TIVO INC
Form 10-K
March 14, 2014

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, 2014

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, San Jose, 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, 2013, the last business day of the registrant’s most recently completed second fiscal quarter, was approximately $1.3 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 February 28, 2014, the Registrant had 120,691,616 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 2014 Annual Meeting of Shareholders to be filed on or before May 31, 2014.

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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, our expectations of future revenues and profitability;
- our intention and ability to protect our intellectual property in the future and the strength and future value of our intellectual property;
- our expectations regarding future capital allocation activities including share buy-backs, mergers and acquisitions, and other alternative capital distribution activities;
- with respect to our TiVo-Owned retail subscriptions, our future investments in subscription acquisition activities, future advertising expenditures, hardware costs and associated hardware subsidies, and other sales and marketing activities, including our sales and marketing, subscription acquisition cost (SAC), and average revenue per subscription (ARPU);
- with respect to our TiVo-Owned retail subscriptions, 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, and our estimates of the effects of product lifetime subscriptions on churn;
- our expectations regarding the seasonality of our business and subscription additions to the TiVo service;
- our expectations regarding future growth in subscriptions to the TiVo service and TiVo-Owned and television service operators (MSO) ARPUs, including future increases in the MSO subscription base through international expansion and the possibility of future decreases in the TiVo-Owned subscription base;
- our expectations regarding future advertising and audience research and measurement revenues;
- our future service and hardware revenues from TiVo-Owned subscriptions and future service, technology and hardware revenues from MSOs;
- our expectations regarding growth in the future advanced television services market for our services, software, and technology for both our hardware and in-home and outside-of-the-home cloud-based solutions, which will be impacted by alternatives to and competitors with our products, such as broadband content delivered by MSOs to their customers' computers and mobile devices (TV Everywhere), video delivered on demand to a MSO customers' set-top box (VOD), and network DVRs;
- our expectations regarding continued regulatory required access to and 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 beyond TiVo Preview and Mini, for example, that may or may not incorporate the TiVo user interface;

- our expectations of the future decrease in hardware revenues and hardware margin as our U.S. MSO customers transition their hardware purchases to third party hardware manufacturers such as Pace and our belief that this will enable us to gain additional MSO subscriptions;
- our expectations of the growth of the TiVo service and technology outside the United States;
- our expectations regarding a future decrease in the amount of our research and development spending and our associated ability to remain a competitive technology innovator and invest significant resources 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 and our ability to receive revenues equal to or greater than such deferred expenses from such television distribution partners;
- our expectations regarding future changes in our operating expenses, including changes in general and administrative expenses, litigation expenses, sales and marketing and subscription acquisition costs;
- our expectations regarding our ability to oversee outsourcing of our manufacturing processes and engineering work and our ability to support the hardware, inventory, and hardware customization needs of our MSO customers;
- our expectations regarding the usability of our finished goods inventory of DVRs and non-DVR products and the risks that hardware forecasts of our MSO customers may be reduced or delayed after we have committed manufacturing resources due to long lead times, which may require us to record additional write-downs if such inventory exceeds forecasted demand;
- our expectations that in the future we may offer streaming content to Android devices;
- our expectations regarding our ability to perform or comply with laws, regulations, and requirements different than those in the United States; and
- our expectations and estimates 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

The TiVo service redefines home entertainment by providing consumers with an easy intuitive experience for accessing video content delivered from multiple sources and for consuming that content on a variety of devices both in and out of home. We are a leading provider of software, services and technology that enable the distribution and management of video content through set-top boxes (STBs) and an increasing variety of consumer electronic applications and devices, such as smartphones and tablets. We offer a full whole-home solution that includes 4-Tuner and 6-Tuner digital video recorders (DVRs)/gateways, IP STBs, and streaming to mobile and tablet iOS devices (with Android devices coming soon) with features such as What to Watch Now, Season Pass® recordings, integrated search (including content from both traditional linear television, cable VOD, and leading broadband sources such Netflix, Hulu Plus, and Amazon Instant Video in one user interface), access to broadband video content, TiVo Online/Mobile Scheduling and applications on third-party devices such as tablet computers and smartphones.

We distribute TiVo devices through consumer electronics retailers and through our on-line store at TiVo.com. Additionally, in our MSO or Pay TV business, we generate service and hardware revenues by providing the TiVo service through agreements with leading satellite and cable television service providers and broadcasters on Pay TV provisioned STBs (both through TiVo supplied and third-party supplied STBs) and other devices. We recently acquired Digitalsmiths, one of the U.S. Pay TV industry's most broadly adopted cloud based search and recommendation services.

We generate revenues primarily from four sources:

- Consumer Service. One of our largest sources 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 and other products to consumers through distribution relationships with major retailers and directly to consumers through TiVo.com.
- Television Service Providers or MSOs or Pay TV. 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 primary user interface or in some cases as an optional premium service. We may also receive revenues for licensing and professional services and hardware sales from these customers. This revenue source has continued to grow and we expect it to be a larger percentage of our total revenue in the future. Additionally, we recently acquired Digitalsmiths, which receives revenues from Pay TV providers, consumer electronic manufacturers and content providers.
- Advertising and Research Services. We work directly with television advertisers, agencies, and networks to offer a variety of solutions for television advertising and audience measurement. These include short- and long-form interactive video advertising, lead generation, and commerce as well as unique second-by-second audience research measurement that combines television viewing data and in some instances Internet viewing data with purchase activity or demographic attributes.
- Licensing. We derive revenues from our licensing agreements associated with our litigation settlements. In connection with settlements of litigation, TiVo has entered into agreements with DISH Network Corporation (DISH), AT&T Inc. (AT&T), Verizon Communications, Inc.(Verizon), ARRIS Group, Inc. (Arris) (owner of General Instrument Corporation, formerly a subsidiary of Motorola Mobility, Inc.), Cisco Systems, Inc. (Cisco), and Google Inc. (Google) (owner of Motorola Mobility, LLC formerly Motorola Mobility, Inc.) (with the settlements with Arris, Google, and Cisco referred to as the Motorola/Cisco settlement) 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; dependence on third-parties for manufacturing, marketing, and sales support, as well as third-party rollout schedules and software development issues related to 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. See Part II, Item 6, Selected Financial Data for our historical financial results. In our fiscal year ended January 31, 2014, we had net income of $271.8 million and cash provided by operating activities was $495.0 million, which was primarily driven by the Motorola/Cisco litigation settlement and licensing agreement. As of January 31, 2014, we had an accumulated deficit of $(410.5) million. 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 remain cautious about our ability to maintain our current number of TiVo-Owned subscriptions in our fiscal year ending January 31, 2015, despite improving trends in TiVo-Owned subscription gross additions driven by the launch of TiVo Roamio. 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 because these fees will be first classified as technology revenues until we recoup our initial development expenditures under our current zero margin arrangements, including with Com Hem AB (Com Hem), and Cableuropa S.A.U. (ONO). See the discussion in Part l, Item 1A. Risk Factors, relating to risks related to our business, including risks specific to our deployments with our television service provider customers.

Our Industry

Evolution of Advanced Television Services. TiVo revolutionized television viewing when it introduced the DVR, 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 VOD and content options delivered through cable and broadband connections (or so called over-the-top content (OTT)) 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 VOD from the Internet and cable providers including television shows, movies, user generated videos, music, and other personal content including photos and home videos. 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. Virtually all of the major television service providers in the United States 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 such as tablet devices and TV Everywhere. 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 can make the advantages of this advanced TV technology available to the large number of operators who cannot afford to develop these technologies in house.

The Changing Television Advertising & Audience Measurement Industry. The decline of live linear television viewing, which is now only approximately 40% of viewing on the TiVo 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 from its own and third-party set-top boxes that allows it to measure the viewing of television programs and commercials in a manner that we believe 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 supplemented by additional alternate forms of measurement which we are 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.

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 search and discovery services to generate revenue through the licensing of both our TiVo branded services and technology and non-branded services and technology delivered by Digitalsmiths 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, from the cloud, or over-the-air, television service provider VOD, and broadband video. Our technology enables consumers to find and watch their favorite content, whether it is on TV, VOD, or broadband, and helps 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 products and applications for Android-enabled smart phones and tablets and iOS-enabled smartphones and tablets that allow viewers to control their set-top boxes as well as, currently with respect to iOS-enabled devices and in the future with respect to Android-enabled devices, to consume video both inside and outside the home. We continue to update the TiVo service with new audio and video applications such as Spotify and Hulu. 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, enabling the TiVo experience on additional consumer device and screens, cloud-based services, personalization, 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 TiVo and third-party designed set-top boxes and other consumer electronic devices such as tablets 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 and are able to innovate at a faster pace. 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.

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, in the United Kingdom, Virgin Media (Virgin), the United Kingdom's largest cable operator, recently connected its two millionth TiVo customer. To date, we have MSO subscriptions to the TiVo service in the geographies of Australia, Mexico, New Zealand, Spain, Sweden, and Taiwan as well.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 the TiVo Service to the Cloud. TiVo has been transitioning its service to the cloud over the past several years, and allowing TiVo to offer its products on a multitude of devices beyond the set-top box. Further, TiVo is in the process of developing a network DVR service, which will allow Pay TV to offer storage in the cloud reducing their expenditures on hardware, allowing recorded shows to be delivered to more devices, and enabling features and controls for both consumers and operators that weren’t possible with a set-top box based DVR. Additionally, the recent acquisition of Digitalsmiths enables TiVo to offer elements of its service through non-TiVo branded user experiences.

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.

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.

We have engaged in significant intellectual property litigation with certain television service and technology providers in the United States to protect our technology from infringement. To date, we have received cash and future technology revenue payment commitments totaling over $1.6 billion from intellectual property litigation.

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 long-form videos (Showcases) that can include 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 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.

We also offer audience research and measurement products through our subsidiary, TiVo Research and Analytics, Inc. (TRA), whose customers include advertisers, agencies, and broadcast and cable networks. These customers use TRA's software and advanced data analytics which match TV tuning and purchase data in order to optimize advertising to the right audience. We believe this creates ad placement efficiency, drives more product sales for brands, and a higher return on media investment for advertisers while increasing advertising revenues for networks. We plan to continue to develop and enhance our measurement capabilities to generate additional revenues and provide additional innovative solutions, such as crossmedia measurement products.

Our Technology

We have 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. The TiVo service is also deployed directly by U.S. satellite and cable operators such as DIRECTV, Grande, RCN, Suddenlink, GCI, Mediacom, Midcontinent Communications (Midco), CableONE, Atlantic Broadband (ABB) and others and internationally, such as with Virgin , ONO, and Com Hem. Our strategy is to sign additional distribution agreements to make the TiVo service available on additional set-top boxes and other devices such as tablets or computers and in the future connected televisions and game consoles. We believe that our commitment to research and development will allow us to continue to innovate new products for our customers, even while we continue to focus on managing and reducing our overall research and development expenses from fiscal year 2014. 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, tablets, 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 in the cloud. After the initial set-up of the TiVo service, the TiVo-enabled set-top box will automatically connect to the TiVo service infrastructure over 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 third-party set-top boxes, such as on a Cisco, Samsung, and Pace manufactured set-top boxes.

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 recommendations and personalization, and 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, including our latest TiVo Roamio line up of DVRs and TiVo Mini non-DVR set-top-boxes, are specifications developed by TiVo for set-top boxes and other devices. We provide this design to our contract manufacturer that produces TiVo-branded hardware. The TiVo-enabled hardware design includes a modular front-end that allows the basic platform to be used for digital and analog broadcast, digital and analog cable, broadband and in some cases VOD. In addition, the TiVo-enabled hardware design allows for connection to broadband networks and external devices to enable existing and future services. We believe that the TiVo-enabled hardware design and our lack of dependence on third-party hardware design, which can delay time to market, allows us to innovate our client software at a faster pace.

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 DIRECTV's customer base. As of January 31, 2014, DIRECTV was our largest MSO customer by revenue, but no longer represents a meaningful portion of our 3.2 million MSO subscription base. Historically, DIRECTV has paid 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. However, due to the decline in the number of DIRECTV MSO subscriptions in recent years, in fiscal year 2014, we recognized the monthly minimum amount each month during the entire year. We incur limited recurring expenses related to the DIRECTV relationship.

On September 3, 2008, we extended our agreement with DIRECTV. 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) and the revenues from DIRECTV are material to TiVo's net income.

Customer Service and Support

For our TiVo-Owned service, we provide customer support through outsourced service providers as well as our internal customer service personnel. In most cases, when our product is distributed through a television service provider (such as DIRECTV, Grande, ONO, RCN, Suddenlink, GCI, and Virgin) 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 elements necessary to enable the TiVo service. These activities include hardware and software development.

	Fiscal Year Ended January 31,		
	2014	2013	2012
	(in millions)		
Research and Development Expenses	$106.9	$115.1	$110.4

We decreased the number of our regular, temporary, and part-time employees engaged in research and development between January 31, 2013 and January 31, 2014 as we were able to release a number of products last fiscal year and continued to focus on efficiency in our research and development expenditures. In the fiscal year ending January 31, 2015, we currently expect our research and development expense to decrease from fiscal year 2014 levels as we benefit from a full year of efficiencies gained in the fiscal year ended January 31, 2014 and continue to focus on incremental research and development spend efficiencies.

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, with the majority of our components delivered from manufacturers overseas. Our primary distribution center is operated on an outsourced basis in Texas.

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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, and certain discrete components are currently supplied by sole source suppliers. Our dependence on these sole source suppliers could expose us to the risk of supply shortages, unexpected price increases, and increased compliance risks with new conflict mineral requirements in the future.

We often require substantial lead time to purchase components and manufacture anticipated quantities of devices 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 devices and subscriptions to the TiVo service are affected by seasonality. Thus, we generate a significant number of our annual device 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 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. 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 pro-actively select a DVR service. Additionally, many U.S. cable operators are currently deploying VOD 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, tablets, 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, Roku, 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 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/Cisco, Ericsson (Mediaroom), Motorola/Arris, and from MSO internally developed solutions such as Comcast X1, 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 by bundling multiple products together. 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 Advertising and Research businesses. Digital video recorder services, in general, and TiVo, specifically, compete with other advertising media such as print, radio, television, VOD, 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.

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 388 foreign and domestic patents and have approximately 358 foreign and domestic patent applications pending. For example, we own 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.

During the fiscal year ended January 31, 2014 we entered into a settlement and patent license agreement with ARRIS Group, Inc. (Arris) (owner of General Instrument Corporation, formerly a subsidiary of Motorola Mobility, Inc.), Cisco Systems, Inc. (Cisco), and Google Inc. (Google) (owner of Motorola Mobility, LLC formerly Motorola Mobility, Inc.), pursuant to which the parties agreed to settle and dismiss all outstanding litigation between them, including related litigation involving Time Warner Cable (as described in TiVo's periodic reports filed with the Securities and Exchange Commission), provide licenses to certain patents between the parties, and release patent infringement claims between the parties with respect to all outstanding litigation in exchange for a payment of $490 million to TiVo by Google and Cisco in connection with the Motorola/Cisco settlement. During the fiscal year ended January 31, 2012, we entered into separate settlements of pending intellectual property lawsuits we had filed against DISH and AT&T Inc. for $500 million and $215 million, respectively. During the fiscal year ended January 31, 2013 we entered into a settlement of pending intellectual property lawsuit against Verizon for $250.4 million. To date, we have received cash and future technology revenue payment commitments totaling over $1.6 billion from intellectual property litigation.

We have secured numerous foreign and domestic trademark registrations for our 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 under the headings "Our success depends on our ability to secure and protect our patents, trademarks, and other proprietary rights" and "Intellectual Property claims against us could be extremely costly, result in the loss of significant rights, require us to alter our current product and business strategy and force us to cease operating our business, in which case our business would be harmed" 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 make available to each new subscriber to the TiVo service. This policy was last updated in August 2013 to cover new features that we have introduced and plan to introduce in the future. Among other things, this policy explains how we collect, use, disclose, and protect information.

Employees

As of February 28, 2014, we employed approximately 626 full-time employees. 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 February 28, 2014):

Name	Age	Position
Thomas Rogers	59	President and CEO
Naveen Chopra	40	Senior Vice President, Chief Financial Officer
Jeffrey Klugman	53	Executive Vice President, Products and Revenue
Charles (Dan) Phillips	55	Chief Operating Officer
Matthew Zinn	49	Senior Vice President, General Counsel, Secretary and Chief Privacy Officer
Pavel Kovar	40	Vice President, Chief Accounting Officer

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 what is now Dex Media (NYSE:DXM) and its predecessor SuperMedia and Idearc. 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.

Naveen Chopra was named Chief Financial Officer and Senior Vice President, Corporate Development and Strategy in December 2012 and is responsible for overseeing the Company's accounting and financial reporting, planning, tax, and treasury functions. In addition, Mr. Chopra is responsible for the Company's long-term business strategy focused on product distribution, corporate development and capital allocation. Mr. Chopra joined TiVo in 2003 as Director, Business Development, where he later served as Vice President, Business Development, before being promoted to Senior Vice President, Corporate Development and Strategy. He holds bachelor degrees in computer science and economics from Stanford University and an M.B.A. from the Stanford Graduate School of Business.

Jeffrey Klugman was named Executive Vice President of Products and Revenue on December 20, 2012. Prior to that Mr. Klugman had served as Senior Vice President of Products and Revenue from November 1, 2009 to December 19, 2012. 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 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 with Honors from Carnegie Mellon University and an M.B.A. degree from the Stanford Graduate School of Business School.

Charles (Dan) Phillips was named Chief Operating Officer on December 20, 2012. Prior to that Mr. Phillips had served as Senior Vice President of Engineering and Operations from June 21, 2010 to December 19, 2012. 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.

Pavel Kovar was named Vice President, Chief Accounting Officer on March 28, 2013, prior to that Mr. Kovar had served as Vice President, Corporate Controller and Treasurer from June 2010 to January 2013. From September 2008 to June 2010 Mr. Kovar served as Senior Director, Corporate Controller. From February 2007 to September 2008 Mr. Kovar served as Director, Chief Accountant. Prior to that Mr. Kovar served as a Senior Manager at Ernst and Young LLP. Mr. Kovar holds a master's degree in International Trade from the University of Economics, Prague, Czech Republic and is a Certified Public Accountant in the State of California.

Other Information

TiVo was incorporated in August 1997 as a Delaware corporation and is located in San Jose, 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 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. On July 18, 2012, we acquired TRA Global, Inc. a privately-held, media and marketing research company headquartered in New York, New York, now named TiVo Research and Analytics, Inc. (TRA). On February 14, 2014, we acquired Digitalsmiths Corporation, a privately-held cloud based video search and recommendation service for the Pay TV industry, based in Raleigh, North Carolina.

We maintain an Internet website at the following address: www.tivo.com. Financial news and reports and related information about our company as well as non-GAAP to GAAP reconciliation can also be found on this website. 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 (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 (Exchange Act). These include our annual reports on Form 10-K, our quarterly reports on Form 10-Q, and our current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. 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 our outstanding convertible senior notes and the trading price of our common stock. Additional risks and uncertainties not currently known to us or those 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 from our non-licensing businesses. We generate a significant amount of revenue from our patent settlement agreements with DISH, AT&T, Verizon, Motorola/Cisco which expire in calendar year 2018 or later, and if we are unable to renew or replace these revenues, our business would be harmed.

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During the fiscal years ended January 31, 2014, 2013, and 2012, our net income (losses) were $271.8 million, $(5.3) million, and $102.2 million, respectively. As of January 31, 2014, we had an accumulated deficit of $(410.5) million. The size of future net losses or income 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 subscriptions, the prices at which we sell TiVo set-top boxes, the amount of research and development expenses we incur to fund new product development and expand our engineering services capacity, and the amount and timing of settlement payments. In fiscal year 2012, we entered into patent settlement agreements with DISH and AT&T and in fiscal year 2013, we entered into a patent settlement agreement with Verizon. In fiscal year 2014, we entered into a patent settlement agreement with Motorola/Cisco. The patent settlement agreements with DISH, AT&T, Verizon, and Motorola/Cisco will generate recurring revenues for us until 2024, with the majority of these revenues received by 2019. 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, our revenues would decline and our business would be harmed as a result. Unless and until we generate significant additional revenues from our operations or substantially reduce our expenses, we may likely continue to incur losses in future fiscal years after we cease further receipt of our current legal settlement payments and we may never achieve sustained profitability. As such, in the future, continued net losses and negative cash flow could drain our existing cash balance.

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

From time to time, we are sued in court or receive letters from third-parties alleging that we are infringing on their intellectual property, including our current pending intellectual property litigation with Digital CBT. 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 would 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;
- cause us to 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 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. 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.

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

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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. 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 harm our business.

If cable operators were to cease supporting and providing CableCARDs to consumers or cable operators were to transmit television programs using technology that prevents our retail products from receiving and displaying television programs, the functionality of our current retail products would be severely limited, in which case our business would be harmed.

The cable industry in the United States is currently required to provide access to digital high definition television signals through CableCARD™ technology. 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. With the limited exception of high definition over the air broadcast channels, our DVRs presently are limited to using CableCARDs to access digital cable, high definition, and premium cable channels (such as HBO) that are delivered in a linear fashion where all programs are broadcast to all subscribers all the time. Our retail cable products are unable to access the encrypted digital television signals of satellite providers such as DIRECTV and Dish as well as alternative television service providers such as AT&T U-verse and Google Fiber. And without CableCARDs, there presently is no alternative way for us to sell a retail cable product that works across cable systems nationwide. Furthermore, to the extent more pay TV customers obtain television service from satellite television providers and alternative television providers such AT&T U-verse and Google Fiber, the desirability of our retail products and service will be harmed.

On January 15, 2013, the United States Court of Appeals for the D.C. Circuit vacated rules concerning the technical standards for CableCARDs adopted by the Federal Communications Commission (FCC) in 2003. These rules were part of an FCC order that EchoStar challenged regarding certain encoding rules applied to satellite operators. EchoStar did not challenge the technical standards for CableCARDs and the Court did not address any element of the FCC order that applied only to cable systems, cable operators, and cable devices. On July 16, 2013, TiVo filed a Petition for Rulemaking seeking reinstatement by the FCC of the vacated technical standards for CableCARDs. The National Cable and Telecommunications Association has taken the position that rules adopted by the Federal Communications Commission in 2010 that, among other things, require cable operators to support and supply CableCARDs to retail devices no longer apply and the CableCARD rules should not be reinstated. The NCTA has also been seeking legislation to repeal an FCC requirement that cable operators employ separable security (i.e. CableCARDs) in the set-top boxes they lease to their subscribers.

If cable operators were to cease supporting and providing CableCARDs to consumers without providing TiVo with a commercially viable alternative method of accessing digital cable, high definition, and premium cable channels that works across cable systems nationwide, we would be unable to sell most of our current retail products, may be unable to create future retail products, and our business would be harmed as the market for devices which only receive over the air broadcast television signals is significantly smaller than the current pay TV market.

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, functionality, or other reasons), 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.

Similarly, if cable operators implement new technologies in the future to transmit television programming that do not allow programs to be received and displayed on our retail products, the desirability and competitiveness of our products and services will be adversely affected and impact the sales of our TiVo-Owned products and services, in which case our business would be harmed.

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 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. Each of which could reduce the desirability of our products and services or increase our compliance costs.

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 as well as challenges related to our dependence on certain third-party technology providers upon whom we depend 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 have engaged in intellectual property infringement suits with parties that we may otherwise rely on for the delivery of necessary technologies for the enablement of key features of our products and as required by our contractual arrangements with our television service provider customers. For example, we previously engaged in patent infringement litigation with Motorola and 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 providers, and 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. 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.

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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. Further, if any of our partners are subject to a change of control transaction, our business could be harmed if such acquiring company chose to favor a technology provider other than us, despite the fact that many of our agreements with our partners include exclusivity provisions, minimum deployment commitments, or minimum financial commitments. If any of these events occur, including our inability to develop, license, and deploy in a timely, efficient, and on a full-scale basis, we will 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, Com Hem, and ONO, 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 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.

If we our unable to renew or extend our existing contract with DIRECTV, our business could be harmed.

DIRECTV is our largest MSO subscription customer by revenue, but no longer represents a meaningful portion of our 3.2 million MSO subscription base. 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

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February 15, 2018 by DIRECTV) and the revenues from DIRECTV are material to TiVo's net income. Due to the decline in the number of DIRECTV MSO subscriptions in recent years, in fiscal year 2014, we recognized the monthly minimum amount each month during the entire year. We incur limited recurring expenses related to the DIRECTV relationship. If we are unable to renew or extend our existing contract with DIRECTV on similar terms, then our business could 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 future 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, 2014, we had approximately $27.2 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, and 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 experienced delays and may in the future experience delays in our development work with our television service provider customers, which may cause us to modify the terms of those arrangements. 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.

We face risks from the consolidation or change of control of television service providers both in the U.S. and internationally. We have marketing and distribution agreements with a number of different television service providers for the licensing and distribution of our technology, products, and services. To the extent our existing television service providers merge or are acquired by other television service providers, we risk losing an existing customer whose new owner may have an existing relationship with a competitor or we risk the loss of a potential customer who otherwise may have been interested in our products and services but whose new owner may not. We may also experience delays in adoption of our products or services due to a change in control of such television service providers. Recently Vodefone has announced a proposal to acquire our customer Ono and Comcast has agreed to acquire our customer Time Warner Cable. In the event of such consolidation in the television industry, our business could be harmed by the loss of existing or potential future customers opportunities.

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.

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We believe that the principal competitive factors in the DVR and advanced television solutions market are brand recognition and awareness, functionality, ease of use, content 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 and OTT capabilities) 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.

Our revenues depend both upon our ability to successfully negotiate agreements with service provider customers and, in turn, upon our customers' successful commercialization of our licensed products and technology. We face competition from companies such as Ericsson (Mediaroom), Pace, Motorola (whose set-top box division was acquired by Arris), Cisco/NDS, and Rovi. Such companies may offer more economically attractive agreements to service providers and manufacturers of DVRs. We also face competition from solutions that MSOs may internally develop such as Comcast X1 and DIRECTV Genie, each of which have created competing technologies.

We face a number of competitive challenges in the sale and marketing of the TiVo service and products that enable the retail version of the TiVo service.

Our success depends upon the successful retail marketing of the TiVo service and related DVRs.

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 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 over-the-top video streaming devices (such as Roku and AppleTV). 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 could harm 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 more 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 would be harmed.

Consumers may not be willing to pay for our products and services, we may be forced to discount our products and services, and we may introduce products and services at lower price points which could impact our revenues. 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 and non-DVR products 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. Furthermore, we have introduced non-DVR products such as TiVo Mini meant to expand the TiVo experience throughout the home, but such a product has a lower hardware cost and lower associated service fees and it may impact our total revenues as well as our ARPU per subscription to the extent these products are offered at lower subscription price points. 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, and 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, 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,

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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 will be limited and our business, financial condition, and results of operations would 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 broadband 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 increasing TV Everywhere services from most Pay TV) 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 would 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 partners and service providers to market and distribute our products and services. In addition to our own efforts, our retail partners 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 many service providers, both domestically and internationally, 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. Further, if any of our service providers elect to support a competing technology, our business could be harmed despite the fact that many of our agreements with our service providers include exclusivity provisions, minimum deployment commitments, or minimum financial commitments. As a result, we would spend significant resources to support the TiVo service and DVRs and other devices that enable the TiVo service or would otherwise see a reduction in new and existing service provider deployments from such service providers. 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 additional 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.

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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 or other device 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 devices. 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 ongoing provision of an entertainment offering involving the distribution of digital content through broadband to consumer televisions with Amazon, Netflix, and others, including the availability of premium and high-definition content, as well as the speed and quality of the delivery of such content to TiVo devices. 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 would be harmed as consumers increasingly look for new ways to receive and view digital content and our ability to retain and attract subscribers would 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 increase subscription churn, our ability to grow our subscription base could suffer and our revenues would 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, 2014, we had approximately 171,000 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.

We face intense competition for advertising and research revenues.

DVR services, in general, and TiVo, specifically, compete with other advertising media such as print, radio, television, Internet, VOD, 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

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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. Due to the slower than anticipated adoption of TRA's services for the anonymous matching of ad exposure data with purchase data, we recognized a non-cash impairment charge of $4.8 million in the three and twelve months ended January 31 2014 related to intangible assets acquired as part of the TRA acquisition.

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 (such as geographic or product specific limitations), most favored customer limitations, and patent licensing arrangements. 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.

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 these DVRs and other devices we manufacture. 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 its agreement with us or otherwise fails to perform its 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 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, of which we may not have written supply agreements with certain sole suppliers for key components or services for our products. 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 although we do have limited rights to continue to purchase from Broadcom in the event Broadcom notifies us a product is being discontinued. Therefore, Broadcom is not contractually obligated to supply us with these key components on a long-term basis or at all. In addition, because we are dependent on sole suppliers for key components and services, our ability to manufacture our DVRs and other devices is subject to increased risks of supply shortages (without immediately available alternatives), exposure to unexpected cost increases in such sole supplied components, as well as other risks to our business if we were to fail to comply with conflict mineral requirements due to our reliance on these suppliers.

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 had an initial term of five years which TiVo has renewed for four additional years. The agreement provides each party with a termination right if the other party becomes controlled by certain third parties. 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

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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 a license to an alternative sources of guide data, we are not currently using it and there would be significant cost and delay involved in integrating such an alternative source of guide data should we do so in the future. 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, Amazon, 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.

New regulations related to "conflict minerals" may force us to incur additional expenses, may make our supply chain more complex and may result in damage to our reputation with customers.

On August 22, 2012, under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, the SEC adopted new requirements for companies that use certain minerals and metals, known as conflict minerals, in their products, whether or not these products are manufactured by third-parties. These requirements will require companies to perform due diligence, disclose and report whether or not such minerals originate from the Democratic Republic of Congo and adjoining countries. The implementation of these new requirements could adversely affect the sourcing, availability, and pricing of minerals used in the manufacture of

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our products and the numerous components that go into our products. For instance, a number of our key components in our products are supplied from a single source, and finding alternatives components that would be conflict mineral free in some cases could be expensive and cause delays in our ability to manufacture our products and meet customer demand. In addition, we will incur additional costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products. Since our supply chain is complex, we may not be able to sufficiently verify the origins for these minerals and metals used in our products through the due diligence procedures that we implement, which may harm our reputation. In such event, we may also face difficulties in satisfying customers who require that all of the components of our products are certified as conflict mineral free.

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 worked, and expect to in the future work, with companies located in jurisdictions outside of the United States, including, but not limited to, India, Ukraine, the 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 would 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 as well as remain in contractual compliance with our existing MSO 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. Our ability to provide uninterrupted service may also be impacted by internal system errors, bugs, and software deployment issues which may cause us to not meet MSO customers. These types of interruptions in the TiVo service may reduce our revenues and profits, including possible termination of existing MSO customer contracts. 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 or our MSO customers believe our service is unreliable. In addition to placing increased burdens on our engineering staff, service outages create a high volume 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

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the future. Additionally, if we are required to repair or replace any of our products, we could incur significant costs, which would harm our business, including 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;
- hardware sales
- 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.

We may not receive significant revenue from our current research and development efforts for several years, if at all.

Developing TiVo products and integrating acquired technology into existing platforms is expensive, and these investments often require substantial time to generate returns. Our strategy involves significant investments in research and development and related product opportunities. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain and improve our competitive position. However, we cannot ensure that we will receive significant, if any, revenue from these investments.

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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 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 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 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,

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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 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 business, including our reputation and brand.

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, Sweden, Mexico, Canada, Taiwan, Australia, and New Zealand. However, we have limited experience in international operations. There are risks inherent in doing business internationally, including privacy regulations that vary from country to country, global financial market turmoil, economic volatility and the global economic slowdown, currency exchange rate fluctuations and inflationary pressures, the requirements of local laws and customs relating to the distribution of content and the display and sale of advertising, import or export restrictions and changes in trade regulations, difficulties in developing, staffing and managing foreign operations, issues related to occupational safety and adherence to diverse local labor laws and regulations, and potentially adverse tax developments. In addition, 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 would be harmed. We have partnered, 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 personal computer 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.

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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 would 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 use of some television content, increase our costs, and adversely affect our business.

We have acquired and may acquire other companies and businesses and may not realize the expected benefits of these acquisitions.

We have acquired and expect to acquire other companies and businesses in the future. On February 24, 2014, we acquired Digitalsmiths for $135 million in cash. Our future revenue growth and expansion of our business may rely on our successful integration of this and other acquisitions. We may incur significant costs in connection with our potential transactions, including acquisitions that are not consummated. Potential and completed acquisitions involve a number of risks. If any of the following acquisition-related risks occur, our business, operating results or financial condition could be seriously harmed:

- The failure to realize anticipated benefits such as cost savings and revenue enhancements;
- The failure to integrate and manage acquired products and businesses effectively;
- The failure to retain key employees of the acquired company or business;
- Difficulties in combining previously separate companies or businesses into a single unit;
- The substantial diversion of management's attention from day-to-day business when evaluating and negotiating these transactions and integrating an acquired company or business;
- The discovery, after completion of the acquisition, of unanticipated liabilities assumed from the acquired company, business or assets, such that we cannot realize the anticipated value of the acquisition;
- Difficulties related to integrating the products of an acquired company or business in, for example, distribution, engineering, licensing models, or customer support areas;
- Unanticipated costs; or
- The failure to understand and compete effectively in markets where we have limited experience.

Future acquisitions may involve the issuances of stock as full or partial payment of the purchase price for the acquired company or business, grants of restricted stock, restricted stock units, or stock options to employees of the acquired companies or businesses (which may be dilutive to existing stockholders), expenditure of substantial cash resources or the incurrence of a material amount of debt. These arrangements may impact our liquidity, financial position, and results of operations.

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

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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.

The investment of our cash, cash equivalents and investments in money market funds and marketable debt securities are subject to risks which may cause losses and affect the liquidity of these investments.

Our investments include various money market funds and marketable debt securities, such as corporate debt securities, U.S. Treasury securities, bank certificates of deposit and commercial paper. Weakened financial markets have at times adversely impacted the general credit, liquidity, market prices and interest rates for these and other types of debt securities. Additionally, changes in monetary policy by the Federal Open Market Committee and concerns about the rising U.S. government debt level may cause a decrease in the purchasing power of the U.S. dollar and adversely affect our investment portfolio. Furthermore, if there is a default or downgrade of U.S. government or agency debt securities, our investment portfolio may be adversely impacted, requiring impairment charges that could adversely affect our liquidity, financial position, results of operations, or cash flows. The financial market and monetary risks associated with our investment portfolio may have a material adverse effect on our financial condition, liquidity, results of operations, or cash flows.

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 recent patent litigation settlements, 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 as by failing to continue to qualify for the research and development exemption under the 1940 Act, such noncompliance could have a 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 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 would 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

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imposed on us as a credit card merchant, our business would 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.

Uncertainty in the marketplace regarding the use of data from our subscribers 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 privacy related litigation costs or increased service delivery costs, or otherwise harm our reputation and business.

The DVR collects and stores viewer preferences and other data that many of our customers consider confidential. If our technological security measures are compromised, our customers may curtail or stop use of our products and services. 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 to disclose sensitive information in order to gain access to our information or our customers' information. It is also possible that one of our employees who has access to our information or our customer's information as part of his or her employment or who could attempt to gain unauthorized access to our information or our customer's information and use it in violation of our internal policies and procedures. 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, we may be unable to proactively address these techniques or to implement adequate preventative measures from either external or internal threats. 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. Failure to protect our information and our customer's information from external or internal threats could negatively impact our ability to attract new customers, cause existing customers to cancel their subscriptions, cause commercial partners to cease doing business with us, subject us to third-party lawsuits, regulatory fines or other actions or liabilities, thereby harming our business and operating results.

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 subscriptions and the marketing of rebate offers related to the sale of our products and services. It is possible that

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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 among 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 would 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.

In the future, our revenues and operating results may fluctuate significantly, which may adversely affect the market price of our common stock.

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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 higher 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.

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, 2014, options to purchase a total of 7,664,290 shares and 4,786,985 unvested restricted stock awards and restricted stock units were outstanding under our option and equity incentive plans, and there were 6,513,292 shares available for future grants. In addition, there were potentially 15,462,193 shares to be issued upon conversion of our outstanding convertible notes. 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, to fund litigation expenses, 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

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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 San Jose, California which is where the overwhelming majority of our employees work. Our primary servers are located nearby in San Jose, California. San Jose lies 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 in which case our business would 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 San Jose, 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. We have a total of 164,269 square feet of office space in San Jose. We believe that our corporate facilities will be adequate to meet our office space needs for the next year as we currently utilize approximately 93% 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. We also have operating leases for engineering, sales and administrative office space in New York City, New York, Chicago, Illinois, Denver, Colorado, Maynard, Massachusetts, and Durham, North Carolina.

ITEM 3. LEGAL PROCEEDINGS

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, 2014, the Company has not accrued any pre-judgment 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 has accrued $4.7 million, including accrued interest, for arbitration proceedings related to a contractual dispute. The Company is currently appealing an unfavorable decision in the initial arbitration proceeding. The Company expenses legal costs as they are incurred.

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

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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:

Fiscal Year 2014	High	Low
Fourth Quarter ended January 31, 2014	$13.92	$12.08
Third Quarter ended October 31, 2013	$14.25	$10.47
Second Quarter ended July 31, 2013	$14.10	$10.67
First Quarter ended April 30, 2013	$13.49	$10.71
Fiscal Year 2013	High	Low
Fourth Quarter ended January 31, 2013	$13.49	$9.71
Third Quarter ended October 31, 2012	$10.61	$8.37
Second Quarter ended July 31, 2012	$11.07	$7.75
First Quarter ended April 30, 2012	$12.37	$10.45

Holders of Record

As of February 28, 2014, we had 1,055 stockholders of record and the closing price of our common stock was $13.50 per share.

Dividend Policy

We paid no cash dividends during the fiscal year ended January 31, 2014 and we have no current plans to pay a cash dividend in the future although we will continue to evaluate our dividend policy going forward.

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 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 are 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:

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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, 2013	9,396	(1)	$ 12.83	—	$ 106,165,382
December 1, through December 31, 2013	430,658	(2)	$ 12.38	398,366	$ 101,245,870
January 1, through January 31, 2014	1,268,398	(3)	$ 12.24	1,261,288	$ 185,807,449

(1) During the month of November 2013 TiVo acquired 9,396 shares at a weighted average price of $12.83 from employees upon the vesting of restricted stock.
(2) During the month of December 2013 TiVo acquired 32,292 shares at a weighted average price of $12.79 from employees upon the vesting of restricted stock.
(3) During the month of January 2014 TiVo acquired 7,110 shares at a weighted average price of $12.62 from employees upon the vesting of restricted stock.

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; on June 9, 2013 we announced that the Board had increased the amount of the discretionary share repurchase program to $200 million and extended the program's termination date from August 29, 2013 to August 29, 2015. On January 29, 2014 we announced that the Board had increased the amount of the discretionary share repurchase program to $300 million. As of January 31, 2014 we had purchased 10,340,446 shares of common stock under this program at a weighted average price of $11.04 per share for an aggregate purchase price of $114.2 million and the remaining authorized amount for stock repurchases under this program was $185.8 million with a termination date of August 29, 2015.

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, 2009, 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.

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* $100 invested on 1/31/2009 in stock or index, including reinvestment of dividends. Fiscal year ending January 31.

	January 31,					
	2009	2010	2011	2012	2013	2014
TiVo Inc.	100.00	125.45	134.49	144.30	185.54	172.32
NASDAQ Composite	100.00	145.73	185.35	196.13	222.33	296.73
RDG Technology Composite	100.00	153.34	196.24	203.04	219.53	277.02

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data as of and for the fiscal years ended January 31, 2014, 2013, 2012, 2011, and 2010, 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.

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	Fiscal Year Ended January 31,				
	2014	2013	2012	2011	2010
	(in thousands, except per share data and share amounts)				
Consolidated Statements of Operations Data:					
Revenues					
Service revenues	$138,835	$133,725	$131,341	$140,649	$159,772
Technology revenues	165,630	101,592	58,945	27,341	29,907
Hardware revenues	101,788	68,591	47,893	51,618	48,787
Net revenues	406,253	303,908	238,179	219,608	238,466
Cost and Expenses					
Cost of service revenues	49,042	40,107	35,865	40,515	40,878
Cost of technology revenues	25,673	23,175	23,056	18,813	20,703
Cost of hardware revenues	96,633	78,183	59,439	69,033	65,909
Research and development	106,917	115,103	110,367	81,604	63,039
Sales and marketing	39,003	30,353	26,388	27,587	23,270
Sales and marketing, subscription acquisition costs	12,521	8,660	7,392	8,169	5,048
General and administrative	77,311	87,075	96,502	59,487	44,801
Litigation Proceeds	(108,102)	(78,441)	(230,160)	—	—
Income (loss) from operations	107,255	(307)	109,330	(85,600)	(25,182)
Interest income	4,727	3,951	5,672	1,397	1,039
Interest (expense) and other income (expense), net	(8,077)	(7,872)	(12,034)	(145)	83
Income (loss) before income taxes	103,905	(4,228)	102,968	(84,348)	(24,060)
Benefit from (provision for) income taxes	167,911	(1,036)	(807)	(164)	1,024
Net income (loss)	$271,816	$(5,264)	$102,161	$(84,512)	$(23,036)
Net income (loss) per share					
Basic	$2.29	$(0.04)	$0.88	$(0.74)	$(0.22)
Diluted	$1.99	$(0.04)	$0.80	$(0.74)	$(0.22)
Income (loss) for purposes of computing net income (loss) per share:					
Basic	$271,816	$(5,264)	$102,161	$(84,512)	$(23,036)
Diluted	$276,825	$(5,264)	$109,140	$(84,512)	$(23,036)
Weighted average shares used to calculate basic net income (loss) per share	118,445,466	119,411,727	116,592,943	113,490,177	106,182,488
Weighted average shares used to calculate diluted net income (loss) per share	138,801,463	119,411,727	136,255,424	113,490,177	106,182,488

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	Fiscal Year Ended January 31,				
	2014	2013	2012	2011	2010
Consolidated Balance Sheets Data:					
Cash and cash equivalents	253,713	157,104	169,555	71,221	70,891
Short-term investments	748,759	470,136	449,244	138,216	173,691
Total assets	1,301,791	763,653	719,810	285,818	310,812
Long-term portion of deferred revenues	331,534	71,823	81,336	34,857	28,990
Convertible senior notes	172,500	172,500	172,500	—	—
Total stockholders' equity	549,085	340,764	313,027	168,756	197,141

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

The TiVo service redefines home entertainment by providing consumers with an easy intuitive experience for accessing video content delivered from multiple sources and for consuming that content on a variety of devices both in and out of home. We are a leading provider of software and service technology that enables distribution and management of video content through set-top boxes with and without DVR functionality, and an increasing variety of consumer electronic applications and devices, such as smartphones and tablets. We offer a full whole-home solution that includes 4-Tuner and 6-Tuner DVRs/gateways, IP STBs, and streaming to mobile and tablet iOS devices (with Android devices coming soon) with features such as What to Watch Now, Season Pass® recordings, integrated search (including content from both traditional linear television, cable VOD, and broadband sources in one user interface), access to broadband video content, TiVo Online/Mobile Scheduling and applications on third-party devices such as tablet computers and smartphones. As of January 31, 2014, there were approximately 4.2 million subscriptions to the TiVo service through our TiVo-Owned and MSO businesses. In our TiVo-Owned business, we distribute the TiVo DVR through consumer electronics retailers and through our on-line store at TiVo.com. Additionally, in our MSO business, we generate service and/or hardware revenues by providing the TiVo service through agreements with leading satellite and cable television service providers and broadcasters on MSO provisioned STBs (both through TiVo supplied and third-party supplied STBs) and other devices. We also generate technology revenues through engineering professional services in connection with the development and deployment of the TiVo service to our MSO customers.

On February 14, 2014, we acquired Digitalsmiths Corporation, one of the Pay TV industry's most broadly adopted cloud based search and recommendation services. We believe this acquisition will broaden our product and service portfolio and increases our engagement among consumer electronics manufacturers, Pay TV operators, and content providers. Additionally, we generate advertising and audience research and measurement revenues by providing innovative advertising and audience measurement solutions for the television industry. We acquired a data analytics company, TRA Global, Inc. on July 18, 2012, which we have renamed TiVo Research and Analytics, Inc. (TRA).

We are focused on enhancing long term shareholder value, and will continue to evaluate opportunities to grow our business organically and/or through acquisitions. On January 29, 2014 we announced that the Board had increased the amount of the discretionary share repurchase program to $300 million. As of January 31, 2014 we had purchased 10,340,446 shares of common stock under this program at a weighted average price of $11.04 per share for an aggregate purchase price of $114.2 million and the remaining authorized amount for stock repurchases under this program was $185.8 million with a termination date of August 29, 2015.

We have engaged in significant intellectual property litigation with certain television service and technology providers in the United States to protect our technology from infringement. To date, we have received cash and future technology revenue payment commitments totaling over $1.6 billion from intellectual property litigation.

Executive Overview
Fiscal year 2015

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In the fiscal year ending January 31, 2015, 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 customers, and continue deployment activities for our existing distribution customers. 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 new products, such as our recently launched TiVo RoamioTM product line (all-in-one approach to live, recorded, on demand, and over-the-top television), as well as our mass distribution partnerships both in the U.S. and internationally. We expect to further grow our MSO subscription base during the fiscal year ending January 31, 2015. However, we expect that net subscription growth in our installed base of MSO subscriptions may be slightly offset by further declines in our net TiVo-Owned subscriptions.

•We expect MSO hardware revenues and margins to likely decline in future quarters as MSO partners start to transition to third-party hardware such as Pace and other products which can support our TiVo service. We believe giving operators a choice of hardware platforms is critical to attracting new MSO customers, and driving increased penetration in current MSO customers. Although we lose hardware margin in the short term from decreased hardware sales, we believe we gain additional subscribers through MSOs that would not otherwise be willing to sell the TiVo service.

•We believe that our investment in research and development is critical to remaining competitive and being a leader in advanced television solutions. Therefore, we expect our annual research and development spending in fiscal year 2015 to continue to be significant but to be at lower levels than the fiscal year ended January 31, 2014 as we continue to launch and pursue new product developments including enhanced cloud-based services such as network DVR, a more personalized user experience, expanded mobile applications, out-of-home streaming capabilities, and a variety of back-office enhancements which increase our operational capacity to handle more operator deployments.

•We will continue our efforts to protect our technological innovations and intellectual property. However, we expect our litigation expenses to be significantly lower during the fiscal year ending January 31, 2015.

•We expect to continue our development efforts under our existing MSO deployment arrangements. As part of these arrangements, we typically receive some payments upfront and a portion over time that is a recoupment of costs to develop. As such, to the extent that our development costs exceed upfront development fees from such arrangements, but the recovery of such development costs through future service fees from these MSOs is reasonably assured, we will defer such development costs and start expensing them in our Statement of Income later upon deployment with the MSO. As of January 31, 2014 we had deferred costs of approximately $27.2 million related to development work, largely related to Com Hem, ONO, and Charter Communications Operating, LLC (Charter). 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. Also for international MSOs, 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 also negatively impacts the average revenue per subscription (ARPU) for MSOs until such service fees are later recognized as service revenues, as further discussed below under Key Business Metrics. Based on the contractual commitments or recent MSO activities, full recovery of the deferred costs is reasonably assured. However, we face the risk of unexpected losses if we are forced to recognize these deferred costs early if we don't successfully complete the developments and deployments with the MSO partners or these partners default on future guaranteed service fees or are otherwise able to terminate their contracts with us.

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. Below is a table that details the change in our subscription base during the twelve months ended January 31, 2014, 2013, and 2012, respectively. The TiVo-Owned lines refer to subscriptions sold directly or indirectly by TiVo to consumers

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who have TiVo-enabled devices (such as a DVR or TiVo Mini) and for which TiVo incurs acquisition costs. The MSO lines refer to subscriptions sold to consumers by MSOs such as Virgin, ONO, RCN, Grande, GCI, 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 as opposed to a one-time prepaid product lifetime fee.

	Fiscal Year Ended January 31,		
(Subscriptions in thousands)	2014	2013	2012
TiVo-Owned Subscription Gross Additions:	126	117	114
Subscription Net Additions/(Losses):			
TiVo-Owned	(63)	(80)	(157)
MSOs	1,123	950	387
Total Subscription Net Additions/(Losses)	1,060	870	230
Cumulative Subscriptions:			
TiVo-Owned	966	1,029	1,109
MSOs	3,243	2,120	1,170
Total Cumulative Subscriptions	4,209	3,149	2,279
Fully Amortized Active Lifetime Subscriptions	171	194	253
% of TiVo-Owned Cumulative subscriptions paying recurring fees	51%	53%	55%

We define a “subscription” as a contract referencing a TiVo-enabled device such as a DVR or TiVo Mini for which (i) a consumer has committed to pay for the TiVo service and (ii) service is not canceled. Each TiVo-Owned or MSO subscription represents a single TiVo-enabled device (as defined above) and therefore one or more TiVo-Owned or MSO subscriptions may be present in a single household. We currently do not report based on households. 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 TiVo-enabled device 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. 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, subscription, or a TiVo-enabled device 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 dependent in part on reporting from our third-party MSO partners.

TiVo-Owned subscriptions declined by 63,000 subscriptions during the fiscal year ended January 31, 2014, as compared to a decrease of 80,000 in the same prior year period. This improvement was driven by increased TiVo-Owned subscriptions gross additions combined with decreased churn as a greater portion of our TiVo-Owned subscription base has transitioned to our newer hardware models which have lower churn. TiVo-Owned installed subscription base is approximately 1.0 million subscriptions as of January 31, 2014, which was relatively flat as compared to the same prior year period.

For the fiscal year ended January 31, 2014 our MSO installed subscription base increased by 1.1 million subscriptions to approximately 3.2 million subscriptions. This increase in subscriptions is due to subscription growth from a variety of partners including Virgin, RCN, Suddenlink, ONO, Grande, GCI, Midcontinent, Com Hem, CableONE, and others. This subscription growth is largely related to international MSO subscriptions and while we expect continued growth in our MSO installed subscription base as additional distribution deals launch, we anticipate international MSO subscription growth to continue to be a primary driver of this growth.

TiVo-Owned subscriptions declined by 80,000 subscriptions during the fiscal year ended January 31, 2013, as compared to a decrease of 157,000 in the same prior year period. This improvement was primarily driven by decreased churn. TiVo-Owned installed subscription base is approximately 1.0 million subscriptions as of January 31, 2013, as compared to approximately 1.1 million as of January 31, 2012. 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, telco, and satellite companies as we continued to have fewer TiVo-Owned subscription gross additions than we had TiVo-Owned subscription cancellations.

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For the fiscal year ended January 31, 2013 our MSO installed subscription base increased by 950,000 subscriptions to approximately 2.1 million subscriptions. This increase in subscriptions is due to subscription growth from partners such as Virgin, RCN, Suddenlink, ONO, Grande, and others.

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 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,					
	2014		2013		2012	
	(In thousands, except percentages)					
TiVo-Owned subscription cancellations	(189	)	(197	)	(271	)
Average TiVo-Owned subscriptions	987		1,062		1,174	
Annual Churn Rate	(19	)%	(19	)%	(23	)%
Number of Months	12		12		12	
TiVo-Owned Churn Rate per month	(1.6	)%	(1.5	)%	(1.9	)%

TiVo-Owned Churn Rate per month remained relatively flat at (1.6)% for the fiscal year ended January 31, 2014 as High Definition (HD) box subscriptions, which have a lower churn rate as compared to Standard Definition (SD) box subscriptions, become a larger part of the TiVo-Owned subscription base. Churn Rate per month was (1.6)%, (1.5)%, and (1.9)% for the fiscal years ended January 31, 2014, 2013, and 2012, respectively. 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 TiVo-enabled devices have not contacted the TiVo service within the prior six months. Additionally, 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.

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

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or SAC and caution that our presentation may not be consistent with that of other companies.

Subscription Acquisition Costs	Fiscal Year Ended January 31, 2014	2013	2012
	(In thousands, except SAC)		
Sales and marketing, subscription acquisition costs	$12,521	$8,660	$7,392
Hardware revenues	(101,788)	(68,591)	(47,893)
Less: MSOs related hardware revenues	74,498	45,849	31,483
Cost of hardware revenues	96,633	78,183	59,439
Less:MSOs related cost of hardware revenues	(56,643)	(38,435)	(23,577)
Total Acquisition Costs	25,221	25,666	26,844
TiVo-Owned Subscription Gross Additions	126	117	114
Subscription Acquisition Costs (SAC)	$200	$219	$235

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, 2014 our total acquisition costs were $25.2 million, which was relatively flat as compare to the same prior year period Our sales and marketing, subscription acquisition costs increased by $3.9 million, as compared to the same prior year period due to increased marketing efforts associated with the release and holiday sales of our new Roamio DVRs. This increase in sales and marketing subscription acquisition costs was offset by a decrease in our hardware gross margin loss of $4.3 million as compared to the prior year. This decrease in hardware gross margin loss was largely driven by improved economic margins on the Roamio DVRs. SAC decreased by $19 for the twelve months ended January 31, 2014 as compared to the same prior year period largely as a result of the increase in subscription gross additions as compared to the same prior year period.

During the twelve months ended January 31, 2013 our total acquisition costs were $25.7 million, a decrease of $1.2 million compared to $26.8 million during the same prior year period. Our sales and marketing, subscription acquisition costs increased by $1.3 million, as compared to the same prior year period combined with a decrease in our hardware gross margin loss of $2.4 million as compared to the same prior year period. This decrease in hardware gross margin loss is largely related to a mix shift towards hardware units sold at a higher average selling price during the last half of the year ending January 31, 2013, as compared to the same prior year period. The decrease in SAC of $16 for the twelve months ended January 31, 2013 as compared to the same prior year period was largely a result of the increase in subscription gross additions as compared to the same prior year period combined with the improvements in the hardware gross margin loss.

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. Investors 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, subscription, or a TiVo-enabled device 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 such as our agreement with DIRECTV may result in a higher than average MSO ARPU if such fixed minimum fee is spread over a small and declining number of subscriptions as is the case with our DIRECTV relationship. For example, an agreement that includes contractual minimums may result in a higher than expected MSO 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 condensed consolidated

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balance sheets 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. Additionally, the ARPU for subscriptions generated from different MSOs may vary significantly as a result of these factors and other factors such as the size of such MSO's subscription base and the existence of financial guarantees and exclusivity commitments from certain MSOs and how subscriptions are defined in each such agreement.

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 and audience research 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:

	Fiscal Year Ended January 31,		
TiVo-Owned Average Revenue per Subscription	2014	2013	2012
	(In thousands, except ARPU)		
Total Service revenues	$138,835	$133,725	$131,341
Less: MSOs'-related service revenues	(37,006)	(25,694)	(17,047)
TiVo-Owned-related service revenues	101,829	108,031	114,294
Average TiVo-Owned revenues per month	8,486	9,003	9,525
Average TiVo-Owned per month subscriptions	987	1,062	1,174
TiVo-Owned ARPU per month	$8.60	$8.48	$8.11

The increase in TiVo-Owned ARPU per month for the fiscal year ended January 31, 2014 as compared to the same prior year period was due to an increase in our audience research measure revenues associated with our acquisition of TRA.

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:

	Fiscal Year Ended January 31,		
MSOs' Average Revenue per Subscription	2014	2013	2012
	(In thousands, except ARPU)		
Total Service revenues	$138,835	$133,725	$131,341
Less: TiVo-Owned-related service revenues	(101,829)	(108,031)	(114,294)
MSOs'-related service revenues	37,006	25,694	17,047
Average MSOs' revenues per month	3,084	2,141	1,421
Average MSOs' per month subscriptions	2,656	1,651	849
MSOs' ARPU per month	$1.16	$1.30	$1.67

The MSOs' related service revenues for the fiscal year ended January 31, 2014 decreased $0.14 per subscription to $1.16 per subscription, as compared $1.30 for the same prior year period. This decrease in MSOs' ARPU per month is due to the increased number of average MSO monthly subscriptions combined with the fact that subscription additions from some newly launched deployment agreements, including Virgin, which is a significant driver of our MSO subscription growth, do not necessarily correspond to an increase in service revenues as the cost of development for certain MSO customers has been deferred on our consolidated balance sheet and such MSO service fees are being first recognized as technology revenues until the previously deferred costs of development related to such MSO customers are fully expensed. This recognition of service fees as Technology revenues has the effect of lowering MSO ARPU per month until such costs of development are fully expensed, which for Virgin occurred during the last quarter of the fiscal year ended January 31, 2014. Additionally, our MSO ARPU per month is impacted by the fact that DIRECTV's fixed minimum fee 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) is being spread over a declining DIRECTV subscription base.

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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.

Revenue Recognition

We generate 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 16. "Settlements" 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.

We recognize 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

Our 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.

We allocate 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 vendor specific object evidence (VSOE) nor third party evidence (TPE) of selling price exists for a deliverable, we use our best estimated selling price (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, we determine 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 competitors usually lease them to their customers. Therefore, TiVo is typically not able to obtain TPE of selling price.

When we are 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.

We establish 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

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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. We are 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. We continuously monitor 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. We establish allowances for expected subscription cancellations.

Arrangements with MSOs

We have 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. We have 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 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 we are 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. Advertising 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, we have historically 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 collectability is reasonably assured. End users have the right to return their product within 30 days of the purchase. We established 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. Our policy for revenue share payments is to reduce revenue when these payments are incurred and fixed or determinable. Our 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. The new estimates of expected lives are dependent on assumptions with regard to future churn of the product lifetime subscriptions. As of January 31, 2014, 171,000 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 36% of our active lifetime subscriptions. We will continue to monitor 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 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

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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. For these projects 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 us 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 Part I. Item lA. Risk Factors under the heading “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, 2014, the majority of our technology revenues (after excluding revenues from our licensing agreements with DISH, AT&T, Verizon, and Motorola/Cisco) were related to Com Hem and Virgin (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.

Goodwill.

We have goodwill in the amount of $12.3 million as of January 31, 2014, which represents the excess of the purchase price of our acquisitions over the fair value of the identified net tangible and intangible assets. The goodwill recognized in these acquisitions was derived from expected benefits from future technology, cost synergies and a knowledgeable and an experienced workforce who joined TiVo after these acquisitions. Goodwill is not amortized, but is tested instead for impairment. The majority of goodwill is not expected to be tax deductible for income tax purposes.

Goodwill is tested for impairment on an annual basis (on December 31) using a two-step model. The first step, identifying a potential impairment, compares the fair value of the reporting unit with its carrying amount.

Management has determined that the Company has one reporting unit. If the carrying value of the reporting unit exceeds its fair value, the second step would need to be conducted; otherwise, no further steps are necessary as no potential impairment exists. The second step, measuring the impairment loss, compares the implied fair value of the goodwill with the carrying amount of that goodwill. Any excess of the goodwill carrying value over the respective implied fair value is recognized as an impairment loss, and the carrying value of goodwill is written down to fair value. In each period presented the fair value of the reporting unit exceeded its carrying value, thus

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the we were not required to perform the second step of the analysis, and no goodwill impairment charges were recorded.

Intangible Assets.

Purchased intangibles are definite-lived intangible assets which are amortized on a straight-line basis over their estimated useful lives. Useful lives generally range from two to seven years. Purchased intangibles include intangible assets subject to amortization, such as patent rights and developed technology. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We measure recoverability of long-lived assets by comparing the carrying amount of the asset group to the future undiscounted net cash flows expected to be generated by those assets. If such assets are considered to not be recoverable, we recognize an impairment charge for the amount by which the carrying amounts of the assets exceeds the fair value of the assets. Fair value is estimated based on discounted future cash flows.

The Company recognized non-cash impairment charges of $4.8 million of which $4.5 million in the three and twelve months ended January 31, 2014 related to intangible assets acquired as part of the TRA acquisition. The lower than expected profitability indicated that the carrying value of these assets exceeded their estimated fair values as determined by future discounted cash flow projections. When projecting the stream of future cash flows associated with TRA for purposes of determining long-lived asset recoverability, management makes assumptions, incorporating market conditions, sales growth rates, gross profit, and operating expenses.

Deferred Tax Assets.

We make certain estimates in determining income tax expense for financial statement purposes. These estimates occur in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. From time-to-time, we evaluate the expected realization of our deferred tax assets and determine whether a valuation allowance needs to be established or released. In determining the need for and amount of our valuation allowance, we assess the likelihood that we will be able to recover our deferred tax assets using historical levels of income and estimates of future income. Our estimates of future income include our internal projections and various internal estimates and certain external sources which we believe to be reasonable but that are unpredictable and inherently uncertain. We also consider the jurisdictional mix of income and loss, changes in tax regulations in the period the changes are enacted and the type of deferred tax assets and liabilities. In assessing whether a valuation allowance needs to be established or released, we use judgment in considering the cumulative effect of negative and positive evidence and the weight given to the potential effect of the evidence. Recent historical income or loss and future projected operational results have the most influence on our determinations of whether a deferred tax valuation allowance is required or not.

Recent Accounting Pronouncements

In June 2013, the Financial Accounting Standards Board ratified Emerging Issues Task Force (EITF) Issue 13-C, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists” which concludes an unrecognized tax benefit should be presented as a reduction of a deferred tax asset when settlement in this manner is available under the tax law. We will adopt this amendment as of the fiscal quarter ending April 30, 2014. We do not believe that the impact of adopting this amendment will be significant on our results of operations and financial condition.

Results of Operations

Net Revenues.

Our net revenues for the fiscal years ended January 31, 2014, 2013, and 2012 as a percentage of total net revenues were as follows:

	Fiscal Year Ended January 31,								
	2014			2013			2012		
	(In thousands, except percentages)								
Service revenues	$138,835	34	%	$133,725	44	%	$131,341	55	%
Technology revenues	$165,630	41	%	$101,592	33	%	$58,945	25	%
Hardware revenues	$101,788	25	%	$68,591	23	%	$47,893	20	%
Net revenues	$406,253	100	%	$303,908	100	%	$238,179	100	%

Change from same prior year period	34%	28%	8%

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Service Revenues. The increase in service revenues of $5.1 million for the fiscal year ended January 31, 2014, as compared to the same prior year period was primarily due to increases in our MSO service revenues and audience measurement revenues associated with our acquisition of TRA.

The increase in service revenues of $2.4 million for the fiscal year ended January 31, 2013, as compared to the same prior year period was primarily due to increases in our MSO service revenues and audience measurement revenues associated with our acquisition of TRA.

Technology Revenues. We derive our technology revenues from licensing agreements associated with our litigation settlements and from revenues generated from development agreements. Technology revenues for the fiscal years ended January 31, 2014 and 2013 increased as compared to the fiscal year ended January 31, 2012 largely due to recognition of revenue related to license royalties as a result of our various settlements. For the fiscal years ended January 31, 2014, 2013, and 2012 we had $141.6 million, $77.3 million and $35.3 million, respectively, in revenues related to these settlement agreements.

Revenue and cash from the contractual minimums under our licensing agreements with DISH, AT&T, Verizon, and Motorola/Cisco through January 31, 2014 have been:

	Licensing Related Technology Revenues	Cash Received
Fiscal Year Ending January 31,	(in thousands)	
2012	$35,275	$117,679
2013	76,841	86,356
2014	136,532	464,725
Total	$248,648	$668,760

Revenue and cash from the contractual minimums under all our licensing agreements with DISH, AT&T, Verizon, and Motorola/Cisco is expected to be recognized (revenues) and received (cash) for the remainder of the fiscal year 2014 and on an annual basis for the fiscal years thereafter as follows:

	Licensing Related Technology Revenues (in thousands)	Minimum Cash Due
Fiscal Year Ending January 31,		
2015	169,641	83,579
2016	171,563	83,579
2017	173,129	83,579
2018	174,411	83,579
2019	88,629	31,139
2020 - 2024	8,193	—
Total	$785,566	$365,455

Hardware Revenues. Hardware revenues, net of allowance for sales returns and net of revenue share and marketing development fund payments for the fiscal year ended January 31, 2014 increased by $33.2 million as compared to the same prior year period. These increases in net hardware revenues are largely related to increased hardware units sold to our MSO customers. These MSO hardware revenues are likely to decline in future quarters as MSO customers start to transition to Pace and other products.

Hardware revenues, net of allowance for sales returns and net of revenue share and marketing development fund payments for the fiscal year ended January 31, 2013 increased by $20.7 million as compared to the same prior year period. This increase in net hardware revenues is largely related to increased hardware units sold at a higher average selling price, as compared to the same prior year period. This increase in hardware volume is largely associated with sales to cable operators.

Cost of service revenues.

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	Fiscal Year Ended January 31,		
	2014	2013	2012
	(In thousands, except percentages)		
Cost of service revenues	49,042	40,107	35,865
Change from same prior year period	22 %	12 %	(11)%
Percentage of service revenues	35 %	30 %	27 %
Service gross margin	89,793	93,618	95,476
Service gross margin as a percentage of service revenues	65 %	70 %	73 %

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 increased by $8.9 million during the fiscal year ended January 31, 2014 as compared to the same prior year period. This increase in cost of service revenues is largely related to the costs associated with audience measurement research following the acquisition of TRA and includes $3.3 million in expenses related to an impairment charge.

Cost of service revenues increased by $4.2 million for the fiscal year ended January 31, 2013, as compared to the same prior year period. This increase in cost of service revenues was largely related to the costs associated with our higher audience measurement research costs following the acquisitions of TRA.

Cost of technology revenues.

	Fiscal Year Ended January 31,		
	2014	2013	2012
	(In thousands, except percentages)		
Cost of technology revenues	25,673	23,175	23,056
Change from same prior year period	11 %	1 %	23 %
Percentage of technology revenues	16 %	23 %	39 %
Technology gross margin	139,957	78,417	35,889
Technology gross margin as a percentage of technology revenues	84 %	77 %	61 %

Cost of technology revenues includes costs associated with our development work primarily for Com Hem, Charter, Virgin, ONO and our other international and domestic projects. This increase in cost of technology revenues for the fiscal year ended January 31, 2014 was related primarily to the number of ongoing technology projects and the timing of recognition of revenues for those projects during the period. During the fiscal year ended January 31, 2014 we recognized $9.8 million in technology costs associated with completion of our ONO development work.

Cost of technology revenue for the fiscal year ended January 31, 2013 remained relatively flat as compared to the same prior year period. The increase in technology gross margin for the fiscal years ended January 31, 2014 and 2013 as compared to the fiscal year ended January 31, 2012 is primarily due to the revenue recognized from our Motorola/Cisco, DISH, AT&T, and Verizon agreements as there are very little costs associated with these arrangements. Most of our newer deployment arrangements 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, we are not being paid in full for the upfront development cost. However, in exchange, we are 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 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 and thus these revenues and costs might not be recognized evenly throughout the year.

Thus, in accordance with our revenue recognition policies, we have deferred costs of approximately $27.2 million related to development work, largely related to Com Hem, ONO, and Charter and these costs are recorded on our consolidated balance sheets under deferred cost of technology revenues, current and deferred cost of

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technology revenues, long-term at January 31, 2014. 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,		
	2014	2013	2012
	(In thousands, except percentages)		
Cost of hardware revenues	$96,633	$78,183	$59,439
Change from same prior year period	24%	32%	(14)%
Percentage of hardware revenues	95%	114%	124%
Hardware gross margin	$5,155	$(9,592)	$(11,546)
Hardware gross margin as a percentage of hardware revenue	5%	(14)%	(24)%

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 always generate positive gross margins from these hardware sales. Our cost of hardware revenues for the fiscal year ended January 31, 2014 increased by $18.5 million as compared to the same prior year periods as we sold a larger volume of products to our MSO partners as compared to the same prior year periods. These MSO costs of hardware revenues and margins are likely to decline in future quarters as MSOs start to transition to third-party hardware such as Pace and other products. If our MSO partners choose to reduce or shift their hardware purchases to third-parties' products earlier or faster than currently expected, we may need to record additional write-downs of our component inventory; or, in the event they increase forecasts or purchase less third-parties' products than currently expected, we may need to purchase more inventory from our contract manufacturer.Our cost of hardware sales for the fiscal year ended January 31, 2013 increased by $18.7 million as compared to the same prior year period. This increase was largely related to a larger volume of products sold at a higher average cost per unit to our customers as compared to the same prior year period. Additionally, costs increased due to higher cost of hard drives resulting from manufacturing disruption due to flooding in Thailand in late calendar 2011. We also recorded an inventory write-down charge of $1.5 million and a loss from adverse purchase commitments of $1.2 million in the twelve months ended January 31, 2013 due to potential reduction in demand for TiVo-built hardware in light of changes in MSO purchase forecasts and our recent efforts to port the TiVo experience to third-parties' hardware, such as Pace.

Hardware gross margin for the fiscal year ended January 31, 2014 improved by $14.7 million to $5.2 million as compared to the same prior year period largely due to more DVR units sold during the fiscal year at a higher average selling price per unit which had a lower or no hardware subsidy (as historically we have at times sold our hardware at a loss as a means to acquire new subscriptions) as compared to the same prior year period.

Hardware gross margin (loss) for the fiscal year ended January 31, 2013 improved by $2.0 million as compared to the same prior year period largely due to more DVR units sold during the fiscal year at a higher average selling price per unit which had a lower or no hardware subsidy as compared to the same prior year period.

The improved hardware gross margins during the fiscal year ended January 31, 2014 were largely associated with our MSO hardware sales which generated hardware gross margins of $17.9 million. This positive MSO hardware gross margin was offset by hardware gross margin loss of $12.7 million.

Research and development expenses.

	Fiscal Year Ended January 31,		
	2014	2013	2012
	(In thousands, except percentages)		
Research and development expenses	$106,917	$115,103	$110,367
Change from same prior year period	(7)%	4%	35%
Percentage of net revenues	26%	38%	46%

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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. During the fiscal year ended January 31, 2014, research and development expenses decreased by $8.2 million, as compared to the same prior year period. This decrease in research and development spending as compared to the same prior year period was largely related to a reduction in research and development headcount and headcount related costs as we completed several large projects across both our retail and MSO product lines.

During the fiscal year ended January 31, 2013, research and development expenses increased by $4.7 million, as compared to the same prior year period. This increase in research and development spending largely related to the changing mix between engineering effort on internal projects versus projects relating to external development that are included in deferred cost of technology revenues versus research and development, partially offset by overall decreased headcount, headcount related costs and consulting costs.

Sales and marketing expenses.

	Fiscal Year Ended January 31,					
	2014		2013		2012	
	(In thousands, except percentages)					
Sales and marketing expenses	$39,003		$30,353		$26,388	
Change from same prior year period	28	%	15	%	(4	)%
Percentage of net revenues	10	%	10	%	11	%

Sales and marketing expenses consist primarily of employee salaries, consulting and related expenses .Sales and marketing expense for the fiscal year ended January 31, 2014 increased by $8.7 million as compared to the same prior year period. This increase is largely related to the additional headcount and sales related activities of which a portion is associated with our audience research sales and to launch activities related to our new line-up of next generation TiVo Roamio DVRs. Additionally, included in the expenses for the period ended January 31, 2014 are $1.5 million associated with an intangible asset impairment.

Sales and marketing expense for the fiscal year ended January 31, 2013 increased by $4.0 million as compared to the prior period. These increases are largely related to the additional headcount and sales related activities associated with our TRA acquisition combined with increased promotion of our TiVo brand.

Sales and marketing, subscription acquisition costs.

	Fiscal Year Ended January 31,					
	2014		2013		2012	
	(In thousands, except percentages)					
Sales and marketing, subscription acquisition costs	$12,521		$8,660		$7,392	
Change from same prior year period	45	%	17	%	(10	)%
Percentage of net revenues	3	%	3	%	3	%

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. Sales and marketing, subscription acquisition costs for the fiscal year ended January 31, 2014 increased by $3.9 million as compared to the same prior year periods due to increased advertising spending as we deployed our new Roamio DVR and introduced the out-of-home streaming feature.

The increase for $1.3 million in sales and marketing subscription acquisition spending for the fiscal year ended January 31, 2013 as compared to the same prior year period was largely related to increased media spending as we increased the promotion of our products and services during the holiday season.

General and administrative expenses.

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	Fiscal Year Ended January 31,		
	2014	2013	2012
	(In thousands, except percentages)		
General and administrative	$77,311	$87,075	$96,502
Change from same prior year period	(11)%	(10)%	62%
Percentage of net revenues	19%	29%	41%
Litigation expense (included in total general and administrative costs above)	$24,594	$38,055	$50,503
Change from same prior year period	(35)%	(25)%	167%
Percentage of net revenues	6%	13%	21%
General and administrative, net of litigation expense	$52,717	$49,020	$45,999
Change from same prior year period	8%	7%	13%
Percentage of net revenues	13%	16%	19%

General and administrative expenses consist primarily of employee salaries and related expenses for executive, administrative, accounting, information technology systems, and legal and professional fees. During the fiscal year ended January 31, 2014, general and administrative expenses decreased by $9.8 million as compared to the same prior year period. This decrease was primarily due to decreased legal expenses of $13.5 million related to litigation expenses for our patent enforcement cases. This decrease was offset by increases in headcount and headcount related costs of $5.0 million. We anticipate our general and administrative expenses to decrease in the fiscal year ending January 31, 2015 due to decreased litigation activities.

During the fiscal year ended January 31, 2013, general and administrative expenses decreased by $9.4 million as compared to the same prior year period. This decrease was largely related to decreased litigation related spending of $12.4 million due to the number and timing of our ongoing litigation matters. This decrease was offset by increased headcount and headcount related costs of $3.0 million.

Litigation proceeds. During the fiscal year ended January 31, 2014, 2013 and 2012 we recorded litigation proceeds of $108.1 million, $78.4 million, and $230.2 million, respectively from our patent infringement settlements.

Effective July 2, 2013, we entered into settlement and patent license agreements with ARRIS Group, Inc. (owner of General Instrument Corporation, formerly a subsidiary of Motorola Mobility, Inc.), Cisco Systems, Inc. (Cisco), and Google Inc. (Google) (owner of Motorola Mobility, LLC formerly Motorola Mobility, Inc.) (with the settlement with Arris, Google, and Cisco referred to as the Motorola/Cisco settlement). Pursuant to the terms of the Motorola/Cisco settlement the parties agreed to settle and dismiss all outstanding litigation between them, including related litigation involving Time Warner Cable, (as described in our periodic reports filed with the Securities and Exchange Commission), provide licenses to certain patents between the parties, and release patent infringement claims between the parties with respect to all outstanding litigation in exchange for a payment of $490.0 million to TiVo by Google and Cisco in connection with the Motorola/Cisco settlement,

The total consideration of $490.0 million was received during the fiscal year ended January 31, 2014 and was allocated on a relative fair value basis as $381.1 million to the future licensing revenue element, $752,000 to interest income related to past infringement and $108.1 million to the past infringement and litigation settlement element. The amount related to past infringement and settlement was recorded under “Litigation proceeds” in the fiscal year ended January 31, 2014. The amount related to interest income was recorded under “Interest income” in the fiscal year ended January 31, 2014. $381.1 million of license royalties that have been or will be recorded as technology revenues over the term of the agreements through July 2023.

On September 21, 2012, we entered into a Settlement and Patent License Agreement with Verizon Communications, Inc. (Verizon). Under the terms of the Agreement, Verizon agreed to pay us a minimum amount of $250.4 million plus incremental monthly fees per DVR subscriber if Verizon's subscriber base exceeds certain pre-determined levels which increase annually. The initial payment of $100.0 million was paid to TiVo on September 28, 2012 with the remaining $150.4 million due to us 30 days after the end of each calendar quarter in the amount of $6.0 million through the calendar quarter ending September 30, 2018.

The total consideration of $250.4 million was allocated on a relative fair value basis as $78.4 million to the past infringement and litigation settlement element, $568,000 to interest income related to past infringement and $171.4 million to the future base license royalties element. The amount related to past infringement and settlement was recorded under “Litigation proceeds” in the fiscal year ended January 31, 2013. The amount related to interest income was recorded under “Interest income” in the fiscal year ended January 31, 2013.

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. (For additional information, refer to Note 16. "Settlements" of Notes to Consolidated Financial Statements included in Part II. Item 8. of this report.)

On April 29, 2011, we entered into a Settlement and Patent License Agreement with EchoStar and 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, 2013. The amount related to interest income was recorded under “Interest income” in the fiscal year ended January 31, 2013. (For additional information, refer to Note 16. "Settlements" 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, 2014, 2013, and 2012 was $4.7 million, $4.0 million, and $5.7 million, respectively. The increase of $776,000 for the fiscal year ended January 31, 2014 as compared to the same prior year period was largely attributable to the increased cash and short-term investment balances TiVo had during the fiscal year ended January 31, 2014. Additionally, we recorded $752,000 of interest income related to past patent infringement as compared to $568,000 in the same prior year period.

The decrease of $1.7 million for the fiscal year ended January 31, 2013 as compared to the same prior year period was largely related to the interest received from the litigation settlements. During the fiscal year ended January 31, 2013 we recorded $568,000 in interest income related to our settlement with Verizon and during the fiscal year ended January 31, 2012 we recorded $3.2 million in interest income related to the settlements with DISH and AT&T.

Interest expense and other. Interest and other expense for the fiscal years ended January 31, 2014, 2013 and 2012, was $8.1 million, $7.9 million, and $12.0 million, respectively. The interest expense in the fiscal year ended January 31, 2014 remained relatively flat as compared to the same prior year period.

The decrease in interest expense and other for the fiscal year ended January 31, 2013 as compared to the same prior year period was largely due to the impairment of fair value of a long-term cost method investment that was below its carrying value and we recorded a $3.4 million other-than-temporary impairment during the fiscal year ended January 31, 2012. The fiscal year ended January 31, 2013 had no such similar impairment.

Benefit (Provision) for income taxes. Income tax benefit (provision) was $167.9 million, $(1.0) million and $(807,000), in fiscal years 2014, 2013, and 2012, respectively. The income tax benefit recorded in the fiscal year ended January 31, 2014 was primarily related to the release of the valuation allowance previously recorded against deferred tax assets (see Note 14 "Income Taxes" included in Part II, Item 8). The effective tax rate for the fiscal years ended January 31, 2014, 2013, and 2012 was a benefit of 161.6%, provisions of 24.5%, and 0.8%, respectively. For fiscal year 2014 the difference between the effective tax rate and the income tax determined by applying the statutory federal income tax rate of 35% was primarily due to release of valuation allowance recorded against the deferred tax assets. We anticipate income tax expense to be slightly higher than the statutory income tax rate in fiscal year 2015 due to certain non-deductible expenses and the fact that our income tax rate in 2014 benefited from the use of our deferred tax assets which will not be available to us at the same level in 2015.

The income tax expense in fiscal years 2013 and 2012 relates primarily to state income taxes and foreign withholding taxes.

As of January 31, 2014 the Company had net operating loss carryforwards for federal and state income tax purpose of approximately $284.1 million and $172.9 million, respectively, available to reduce future taxable income. For tax purposes, the deferred revenue related to the Motorola/Cisco settlement of $338.5 million will be fu

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lly taxable in fiscal 2015. As a result, the Company expects to utilize its entire federal NOLs and a portion of its state NOLs towards its fiscal 2015 taxable income.

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, 2014, we had $1.0 billion 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, we issued convertible notes with the aggregate principal amount of $150 million and received approximately $144.5 million in net proceeds. On March 30, 2011, we 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 16. "Settlements" of Notes to Consolidated Financial Statements included in Part II, Item 8 of this report.

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, please refer to Note 16. "Settlements" of Notes to Consolidated Financial Statements included in Part II, Item 8 of this report.

On September 21, 2012, we entered into a Settlement and Patent License Agreement with Verizon Communications, Inc. Under the terms of the Agreement, Verizon has agreed to pay us a minimum amount of $250.4 million plus incremental monthly fees per DVR subscriber if Verizon's subscriber base exceeds certain pre-determined levels which increase annually. The initial payment of $100.0 million was paid to us on September 28, 2012 with the remaining $150.4 million due to TiVo 30 days after the end of each calendar quarter in the amount of $6.0 million through the calendar quarter ending September 30, 2018. Any incremental additional per subscriber fees are due to us on the same schedule. The Agreement expires on July 31, 2018.

Effective July 2, 2013, we entered into settlement and patent license agreements with ARRIS Group, Inc. (owner of General Instrument Corporation, formerly a subsidiary of Motorola Mobility, Inc.), Cisco Systems, Inc. (Cisco), and Google Inc. (Google) (owner of Motorola Mobility, LLC formerly Motorola Mobility, Inc.) (with the settlement with Arris, Google, and Cisco referred to as the Motorola/Cisco settlement). Under the terms of the Motorola/Cisco settlement, TiVo received total consideration of $490.0 million in cash during the fiscal year ended January 31, 2014. For additional information about our settlement and license agreements, please refer to Note 16. "Settlements" of Notes to Consolidated Financial Statements included in Part II, Item 8 of this report.

Statement of Cash Flows Discussion

The following table summarizes our cash flow activities:

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	Fiscal Year Ended January 31,		
	2014	2013	2012
	(in thousands)		
Net cash provided by operating activities	$495,049	$47,289	$239,201
Net cash used in investing activities	$(296,566)	$(57,822)	$(318,757)
Net cash provided by (used in) financing activities	$(101,874)	$(1,918)	$177,890

Net Cash Provided by Operating Activities

During the fiscal year ended January 31, 2014 our net cash provided by operating activities was $495.0 million as compared to $47.3 million during the same prior year period. This change in operating cash flow as compared to the same prior year period was largely related to the cash of $490.0 million received from our Motorola/Cisco settlement, which positively impacted our net income of $271.8 million and increased our deferred revenues by $330.9 million as compared to the same prior year period.

During the fiscal year ended January 31, 2013 our net cash provided by operating activities was $47.3 million as compared to $239.2 million during the same prior year period. This change in operating cash flow was largely attributed to our net loss of $(5.3) million during the fiscal year ended January 31, 2013, a decrease of $107.5 million as compared to the net income of $102.2 million for the fiscal year ended January 31, 2012. Additionally, in the fiscal year ended January 31, 2013 we had an increase of cash from deferred revenue of $17.9 million, which is a decrease of $69.8 million as compared to the increase in cash from deferred revenues of $87.7 million during the fiscal year ended January 31, 2012.

Net Cash Used in Investing Activities

The net cash used in investing activities for the fiscal year ended January 31, 2014 was $296.6 million compared to $57.8 million for the same prior year period. The net cash used in investing activities for the year ended January 31, 2014 was largely related to TiVo’s cash management process, and the purchase and sales of short-term investments resulting in a net increase in short term investments of $278.6 million. Additionally, during the fiscal year ended January 31, 2014, we acquired property and equipment of $6.3 million which is used to support our business. During the quarter ending April 30, 2014, we utilized $135 million in cash for investing activities for our acquisition of Digitalsmiths.

The net cash used in investing activities for the fiscal year ended January 31, 2013 was $57.8 million compared to $318.8 million for the same prior year period. The net cash used in investing activities for the year ended January 31, 2013 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 $26.6 million(resulting in a corresponding increase in short-term investments). Additionally, during the fiscal year ended January 31, 2013, we made business acquisitions using $24.5 million and we acquired property and equipment of $6.5 million which is used to support our business.

Net Cash Provided by (Used in) Financing Activities

For the fiscal year ended January 31, 2014 the principal use of cash for financing activities was related to the repurchase of TiVo stock of $116.3 million. These repurchases were offset by the issuance of common stock upon exercise of stock options which generated $7.9 million and issuance of common stock related to the employee stock purchase plan of $6.0 million. We plan to continue to utilize $100 million of our cash for the repurchase of shares of our stock during the quarter ending April 30, 2014.

For the fiscal year ended January 31, 2013 the principal use of cash for financing activities was related to the repurchase of TiVo stock of $24.0 million. These repurchases were offset by the issuance of common stock upon exercise of stock options which generated $16.3 million and issuance of common stock related to the employee stock purchase plan of $5.8 million.

Financing Agreements

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; on June 9, 2013 we announced that the Board had increased the amount of the discretionary share repurchase program to $200 million and extended the program's termination date from August 29, 2013 to August 29, 2015. On January 29, 2014 we announced that the Board had increased the amount of the discretionary share repurchase program to $300 million. As of January 31, 2014 we had purchased

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10,340,446 shares of common stock under this program at a weighted average price of $11.04 per share for an aggregate purchase price of $114.2 million and the remaining authorized amount for stock repurchases under this program was $185.8 million with a termination date of August 29, 2015. We plan to continue to utilize $100 million of our cash for the repurchase of shares of our stock during the quarter ending April 30, 2014.

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

	Payments due by Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	Over 5 years
	(In thousands)				
Long-term debt obligations	$172,500	$—	$172,500		$—
Interest on Convertible Debt	17,154	6,900	10,254	—	—
Operating leases	$8,841	$3,189	$5,652	$—	$—
Purchase obligations	17,196	17,196	—	—	—
Total contractual cash obligations	$215,691	$27,285	$188,406	$—	$—

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, 2014, gross unrecognized tax benefits, which if recognized would affect our effective tax rate, were approximately $6.2 million, which are classified as long-term liabilities on 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, 2014.

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

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of our cash equivalents and short-term investments we do not anticipate any material effect on our portfolio due to fluctuations in interest rates.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, 2014 and 2013, respectively.

	As of January 31,	
	2014	2013
Cash and cash equivalents and short-term investments (in thousands)	$1,002,472	$627,240
Average interest rate for fiscal year ended	0.51 %	0.65 %

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.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

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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, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended January 31, 2014. We also have audited TiVo Inc.'s internal control over financial reporting as of January 31, 2014, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). TiVo Inc.'s management is responsible for these consolidated financial statements, 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 these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TiVo Inc. and subsidiaries as of January 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended January 31, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, TiVo Inc. maintained, in all material respects, effective internal control over financial reporting as of January 31, 2014, based on criteria established in Internal Control - Integrated Framework (1992) issued by COSO .

(signed) KPMG LLP
Santa Clara, California
March 14, 2014

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

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	As of January 31, 2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$253,713	$157,104
Short-term investments	748,759	470,136
Accounts receivable, net of allowance for doubtful accounts of $429 and $362, respectively	35,151	40,102
Inventories	22,316	14,500
Deferred cost of technology revenues, current	9,103	14,713
Deferred tax assets	113,621	—
Prepaid expenses and other, current	10,922	9,168
Total current assets	1,193,585	705,723
LONG-TERM ASSETS		
Property and equipment, net of accumulated depreciation of $52,819 and $51,012, respectively	10,687	10,300
Developed technology and intangible assets, net of accumulated amortization of $23,059 and $21,323, respectively	7,328	16,086
Deferred cost of technology revenues, long-term	18,108	16,011
Goodwill	12,266	12,266
Deferred tax assets, long-term	57,492	—
Prepaid expenses and other, long-term	2,325	3,267
Total long-term assets	108,206	57,930
Total assets	$1,301,791	$763,653
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$22,918	$24,492
Accrued liabilities	50,204	50,043
Deferred revenue, current	174,739	103,505
Total current liabilities	247,861	178,040
LONG-TERM LIABILITIES		
Deferred revenue, long-term	331,534	71,823
Convertible senior notes	172,500	172,500
Deferred rent and other long-term liabilities	811	526
Total long-term liabilities	504,845	244,849
Total liabilities	752,706	422,889
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 134,588,456 and 129,545,267, respectively, and outstanding shares are 120,617,939 and 125,622,357, respectively	134	129
Treasury stock, at cost - 13,970,517 shares and 3,922,910 shares, respectively	(154,071)	(37,791)
Additional paid-in capital	1,112,957	1,060,532
Accumulated deficit	(410,512)	(682,328)
Accumulated other comprehensive income	577	222
Total stockholders' equity	549,085	340,764

Total liabilities and stockholders’ equity	$1,301,791	$763,653

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

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

	Fiscal Year Ended January 31,		
	2014	2013	2012
Revenues			
Service revenues	$138,835	$133,725	$131,341
Technology revenues	165,630	101,592	58,945
Hardware revenues	101,788	68,591	47,893
Net revenues	406,253	303,908	238,179
Cost of revenues			
Cost of service revenues	49,042	40,107	35,865
Cost of technology revenues	25,673	23,175	23,056
Cost of hardware revenues	96,633	78,183	59,439
Total cost of revenues	171,348	141,465	118,360
Gross margin	234,905	162,443	119,819
Research and development	106,917	115,103	110,367
Sales and marketing	39,003	30,353	26,388
Sales and marketing, subscription acquisition costs	12,521	8,660	7,392
General and administrative	77,311	87,075	96,502
Litigation Proceeds	(108,102)	(78,441)	(230,160)
Total operating expenses	127,650	162,750	10,489
Income (loss) from operations	107,255	(307)	109,330
Interest income	4,727	3,951	5,672
Interest expense and other income (expense)	(8,077)	(7,872)	(12,034)
Income (loss) before income taxes	103,905	(4,228)	102,968
Benefit from (provision for) income taxes	167,911	(1,036)	(807)
Net income (loss)	$271,816	$(5,264)	$102,161
Net income (loss) per common share			
Basic	$2.29	$(0.04)	$0.88
Diluted	$1.99	$(0.04)	$0.80
Income (loss) for purposes of computing net income (loss) per share:			
Basic	271,816	(5,264)	102,161
Diluted	276,825	(5,264)	109,140
Weighted average common and common equivalent shares:			
Basic	118,445,466	119,411,727	116,592,943
Diluted	138,801,463	119,411,727	136,255,424

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

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TIVO INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Fiscal Year Ended January 31,		
	2014	2013	2012
Net income (loss)	$271,816	$(5,264)	$102,161
Other comprehensive income:			
Available-for-sale securities:			
Unrealized gain (loss) on marketable securities	355	162	(27)
Reclassification adjustment for gains on available-for-sale securities recognized during the period	—	—	510
Subtotal available-for-sale securities	$355	$162	$483
Total comprehensive income (loss)	$272,171	$(5,102)	$102,644

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

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

	Common Stock		Treasury Stock					
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated other comprehensive income (loss)	Total
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 stock	—	—	(511,022)	(5,128)	—	—	—	(5,128)
Recognition of stock based compensation	—	—	—	—	29,846	—	—	29,846
Net income	—	—	—	—	—	102,161	—	102,161
Other comprehensive income	—	—	—	—	—	—	483	483
BALANCE JANUARY 31, 2012	123,073,486	$ 123	(1,456,578)	$ (13,788)	$ 1,003,696	$ (677,064)	$ 60	$ 313,027
Issuance of common stock related to exercise of common stock options	2,258,533	2	—	—	16,266	—	—	16,268
Issuance of common stock related to employee stock purchase plan	828,942	1	—	—	5,816	—	—	5,817
Issuance of restricted shares of common stock	3,827,568	4	—	—	(4)	—	—	—
Forfeiture of unvested restricted shares	(443,262)	(1)	—	—	1	—	—	—
Treasury Stock - repurchase of stock	—	—	(2,466,332)	(24,003)	—	—	—	(24,003)
Recognition of stock based compensation	—	—	—	—	34,757	—	—	34,757
Net loss	—	—	—	—	—	(5,264)	—	(5,264)
Other comprehensive income	—	—	—	—	—	—	162	162
	129,545,267	$ 129	(3,922,910)	$ (37,791)	$ 1,060,532	$ (682,328)	$ 222	$ 340,764

BALANCE JANUARY 31, 2013								
Issuance of common stock related to exercise of common stock options	1,013,782	1	—	—	7,867	—	—	7,868
Excess tax benefit from employee stock-based compensation plans	—	—	—	—	668	—	—	668
Issuance of common stock related to employee stock purchase plan	762,864	—	—	—	6,016	—	—	6,016
Issuance of restricted shares of common stock	3,738,468	4	—	—	(4)	—	—	—
Forfeiture of unvested restricted shares	(471,925)	—	—	—	—	—	—	—
Treasury Stock - repurchase of stock	—	—	(10,047,607)	(116,280)	—	—	—	(116,280)
Recognition of stock based compensation	—	—	—	—	37,878	—	—	37,878
Net income	—	—	—	—	—	271,816	—	271,816
Other comprehensive income	—	—	—	—	—	—	355	355
BALANCE JANUARY 31, 2014	134,588,456	134	(13,970,517)	(154,071)	1,112,957	(410,512)	577	549,085

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

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

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	Fiscal Year Ended January 31,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$271,816	$(5,264)	$102,161
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization of property and equipment and intangibles	9,830	9,332	8,805
Loss on impairment of intangible assets	4,752	—	—
Stock-based compensation expense	37,765	34,455	29,287
Amortization of discounts and premiums on investments	9,016	4,852	4,068
Deferred income taxes	(171,113)	—	—
Amortization of deferred debt issuance costs	961	961	2,432
Impairment of a long-term cost method investment	—	—	3,400
Utilization and write-down of trade credits	—	—	619
Excess tax benefits from employee stock-based compensation	(522)	—	—
Allowance for doubtful accounts	253	219	476
Changes in assets and liabilities:			
Accounts receivable	4,698	(14,861)	(9,130)
Inventories	(7,816)	4,425	(5,697)
Deferred cost of technology revenues	3,626	(2,476)	(11,527)
Prepaid expenses and other	1,178	4,161	(2,752)
Accounts payable	(1,454)	(10,280)	13,888
Accrued liabilities	829	3,832	15,226
Deferred revenue	330,945	17,925	87,673
Deferred rent and other long-term liabilities	285	8	272
Net cash provided by operating activities	$495,049	$47,289	$239,201
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of short-term investments	(930,546)	(579,633)	(750,161)
Sales or maturities of long-term and short-term investments	640,311	553,073	436,730
Purchase of long-term investment	—	(250)	—
Acquisition of business, net of cash and cash equivalents acquired	—	(24,466)	—
Acquisition of property and equipment	(6,331)	(6,451)	(4,918)
Acquisition of capitalized software and intangibles	—	(95)	(408)
Net cash used in investing activities	$(296,566)	$(57,822)	$(318,757)
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	7,868	16,268	11,297
Proceeds from issuance of common stock related to employee stock purchase plan	6,016	5,817	5,612
Excess tax benefits from employee stock-based compensation	522	—	—
Treasury stock - repurchase of stock	(116,280)	(24,003)	(5,128)
Net cash provided by (used in) financing activities	$(101,874)	$(1,918)	$177,890
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$96,609	$(12,451)	$98,334
CASH AND CASH EQUIVALENTS:			
Balance at beginning of period	157,104	169,555	71,221
Balance at end of period	$253,713	$157,104	$169,555

SUPPLEMENTAL DISCLOSURE OF CASH AND NON-CASH FLOW INFORMATION			
Cash paid for interest	6,900	6,900	3,604
Cash paid (received) for income taxes	2,590	1,013	686

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

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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 San Jose, 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; 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 Internet Protocol, downloadable conditional access, and other new signal delivery and encryption technologies; dependence on its relationships with third-party service providers 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. The Company remains cautious about its ability to grow or even slow the decline in 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 ongoing 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, goodwill, valuation of deferred taxes, and intangible assets impairment, and 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 $1.9 million and $1.2 million at January 31, 2014 and 2013, 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, 2014 and 2013 the Company had approximately $5.6 million and $4.6 million, respectively, of unbilled accounts receivable related to MSO service revenue and $8.2 million and $10.1 million, respectively, of unbilled accounts receivable related to technology revenue from 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, 2014	$362	$253	$(186)	$429
January 31, 2013	$370	$219	$(227)	$362
January 31, 2012	$275	$476	$(381)	$370

(*) 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.

Goodwill

The Company has goodwill in the amount of $12.3 million which represents the excess of the purchase price of its acquisitions over the fair value of the identified net tangible and intangible assets. The goodwill recognized in these acquisitions was derived from expected benefits from future technology, cost synergies, and a knowledgeable and experienced workforce who joined the Company after these acquisitions. Goodwill is not amortized, but is tested instead for impairment. The majority of goodwill is not expected to be tax deductible for income tax purposes. Goodwill is tested for impairment on an annual basis (on December 31) using a two-step model. The first step, identifying a potential impairment, compares the fair value of the reporting unit with its carrying amount. Management has determined that the Company has one reporting unit. If the carrying value of the reporting unit exceeds its fair value, the second step would need to be conducted; otherwise, no further steps are necessary as no potential impairment exists. The second step, measuring the impairment loss, compares the implied fair value of the goodwill with the carrying amount of that goodwill. Any excess of the goodwill carrying value over the respective implied fair value is recognized as an impairment loss, and the carrying value of goodwill is written down to fair value. In each period presented the fair value of the reporting unit exceeded its carrying value, thus the we were not required to perform the second step of the analysis, and no goodwill impairment charges were recorded.

Intangible Assets

Purchased intangibles are definite-lived intangible assets which are amortized on a straight-line basis over their estimated useful lives. Useful lives generally range from two to seven years. Purchased intangibles include intangible assets subject to amortization, such as patent rights and developed technology. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We measure recoverability of long-lived assets by comparing the carrying amount of the asset group to the future undiscounted net cash flows expected to be generated by those assets. An asset group is a group of assets and liabilities including the long lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If such assets are considered to not be recoverable, we recognize an impairment charge for the amount by which the carrying amounts of the assets exceeds the fair value of the assets. Fair value is estimated based on discounted future cash flows.

The Company recognized non-cash impairment charges of $4.5 million in the three and twelve months ended January 31, 2014 related to intangible assets acquired as part of the TRA acquisition. The lower than expected profitability indicated that the carrying value of these assets exceeded their estimated fair values as determined by future discounted cash flow projections. When projecting the stream of future cash flows associated with TRA for purposes of determining long-lived asset recoverability, management makes assumptions, incorporating market conditions, sales growth rates, gross profit, and operating expenses.

Deferred Tax Assets

The Company makes certain estimates in determining income tax expense for financial statement purposes. These estimates occur in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. From time-to-time, TiVo evaluates the expected realization of its deferred tax assets and determine whether a valuation allowance needs to be established or released. In determining the need for and amount of our valuation allowance, the Company assesses the likelihood that it will be able to recover its deferred tax assets using historical levels of income and estimates of future income. TiVo's estimates of future income include its internal projections and various internal estimates and certain external sources which it believes to be reasonable but that are unpredictable and inherently uncertain. Management also considers the jurisdictional mix of income and loss, changes in tax regulations in the period the changes are enacted and the type of deferred tax assets and liabilities. In assessing whether a valuation allowance needs to be established or released, management uses judgment in considering the cumulative effect of negative and positive evidence and the weight given to the potential effect of the evidence. Recent historical income or loss and future projected operational results have the most influence on the Company's determination of whether a deferred tax valuation allowance is required or not.

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 16. Settlements 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.

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 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 expected to vest 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, 2014, 2013, and 2012, this amount was immaterial. All other marketing co-op development payments are classified as a reduction of hardware revenues. Advertising expenses were $4.9 million, $4.3 million, and $2.5 million, of sales and marketing, subscription acquisition costs for the fiscal years ended January 31, 2014, 2013, and 2012, respectively. Included in these advertising expenses were $3.4 million, $3.9 million, and $2.0 million, respectively, related to media placement costs.

Warranty Expense

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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, 2014, 2013, and 2012 were as follows:

	Fiscal Year Ended January 31,					
	2014		2013		2012	
DISH	11	%	15	%	14	%
Google and Cisco in connection with Motorola/Cisco settlement	11	%	*		*	

* Less than 10%.

The Company's accounts receivable concentrations as of January 31, 2014 and 2013 were as follows:

	As of January 31,			
	2014		2013	
AT&T	23	%	24	%
Suddenlink	13	%	23	%
Com Hem	12	%	*	

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* 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 2013, the Financial Accounting Standards Board ratified Emerging Issues Task Force (EITF) Issue 13-C, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists” which concludes an unrecognized tax benefit should be presented as a reduction of a deferred tax asset when settlement in this manner is available under the tax law. The Company will adopt this amendment as of the fiscal quarter ending April 30, 2014. The Company does not believe that the impact of adopting this amendment will be significant on the Company's results of operations and financial condition.

3. CASH AND INVESTMENTS

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

	As of January 31,	
	2014	2013
	(in thousands)	
Cash and cash equivalents:		
Cash	$16,718	$20,005
Cash equivalents:		
Commercial paper	72,268	99,040
Certificate of deposit	—	2,024
Money market funds	164,727	36,035
Total cash and cash equivalents	253,713	157,104
Marketable debt securities:		
Certificates of deposit	11,424	27,961
Commercial paper	176,205	128,023
Corporate debt securities	492,765	193,932
U.S. agency securities	—	37,109
U.S. Treasury securities	20,024	40,286
Foreign government securities	—	9,555
Variable-rate demand notes	350	410
Asset and mortgage-backed securities	43,111	16,816
Municipal bonds	4,880	16,044
Current marketable debt securities	748,759	470,136
Other investment securities:		
Other investment securities - cost method	250	250
Total other investment securities	250	250
Total cash, cash equivalents, marketable securities and other investment securities	$1,002,722	$627,490

Marketable securities

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The Company’s investment securities portfolio consists of various debt instruments, including corporate and government bonds, asset and mortgage-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

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,	
	2014	2013
	(in thousands)	
Due within 1 year	$662,299	$365,386
Due within 1 year through 5 years	86,110	104,340
Due within 5 years through 10 years	—	—
Due after 10 years	350	410
Total	$748,759	$470,136

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:

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	As of January 31, 2014			
	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Certificates of deposit	$11,424	$—	$—	$11,424
Commercial paper	176,120	85	—	176,205
Corporate debt securities	492,295	532	(62)	492,765
U.S .Treasury securities	20,023	1	—	20,024
Variable-rate demand notes	350	—	—	350
Asset and mortgage-backed securities	43,105	10	(4)	43,111
Municipal Bonds	4,875	5	—	4,880
Total	$748,192	$633	$(66)	$748,759

	As of January 31, 2013			
	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Certificates of deposit	$27,961	$—	$—	$27,961
Commercial paper	127,967	65	(9)	128,023
Corporate debt securities	193,834	147	(49)	193,932
U.S. agency securities	37,081	28	—	37,109
U.S.Treasury securities	40,266	20	—	40,286
Foreign government securities	9,573	—	(18)	9,555
Variable-rate demand notes	410	—	—	410
Asset-backed securities	16,804	12	—	16,816
Municipal Bonds	16,025	19	—	16,044
Total	$469,921	$291	$(76)	$470,136

None of these investments were in a loss position for greater than twelve months as of January 31, 2014 and January 31, 2013.

4. FAIR VALUE

Inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect TiVo's market assumptions. These two types of inputs have created the following fair-value hierarchy:

Level 1	-	Quoted prices for identical instruments in active markets;
Level 2	-	Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
Level 3	-	Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires TiVo to minimize the use of unobservable inputs and to use observable market data, if available, when determining fair value. TiVo recognizes transfers between levels of the hierarchy based on the fair values of the respective financial instruments at the end of the reporting period in which the transfer occurred.

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Cash equivalents and available-for-sale marketable securities (including asset and mortgage-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 financial liabilities for which it is obligated to repay the carrying value, unless the holder agrees to a lesser amount which include our convertible debt. The fair values of TiVo's convertible debt are influenced by interest rates, TiVo's stock price and stock price volatility and are determined by Level 2 inputs, including prices for the convertible debt observed in market trading. The carrying value of these financial liabilities at January 31, 2014 and January 31, 2013 was $172.5 million (for both years) and the fair value was $228.5 million and $241.6 million, based on the bond's quoted market price as of January 31, 2014 and 2013, respectively.
On a quarterly basis, TiVo measures at fair value certain financial assets and liabilities. The fair value of those financial assets and liabilities was determined using the following levels of inputs as of January 31, 2014 and January 31, 2013:

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	As of January 31, 2014			
	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	$72,268	$—	$72,268	$—
Money market funds	164,727	164,727	—	—
Short-term investments:				
Certificates of deposit	11,424	11,424	—	—
Commercial paper	176,205	—	176,205	—
Corporate debt securities	492,765	—	492,765	—
U.S. Treasury securities	20,024	20,024	—	—
Variable-rate demand notes	350	—	350	—
Asset and mortgage-backed securities	43,111	—	43,111	—
Municipal bonds	4,880	—	4,880	—
Total	$985,754	$196,175	$789,579	$—

	As of January 31, 2013			
	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	$99,040	$—	$99,040	$—
Certificate of deposit	2,024	2,024	—	—
Money market funds	36,035	36,035	—	—
Short-term investments:				
Certificates of deposit	27,961	27,961	—	—
Commercial paper	128,023	—	128,023	—
Corporate debt securities	193,932	—	193,932	—
U.S. agency securities	37,109	—	37,109	—
U.S. Treasury securities	40,286	40,286	—	—
Foreign government securities	9,555	—	9,555	—
Variable-rate demand notes	410	—	410	—
Asset-backed securities	16,816	—	16,816	—
Municipal bonds	16,044	—	16,044	—
Total	$607,235	$106,306	$500,929	$—

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Level 1 Measurements
TiVo's cash equivalents held in money market funds, TiVo's available-for-sale securities and the trading securities are measured at fair value using Level 1 inputs.
Level 2 Measurements
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.
Level 3 Measurements
As of January 31, 2014, TiVo had no Level 3 instruments.
The Company did not have any transfers between Level 1, Level 2, and Level 3 fair value measurements during the periods presented as there were no changes in the composition of Level 1, 2, or 3 securities.
TiVo also has a direct investment in a privately-held company accounted for under the cost method, which is periodically assessed for other-than-temporary impairment. If the Company determines that an other-than-temporary impairment has occurred, TiVo will write-down the investment to its fair value. The fair value of a cost method investment is not evaluated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment. However, if such significant adverse events were identified, the Company would estimate the fair value of its cost method investment considering available information at the time of the event, such as pricing in recent rounds of financing, current cash position, earnings and cash flow forecasts, recent operational performance, and any other readily available data. The carrying amount of the Company's cost method investment was $250,000 as of January 31, 2014. No events or circumstances indicating a potential impairment were identified as of January 31, 2014.
5. PROPERTY AND EQUIPMENT, NET
Property and equipment, net consists of the following:

	As of January 31,	
	2014	2013
	(In thousands)	
Furniture and fixtures	4,455	4,428
Computer and office equipment	20,662	21,639
Lab equipment	4,652	3,747
Leasehold improvements	9,792	9,697
Capitalized internal use software	23,945	21,801
Total property and equipment	63,506	61,312
Less: accumulated depreciation and amortization	(52,819)	(51,012)
Property and equipment, net	10,687	10,300

Depreciation and amortization expense for property and equipment for the fiscal years ended January 31, 2014, 2013, and 2012 was $5.5 million, $5.8 million, and $6.1 million, respectively. Additionally, the Company recognized non-cash impairment charges of $4.8 million in the three and twelve months ended January 31, 2014 of which $296,000 was related to capitalized internal use software associated with assets acquired in its acquisition of TRA.
6. DEVELOPED TECHNOLOGY AND INTANGIBLE ASSETS, NET
Developed technology and intangible assets, net consists of the following:

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	As of January 31, 2014			2013		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(In thousands)					
Developed technology	$10,259	$(4,716)	$5,543	$15,161	$(4,441)	$10,720
Intellectual property rights	19,118	(18,260)	858	19,118	(16,616)	2,502
Customer relationships and trade names	1,010	(83)	927	3,130	(266)	2,864
Developed technology and intangible assets	$30,387	$(23,059)	$7,328	$37,409	$(21,323)	$16,086

During the fiscal year ended January 31, 2013 the Company acquired developed technology and intangible assets of $14.9 million with a weighted average life of 5.18 years.

The Company recognized non-cash impairment charges of $4.8 million in the three and twelve months ended January 31, 2014 of which $4.5 million was related to intangible assets acquired as part of the TRA acquisition. The lower than expected profitability indicated that the carrying value of these assets exceeded their estimated fair values as determined by future discounted cash flow projections. When projecting the stream of future cash flows associated with TRA for purposes of determining long-lived asset recoverability, management makes assumptions, incorporating market conditions, sales growth rates, gross profit, and operating expenses. The impairment charge of $3.0 million associated with impairment of developed technology is included in the cost of service revenues and $1.5 million associated with the impairment of customer relationships and trade names is included sales and marketing expenses for the three and twelve months ended January 31, 2014.

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 developed technology and two to seven years for intellectual property rights and customer relationships and trade names. Amortization expense for the fiscal years ended January 31, 2014, 2013, and 2012, was $4.3 million, $3.5 million, and $2.7 million, respectively. As of January 31, 2014, the estimated future annual amortization expense (not including the Company's acquisition of Digitalsmiths on February 14, 2014) is set forth in the table below:

Fiscal Year Ending January 31,	Estimated Annual Amortization Expense
	(In thousands)
2015	2,196
2016	2,018
2017	1,716
2018	1,155
2019	162
Thereafter	81
	$7,328

7. INVENTORY

Inventory was as follows:

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	As of January 31,	
	2014	2013
	(in thousands)	
Raw Materials	$1,858	$3,423
Finished Goods	20,458	11,077
Total Inventory	$22,316	$14,500

8. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	As of January 31,	
	2014	2013
	(In thousands)	
Compensation and vacation	$24,755	$23,158
Marketing and promotions	7,793	4,987
Legal services	6,400	10,477
Redeemable gift certificates for subscriptions	2,404	2,428
Interest payable	2,588	2,588
Other	6,264	6,405
Total accrued liabilities	$50,204	$50,043

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. 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, 2014 and January 31, 2013, the accrued warranty reserve was $621,000 and $419,000, respectively. The Company’s accrued warranty reserve is included in accrued liabilities in the accompanying condensed consolidated balance sheets.

The Company also offers its TiVo-Owned customers separately priced optional 2-year and 3-year extended warranties. The Company defers and amortizes cost and revenue associated with the sales of these extended warranties over the warranty period or until a warranty is redeemed. Additionally the Company offers its MSO customers separately priced optional 3-year extended warranties. The Company defers the revenues associated with sale of these extended warranties over the second and third year of the warranty period. As of January 31, 2014, the extended warranty deferred revenue and cost was $2.0 million and $287,000, respectively. As of January 31, 2013, the extended warranty deferred revenue and cost was $875,000 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 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, 2014 the Company had total purchase commitments for inventory of $17.2 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

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sale of its securities and the Company provides indemnification for its directors and officers in accordance with Delaware law. 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 under its agreements with customer and business partners 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. 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, 2014, the Company has not accrued any pre-judgment 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 has accrued $4.7 million, including accrued interest, for arbitration proceedings related to a contractual dispute. The Company is currently appealing an unfavorable decision in the initial arbitration proceeding. The Company expenses legal costs as they are incurred.

Facilities Leases

The Company leases its corporate headquarters, located in San Jose, California, comprising a total of 176,254 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, Chicago, Illinois, and Maynard, Massachusetts. 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, 2014, 2013, and 2012 was $3.2 million, $3.2 million, and $2.6 million, respectively. Operating lease cash payments for the fiscal years ended January 31, 2014, 2013, and 2012 were $3.7 million, $3.9 million, and $3.8 million, respectively. Future minimum operating lease payments as of January 31, 2014, are as follows:

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Fiscal Year Ending January 31,	Lease Payments (In thousands)
2015	$3,189
2016	$2,935
2017	$2,716
Total	$8,840

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

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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, 2014, 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, 2014, 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, 2014, the total number of shares reserved for issuance under this plan is 10,000,000. As of January 31, 2014, 1,884,542 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. Annual grants of restricted stock made to continuing employees typically vest 17% every 6 months over a 36 months 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 28,575,914. 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, 2014, 6,513,292 shares remain available for future stock based award grants.

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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 for the fiscal years ended January 31, 2014, 2013, and 2012 is as follows:

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
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
Grants	303	9.83		
Exercises	(2,259)	7.20		
Forfeitures or expirations	(536)	8.84		
Outstanding at January 31, 2013	8,657	$7.42	3.84	$51,431
Grants	235	12.12		
Exercises	(1,014)	7.76		
Forfeitures or expirations	(214)	9.89		
Outstanding at January 31, 2014	7,664	$7.45	2.94	$38,064

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 $12.39 as of January 31, 2014, 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 $4.8 million, $9.7 million, and $6.4 million for the twelve months ended January 31, 2014, 2013, and 2012, respectively.

The following table summarizes information about options outstanding at January 31, 2014:

	Options Outstanding			Exercisable Options	
Range of Exercise Prices	Number of Shares (in thousand)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares (in thousand)	Weighted Average Exercise Prices
$ 3.78 - $ 3.78	93	1.01	$3.78	93	$3.78
$ 4.44 - $ 6.17	68	1.56	$5.14	68	$5.14
$ 6.18 - $ 6.18	1,508	3.08	$6.18	1,508	$6.18
$ 6.24 - $ 6.50	59	2.63	$6.42	59	$6.42
$ 6.51 - $ 6.51	385	2.46	$6.51	385	$6.51
$ 6.52 - $ 6.52	1,826	1.41	$6.52	1,826	$6.52
$ 6.71 - $ 12.38	3,575	3.67	$8.46	2,745	$8.32
$ 12.47 - $ 18.17	150	5.46	$13.99	41	$16.76
Total	7,664	2.94	$7.45	6,725	$7.19

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Net cash proceeds from the exercise of stock options were $7.9 million, $16.3 million, and $11.3 million for the twelve months ended January 31, 2014, 2013, and 2012, respectively. Information regarding stock options outstanding at January 31, 2014 is summarized as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)			(in thousands)
Shares outstanding	7,664	$7.45	2.94	$38,064
Shares vested and expected to vest	7,585	$7.42	2.91	$37,903
Shares exercisable	6,725	$7.19	2.70	$35,161

Restricted Stock Awards ("RSAs") / Restricted Stock Units ("RSUs")

The Company had 4.8 million RSAs and RSUs outstanding as of January 31, 2014 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, 2014 was $59.3 million based on the Company's closing stock price on January 31, 2014. The total fair value of RSAs and RSUs vested was $38.6 million, $27.5 million, and $13.5 million for the twelve months ended January 31, 2014, 2013, and 2012, respectively.

The following table summarizes the activities for the Company's unvested RSAs and RSUs for the three years ended January 31, 2014, 2013, and 2012:

	Number of Shares	Weighted-Average Grant Date Fair Value
	(in thousands)	
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
Granted	2,876	$11.53
Vested	(2,427)	$11.32
Forfeited	(518)	$11.10
Unvested stock at January 31, 2013	5,477	$10.85
Granted	2,979	$12.27
Vested	(3,197)	$12.08
Forfeited	(472)	$11.47
Unvested stock at January 31, 2014	4,787	$11.88

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. On March 28, 2013 the board approved the modification of 240,000 unvested shares of the market-based awards and extends the performance period to January 31, 2018. Total compensation cost recognized related to these performance-based awards was approximately $519,000, $155,000, and $254,000 for the fiscal years ended January 31, 2014, 2013, and 2012, respectively. As of January 31, 2014, $1.3 million of total unrecognized compensation cost related to these awards is expected to be recognized over the remaining vesting period of 4 years.

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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 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. On March 28, 2013 the board approved the modification of 74,250 unvested shares of the market-based awards and extends the performance period to January 31, 2018. Total compensation cost recognized was $628,000, $521,000 and $1.1 million for the fiscal years ended January 31, 2014, 2013 and 2012 respectively. As of January 31, 2014, $270,000 of total unrecognized compensation cost related to these awards is expected to be recognized over the remaining vesting period of 4 years.

In fiscal year 2013, the Company awarded 250,000 shares of restricted stock to the Company's Chief Executive Officer that would vest over a three-year period. The vesting conditions of 250,000 shares are tied to the annual Adjusted EBITDA performance or the market value of the Company's common stock. The performance goals were met and $2.8 million in compensation cost was recognized for the fiscal year ended January 31, 2013.

In fiscal year 2014, the Company awarded 275,000 shares of restricted stock to the Company's Chief Executive Officer that would vest over the three-year period. The vesting conditions of 275,000 shares are tied to the annual Adjusted EBITDA performance or the market value of the Company's common stock. In addition, the Company also awarded 150,248 shares of restricted stock to certain executive officers and will vest immediately upon achievement of the goal. The performance goals were met and total compensation cost recognized was $3.6 million for the fiscal year ended January 31, 2014.

12. STOCK-BASED COMPENSATION

Total stock-based compensation for the twelve months ended January 31, 2014, 2013, and 2012, respectively is as follows:

	Fiscal Year Ended January 31,		
	2014	2013	2012
	(In thousands)		
Cost of service revenues	$2,032	$1,241	$830
Cost of technology revenues	1,626	1,754	1,666
Cost of hardware revenues	304	269	207
Research and development	13,717	12,544	10,768
Sales and marketing	5,631	4,105	3,962
General and administrative	14,455	14,542	11,854
Change in deferred cost of technology revenues	113	302	559
Stock-based compensation before income taxes	$37,878	$34,757	$29,846
Income tax benefit	$(9,789)	$—	$—
Total stock-based compensation	$28,089	$34,757	$29,846

As of January 31, 2014, $2.9 million of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 2.13 years. As of January 31, 2014, $32.6 million of total unrecognized compensation costs related to unvested restricted stock is expected to be recognized over a weighted-average period of 1.52 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 (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

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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 declared and has no current plan to declare a dividend.

The weighted average assumptions used for the twelve months ended January 31, 2014, 2013, and 2012, 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,					
	2014	2013	2012	2014	2013	2012
Expected life (in years)	0.80	0.90	0.78	4.39	4.38	4.48
Volatility	57%	53%	68%	51%	58%	65%
Average risk free interest rate	0.64%	0.20%	0.28%	1.07%	0.75%	1.61%
Dividend Yield	—%	—%	—%	—%	—%	—%
Weighted-average fair value during the period	$3.21	$4.22	$3.29	$5.12	$4.56	$5.06

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. As of January 1, 2014, the Company has elected to match 50% of the contributions made by employees who have elected to participate in its 401(k) Plan, including executives, up to $3,000 annually. This match is accrued for on a monthly basis and contributed to the 401(k) accounts of all participating employees annually on January 31st for the preceding calendar year. During the fiscal year ended January 31, 2014, TiVo has expensed $287,000 in 401(k) match expense. The Company has not yet made any contributions to the Retirement Plan from inception through January 31, 2014. TiVo is under no obligation to continue matching future employee contributions and at the Company's discretion may change its practices at any time.

14. INCOME TAXES

Income (loss) from continuing operations before income taxes for the fiscal years ended January 31, 2014, 2013, and 2012 were $103.9 million, $(4.2) million, and $103.0 million, respectively.

Income tax benefit (provision) was $167.9 million, $(1.0) million, and $(807,000)in fiscal years 2014, 2013, and 2012, respectively.

The income tax benefit in fiscal year 2014 is primarily due to release of valuation allowance. 2013 and 2012 income tax expense was primarily related to state taxes and withholding taxes in foreign jurisdictions as noted in the table below:

	Fiscal Year Ended January 31,		
Current:	2014	2013	2012
Federal	$(38)	$2	$—
State	3,240	778	657
Foreign	—	256	150
Total	$3,202	$1,036	$807
Deferred:			
Federal	$(167,382)	$—	$—
State	(3,731)	—	—
Foreign	—	—	—
Total	$(171,113)	$—	$—
Provision (benefit) for income taxes	$(167,911)	$1,036	$807

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

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	Fiscal Year Ended January 31,		
	2014	2013	2012
	(in thousands)		
Federal tax at statutory rate	$36,367	$(1,480)	$36,039
State taxes	1,628	778	657
Stock Based Compensation	559	(318)	360
Federal Research Tax Credit	333	—	—
Non-deductible compensation expense	3,209	3,442	2,477
Non-deductible expenses and other	1,163	90	35
Foreign withholding tax	—	256	150
Change in valuation allowance	(211,170)	(1,732)	(38,911)
Total tax expense	$(167,911)	$1,036	$807

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

	As of January 31,	
	2014	2013
Deferred tax assets:	(in thousands)	
Net operating loss carryforwards	$78,294	$108,749
Research and alternative minimum tax credits	34,022	33,628
Deferred revenue and rent	48,885	43,053
Capitalized research and development	4,175	7,367
Stock based compensation	14,180	14,504
Other	17,001	16,339
Total deferred tax assets	196,557	223,640
Deferred tax liabilities:		
TRA intangibles	(1,025)	(3,174)
Total deferred tax liabilities	(1,025)	(3,174)
Valuation allowance	(24,419)	(220,466)
Net deferred tax assets (liabilities)	$171,113	$—

Our benefit for income taxes for the year ended January 31, 2014 is due to the release of the valuation allowance of $211.2 million. During the second quarter of fiscal 2014, due to the resolution of a material litigation in regards to the Company's intellectual property the Company concluded that it was more likely than not that it would be able to realize the benefit of a portion of its deferred tax assets in the future. The Company based this conclusion on recent historical book and taxable income and projections of future operating income. As a result, the Company released $211.2 million during fiscal 2014, of the valuation allowance attributable to federal and all states, except for the state of California.

For tax years beginning on or after January 1, 2013 companies are required to apportion income for California purposes under a single sales factor. Effective for the 2012 fiscal year the Company had revalued its California deferred tax assets under single sales factor. The Company continues to maintain a valuation allowance of $24.4 million on its California deferred tax assets as it is not more likely than not that such deferred assets will be recognized under current California law.

As of January 31, 2014 the Company had net operating loss carryforwards for federal and state income tax purpose of approximately $284.1 million and $172.9 million, respectively, available to reduce future income subject to income taxes. Of these amounts, approximately $85.6 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 substantial 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

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carryforwards. The Company had an acquisition during the fiscal year ended January 31, 2013 for which Section 382 will apply. The additional net operating loss from this acquisition after the Section 382 limitation is approximately $12.9 million.

The federal net operating loss carryforwards expire beginning in fiscal year ending 2022 through 2031. The state net operating loss carryforwards expire beginning in fiscal year ending 2016 through 2031. As of January 31, 2014, unused research and development tax credits of approximately $24.7 million and $32.1 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 January 2, 2013, President Obama signed into legislation, The American Taxpayer Relief Act of 2012 which retroactively reinstated the research credit for amounts paid or incurred from January 1, 2013 through December 31, 2013. The expiration of the federal research credit as of December 31, 2013 does not have material impact on financial results of the Company in the twelve months ended January 31, 2014.

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

	Fiscal Year Ended January 31,		
	2014	2013	2012
	(in thousands)		
Beginning Balance	$14,812	$12,075	8,745
Additions based on tax positions related to current year	1,583	2,579	3,253
Additions for tax positions in prior years	23	158	77
Lapse of statute of limitations	(154)	—	—
Reduction for tax positions of prior years	$(1,101)	$—	—
Ending Balance	$15,163	$14,812	$12,075

The total amount of unrecognized tax benefit, if recognized, that would affect the effective tax rate would be approximately $6.2 million at January 31, 2014. The remaining unrecognized tax benefits at January 31, 2014 would not affect the Company's effective tax rate if recognized due to the Company's California deferred tax assets being fully offset by a valuation allowance. Since the timing of resolution and/or closure of the Company's open tax years is highly uncertain, the Company does not believe that the unrecognized tax benefits would materially change in the next twelve months.

The Company classifies interest and penalties related to uncertain tax positions in income tax expense, if applicable.

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	2010 – 2014
California	2009 – 2014

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. Since the timing of resolution and closure of the Company's open tax years is highly uncertain, the Company does not believe that the unrecognized tax benefits would materially change in the next twelve months.

15. 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

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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,		
	2014	2013	2012
	(income/(loss) in thousands)		
Numerator:			
Net income (loss)	$271,816	$(5,264)	$102,161
Interest on convertible notes	5,009	—	6,979
Net Income for purpose of computing net income (loss) per diluted share	276,825	(5,264)	109,140
Denominator:			
Weighted average shares outstanding, excluding unvested restricted stock	118,445,466	119,411,727	116,592,943
Weighted average effect of dilutive securities:			
Stock options and restricted stock	4,893,804	—	4,200,288
Convertible senior notes	15,462,193	—	15,462,193
Denominator for diluted net income (loss) per common share	138,801,463	119,411,727	136,255,424
Basic net income (loss) per common share	$2.29	$(0.04)	$0.88
Diluted net income (loss) per common share	$1.99	$(0.04)	$0.80

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, 2014, 2013, and 2012 do not include the effect of the following potentially outstanding common stock because the effect would have been anti-dilutive:

	As of January 31,		
	2014	2013	2012
Unvested restricted stock	3,068	5,956,316	1,007,735
Options to purchase common stock	592,761	10,358,316	4,286,876
Potential shares to be issued from ESPP	—	87,999	—
Convertible senior notes	—	15,462,193	—
Total	595,829	31,864,824	5,294,611

16. SETTLEMENTS

DISH Network

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. 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” fiscal year ended January 31, 2012. $321.4 millionof 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.

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

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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.

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 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. $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.

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 fiscal year ended January 31, 2012. TiVo paid $4.3 million in contingent legal fees during the fiscal year ended January 31, 2012. The remaining estimate of $10.2 million was paid during the fiscal year ended January 31, 2013 upon the favorable resolution of the Microsoft and ITC legal matters.

Verizon Communications, Inc.

On September 21, 2012, TiVo Inc. entered into a Settlement and Patent License Agreement with Verizon Communications, Inc. (Verizon). Under the terms of the Agreement, Verizon has agreed to pay TiVo a minimum amount of $250.4 million plus incremental monthly fees per DVR subscriber if Verizon's subscriber base exceeds certain pre-determined levels which increase annually. The initial payment of $100.0 million was paid to TiVo on September 28, 2012 with the remaining $150.4 million due to TiVo 30 days after the end of each calendar quarter in the amount of $6.0 million through the calendar quarter ending September 30, 2018. Any incremental additional per subscriber fees are due to TiVo on the same schedule. The Agreement expires on July 31, 2018.

TiVo and Verzion agreed to dismiss all pending litigation between the companies with prejudice. TiVo granted Verizon a limited license under its advanced television patents, including the patents that TiVo had asserted against Verizon (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 Verizon multichannel video programming services subject to certain limitations and exclusions. Verizon granted TiVo a limited license under its advanced television patents, including the patents that Verizon had asserted against TiVo (U.S. Patent Nos. 5,410,344, 5,635,979, 5,973,684, 6,367,078, 7,561,214 and 6,381,748), 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 Verizon pursuant to the Agreement under certain circumstances, including but not limited to if Verizon 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 September 21, 2012 until July 31, 2018, (ii) an interest income component related to the past infringement, and (iii) the settlement of all outstanding litigation and claims between TiVo and Verizon. The proceeds of the agreement were allocated among the principal elements of the transaction based on relative fair values of each element.

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 of the technology, 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 $250.4 million was allocated on a relative fair value basis as $78.4 million to the past infringement and litigation settlement element, $568,000 to interest income related to past infringement and $171.4 million to the future base license royalties element. The future base license royalties element does not include any incremental monthly fees

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per DVR subscriber payable if the Verizon subscriber base exceeds certain pre-determined levels. The amount related to past infringement and settlement was recorded under “Litigation proceeds” in the quarter ended October 31, 2012. The amount related to interest income was recorded under “Interest income” in the quarter ended October 31, 2012. $171.4 million of future license royalties will be recorded as technology revenues over the term of the agreement through July 31, 2018 using a pattern reflective of an increasing number of subscribers covered by the minimum fixed license payments. Any incremental monthly fees per DVR subscriber payable if the Verizon's subscriber base exceeds certain pre-determined levels will be recognized as Technology revenues when reported to TiVo by Verizon. In addition to the $250.4 million in compensation, TiVo will also receive incremental monthly fees at a higher rate than the rate implied by the guaranteed fees per Verizon DVR subscriber if the growth of Verizon's DVR subscriber base exceeds certain pre-determined levels. Any incremental additional per subscriber fees are due to TiVo 30 days after the end of each calendar quarter in which they are earned.

Motorola/Cisco

Effective July 2, 2013, TiVo entered into a settlement and patent license agreement with ARRIS Group, Inc. (Arris) (owner of General Instrument Corporation, formerly a subsidiary of Motorola Mobility, Inc.), Cisco Systems, Inc. (Cisco), and Google Inc. (Google) (owner of Motorola Mobility, LLC formerly Motorola Mobility, Inc.) (with the settlement with Arris, Google, and Cisco referred to as the Motorola/Cisco settlement). Pursuant to the terms of the Motorola/Cisco settlement the parties agreed to settle and dismiss all outstanding litigation between them, including related litigation involving Time Warner Cable (as described in TiVo's periodic reports filed with the Securities and Exchange Commission), provide licenses to certain patents between the parties, and release patent infringement claims between the parties with respect to all outstanding litigation in exchange for a payment of $490.0 million to TiVo by Google and Cisco in connection with the Motorla/Cisco settlement.

The licenses granted by TiVo to Cisco and Google/Motorola Mobility under U.S. Patent Nos. 6,233,389, 7,529,465, 6,792,195, and 7,493,015 and certain related patents are perpetual. The other licenses granted by TiVo to Google/Motorola Mobility and from Google/Motorola Mobility to TiVo will expire on July 31, 2018. The other licenses granted by TiVo to Cisco and from Cisco to TiVo will expire on July 2, 2023, when the agreement expires.

The agreement includes multiple elements consisting of: (i) an exchange of licenses to certain intellectual property, (ii) an interest income component related to the past infringement, and (iii) the settlement of all outstanding litigation and claims between TiVo and Arris, Google/Motorola Mobility and Cisco. The proceeds of the agreement were allocated amongst the principal elements of the transaction based on relative fair values of each element.

TiVo estimated the fair value of future licensing revenue from July 2, 2013 until July 31, 2018 using an income approach and future licensing revenue from August 1, 2018 to July 2, 2023 using a market approach. The significant inputs and assumptions used in the valuations included actual past and projected future estimated infringing DVR shipments, estimated life of the DVR, estimated market-based royalty rates, and estimated risk-adjusted discount rates, 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 $490.0 million was allocated on a relative fair value basis as $381.1 million to the future licensing revenue element, $752,000to interest income related to past infringement and $108.1 million of the past infringement and litigation settlement element. The amount related to past infringement and settlement was recorded under “Litigation proceeds” in the fiscal year ended January 31, 2014. The amount related to interest income was recorded under “Interest income” in the fiscal year ended January 31, 2014. The $381.1 million of license royalties has been or will be recorded as technology revenues over the term of the agreement through July 2023.

Technology revenues related to the above agreements were $141.6 million, $77.3 million and $35.3 million for the fiscal years ended January 31, 2014, 2013, and 2012, respectively.

Revenues and cash from the contractual minimums under our licensing agreements with DISH, AT&T, Verizon, and Motorola/Cisco through January 31, 2014 have been:

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Fiscal Year Ending January 31,	Licensing Related Technology Revenues (in thousands)	Cash Received
2012	$35,275	$117,679
2013	76,841	86,356
2014	136,532	464,725
Total	$248,648	$668,760

Revenues and cash from the contractual minimums under all our licensing agreements with DISH, AT&T, Verizon, and Motorola/Cisco is expected to be recognized (revenues) and received (cash) for fiscal year 2015 and on an annual basis for the fiscal years thereafter as follows:

Fiscal Year Ending January 31,	Licensing Related Technology Revenues (in thousands)	Minimum Cash Due
2015	169,641	83,579
2016	171,563	83,579
2017	173,129	83,579
2018	174,411	83,579
2019	88,629	31,139
2020 - 2024	8,193	—
Total	$785,566	$365,455

17. SUBSEQUENT EVENTS

On February 14, 2014, TiVo Inc. (TiVo) completed its previously announced acquisition of Digitalsmiths Corporation, a Delaware corporation (Digitalsmiths). Pursuant to the Agreement and Plan of Merger, TiVo, through its wholly-owned subsidiary, Dragonfly Merger Corp., a Delaware corporation, acquired all of the issued and outstanding shares of Digitalsmiths for $135 million in cash, subject to customary working capital adjustments, at which time Digitalsmiths became a wholly owned subsidiary of TiVo.

18. SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Quarterly Results of Operations

The following table presents certain unaudited statements of operations data for the Company's eight most recent quarters ended January 31, 2014. 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 the Company's 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.

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	Three Months Ended							
	Jan 31, 2014	Oct 31, 2013	Jul 31, 2013	Apr 30, 2013	Jan 31, 2013	Oct 31, 2012	Jul 31, 2012	Apr 30, 2012
	(unaudited, in thousands except per share and share amounts)							
Revenues								
Service revenues	36,317	33,526	34,930	34,062	35,574	35,228	32,302	30,621
Technology revenues	47,716	48,133	42,056	27,725	30,153	25,727	21,825	23,887
Hardware revenues	22,301	35,597	23,104	20,786	23,129	21,072	11,129	13,261
Net revenues	106,334	117,256	100,090	82,573	88,856	82,027	65,256	67,769
Cost of revenues								
Cost of service revenues	15,596	11,233	11,408	10,805	11,619	11,238	8,871	8,379
Cost of technology revenues	4,483	5,612	11,867	3,711	7,318	5,779	3,792	6,286
Cost of hardware revenues	23,163	33,017	21,957	18,496	21,847	23,434	14,431	18,471
Total cost of revenues	43,242	49,862	45,232	33,012	40,784	40,451	27,094	33,136
Gross margin	63,092	67,394	54,858	49,561	48,072	41,576	38,162	34,633
Operating expenses								
Research and development	26,908	27,242	26,305	26,462	26,614	28,277	29,652	30,560
Sales and marketing	11,238	10,189	9,069	8,507	8,928	7,958	7,243	6,224
Sales and marketing, subscription acquisition costs	6,038	2,628	1,996	1,859	3,471	1,560	2,372	1,257
General and administrative	16,461	15,839	23,225	21,786	23,708	21,772	25,429	16,166
Litigation Proceeds	—	—	(108,102)	—	—	(78,441)	—	—
Income (loss) from operations	2,447	11,496	102,365	(9,053)	(14,649)	60,450	(26,534)	(19,574)
Interest income	1,272	1,133	1,499	823	808	1,383	852	908
Interest expense and other	(1,973)	(2,165)	(1,965)	(1,974)	(1,966)	(1,958)	(1,966)	(1,982)
Income (loss) before income taxes	1,746	10,464	101,899	(10,204)	(15,807)	59,875	(27,648)	(20,648)
Benefit from (provision for) income taxes	(1,036)	2,023	167,039	(115)	31	(848)	(93)	(126)
Net income (loss)	710	12,487	268,938	(10,319)	(15,776)	59,027	(27,741)	(20,774)
Net income (loss) per common share								
Basic	$0.01	$0.11	$2.27	$0.09	$(0.13)	$0.49	$(0.23)	$(0.17)
Diluted	$0.01	$0.10	$1.96	$0.09	$(0.13)	$0.44	$(0.23)	$(0.17)
Income (loss) for purposes of computing net income (loss) per share:								

Basic	710	12,487	268,938	(10,319)	(15,776)	59,027	(27,741)	(20,774)
Diluted	710	13,739	270,190	(10,319)	(15,776)	60,992	(27,741)	(20,774)
Weighted average common and common equivalent shares:								
Basic	117,039,907	116,760,061	118,601,346	121,380,553	120,199,937	119,363,613	119,137,118	118,946,297
Diluted	121,668,803	136,736,001	137,992,699	121,380,553	120,199,937	138,587,931	119,137,118	118,946,297

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.

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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, 2014. 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 Part II, Item 8 of this report, has issued an audit report on our internal control over financial reporting, as of January 31, 2014, which is included herein.

(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, 2014, 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.

ITEM 9B. OTHER INFORMATION

None

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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 and Key Employees (as of February 28, 2014)." 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 2014 Proxy Statement to be filed with the U.S. Securities and Exchange Commission (SEC) in connection with the solicitation of proxies for our 2014 Annual Meeting of Stockholders (2014 Proxy Statement) and is incorporated herein by reference. Such 2014 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, Chief Accounting 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, Chief Accounting 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 2014 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 2014 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 2014 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 2014 Proxy Statement under the heading “Independent Auditor Fees and Services.”

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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.

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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 14, 2014	/S/ THOMAS S. ROGERS Thomas S. Rogers Chief Executive Officer

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POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Thomas S. Rogers, Naveen Chopra, and Matthew Zinn and each or any one of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her 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 or she 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:

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Signature	Title	Date
/S/ THOMAS S. ROGERS Thomas S. Rogers	Chief Executive Officer, President, and Director (Principal Executive Officer)	March 14, 2014
/S/ NAVEEN CHOPRA Naveen Chopra	Chief Financial Officer (Principal Financial Officer)	March 14, 2014
/S/ PAVEL KOVAR Pavel Kovar	Chief Accounting Officer (Principal Accounting Officer)	March 14, 2014
/S/ PETER AQUINO Peter Aquino	Director	March 14, 2014
/S/ WILLIAM CELLA William Cella	Director	March 14, 2014
/S/ JEFFREY HINSON Jeffrey Hinson	Director	March 14, 2014
/S/ DANIEL MOLONEY Daniel Moloney	Director	March 14, 2014
/S/ J. HEIDI ROIZEN J. Heidi Roizen	Director	March 14, 2014
/S/ THOMAS WOLZIEN Thomas Wolzien	Director	March 14, 2014
/S/ DAVID YOFFIE David Yoffie	Director	March 14, 2014

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EXHIBIT INDEX

Exhibit Number	Description	Incorporated By Reference Form	Exhibit	Filing Date / Period End Date
2.1	Agreement and Plan of Merger, dated January 29, 2014, by and among TiVo Inc., Digitalsmiths Corporation, Dragonfly Merger Corp., Shareholder Representative Services LLC, solely in its capacity as the exclusive representative of the indemnifying parties and U.S. Bank National Association, as the escrow agent.	8-K	2.1	1/29/2014
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.	10-Q	10.2	8/31/2012
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	8/31/2012
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	10.2	11/27/2013
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).	10-K	10.15	3/23/2012
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

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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	Fifth Amendment to Lease Agreement, dated as of March 26, 2012, between Bixby Technology Center, LLC and TiVo Inc.	10-Q	10.1	6/1/2012
10.29	Sixth Amendment to Lease Agreement, dated as of March 26, 2013, between Bixby Technology Center, LLC and TiVo Inc.	10-Q	10.1	5/31/2013
10.30	Seventh Amendment to Lease Agreement, dated as of October 24, 20913 between Bixby Technology, LLC and TiVo Inc.	10-Q	10.1	11/27/2013
10.31	Subordination Agreement; Acknowledgment of Lease Assignment, Attornment and Non-Disturbance Agreement, dated as of November 14, 2013, between ECI Four Gold Street LLC, TiVo Inc. and Wells Fargo Bank, National Association.	Filed herewith.		
10.29*	Summary of TiVo Inc. Fiscal Year 2012 Bonus Plan for Executive Officers.	8-K	10.1	4/8/2011
10.30*	Summary of TiVo Inc. Fiscal Year 2013 Bonus Plan for Executive Officers.	8-K	10.1	4/9/2012
10.31+	Vendor Agreement, dated as of March 3, 2002, between TiVo Inc. and Best Buy Co., Inc.	10-K	10.1	4/3/2002
10.32+	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
10.33+	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
10.34+	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
10.35+	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
10.36+		10-K	10.41	4/15/2005

	Fifth Amendment to Vendor Agreement, effective as of February 28, 2006, between Best Buy Co., Inc. and TiVo Inc.			
10.37	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
10.38+	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
10.39	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
10.40+	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

10.41+	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
10.42+	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/A	10.1	4/18/2012
10.43+	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
10.44*	Fourth Amended & Restated Employment Agreement between TiVo Inc. and Thomas Rogers, effective September 13, 2012.	10-Q	10.2	11/30/2012
10.45*	Third Amended & Restated Change of Control Terms and Conditions Agreement between TiVo Inc. and Thomas S. Rogers, effective September 13, 2012.	10-Q	10.3	11/30/2012
10.46*	Consulting Agreement between TiVo Inc. and David Zaslav, dated as of August 4, 2010.	10-Q	10.1	9/9/2010
10.47*	Transition Agreement between TiVo Inc. and Mark Roberts, dated as of June 11, 2010.	10-Q	10.2	9/9/2010
10.48	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
10.49	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
10.50	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
10.51+	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
10.52+	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
10.53+	Settlement and Patent License between TiVo Inc. and AT&T, Inc. dated as of January 3, 2012.	10-K	10.52	3/23/2012
10.54*	Consulting Agreement between TiVo Inc. and James Barton, effective March 16, 2012.	10-Q	10.4	11/30/2012
10.55+	Settlement and Patent License between TiVo Inc. and Verizon Communications Inc., effective September 21, 2012.	10-Q/A	10.1	1/25/2013
10.56*	Transition Agreement between TiVo Inc. and Anna Brunelle, dated December 19, 2012.	10-K	10.56	3/15/2013
10.57+	Settlement and Patent License Agreement between TiVo Inc., Cisco Systems, Inc. and Google, Inc., effective July 2, 2013.	10-Q	10.1	8/30/2013
10.58+	Settlement and Patent License Agreement between TiVo Inc. and ARRIS Group, Inc., effective July 2, 2013.	10-Q	10.2	8/30/2013
10.59*	Form of Acknowledgment of Executive Stock Ownership and Incentive Compensation Clawback Policies.	8-K	10.1	12/17/2013
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.		
31.1	Certification of Thomas S. Rogers, Chief Executive Officer of TiVo Inc. dated March 14, 2014 pursuant to Securities Exchange Act Rules	Filed herewith.		

	13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.2	Certification of Naveen Chopra, Chief Financial Officer of TiVo Inc. dated March 14, 2014 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 S. Rogers, Chief Executive Officer of TiVo Inc. dated March 14, 2014 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 Naveen Chopra, Chief Financial Officer of TiVo Inc. dated March 14, 2014 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.