressed Video”); and 6,356,708 (“Method and Apparatus for Implementing Playback Features for Compressed Video”). Motorola seeks, among other things, damages and a permanent injunction. On April 18, 2011, the Company served its answer to the complaint and counterclaimed, seeking a declaration that it does not infringe and the patents are invalid. On April 20, 2011, Motorola filed a reply to the Company's counterclaims. The magistrate judge has currently indicated that trial would likely be scheduled for April 2013. The Company expects to incur material expenses in connection with this lawsuit, and in the event it were to lose, it could be forced to pay damages for infringement, to license technology from Motorola, and it could be subject to an injunction preventing it from infringing Motorola's technology or otherwise affecting its business, and in any such case, the Company's business would be harmed. The Company has determined a potential loss is reasonably possible as it is defined by the Financial Accounting Standard Board's ASC 450 Contingencies; however, based on its current knowledge, management does not believe that the amount of such possible loss or a range of potential loss is reasonably estimable.

On October 6, 2011, Digital CBT filed a complaint against TiVo alleging infringement of U.S. Patent No. 5,805,173 ("System and Method for Capturing and Transferring Selected Portions of a Video Stream in a Computer System"). Digital CBT seeks an injunction and unspecified damages. The Company may incur material expenses in connection with this litigation and in the event there is an adverse outcome, the Company's business could be harmed. The Company has determined a potential loss is reasonably possible as it is defined by the Financial Accounting Standard Board's ASC 450 Contingencies; however, based on its current knowledge, management does not believe that the amount of such possible loss or a range of potential loss is reasonably estimable.

Facilities Leases

The Company leases its corporate headquarters, located in Alviso, California, comprising a total of 177,254 square feet of office space. The corporate headquarters houses its administrative, sales and marketing, customer service, and product development activities, under a lease that expires on January 31, 2017. The Company also has operating leases for sales and administrative office space in New York City, New York and Chicago, Illinois. The leases generally provide for base monthly payments with built-in base rent escalations periodically throughout the lease term. All the Company's property leases are deemed operating leases.

Rent expense is recognized using the straight-line method over the lease term and for fiscal years ended January 31, 2012, 2011, and 2010 was $2.6 million, $2.2 million, and $2.3 million, respectively. Operating lease cash payments for the fiscal years ended January 31, 2012, 2011, and 2010 were $3.8 million, $3.4 million, and $3.5 million, respectively. Future minimum operating lease payments as of January 31, 2012, are as follows:

Fiscal Year Ending January 31,	Lease Payments (In thousands)
2013	$2,678
2014	2,747
2015	2,858
2016	2,762
2017	2,716
Total	$13,761

10. CONVERTIBLE SENIOR NOTES

On March 10, 2011, the Company issued $150.0 million aggregate principal amount of 4.00% convertible senior subordinated notes due March 15, 2016 for which it received approximately $144.5 million in net proceeds. On March 30, 2011, the Company issued an additional $22.5 million aggregate principal amount of the convertible senior subordinated notes and received approximately $21.8 million in net proceeds pursuant to the exercise of the initial purchaser's overallotment option. The effective interest rate of these notes is not materially different than the stated interest rate of 4.00%. These notes have an initial conversion price of $11.16 per share of TiVo's common stock. The conversion option has no cash settlement provisions. Total issuance costs for the convertible notes and

the overallotment was $6.4 million. The Company uses the straight-line method to amortize its debt issuance costs which yields a similar result as the effective interest rate method. The Company believes that the conversion option does not meet the criterion for separate accounting as a derivative because it is indexed to the Company's own stock and is classified in stockholders' equity.

The Company will pay 4.00% interest per annum on the outstanding principal amount of the notes semi-annually on March 15 and September 15 of each year beginning in September 2011. Interest began to accrue on March 10, 2011. The notes are unsecured senior obligations of the Company. These notes were offered and sold only to qualified institutional investors, as defined in Rule 144 under the Securities Act of 1933 (“Securities Act”), and the notes and the shares of the Company's common stock issuable upon conversion of the notes have not been registered under the Securities Act.

The Company may not redeem the notes prior to their maturity date although investors may convert the notes into TiVo common stock at any time until March 14, 2016 at their option. The notes will be convertible at an initial conversion rate of 89.6359 shares of the Company's common stock per $1,000 principal amount of notes, subject to adjustment upon certain events, which is equivalent to a conversion price of approximately $11.16 per share of the Company's common stock. The conversion rate will be adjusted for certain dilutive events and will be increased in the case of corporate events that constitute a “Make-Whole Fundamental Change” (as defined in the indenture governing the notes). The holders of the notes will have the ability to require the Company to repurchase the notes in whole or in part upon the occurrence of an event that constitutes a “Fundamental Change” (as defined in the indenture governing the notes including such events as a "change in control" or "termination of trading"). In such case, the repurchase price would be 100% of the principal amount of the notes plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase price.

Certain events are also considered “Events of Default,” which may result in the acceleration of the maturity of the notes, as described in the indenture governing the notes, including, among other events, the Company's failure to file with the SEC the reports required pursuant to Section 13 or 15(d) of the Securities Exchange of 1934, as amended, within 180 days after the time such report was required to be filed. There are no financial covenants to these convertible notes.

11. EQUITY INCENTIVE PLANS

1999 Equity Incentive Plan

In April 1999, the Company’s stockholders approved the 1999 Equity Incentive Plan (the 1999 Plan). Amendments to the 1999 Plan were adopted in July 1999. The 1999 Plan permits the granting of incentive stock options, non-statutory stock options, non-vested stock awards (also known as restricted stock), stock appreciation rights, performance-based awards, and stock purchase rights. The 1999 Plan allows the grant of options to purchase shares of the Company’s common stock to employees and other individuals at a price equal to the fair market value of the common stock at the date of grant. The options granted to new employees typically vest 25% after the first year of service, and the remaining 75% vest monthly over the next 36 months. The vesting period for options granted to continuing employees may vary, but typically vest monthly over a 48 months period. Options expire 10 years after the grant date, based on continued service. If the optionee’s service terminates, options expire 90 days from the date of termination except under certain circumstances such as death or disability. For options granted subsequent to August 8, 2001, options are exercisable only as the options vest. In the event that the individual terminates his or her service to the Company before becoming fully vested, the Company has the right to repurchase any exercised, unvested shares at the original option price. As of January 31, 2008, the number of shares authorized for option grants under the 1999 Plan was 52,384,204. As of January 31, 2012, all unissued shares under the 1999 Equity Incentive Plan have expired and no stock-based awards will be granted from the 1999 Plan in the future. Any awards granted under the 1999 plan that are canceled after August 6, 2008 become available for grant under the 2008 Plan.

1999 Non-Employee Directors’ Stock Option Plan

In July 1999, the Company adopted the 1999 Non-Employee Directors’ Stock Option Plan “the Directors’ Plan”). The Directors’ Plan provides for the automatic grant of options to purchase shares of the Company’s common stock to non-employee directors at a price equal to the fair market value of the stock at the date of the grant. Initial options granted to new directors vest monthly over two years from the date of grant. Annual options granted to existing directors vest upon grant. The option term is ten years after the grant date, based on continued director service. If the director's service terminates, options expire 90 days from the date the director's service terminated. The number of shares authorized for option grants under the Directors' Plan is 1,400,000, subject to an annual increase of 100,000 shares. As of January 31, 2012, all unissued shares under 1999 Non-Employee Directors'

Stock Plan have expired.

1999 Employee Stock Purchase Plan

In July 1999, the Company adopted the 1999 Employee Stock Purchase Plan ("the Employee Stock Purchase Plan"). The Employee Stock Purchase Plan provides a means for employees to purchase TiVo common stock through payroll deductions of up to 15% of their base compensation. The Company offers the common stock purchase rights to eligible employees, generally all full-time employees who have been employed for at least 10 days. This plan allows for common stock purchase rights to be granted to employees of TiVo at a price equal to the lower of 85% of the fair market value on the first day of the offering period or on the common stock purchase date. This plan incorporates up to a one-year look back feature in its provisions which resets the offering price during the one-year look back period if the Company's common stock purchase price on the purchase date is lower than its price on the commencement of the offering. Each offering consists of up to two purchase periods. The purchase periods are generally six months in length and begin January 1 and July 1 of each year. Under the Employee Stock Purchase Plan, the Board may, in the future, specify offerings up to 27 months. As of January 31, 2012, the total number of shares reserved for issuance under this plan is 8,500,000. As of January 31, 2012, 1,976,348 shares remain available for future purchases.

2008 Equity Incentive Award Plan

In August 2008, the Company's stockholders approved the 2008 Equity Incentive Award Plan ("the 2008 Plan"). The 2008 Plan permits the granting of stock options, non-vested stock awards (also known as restricted stock), stock appreciation rights, performance share awards, performance stock-unit awards, dividend equivalents awards, stock payment awards, deferred stock awards, performance bonus wards, and performance-based awards. The 2008 Plan allows the grant of options to purchase shares of the Company's common stock to employees and other individuals at a price equal to the fair market value of the common stock at the date of grant. The options granted to new employees typically vest 25% after the first year of service, and the remaining 75% vest monthly over the next 36 months. The vesting period for options granted to continuing employees may vary, but typically vest monthly over a 48 month period. Options expire 7 years after the grant date, based on continued service. If the optionee's service terminates, options expire 90 days from the date of termination except under certain circumstances such as death or disability. The number of shares authorized for option grants under the 2008 Plan is 21,558,166. Any awards granted under the 1999 plan that are canceled after August 6, 2008 become available for grant under the 2008 Equity Incentive Award Plan. Any grants of restricted stock awards will reduce shares available for grant at a 1.5:1 ratio. Under the 2008 Equity Incentive Award Plan, in general, grants of full value awards (as defined in the plan but generally relate to restricted stock and similar awards) must vest over a period of not less than three years (or, in the case of vesting based upon the attainment of performance goals or other performance-based objectives, over a period of not less than one year measured from the commencement of the period over which performance is evaluated) following the date the award is granted. As of January 31, 2012, 6,602,277 shares remain available for future stock based award grants.

In the event of a change in control of the Company and subsequent termination of certain employees, 25% to 100% of unvested awards would be subject to acceleration as of the date of such termination.

Stock Options Activity

A summary of the stock options activity and related information as of January 31, 2012, 2011, and 2010 is as follows:

Table of Contents

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)			(in thousands)
Outstanding at January 31, 2009	21,067	$7.22	6.23	$18,453
Grants	403	9.71		
Exercises	(6,195)	6.13		
Forfeitures or expirations	(356)	8.50		
Outstanding at January 31, 2010	14,919	$7.71	5.60	$31,216
Grants	3,144	8.23		
Exercises	(4,319)	7.05		
Forfeitures or expirations	(1,076)	18.06		
Outstanding at January 31, 2011	12,668	$7.19	5.54	$32,453
Grants	551	9.66		
Exercises	(1,735)	$6.51		
Forfeitures or expirations	(335)	8.34		
Outstanding at January 31, 2012	11,149	$7.38	4.72	$34,022

The aggregate intrinsic value in the preceding table is based on options with an exercise price less than the Company's closing stock price of $10.38 as of January 31, 2012, which would have been received by the option holders had those option holders exercised their options as of that date. Total intrinsic value of options exercised was $6.4 million, $35.6 million, and $22.4 million for the twelve months ended January 31, 2012, 2011, and 2010, respectively.

The following table summarizes information about options outstanding at January 31, 2012:

	Options Outstanding			Exercisable Options	
Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Prices
$ 3.78 - $ 5.99	423,357	3.43	$4.50	423,252	$4.50
$ 6.04 - $ 6.17	24,408	4.79	$6.14	23,501	$6.14
$ 6.18 - $ 6.18	2,046,298	5.13	$6.18	2,046,298	$6.18
$ 6.23 - $ 6.50	89,650	4.61	$6.42	89,650	$6.42
$ 6.51 - $ 6.51	400,000	4.46	$6.51	400,000	$6.51
$ 6.52 - $ 6.52	2,000,834	3.41	$6.52	2,000,834	$6.52
$ 6.62 - $ 6.67	7,844	3.09	$6.64	7,156	$6.64
$ 6.71 - $ 7.32	1,158,951	3.66	$6.85	1,113,817	$6.84
$ 7.33 - $ 7.37	36,500	5.94	$7.35	7,312	$7.37
$ 7.38 - $ 7.41	555,202	5.18	$7.38	205,136	$7.38
$ 7.49 - $ 7.49	1,320,250	5.39	$7.49	378,570	$7.49
$ 7.50 - $ 8.94	1,617,788	5.86	$8.69	1,275,765	$8.78
$ 8.95 - $ 10.57	1,161,780	5.11	$9.69	455,611	$9.90
$ 10.66 - $ 18.17	305,666	5.29	$12.41	110,449	$12.93
Total	11,148,528	4.72	$7.38	8,537,351	$7.04

Net cash proceeds from the exercise of stock options were $11.3 million, $30.5 million, and $38.0 million for the twelve months ended January 31, 2012, 2011, and 2010, respectively. Information regarding stock options outstanding at January 31, 2012 is summarized as follows:

Table of Contents

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)			(in thousands)
Shares outstanding	11,149	$7.38	4.72	$34,022
Shares vested and expected to vest	10,825	$7.35	4.69	$33,356
Shares exercisable	8,537	$7.04	4.45	$28,757

Restricted Stock Awards (RSAs) / Restricted Stock Units (RSUs)
The Company had 5,500,000RSAs and RSUs outstanding as of January 31, 2012, which were excluded from the options outstanding balances in the preceding tables. The grant of these RSAs and RSUs has been deducted from the shares available for grant under the Company’s stock option plans. Aggregate intrinsic value of RSAs and RSUs at January 31, 2012 was $57.5 million based on the Company’s closing stock price on January 31, 2012. The total fair value of RSAs and RSUs vested was $13.5 million, $8.2 million, and $6.5 million for the twelve months ended January 31, 2012, 2011, and 2010, respectively.
The following table summarizes the activities for the Company’s unvested RSAs and RSUs for the three years ended January 31, 2012, 2011, and 2010:

	Number of Shares	Weighted-Average Grant Date Fair Value
	(in thousands)	
Unvested stock at January 31, 2009	1,725	$7.89
Granted	3,938	$7.53
Vested	(921)	$7.05
Forfeited	(275)	$7.51
Unvested stock at January 31, 2010	4,467	$7.77
Granted	1,417	$15.76
Vested	(1,005)	$8.15
Forfeited	(229)	$9.63
Unvested stock at January 31, 2011	4,650	$10.03
Granted	2,813	$10.01
Vested	(1,374)	$9.80
Forfeited	(543)	$10.57
Unvested stock at January 31, 2012	5,546	$10.02

Market-Based Awards
In fiscal year 2010, the Company awarded 300,000 shares of restricted stock to the Company’s Chief Executive Officer that would vest over a five-year period. The vesting conditions of these awards are tied to the market value of the Company's common stock. The fair value of these 300,000 shares of performance-based restricted stock units was estimated using a Monte-Carlo analysis. Total compensation cost recognized related to these performance-based awards was approximately $254,000, $398,000, and $586,000 for the fiscal years ended January 31, 2012, 2011, and 2010 respectively. As of January 31, 2012, $231,000 of total unrecognized compensation cost related to these awards is expected to be recognized over the remaining vesting period of 2.00 years.
Performance and Market Based Awards
In fiscal year 2012, the Company awarded 225,000 shares of restricted stock to the Company's Chief Executive Officer that would vest over a three-year period. The vesting conditions of 150,750 shares are tied to the subscriptions and annual gross margin performance. Each quarterly period, the company estimates the probability of the achievement of these performance goals and recognizes any related stock based compensation expense. If

Table of Contents

such performance goals are not probable of achieving, no compensation expense is recognized. The remaining 74,250 shares are tied to the market value of the Company's common stock. The fair value of 74,250 shares of market-based restricted stock awards was estimated using a Monte-Carlo analysis. The probability of satisfying a market condition is also considered in the estimate of grant-date fair value when the Monte Carlo simulation is used. Total compensation cost recognized was $1.1 million for the fiscal year ended January 31, 2012. As of January 31, 2012, $1.0 million of total unrecognized compensation cost related to these awards is expected to be recognized over the remaining vesting period of 2.00 years.

Performance-Based Awards

In fiscal 2011, the Company granted 640,000 options with performance-based vesting to certain executive officers. These options would vest only if specific performance goals set forth for each optionee are achieved. Each quarterly period, the Company estimates the probability of the achievement of these performance goals and recognizes any related stock-based compensation expense. If such performance goals are not probable of achieving, no compensation expense is recognized. The estimated fair value of these performance-based stock options was $3.8 million using the Black-Scholes option pricing model. Total compensation cost recognized related to these performance-based stock options was $1.2 million and $0 for the fiscal years ended January 31, 2012 and 2011, respectively. The remaining weighted-average period over which these performance-based stock options may vest is 3.04 years.

12. STOCK-BASED COMPENSATION

Total stock-based compensation for the twelve months ended January 31, 2012, 2011, and 2010, respectively is as follows:

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(In thousands)		
Cost of service revenues	$830	$792	$1,098
Cost of technology revenues	1,666	2,260	2,319
Research and development	10,975	8,531	8,604
Sales and marketing	3,962	3,683	2,567
General and administrative	11,854	10,176	10,766
Change in deferred cost of technology revenues	559	287	—
Stock-based compensation before income taxes	$29,846	$25,729	$25,354
Income tax benefit	—	—	—
Total stock-based compensation	$29,846	$25,729	$25,354

The Company presents excess tax benefits from the exercise of stock options, if any, as financing cash flows rather than operating cash flows.

As of January 31, 2012, $9.0 million of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 2.61. As of January 31, 2012, $31.6 millionn of total unrecognized compensation costs related to unvested restricted stock is expected to be recognized over a weighted-average period of 1.98 years.

The Company used the alternative transition method which included a simplified method to establish the beginning balance of the additional paid in capital pool (“the APIC pool”) related to the tax effects of employee share-based compensation, which is available to absorb tax deficiencies recognized subsequent to stock option expensing.

The Company is required to use a valuation model to calculate the fair value of stock-based awards and has elected to use the Black-Scholes option-pricing model, which incorporates various assumptions including volatility, expected life, and interest rate. The expected volatility is based on a combination of historical volatility of the Company’s common stock and implied volatility of market traded options on the Company’s common stock. The expected life of stock options granted after January 1, 2008 is based on historical employee exercise patterns associated with prior similar option grants. The interest rate is based on the average of the U.S. Treasury yield curve on investments with terms approximating the expected life during the fiscal quarter an option is granted. The Company has not and has no current plan to declare a dividend.

Table of Contents

The assumptions used for the twelve months ended January 31, 2012, 2011, and 2010, respectively, and the resulting estimates of weighted-average fair value per share of options and ESPP shares granted during those periods are as follows:

	ESPP			Stock Options		
	Fiscal Year Ended January 31,					
	2012	2011	2010	2012	2011	2010
Expected life (in years)	0.78	0.74	0.70	4.48	4.59	4.42
Volatility	68 %	66 %	93 %	65 %	62 %	69 %
Average risk free interest rate	0.28 %	0.34 %	1.52 %	1.61 %	2.30 %	2.02 %
Dividend Yield	— %	— %	— %	— %	— %	— %
Weighted-average fair value during the period	$3.29	$3.11	$3.25	$5.06	$4.29	$5.30

13. RETIREMENT PLANS

In December 1997, the Company established a 401(k) Retirement Plan (“the Retirement Plan”) available to employees who meet the plan’s eligibility requirements. Participants may elect to contribute a percentage of their compensation to the Retirement Plan up to a statutory limit. Participants are fully vested in their contributions. The Company may make discretionary contributions to the Retirement Plan as a percentage of participant contributions, subject to established limits. The Company has not made any contributions to the Retirement Plan from inception through January 31, 2012.

14. ADOPTION OF STOCKHOLDER RIGHTS PLAN

On January 9, 2001, TiVo’s Board of Directors declared a dividend distribution of one Preferred Share Purchase Right (“Right”) on each outstanding share of TiVo common stock outstanding at the close of business on January 1, 2001 (“the Rights Plan”). Subject to limited exceptions, the Rights were exercisable if a person or group acquired 15% or more of the Company's common stock or announced a tender offer for 15% or more of the common stock. This plan expired on October 29, 2011.

15. COMPREHENSIVE INCOME (LOSS)

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

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(In thousands)		
Net income (loss)	$102,161	$(84,512)	$(23,036)
Other comprehensive income (loss):			
Available-for-sale securities:			
Unrealized gain (loss) on marketable securities	(27)	203	409
Reclassification adjustment for gains on available-for-sale securities recognized during the period	510	—	—
Subtotal available-for-sale securities	$483	$203	$409
Total comprehensive income (loss)	$102,644	$(84,309)	$(22,627)

16. INCOME TAXES

Income tax (provision) benefit was $(807,000), $(164,000), and $1.0 million in fiscal years 2012, 2011, and 2010, respectively. The income tax expense in fiscal year 2012 is primarily due to state income taxes and withholding taxes in foreign jurisdictions similar to fiscal year 2011. The income tax benefit in fiscal year 2010 is due to a refund of previously paid Alternative Minimum Tax (“AMT”) and refundable research credits.

89

Table of Contents

	Fiscal Year Ended January 31,		
Current Expense	2012	2011	2010
Federal	$—	$—	$(1,136)
State	657	51	91
Foreign	150	113	21
Total	$807	$164	$(1,024)

The income tax (benefit) expense differed from the amounts computed by applying the U.S. federal income tax rate of 35% to pretax loss as a result of the following:

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(in thousands)		
Federal tax at statutory rate	$36,039	$(29,522)	$(8,421)
State taxes	657	51	91
Foreign withholding tax	150	113	21
Utilization of net operating losses	—	—	—
Net operating loss and temporary differences for which no tax benefit was realized	(38,911)	26,260	8,705
Stock based compensation	360	(91)	(1,905)
Refundable research tax credits	—	—	(288)
Federal and state alternative minimum taxes	—	—	(827)
Non-deductible compensation expense	2,477	3,305	1,542
Non-deductible expenses and other	35	48	58
Total tax expense	$807	$164	$(1,024)

The tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets are presented below:

	Fiscal Year Ended January 31,	
	2012	2011
Deferred tax assets:	(in thousands)	
Net operating loss carryforwards	$132,093	$177,546
Research and alternative minimum tax credits	27,597	22,081
Deferred revenue and rent	16,056	13,532
Capitalized research	11,571	19,714
Stock based compensation	13,327	12,473
Other	16,979	12,224
Total deferred tax assets	217,623	257,570
Valuation allowance	(217,623)	(257,570)
Net deferred tax assets:	$—	$—

Realization of deferred tax assets is dependent upon generation of sufficient future taxable income, the timing and amount of which are uncertain. Accordingly, the Company has established a valuation allowance for the portion of deferred tax assets for which realization is uncertain. The net change in the total valuation allowance was a decrease of $39.9 million and an increase of $24.4 million for the years ended January 31, 2012 and January 31, 2011, respectively.

Effective for taxable years beginning on or after January 1, 2011, companies apportioning income for California purpose may make an election to apportion California income using a single sales factor or without making a single sales factor election be subject to apportionment based on sales, property, and payroll factors. Since the Company will be electing to move to a single sales factor for California purpose for the fiscal year ended January 31, 2012, the Company has revalued its California deferred tax assets as it is more likely than not that such an election will be made in years of profitability and the California deferred tax assets and California credits would reverse or be

Table of Contents

utilized to offset the reduced California taxable income. The impact of the reduced California effective tax rate results in a $6.4 million reduction in the Company's deferred tax asset, with a corresponding offset to the valuation allowance.

As of January 31, 2012, the Company had net operating loss carryforwards for federal and state income tax purposes of approximately $444.2 million and $303.3 million respectively, available to reduce future income subject to income taxes. Of these amounts, approximately $54.9 million represent federal and state tax deductions from stock option compensation. The tax benefit from these deductions will be recorded as an adjustment to additional paid-in capital in the year in which the benefit is realized.

Federal and state laws impose restrictions on the utilization of net operating loss and tax credit carryforwards in the event of an “ownership change,” as defined in Section 382 of the Internal Revenue Code. The Company has determined that there have been multiple ownership changes since inception of the Company. However, the ownership changes, do not place any limitation on the utilization of net operating losses and tax credit carryforwards.

The federal net operating loss carryforwards expire beginning in fiscal year ending 2019 through 2031. The state net operating loss carryforwards expire beginning in fiscal year 2013 through 2031. As of January 31, 2012, unused research and development tax credits of approximately $20.9 million and $24.2 million, respectively, are available to reduce future federal and California income taxes. The federal research credit carryforwards will begin to expire, if not utilized, by fiscal year 2020. California research and experimental tax credits carry forward indefinitely until utilized.

On December 17, 2010, President Obama signed into legislation, The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, which retroactively reinstated the research credit for amounts paid or incurred from January 1, 2010 through December 31, 2011. Prior to enactment of this legislation, the federal research credit had expired for amounts paid or incurred after December 31, 2009. The Company has generated federal research credits of approximately $4.9 million for fiscal year ended January 31, 2012.

On February 17, 2009, President Obama signed into legislation, the American Recovery and Reinvestment Act of 2009, which allows corporations without current tax liabilities to obtain refunds for certain research tax credit and alternative minimum tax credit carry forwards by electing to forego the 50% additional first year depreciation for new property acquired after March 31, 2008 and placed in service before January 1, 2010. This Act extended the provision of the Housing Assistance Tax Act of 2008 (“HR 3221”), which was set to expire for assets placed in service before January 1, 2009. The Company has elected to obtain refunds for its research and development tax credit for the years ended January 31, 2010 and January 31, 2009. The amount of benefit for refundable credits for fiscal years 2010 and 2009 were approximately $400,000 and $200,000, respectively.

On October 19, 2010, Governor Schwarzenegger signed into legislation, S.B. 858 which suspended net operating losses for tax years 2010 and 2011. This is in addition to Assembly Bill 1452, which was signed into legislation on September 23, 2008 and suspended for two years the deduction for net operating losses (NOLS) on a California tax return. Accordingly, a deduction for net operating loss carryovers will not be allowed for the Company's tax years 2008 through 2011. Also, Assembly Bill 1452 places restrictions on the amount of allowable credit a company can utilize for the tax year 2008 and 2009. Under the new California legislation a taxpayer cannot use otherwise allowable credit to reduce below 50% its "net tax". Credits affected by this limitation include the research and development credits, the enterprise zone credits, and the low-income housing credit. SB 8585 does not include this credit limitation for tax years 2010 and 2011.

The aggregate changes in the balance of gross unrecognized tax benefits were as follows:

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(in thousands)		
Beginning Balance	$8,745	$7,345	9,572
Additions based on tax positions related to current year	3,253	2,609	2,163
Additions for tax positions in prior years	77	—	28
Reduction for tax positions of prior years	—	(1,209)	(4,418)
Ending Balance	$12,075	$8,745	7,345

The total amount of unrecognized tax benefit, if recognized, that would affect the effective tax rate would be approximately $231,000 at January 31, 2012. The remaining unrecognized tax benefits at January 31, 2012 would

Table of Contents

not affect the Company's effective tax rate if recognized due to the Company's deferred tax assets being fully offset by a valuation allowance. The Company does not expect that there will be a significant increase or decrease of the total amount unrecognized tax benefits within the next 12 months.
The Company classifies interest and penalties related to uncertain tax positions in income tax expense, if applicable. The Company accrued approximately $22,000 of interest or penalties related to unrecognized tax benefits recorded through January 31, 2012.
The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. The open tax years for the major jurisdictions are as follows:

Federal	2008 – 2012
California	2007 – 2012

However, due to the fact the Company has net operating losses and credits carried forward in most jurisdictions, certain items attributable to technically closed years are still subject to adjustment by the relevant taxing authority through an adjustment to tax attributes carried forward to open years.

17. NET INCOME (LOSS) PER COMMON SHARE
Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding, excluding unvested restricted stock.
Diluted earnings per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options, stock awards, and performance stock awards and are calculated using the treasury stock method. Also included in the weighted average effect of dilutive securities is the diluted effect of the convertible senior notes which is calculated using the if-converted method.
The following table sets forth the computation of basic and diluted earnings per common share:

	Fiscal Year Ended January 31,		
	2012	2011	2010
	(income/(loss) in thousands)		
Numerator:			
Net income (loss)	$102,161	$(84,512)	$(23,036)
Interest on convertible notes	6,979	—	—
Net Income for purpose of computing net income (loss) per diluted share	109,140	(84,512)	(23,036)
Denominator:			
Weighted average shares outstanding, excluding unvested restricted stock	116,592,943	113,490,177	106,182,488
Weighted average effect of dilutive securities:			
Stock options and restricted stock	4,200,288	—	—
Convertible senior notes	15,462,193	—	—
Denominator for diluted net income (loss) per common share	136,255,424	113,490,177	106,182,488
Basic net income (loss) per common share	$0.88	$(0.74)	$(0.22)
Diluted net income (loss) per common share	$0.80	$(0.74)	$(0.22)

The weighted average number of shares outstanding used in the computation of basic and diluted net loss per share in the fiscal years ended January 31, 2012, 2011, and 2010, do not include the effect of the following potentially outstanding common stock because the effect would have been anti-dilutive:

Table of Contents

	As of January 31,		
	2012	2011	2010
Unvested restricted stock	1,007,735	4,649,998	4,467,429
Options to purchase common stock	4,286,876	12,667,784	14,918,906
Potential shares to be issued from ESPP	—	82,543	46,922
Total	5,294,611	17,400,325	19,433,257

18. DISH NETWORK CORPORATION

On April 29, 2011, TiVo entered into a Settlement and Patent License Agreement with EchoStar Corporation (“EchoStar”) and DISH Network Corporation (“DISH”). Under the terms of the agreement, DISH and EchoStar agreed to pay TiVo $500.0 million, including an initial payment of $300.0 million received by TiVo on May 2, 2011 with the remaining $200.0 million to be distributed in six equal annual installments of $33.3 million between 2012 and 2017. TiVo, DISH, and EchoStar agreed to dismiss all pending litigation between the companies with prejudice and to dissolve all injunctions against DISH and EchoStar. The parties also granted certain patent licenses to each other. TiVo granted DISH a license under its Time Warp patent (U.S. Patent No. 6,233,389) and certain related patents, for the remaining life of those patents. TiVo also granted EchoStar a license under the same '389 patent and certain related patents, for the remaining life of those patents, to design and make certain DVR-enabled products solely for DISH and two international customers. EchoStar granted TiVo a license under certain DVR-related patents for TiVo-branded, co-branded and ingredient-branded products.

The agreement includes multiple elements consisting of: (i) an exchange of licenses to intellectual property, including covenants not to assert claims of patent infringement for the period from April 29, 2011 until the expiration of the last to expire of the covered patents, which is July 30, 2018, (ii) an interest income component related to the past infringement, and (iii) the settlement of all outstanding litigation and claims between TiVo and EchoStar and DISH. The proceeds of the agreement were allocated amongst the principal elements of the transaction.

The Company estimated the fair value of each element using an income approach. The significant inputs and assumptions used in this valuation included actual past and projected future subscription base, estimated DVR penetration rates, estimated market-based royalty rates, estimated risk-adjusted discount rates, and useful lives, among others. The development of a number of these inputs and assumptions in the model requires a significant amount of management judgment and is based upon a number of factors. Changes in these assumptions may have had a substantial impact on the fair value assigned to each element. These inputs and assumptions represent management's best estimates at the time of the transaction.

The total consideration of $500.0 million was allocated on a relative fair value basis as $175.7 million to the past infringement and litigation settlement element, $2.9 million to interest income related to past infringement and $321.4 million to the future license royalties element. The amount related to past infringement and settlement was recorded under “Litigation proceeds” in the quarter ended April 30, 2011. The amount related to interest income was recorded under “Interest income” in the quarter ended April 30, 2011. $321.4 million of future license royalties will be recorded as technology revenue on a straight-line amortization basis over the remaining life of the patent through July 30, 2018. Revenue from the agreement has been or is expected to be recognized as follows:

Fiscal Year Ending January 31,	Technology Revenues (in thousands)
2012	$33,246
2013	44,328
2014	44,328
2015	44,328
2016	44,328
2017	44,328
2018	44,328
2019	22,164
Total	$321,378

19. AT&T INC.

On January 3, 2012, TiVo Inc. entered into a Settlement and Patent License Agreement with AT&T Inc ("AT&T"). Under the terms of the Agreement, AT&T has agreed to pay TiVo a minimum amount of $215.0 million plus incremental monthly fees per DVR subscriber if AT&T's subscriber base exceeds certain pre-determined levels. The initial payment of $51.0 million was paid to TiVo on January 4, 2012 with the remaining $164.0 million due to TiVo 30 days after the end of each calendar quarter in the amount of $5.0 million for the first four calendar quarters and approximately $6.5 million in subsequent calendar quarters through the calendar quarter ending June 30, 2018. Any incremental additional per subscriber fees are due to TiVo on the same schedule. The Agreement expires on July 30, 2018.

TiVo and AT&T agreed to dismiss all pending litigation between the companies with prejudice. TiVo granted AT&T a limited license under its advanced television patents, including the patents that TiVo had asserted against AT&T (U.S. Patent Nos. 6,233,389, 7,493,015, and 7,529,465), to make, have made, use, sell, offer to sell, and import advanced television technology in connection with AT&T multichannel video programming services, including AT&T U-verse, subject to certain limitations and exclusions. AT&T granted TiVo a limited license under its advanced television patents, including the patents that AT&T had asserted against TiVo (U.S. Patent Nos. 5,809,492, 5,922,045, 6,118,976, and 6,983,478), to make, have made, use, sell, offer to sell and import advanced television technology in connection with TiVo products and services, including products and services provided to other multichannel video programming service providers, subject to certain limitations and exclusions. TiVo may terminate the rights and licenses granted to AT&T pursuant to the Agreement under certain circumstances, including but not limited to if AT&T has failed to make timely payment.

The agreement includes multiple elements consisting of: (i) an exchange of licenses to intellectual property, including covenants not to assert claims of patent infringement for the period from January 3, 2012 until July 30, 2018, (ii) an interest income component related to the past infringement, and (iii) the settlement of all outstanding litigation and claims between TiVo and AT&T. The proceeds of the agreement were allocated amongst the principal elements of the transaction.

TiVo estimated the fair value of each element using an income approach. The significant inputs and assumptions used in this valuation included actual past and projected future subscription base, estimated DVR penetration rates, estimated market-based royalty rates, estimated risk-adjusted discount rates, and useful lives, among others. The development of a number of these inputs and assumptions in the model requires a significant amount of management judgment and is based upon a number of factors. Changes in these assumptions may have a substantial impact on the fair value assigned to each element. These inputs and assumptions represent management's best estimates at the time of the transaction.

The total consideration of $215.0 million was allocated on a relative fair value basis as $54.4 million to the past infringement and litigation settlement element, $254,000 to interest income related to past infringement and $160.3 million to the future base license royalties element. The future base license royalties element does not include any incremental monthly fees per DVR subscriber payable if the AT&T subscriber base exceeds certain pre-determined levels. The amount related to past infringement and settlement was recorded under “Litigation proceeds” in the quarter ended January 31, 2012. The amount related to interest income was recorded under “Interest income” in

Table of Contents

the quarter ended January 31, 2012. $160.3 million of future license royalties will be recorded as Technology revenues on a straight-line amortization basis over the term of the agreement through July 30, 2018. Any incremental monthly fees per DVR subscriber payable if the AT&T's subscriber base exceeds certain pre-determined levels will be recognized as Technology revenues when reported to TiVo by AT&T.
Revenue from the base license under the agreement has been or is expected to be recognized as follows:

Fiscal Year Ending January 31,	Technology Revenues (in thousands)
2012	$2,029
2013	$24,350
2014	$24,350
2015	$24,350
2016	$24,350
2017	$24,350
2018	$24,350
2019	$12,175
Total	$160,304

As a result of the settlement and patent cross-licensing agreement, TiVo expensed an estimate of $14.5 million in contingent legal fees recorded under general and administration expenses in its statement of operations in the quarter ended January 31, 2012. TiVo has paid $4.3 million in contingent legal fees during the quarter ended January 31, 2012. The remaining estimate of $10.2 million is recorded under accrued liabilities on TiVo's balance sheets at January 31, 2012 and will be paid out in whole or in part based on a favorable resolution of the Microsoft and ITC legal matters. The amount of contingent legal fees may change in the future if TiVo's estimate of future litigation costs related to ITC and Microsoft cases differs materially from its current estimates or if the Microsoft and ITC legal matters are not resolved favorably to TiVo.

20. DEVELOPMENT AGREEMENT AND SERVICES AGREEMENT WITH DIRECTV INC.
On September 3, 2008, TiVo extended its current agreement with DIRECTV for the development, marketing, and distribution of a new HD DIRECTV DVR featuring the TiVo ® service.
Under this agreement, DIRECTV will pay a substantially higher monthly fee for households using the new high definition DIRECTV DVRs with TiVo which is being deployed by DIRECTV, than the fees for previously deployed DIRECTV DVRs with TiVo service. DIRECTV will continue to pay the previous monthly fee for all households using only the previously deployed DIRECTV DVRs with TiVo service. The fees paid by DIRECTV are subject to monthly minimum payments that escalate during the term of the agreement.
Due to uncertainties over the ultimate profit margin on the development work, TiVo recognizes revenues and costs for the development of the TiVo service for DIRECTV’s broadband-enabled HD DVR based on a zero profit model, which results in the recognition of equal amounts of revenues and costs not to exceed the amount that we have the contractual right to bill DIRECTV upon the meeting of certain milestones under TiVo's revenue recognition policies. During the twelve months ended January 31, 2012, 2011, and 2010, TiVo recognized $6.6 million, $6.5 million, and $8.9 million in technology revenues, respectively and $6.6 million, $6.5 million, and $8.9 million in cost of technology revenues, respectively related to the development of the TiVo service for DIRECTV’s broadband-enabled HD DVR.
In accordance with TiVo's revenue recognition policies, we have deferred costs of approximately $1.3 million related to development work for DIRECTV. These costs are recorded on TiVo's consolidated balance sheets under deferred cost of technology revenues, current at January 31, 2012. These costs will be recognized when related revenues are recognized.

95

Table of Contents

21. SUBSEQUENT EVENTS

On March 14, 2012, James Barton resigned from his position as Chief Technology Officer and Senior Vice President for TiVo Inc. effective March 16, 2012.

In connection with Mr. Barton's resignation, the Company has entered into a consulting agreement with him to continue to provide certain consulting services related to patent matters, litigation, and certain technical matters to the Company until March 15, 2015, unless earlier terminated by either Mr. Barton or the Company. Upon expiration of the consulting agreement, all of Mr. Barton's vested equity awards shall remain vested and remain exercisable for the lesser of their original term or one year from such date of expiration. In the event the consulting agreement is terminated prior to the expiration of the initial term by the Company other than for good reason (as defined in the consulting agreement) or by Mr. Barton for good reason (as defined in the consulting agreement) or upon his death or a change in control of the Company (as defined in the agreement), in addition to any payments owed to him under the agreement through the date of termination, all of Mr. Barton's unvested equity awards shall immediately vest and remain exercisable for the lesser of their original term or one year from such date of termination. The Company expects to incur approximately $500,000 in non-cash stock-based compensation expense related to Mr. Barton's resignation during the quarter ending April 30, 2012.

On March 21, 2012, TiVo and Microsoft reached an agreement whereby Microsoft has agreed to dismiss all of its pending litigation against TiVo, including its action in the United States International Trade Commission and both of its cases in the United States District Court for the Northern District of California. In conjunction with these dismissals, TiVo has agreed to dismiss its counterclaim against Microsoft in the United States District Court for the Northern District of California. No patent rights were granted to Microsoft by TiVo.

22. SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Quarterly Results of Operations

The following table presents certain unaudited statements of operations data for our eight most recent quarters ended January 31, 2012. In management’s opinion, this unaudited information has been prepared on the same basis as the audited annual financial statements and includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair representation of the unaudited information for the quarters presented. This information should be read in conjunction with our audited consolidated financial statements and the notes thereto, included elsewhere in this annual report. The results of operations for any quarter are not necessarily indicative of results that may be expected for any future period.

Table of Contents

	Three Months Ended							
	Jan 31, 2012	Oct 31, 2011	Jul 31, 2011	Apr 30, 2011	Jan 31, 2011	Oct 31, 2010	Jul 31, 2010	Apr 30, 2010
	(unaudited, in thousands except per share and share amounts)							
Revenues								
Service revenues	$31,578	$ 32,413	$34,016	$ 33,334	$ 34,453	$ 34,298	$ 35,654	$ 36,244
Technology revenues	18,465	19,391	15,586	5,503	6,929	7,024	6,415	6,973
Hardware revenues	16,428	12,970	11,580	6,915	14,436	9,532	9,481	18,169
Net revenues	66,471	64,774	61,182	45,752	55,818	50,854	51,550	61,386
Cost of revenues								
Cost of service revenues	8,711	9,265	9,089	8,800	10,347	9,878	9,887	10,403
Cost of technology revenues	4,502	7,721	3,813	7,020	5,409	4,172	4,211	5,021
Cost of hardware revenues	20,368	16,817	13,401	8,853	24,702	13,566	11,546	19,219
Total cost of revenues	33,581	33,803	26,303	24,673	40,458	27,616	25,644	34,643
Gross margin	32,890	30,971	34,879	21,079	15,360	23,238	25,906	26,743
Operating expenses								
Research and development	29,825	27,272	26,042	27,228	23,204	20,446	19,326	18,628
Sales and marketing	6,393	6,753	6,905	6,337	7,048	6,157	6,622	7,760
Sales and marketing, subscription acquisition costs	1,320	2,398	2,441	1,233	2,214	1,398	1,366	3,191
General and administrative	38,192	18,032	17,826	22,452	17,525	16,162	14,103	11,697
Litigation Proceeds	(54,444)	—	—	(175,716)	—	—	—	—
Income (loss) from operations	11,604	(23,484)	(18,335)	139,545	(34,631)	(20,925)	(15,511)	(14,533)
Interest income	1,072	759	678	3,163	299	348	381	369
Interest expense and other	(5,430)	(2,015)	(1,965)	(2,624)	2	—	(145)	(2)
Income (loss) before income taxes	7,246	(24,740)	(19,622)	140,084	(34,330)	(20,577)	(15,275)	(14,166)
Benefit from (provision for) income taxes	(61)	242	71	(1,059)	(58)	(43)	(29)	(34)
Net income (loss)	$7,185	$ (24,498)	$(19,551)	$ 139,025	$ (34,388)	$ (20,620)	$ (15,304)	$ (14,200)
Net income (loss) per common share								
Basic	$0.06	$ (0.21)	$(0.17)	$ 1.21	$ (0.30)	$ (0.18)	$ (0.13)	$ (0.13)
Diluted	0.06	(0.21)	(0.17)	1.04	(0.30)	(0.18)	(0.13)	(0.13)
Income (loss) for purposes of computing net income (loss) per share:								
Basic	7,185	(24,498)	(19,551)	139,025	(34,388)	(20,620)	(15,304)	(14,200)
Diluted	7,185	(24,498)	(19,551)	140,058	(34,388)	(20,620)	(15,304)	(14,200)

Weighted average common and common equivalent shares:								
Basic	117,747,442	117,232,354	116,146,567	115,245,411	114,443,996	114,179,608	113,814,828	111,490,152
Diluted	122,042,180	117,232,354	116,146,567	134,609,476	114,443,996	114,179,608	113,814,828	111,490,152

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

None

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934 as amended (the “Exchange Act”) as of the end of the period covered by this report (“the Evaluation Date”). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that we are required to apply our judgment in evaluating the benefits of possible controls and procedures relative to our costs.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure, and (ii) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

(b) Management’s report on internal control over financial reporting.

Inherent limitations over internal controls. Internal control over financial reporting refers to the 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 (GAAP). Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the receipts and expenditures of our company are being made only in accordance with authorizations of management and our board of directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the assets of our company that could have a material effect on the financial statements.

Management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Report on internal control over financial reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f) and Rule 15d-15(f). Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of January 31, 2012. Management reviewed the results of its assessment with our Audit Committee.KPMG LLP, an independent registered public accounting firm, which has audited the consolidated financial statements included in Item 8 of this report, has issued an audit report on our internal control over financial reporting, as of January 31, 2012, which is included below.

(c) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting during our fourth quarter ended January 31, 2012, which were identified in connection with management’s evaluation required by paragraph (d) of rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(d) Report of Independent Registered Public Accounting Firm.

98

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
TiVo Inc.:

We have audited TiVo Inc. and subsidiaries' (the Company) internal control over financial reporting as of January 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting included in Item 9A. 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.

In our opinion, TiVo Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of January 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of TiVo Inc. and subsidiaries as of January 31, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended January 31, 2012, and our report dated March 23, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Santa Clara, California
March 23, 2012

Table of Contents

ITEM 9B. OTHER INFORMATION

None

Table of Contents

PART III.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item with respect to our executive officers is incorporated by reference from the information under Item 1 of Part I of this Annual Report on Form 10-K under the section entitled "Executive Officers." The information required by this Item with respect to our directors is set forth under the headings “Election of Directors”, "Corporate Governance", "Meetings and Committees of the Board" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our 2012 Proxy Statement to be filed with the U.S. Securities and Exchange Commission (“SEC”) in connection with the solicitation of proxies for our 2012 Annual Meeting of Stockholders (“2012 Proxy Statement”) and is incorporated herein by reference. Such Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year to which this report relates.

Code of Ethics.

We have adopted a code of ethics that applies to our Chief Executive Officer, Chief Financial Officer, and Controller. This code of ethics is posted on our website located at www.tivo.com. We will disclose any amendment to our code of ethics or waiver to our code of ethics that applies to the Company’s Chief Executive Officer, Chief Financial Officer and any other principal financial officer, Controller and any other principal accounting officer, and any other person performing similar functions, including the nature of the waiver and the name of the officer to whom the waiver was granted, in the “Investor Relations” section of our website at www.tivo.com.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from our Proxy Statement under the heading “Executive Compensation and Other Information.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is set forth under the headings “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Table” in our 2012 Proxy Statement and is incorporated herein by reference.

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

The information required by this Item is incorporated by reference from our Proxy Statement under the headings "Director Independence" and “Certain Relationships and Related Transactions.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference from our Proxy Statement under the heading “Independent Auditor Fees and Services.”

Table of Contents

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) List the following documents filed as part of the report:

(1) All financial statements:

Index to Consolidated Financial Statements

(2) Financial Statement Schedules

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

(b) Exhibits required by Item 601 of Regulation S-K

The information required by this Item is set forth on the exhibit index that follows the signature page of this report.

Table of Contents

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, there unto duly authorized.

		TIVO INC.
Date:	March 23, 2012	/S/ THOMAS S. ROGERS Thomas S. Rogers Chief Executive Officer

Table of Contents

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Thomas S. Rogers, Anna Brunelle, and Matthew Zinn and each or any one of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

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 in the capacities and on the dates indicated:

Signature	Title	Date
/S/ THOMAS S. ROGERS Thomas S. Rogers	Chief Executive Officer, President, and Director (Principal Executive Officer)	March 23, 2012
/S/ ANNA BRUNELLE Anna Brunelle	Chief Financial Officer (Principal Financial and Accounting Officer)	March 23, 2012
/S/ PETER AQUINO Peter Aquino	Director	March 23, 2012
/S/ WILLIAM CELLA William Cella	Director	March 23, 2012
/S/ JEFFREY HINSON Jeffrey Hinson	Director	March 23, 2012
/S/ J. HEIDI ROIZEN J. Heidi Roizen	Director	March 23, 2012
/S/ THOMAS WOLZIEN Thomas Wolzien	Director	March 23, 2012
/S/ DAVID YOFFIE David Yoffie	Director	March 23, 2012

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description	Incorporated By Reference Form	Exhibit	Filing Date / Period End Date
3.1	Amended and Restated Certificate of Incorporation.	10-Q	3.1	9/10/2007
3.2	Amended and Restated Bylaws, dated as of February 21, 2012.	8-K	3.1	2/24/2012
4.1	Certificate of Designations of the Series B Junior Participating Preferred Stock of TiVo.	8-K/A	4.1	1/19/2011
4.2	Certificate of Correction to the Certificate of Designations of the Series B Junior Participating Preferred Stock of TiVo.	8-K/A	4.2	1/19/2011
10.1*	Form of Indemnification Agreement between TiVo Inc. and its officers and directors.	S-1	10.1	7/22/1999
10.2*	TiVo Inc. Amended & Restated 1999 Non-Employee Directors' Stock Option Plan and related documents.	10-Q	10.3	12/10/2004
10.3*	TiVo Inc. Amended & Restated 1999 Equity Incentive Plan and related documents.	10-Q	10.7	9/9/2005
10.4*	TiVo Inc. Amended & Restated 1999 Employee Stock Purchase Plan.	S-8	4.1	8/25/2009
10.5*	TiVo Inc. Amended & Restated 1999 Employee Stock Purchase Plan Offering Document.	10-K	10.6	4/15/2008
10.6*	TiVo Inc. Amended & Restated 2008 Equity Incentive Award Plan.	10-Q	10.1	9/9/2011
10.7*	Form of Stock Option Agreement for Amended & Restated 1999 Equity Incentive Plan.	10-Q	10.4	9/9/2005
10.8*	Form of Stock Appreciation Rights Agreement for Amended & Restated 1999 Equity Incentive Plan.	10-Q	10.5	9/9/2005
10.9*	Form of Employee Restricted Stock Bonus Agreement for Amended & Restated 1999 Equity Incentive Plan.	10-K	10.10	4/15/2008
10.10*	Form of Director Restricted Stock Bonus Agreement for Amended & Restated 1999 Equity Incentive Plan.	10-K	10.11	4/15/2008
10.11*	Form of Stock Option Agreement for Amended & Restated 1999 Non-Employee Directors' Stock Option Plan.	10-K	10.1	4/16/2007
10.12*	Form of Stock Option Notice and Agreement for 2008 Equity Incentive Plan.	10-Q	10.2	9/9/2008
10.13*	Form of Restricted Stock Bonus Notice and Agreement for 2008 Equity Incentive Plan.	10-Q	10.3	9/9/2008
10.14*	Form of Restricted Stock Unit Notice and Agreement for 2008 Equity Incentive Plan (stock-settled).	10-Q	10.4	9/9/2008
10.15*	Form of Restricted Stock Unit Notice and Agreement for 2008 Equity Incentive Plan (cash-settled).	Filed herewith.		
10.16*	Form of Senior Vice President Change of Control Terms and Conditions Agreement.	10-K	10.17	3/31/2010
10.17*	Form of Vice President Change of Control Terms and Conditions Agreement.	10-K	10.18	3/31/2010
10.18+	Amended & Restated Development Agreement, dated as of September 2, 2008, between TiVo Inc. and DIRECTV Inc.	10-Q	10.7	12/10/2008
10.19+	Letter Addendum between TiVo Inc. and DIRECTV Inc., dated as of April 20, 2009, to the Amended & Restated Development Agreement, dated as of September 2, 2008.	10-Q	10.1	6/9/2009
10.20+	Second Amended & Restated Services Agreement, dated as of September 2, 2008, between TiVo Inc. and DIRECTV Inc.	10-Q	10.8	12/10/2008

10.21+	First Amendment to the Second Amended & Restated Services Agreement, dated as of March 30, 2010, between DIRECTV, Inc. and TiVo Inc.	10-Q	10.6	6/6/2011
10.22	Lease Agreement, dated as of October 6, 1999, between WIX/NSJ Real Estate Limited Partnership and TiVo Inc.	10-Q	10.24	11/15/1999
10.23	First Amendment to Lease Agreement, dated as of February 1, 2006, between WIX/NSJ Real Estate Limited Partnership and TiVo Inc.	8-K	10.1	5/1/2006
10.24	Subordination, Non-Disturbance, and Attornment Agreement, effective as of October 6, 2006, between Greenwich Capital Financial Products, Inc. and TiVo Inc.	10-K	10.32	4/16/2007
10.25	Second Amendment to Lease Agreement, dated as of May 1, 2009, between TiVo Inc. and Bixby Technology Center, LLC as successor-in-interest to WIX/NSJ Real Estate Limited Partnership.	10-Q	10.3	9/9/2009

10.26	Third Amendment to Lease Agreement, dated as of February 17, 2010, between TiVo Inc. and Bixby Technology Center, LLC.	10-K	10.45	3/31/2010
10.27	Fourth Amendment to Lease Agreement, dated as of January 25, 2011, between Bixby Technology Center, LLC and TiVo Inc.	8-K	10.1	2/22/2011
10.28*	Summary of TiVo Inc. Fiscal Year 2011 Bonus Plan for Executives.	8-K	10.1	5/4/2010
10.29*	Summary of TiVo Inc. Fiscal Year 2012 Bonus Plan for Executive Officers.	8-K	10.1	4/8/2011
10.30+	Vendor Agreement, dated as of March 3, 2002, between TiVo Inc. and Best Buy Co., Inc.	10-K	10.1	4/3/2002
10.31+	First Amendment to Vendor Agreement, effective as of February 1, 2003, between Best Buy Co., Inc. and TiVo Inc.	10-K	10.3	5/1/2003
10.32+	Second Amendment to Vendor Agreement, effective as of April 1, 2003, between Best Buy Co., Inc. and TiVo Inc.	8-K	10.4	7/30/2003
10.33+	Third Amendment to Vendor Agreement, effective as of February 27, 2004, between Best Buy Co., Inc. and TiVo Inc.	10-Q	10.0	9/9/2004
10.34+	Fourth Amendment to Vendor Agreement, effective as of July 1,2004, between Best Buy Co., Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.0 of the registrant's Quarterly Report on Form 10-Q filed on December 10, 2004).	10-Q	10.0	12/10/2004
10.35+	Fifth Amendment to Vendor Agreement, effective as of February 28, 2006, between Best Buy Co., Inc. and TiVo Inc.	10-K	10.41	4/15/2005
10.36	Sixth Amendment to Vendor Agreement, effective as of February 28, 2006, between Best Buy Co., Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.46 of the registrant's Annual Report on Form 10-K filed on April 14, 2006).	10-K	10.46	4/14/2006
10.37+	Seventh Amendment to Vendor Agreement, effective as of May 1, 2007, between Best Buy Purchasing LLC and TiVo Inc.	10-Q	10.3	6/11/2007
10.38	Direct Import Addendum to the Vendor Agreement, between Best Buy Purchasing LLC and TiVo Inc., effective October 10, 2005.	10-Q	10.3	12/9/2005
10.39+	Master Marketing and Development Agreement, effective as of July 7, 2009, between TiVo Inc. and Best Buy Stores, L.P. (incorporated by reference to Exhibit 10.4 of the registrant's Quarterly Report on Form 10-Q filed on September 9, 2009).	10-Q	10.4	9/9/2009
10.40+	Non-DVR Media Application Addendum between TiVo Inc. and Best Buy Stores, L.P., made effective as of July 7, 2009, to the Master Marketing and Development Agreement, dated as of July 7, 2009.	10-Q/A	10.3	9/8/2010
10.41++	First Amendment to the Master Marketing and Development Agreement, effective as of June 1, 2011, between TiVo Inc. and Best Buy Stores, L.P.	10-Q	10.1	12/8/2011
10.42+	Consolidated Licensed Data and Services Agreement between TiVo Inc. and Tribune Media Services, Inc., dated as of November 1, 2010.	10-K	10.7	3/14/2011
10.43*	Third Amended & Restated Employment Agreement between TiVo Inc. and Thomas Rogers, dated as of February 1, 2010.	10-Q	10.1	6/9/2010
10.44*	Amended & Restated Change of Control Agreement between Thomas S. Rogers and TiVo Inc., effective September 16, 2008.	10-Q	10.3	12/10/2008
10.45*	Consulting Agreement between TiVo Inc. and David Zaslav, dated as of August 4, 2010.	10-Q	10.1	9/9/2010
10.46*	Transition Agreement between TiVo Inc. and Mark Roberts, dated as of June 11, 2010.	10-Q	10.2	9/9/2010
10.47	Indenture, dated as of March 10, 2011 between TiVo Inc. and Wells Fargo Bank, National Association, as Trustee.	10-K	10.82	3/14/2011

10.48	Global Note, dated as of March 10, 2011 between TiVo Inc. and Wells Fargo Bank, National Association, as Trustee.	10-K	10.83	3/14/2011
10.49	Global Note, dated as of March 30, 2011 between TiVo Inc. and Wells Fargo Bank, National Association, as Trustee.	8-K	4.1	3/31/2011
10.50+	Settlement and Patent License between TiVo Inc. and DISH Network Corporation and EchoStar Corporation, dated as of April 29, 2011.	10-Q	10.1	6/6/2011
10.51+	Mutual Termination Agreement between TiVo Inc., on the one hand, and Comcast Corporation and Comcast STB DVR Software LLC, on the other hand, dated May 5, 2011.	10-Q	10.2	9/9/2011
10.52++	Settlement and Patent License between TiVo Inc. and AT&T, Inc. dated as of January 3, 2012.	Filed herewith.		
14.1	TiVo Code of Conduct, as amended March 25, 2009.	8-K	14.1	3/31/2009
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith.		
24.1	Power of Attorney of this Annual Report on Form 10-K.	See signature page.		

Table of Contents

31.1	Certification of Thomas Rogers, Chief Executive Officer of TiVo Inc. dated March 23, 2012 pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Anna Brunelle, Chief Financial Officer of TiVo Inc. dated March 23, 2012 pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.1**	Certification of Thomas Rogers, Chief Executive Officer of TiVo Inc. dated March 23, 2012 in accordance with 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.2**	Certification of Anna Brunelle, Chief Financial Officer of TiVo Inc. dated March 23, 2012 in accordance with 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
101.INS***	XBRL Instance Document	Filed herewith.
101.SCH***	XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.DEF***	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.LAB***	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.

+	Confidential treatment granted as to portions of this exhibit.
++	Confidential treatment has been requested as to portions of this exhibit.
*	Management contract or compensatory plan or arrangement.
**	The certifications attached as Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K, are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of TiVo Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-K irrespective of any general incorporation language contained in such filing.
***	XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.