TIVO INC
Form 10-K
April 03, 2009
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# 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, 2009

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE TRANSITION PERIOD FROM ________ TO ________

Commission file number 000-27141

# TIVO INC.

**(Exact name of registrant as specified in its charter)**

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

**(408) 519-9100**

**(Registrant s telephone number including area code)**

Securities registered pursuant to Section 12(b) of the Act:

NONE

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, $.001 PAR VALUE PER SHARE

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

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

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

Indicate by check mark 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 ¨ Accelerated filer x Non-accelerated filer ¨ Smaller Reporting Company ¨

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

The aggregate market value of the registrant s common stock, $0.0001 par value per share, held by non-affiliates of the registrant on July 31, 2008, the last business day of the registrant s most recently completed second fiscal quarter, was approximately $621.4 million (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 known to the registrant to own 10% or more of the outstanding voting power of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not a determination for other purposes.

On March 23, 2009, the Registrant had 103,814,135 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 2009 Annual Meeting of Shareholders to be filed on or before May 31, 2009.

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**TIVO INC.**

**FORM 10-K**

**FOR THE FISCAL YEAR ENDED JANUARY 31, 2009**

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## 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 future investments in subscription acquisition activities, offers of bundled hardware and service subscriptions, advertising expenditures, future use of consumer rebates, hardware subsidies, and other marketing activities and their impact on our total acquisition costs;

- our future earnings including expected future service and technology revenues and future TiVo-Owned and MSOs/Broadcasters average revenue per subscription;

- expectations of the growth in the future DVR market generally, and the high definition market specifically;

- expectations of the growth of the TiVo service and technology outside the United States;

- our financial results, expected future cost savings from our recent reduction in headcount on November 18, 2008, expectations of future revenues and profitability, and expectations for the future use of advertising trade credits;

- our expectations with respect to the possible future outcomes and the possible receipt of additional damages in our on-going litigation with EchoStar;

- our expectations with respect to the timing of further rollout of the TiVo service on Comcast, the launch of the TiVo service on Cox and the launch of the HD DIRECTV DVR with TiVo service;

- possible future increases in our general and administrative expenses, including expenditures related to lawsuits involving us;

- possible future increases in our operating expenses, including increases in customer support and retention expenditures;

- future subscription growth or attrition of both TiVo-Owned and MSOs/Broadcasters (such as Comcast, Cox, DIRECTV, Seven (Australia and in the future New Zealand), and Cablevision (Mexico)) subscriptions;

- expectation of future technology and service revenues from MSOs/Broadcasters, such as Comcast, Cox, DIRECTV, Seven (Australia and in the future New Zealand), and Cablevision (Mexico) and deployment of the TiVo service by them;

- our estimates of the useful life of TiVo-enabled DVRs in connection with the recognition of revenue received from product lifetime subscriptions;

expectations regarding the seasonality of our business and subscription additions to the TiVo service;

our intentions to continue to grow the number of TiVo-Owned subscriptions through our relationships with major retailers;

our estimates and expectations related to inventory and inventory-related write-downs and our possible utilization of such inventory reserves in the future;

our expectations related to future increases in advertising and audience research measurement revenues;

our expectations related to changes in the cost of our hardware revenues and the reasons for changes in the volume of DVRs sold to retailers;

our ability to fund operations, capital expenditures, and working capital needs during the next year;

our ability to raise additional capital through the financial markets in the future;

our ability to perform or comply with laws, regulations, and requirements different than those in the United States;

our estimates and expectations related to investments in auction rate securities and their associated carrying value;

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- our ability to oversee our outsourcing of manufacturing processes and engineering work, and management of our inventory; and
- the impact of transition to digital distribution technologies by both broadcasters and cable operators.

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 expressions or the 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. 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 , 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.

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# PART I

## ITEM 1. BUSINESS

### General Development of Business

TiVo is a leading provider of technology and services for digital video recorders (DVRs). The subscription-based TiVo® service redefines home entertainment by providing consumers with an easy way to record, watch, and control live television and receive thousands of movies and television shows from cable, broadcast, and broadband sources, as well as other forms of content from broadband sources, such as YouTube™ videos, and a vast collection of music videos and songs, and internet radio. TiVo offers such features as Season Pass® recordings, WishList® searches, TiVoToGo transfers, TiVoCast content (which includes premium content delivered from Amazon Video on Demand, Netflix, and others and in the future Blockbuster), TiVo KidZone, TiVo Online Scheduling, and TiVo Search. As of January 31, 2009, there were approximately 3.3 million subscriptions to the TiVo service. We distribute the TiVo DVR through consumer electronics retailers and through our on-line store at TiVo.com. Additionally, we provide the TiVo service through agreements with leading television service providers such as cable television operators, such as Comcast, and in the future Cox, and satellite television providers, including DIRECTV, as well as international cable and broadcasting companies such as Seven Networks (Australia and in the future New Zealand) and Cablevision Mexico. We also provide innovative advertising solutions for the television industry, including a unique platform for advertisers and audience research measurement.

We currently receive revenues from three main sources:

- Consumers. Our primary source of revenues is from consumers, who subscribe directly to the TiVo service and typically pay us monthly fees of up to $12.95 per month. We also offer consumers the option to prepay for one or three years of TiVo service at prices ranging from $129 to $299, or purchase a product lifetime subscription for $399 ($299 for existing customers who have at least one other qualifying subscription). We sell to consumers in part through distribution relationships with major retailers, and direct through our on-line store at TiVo.com.

- Television service providers. We also work with satellite and cable television providers, including DIRECTV, Comcast, Cablevision Mexico, and in the future Cox, who pay us recurring monthly fees in order to provide the TiVo service to their subscribers. We receive fees for licensing and professional services from these and other customers as well.

- Advertisers. We work directly with television advertisers, agencies, and networks to offer a variety of solutions for the television advertising market. These include short- and long-form interactive video advertising, audience research measurement, lead generation, and commerce. Some of our key clients include advertisers and advertising agencies such as Grey SF, Toyota Motors, Warner Brothers, Universal McCann, OMD, MediaEdge, Mediastorm, IdeaCity, Fox Corp, and the Procter & Gamble Company.

We continue to be subject to a number of risks, including delays in product and service developments; competitive service offerings; lack of market acceptance; uncertainty of future profitability; dependence on third parties for manufacturing, marketing, and sales support, rollout schedules, software development issues; access to television programming; intellectual property claims against us; and our ability to sustain and grow our subscription base. We conduct our operations through one reportable segment. We anticipate that our business will continue to be seasonal and expect to generate a significant number of our annual new TiVo-Owned subscriptions during and immediately after the holiday shopping season. Prior to the fiscal year ended January 31, 2009, we incurred significant losses and had substantial negative operating cash flow. During the fiscal year ended January 31, 2009, our cash provided by our operations was $105.7 million and we had a net income of $103.6 million primarily due to receipts of damages and associated interest from our litigation against EchoStar. As of January 31, 2009, we had an accumulated deficit of ($672.2) million.

### Industry Trends

***Consumer Demand is Driving Widespread Adoption of DVR Technology***. We believe DVRs offer a compelling value proposition to consumers by providing the means to effectively sort through, select from, and organize the growing volume of broadcast, cable, and broadband video content choices including television shows, movies, videos, songs, and photos. DVR technology also gives consumers the ability to easily fast forward, pause, and rewind recorded video content. Today, approximately 29 million households have DVRs, up from approximately 22 million a year earlier and this is expected to increase to over 57 million by 2012 according to SNL Kagan and higher by other accounts.

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***Television Distributors See DVR Technology as a Competitive Asset.*** Nearly all of the major television distributors in the United States including Comcast, DIRECTV, Dish (formerly EchoStar), Time-Warner Cable, and others, are offering DVR technology to their customers. These companies have indicated they consider DVR technology a competitive tool to help differentiate their services by offering their customers more programming features. These operators are looking for ways to more effectively attract and retain consumers to their own offerings and we believe that our unique user interface and software can help increase customer satisfaction and reduce churn for television distributors in the United States and beyond. This is also a risk to our business to the extent that these companies view TiVo as a competitive threat and economically harmful rather than a potential business partner.

***DVR is Expanding Beyond the United States.*** Major television distributors and broadcasters outside of the United States are beginning to offer DVRs to their customers. These companies are looking for ways to integrate television, DVR technology, and the ability to retrieve broadband content into one device. Today, there have been approximately 44.6 million DVRs shipped globally and this number is expected to grow significantly according to eMarketer.

***DVR is Changing the Television Advertising Industry.*** The proliferation of DVRs, and their ability to easily fast forward through television content, is requiring television advertisers to evaluate new and different ways to reach out to consumers. The DVR in general and the TiVo service specifically have given viewers the freedom to view video content when they want to view the content. Time shifting has made it more difficult for advertisers to be guaranteed that their commercials will be viewed by audiences at the regularly scheduled time the program is aired by network or local television stations. DVRs 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, which may result in further audience fragmentation.

***Broadband Video is Increasing Television Viewing Options.*** The growth in broadband video is providing television consumers with significantly more video options. These increased viewing options are providing television consumers with more access to different forms of video content from providers other than traditional cable and satellite television program packages. We expect DVR technology to be integral in providing television consumers with the ability to access, organize, and view television from both broadband and traditional television sources.

**Our Solution**

We have created a unique set of technologies, products, and services that meet the needs of consumers, television distributors, and the advertising community. Our goal is to change the way consumers receive and watch television, broadband video, and advertising and to generate revenues through the deployment of our branded entertainment services and technology to television viewing households worldwide.

***Compelling, Easy-to-Use Consumer DVR Offering.*** The TiVo service, combined with a TiVo-enabled DVR, has an easy, intuitive user interface and many features that we believe dramatically improve a consumer s television viewing experience. Depending on the model, TiVo-enabled DVRs can support analog cable, digital cable, satellite, over-the-air broadcast television, and streaming and downloaded broadband video content, including standard definition and high definition television. The TiVo service enables consumers to watch TV on their own schedule by automatically finding and digitally recording their favorite shows, all season long, even if the schedule changes, and can even skip reruns. The TiVo service allows consumers to find new shows to watch through features that enable them to search for shows to record by subject, title, genre, actor, director, or channel. The TiVo service can also suggest shows consumers may like based on shows they are recording. Consumers can also pause and rewind live and recorded television. Unlike with a VCR, consumers can play back a show from its beginning while it is in the middle of being recorded, and consumers can play back a previously recorded show while recording another show.

***Increasingly Differentiated Features and Service.*** Our goal is to lead the market with innovations that expand the value and potential of our subscription service. We plan to continue to invest in innovation to improve consumer choice, convenience, and control over their home entertainment and to make the TiVo service more compelling for both current and potential customers. For example, we launched a service feature called TiVo Swivel Search, which allows TiVo users to discover content based on common actors, directors or genres of television shows and movies, and updated the feature in fiscal year 2009 to include additional content, including HD content. We provide consumers with access to new interactive applications which include the ability to receive more content delivered to their TiVo-enabled DVRs over a broadband connection such as premium film and television content from Amazon Video On Demand, Netflix, and in the future Blockbuster, and professionally produced program content from providers such as The New York Times, CNET, and the NBA, as well as millions of songs through music subscription service Rhapsody. We expect that a significant portion of our future product development efforts will be focused on broadband functionality as we believe that this area will bring the most significant enhancements to the TiVo service in the areas of mobility, entertainment personalization, and broadcast/broadband integration. We also offer a set of unique features to service providers deploying the TiVo service, to help them maximize the value of their service offerings to their subscribers. These market-leading features include powerful search and discovery capabilities that integrate not only regular linear television content but also Video On Demand content, including innovative means of highlighting HD content throughout the user interface. The TiVo application can be downloaded directly to certain existing cable operators set-top boxes without the need for new hardware or a service call.

***Integrate Our Technology.*** Part of our strategy focuses on creating, developing, and deploying a software version of the TiVo service that will be executable on certain third-party DVR platforms in order to promote the mass deployment of devices capable of running the TiVo service. The current focus of this effort is primarily on cable television providers, which are deploying DVR s in increasing numbers. We have announced partnerships with Comcast and Cox to deploy a software version of the TiVo service to run on DVR hardware manufactured by a variety of set-top box manufacturers. During fiscal year 2009, the TiVo service on Comcast launched in additional New England markets and based on Comcast s public statements, we expect further Comcast markets to deploy the TiVo service in fiscal year 2010. Cox is currently in trials in New England and we expect to begin initial deployment of their TiVo-enabled DVR solution during our fiscal year 2010. We also announced an extension of our DIRECTV partnership. Under the terms of this non-exclusive arrangement, we expect to develop a version of the TiVo service for DIRECTV s broadband-enabled HD DVR for a launch to consumers as soon as possible in calendar year 2010.

***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 intend to continue to design, develop, and implement innovative technological solutions that leverage and enhance the TiVo service offering. We have adopted a proactive patent and trademark strategy designed to protect and extend our technology and intellectual property.

***Extend TiVo Product Beyond U.S. Market.*** We believe there is a large opportunity to leverage the TiVo service and technology outside the United States. For example, we have a distribution agreement with Cablevision Mexico, which is owned by Televisa, to provide a Spanish-language version of the TiVo service to digital cable subscribers in Mexico City, and Hybrid Television Services, a 100% subsidiary of Seven Networks in Australia, which is selling a DVB-T version of TiVo, and LiTV in Taiwan who is selling a broadband bundled cable offering through its TGC Taiwan subsidiary. We currently have solutions that integrate broadband offerings for cable, satellite, and over-the-air television distributors and we expect to consider additional international partnerships and distribution agreements over the next year in these markets.

***Increase Advertising Capabilities and Revenue.*** We offer interactive advertising capabilities to advertisers, advertising agencies, and broadcast networks. Our advertising products include detailed reporting on actual viewing and screen-by-screen interaction by consumers. We offer our advertisers compelling interactive products such as branded Showcases including long-form video, requests for information, and customizable applications such as car configurators. 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 developing and enhancing these offerings, which take advantage of the unique tagging, recording, storage, and viewing capabilities of the TiVo service. Some of our key advertisers and advertising agencies include Grey SF, Toyota Motors, Warner Brothers, Universal McCann, OMD, MediaEdge, Mediastorm, IdeaCity, Fox Corp, and the Procter & Gamble Company.

***Increase Audience Research Capabilities and Revenue.*** We offer advertisers, advertising agencies and television networks second-by-second reporting on television program and commercial viewership in our subscribers homes. We make this available via two primary products, Stop||Watch ratings service which is based on an anonymous, aggregate nightly sample of 100,000 TiVo subscribers (which is expected to increase to 300,000 by the fall of 2009), and Power||Watch which is based on a panel of 20,000 TiVo subscribers who have volunteered to participate in this on-going research project and have opted-in to allow viewership to be associated with their set-top boxes and, on an anonymous aggregated basis, various characteristics of their household which they have provided to us. We plan to continue developing and enhancing these offerings by using the viewing data already available to us to present deeper insights into how DVR households consume television content.

**Our Technology**

TiVo has developed a technology portfolio that makes the TiVo service available on a standalone retail DVR product line that receives over-the-air digital signals and is CableCARD™ ready, on the integrated set-top boxes of a major satellite television provider, DIRECTV, through software downloads on set-top boxes for cable television providers Comcast and in the future Cox, and through over-the-air standard DVB-T in Australia and in the future New Zealand. We anticipate making the TiVo service available on set-top boxes of additional television service providers in the future. TiVo s technology for enabling the TiVo service includes: the TiVo service client software platform, the TiVo service infrastructure, and TiVo-enabled DVR hardware design.

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***TiVo Service Client Software***. The TiVo service client software runs on TiVo-enabled DVRs. It consists of operational software required for a TiVo-enabled DVR to deliver the TiVo service. The software includes system components such as a media-oriented file system, a high-performance transactional database, an integrated security system, and application components such as media management and user interface. We have enhanced the client software to support multiple services and applications, such as receipt of broadband video content, digital music and photos. The TiVo client software manages interaction with the TiVo service infrastructure. After the initial set-up of the TiVo service, the TiVo-enabled DVR will automatically connect to the TiVo service infrastructure over a dial-up or broadband connection to download the program guide data, client software upgrades, Showcases, and other content.

We are currently extending the TiVo service client software to enable future deployment on certain commonly used integrated DVR set-top boxes. Under the terms of our agreement with Comcast, for example, Comcast has made the TiVo service available as a software upgrade to its already installed base of certain Motorola DVRs (in New England, currently, and additional regions in the future) and in the future on certain Cisco DVRs. We also intend to extend the TiVo service to run on other DVR set-top boxes capable of supporting Comcast-deployed middleware and forthcoming Open Cable Application Platform (OCAP) solutions.

***TiVo Service Infrastructure.*** The TiVo service infrastructure enables the ongoing operation of 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. In addition, the TiVo service infrastructure collects anonymous viewing information uploaded from TiVo-enabled DVRs for use in our audience research measurement efforts. The infrastructure has also been designed to work with the networks of service provider customers, for example, by utilizing DIRECTV s satellite bandwidth to deliver data to DIRECTV receivers with TiVo service.

***TiVo-Enabled DVR Hardware Design.*** The TiVo-enabled DVR hardware design is a specification developed by TiVo for set-top boxes containing a hard disk drive, a CPU and memory, digital video chips, a modem, and other components. We provide this design to our contract manufacturer that produces TiVo-branded DVRs. The DVR hardware design has been integrated into a variety of products including standalone TiVo service DVRs, DIRECTV receivers, DVD players, and DVD recorders. The TiVo-enabled DVR hardware design includes a modular front-end that allows the basic platform to be used for digital and analog broadcast, digital and analog cable, and satellite applications. In addition, certain designs include USB ports to allow connection to broadband networks and external devices to enable existing and future services. A TiVo-enabled DVR without a subscription to the TiVo service has minimal functionality.

**Significant Relationships**

***Comcast.*** On March 15, 2005, we entered into a non-exclusive licensing and marketing agreement with entities affiliated with Comcast Corporation. Pursuant to this agreement, we agreed to develop a TiVo-branded software solution for deployment on Comcast s DVR platforms, which would enable the TiVo user interface and DVR application, which includes features, such as WishList® and Season Pass®. In addition, we agreed to develop an advertising management system for deployment on Comcast platforms to enable the provision of local and national advertising to Comcast subscribers.

The initial term of this agreement expires on June 30, 2014. The agreement, as amended, provides Comcast with eight additional one-year renewal terms beyond the initial term, with certain deployment thresholds moved from June 30, 2014 to the renewal term beginning after June 30, 2019. Comcast will pay a recurring monthly fee per Comcast household which receives the TiVo service through Comcast. Comcast has also paid us fees for licensing the TiVo technology, and will continue to pay us fees for engineering services for the development and integration of the TiVo service software solution (subject to adjustment under certain circumstances) and will also pay us for the advertising management system. Under the initial and subsequent statements of work with Comcast, subject to the attainment of specified deployment thresholds, Comcast is entitled to recoup over time certain development fees paid to us through a mechanism effectively resulting in a reduction of certain subscription fees.

Additionally, Comcast has an option to purchase software maintenance and support. Comcast is entitled to a credit redeemable for ongoing development work that is based on a percentage of certain fees received by TiVo under the arrangement. Comcast will pay for any ongoing development work that exceeds the amount of the credit. TiVo will have the continuing right to sell certain types of advertising on the TiVo service offered through Comcast. TiVo will also have a limited right to sell certain types of advertising on other Comcast platforms enabled with the TiVo advertising management system, when such advertising features are developed, subject to Comcast s option to terminate such right in exchange for certain advertising-related payments.

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As part of this agreement, Comcast received a non-exclusive, non-transferable license to our intellectual property in order to deploy the TiVo service software solution and advertising management system, including certain trademark branding rights and a covenant not to assert under TiVo s patents, which rights extend only to Comcast Corporation, its affiliates, and certain of its vendors and suppliers with respect to Comcast products and services. Such non-exclusive, non-transferable license to the Company s intellectual property will, under certain circumstances, continue after the termination of this agreement. In addition, Comcast is entitled to certain most favored customer terms as compared with other multi-channel video distributors who license certain TiVo technology. Pursuant to the terms of this agreement, Comcast has the right to terminate the agreement in the event the Company is the subject of certain change of control transactions involving any of certain specified companies. The TiVo service software solution has launched in its initial market, the New England Region. We expect the TiVo service to be launched in additional markets in fiscal 2010, beginning with Chicago. Comcast accepted the TiVo advertising management system in fiscal 2009, and deployment of the advertising management system is expected in the future though no date has been set.

***DIRECTV.*** DIRECTV is the largest provider of satellite television in the U.S. We have had a longstanding relationship with DIRECTV from 1999 to the present to provide the TiVo service to its customer base. As of January 31, 2009, we had approximately 1.7 million subscriptions through this relationship. In the fiscal year ended January 31, 2009, we reported $22.9 million of DIRECTV-related revenues, which include subscription revenues, DIRECTV-related advertising revenues, and revenues from engineering services provided to DIRECTV. This represented 9% of our total net revenues.

DIRECTV currently pays us a recurring monthly per-household fee for access to the technology needed to provide its customers the TiVo service. We incur limited recurring expenses. We also recognize revenue from DIRECTV for engineering services work on integrated DIRECTV satellite receivers with TiVo service and the related service infrastructure. We are continuing to provide DIRECTV with engineering services related to currently installed hardware and updates and feature enhancements for existing platforms and customers.

Additionally, DIRECTV distributes features that enable advanced automatic recording capabilities and the delivery of promotional video to DIRECTV receivers with TiVo service. Subject to certain restrictions and exceptions, both DIRECTV and TiVo may sell advertising and audience research measurement data, with each party retaining all their respective revenues generated from such sales.

DIRECTV currently does not have the right to continue to distribute DIRECTV receivers with TiVo service to new customers. Instead, DIRECTV has been offering a new DVR to compete with the existing DIRECTV receivers with TiVo service. Additionally, DIRECTV has added high definition programming in a format that is not compatible with the existing TiVo-enabled high definition DVRs previously distributed by DIRECTV. As a result, we have seen a reduction in the number of DIRECTV receivers with TiVo service subscriptions, a trend that we expect to continue.

On September 3, 2008, the Company extended its current agreement with DIRECTV for the development, marketing, and distribution of a new HD DIRECTV DVR featuring the TiVo ® service. Under the terms of this non-exclusive arrangement, TiVo expects to develop a version of the TiVo service for DIRECTV s broadband-enabled HD DVR for a launch to consumers as soon as possible in calendar year 2010. DIRECTV, upon deployment of the HD DIRECTV DVRs with TiVo service, is entitled to recoup, over time, a portion of certain development fees through a reduction in certain subscription fees. The new agreement also extends the mutual covenant not to sue with respect to each Company s products and services throughout the term of the new agreement.

Under this new agreement, DIRECTV will pay a substantially higher monthly fee for households using the new HD DIRECTV DVRs with TiVo (when and if the new version of the TiVo service is deployed) than the fees for previously deployed DIRECTV DVRs with TiVo service. DIRECTV will continue to pay the current monthly fee for all households using only the previously deployed DIRECTV DVRs with TiVo service. The fees paid by DIRECTV are subject to monthly minimum payments that escalate during the term of the agreement starting in 2010 and those minimum payments are substantially higher than in the prior agreement. The Company will continue to defer a portion of these fees as a non-refundable credit to fund mutually agreed development, with excess development work to be funded by DIRECTV. DIRECTV also has certain additional annual obligations to market and promote the new HD DIRECTV DVR featuring the TiVo Service once it has launched.

***Cox.*** On August 22, 2006, we entered into a non-exclusive licensing and distribution agreement with Cox Communications (otherwise referred to as Cox). Pursuant to the agreement, we have agreed to develop a TiVo-branded software solution for deployment on Cox s DVR platforms, which would enable Cox to offer our DVR and advertising software to its customers and advertising clients respectively. In addition, we have agreed to develop an advertising management system for deployment on Cox platforms to enable the provision of local and national advertising to Cox subscribers.

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The initial term of our agreement is for five years from completion of the TiVo service software solution, but no longer than seven years after the effective date of the agreement. During the term of the agreement, we will provide Cox with certain customer support and maintenance services.

We will have the continuing right to sell certain types of advertising in connection with our service offered through Cox. We will also have a right to sell certain types of advertising on other Cox DVR set-top boxes enabled with the advertising management system. As part of the agreement, Cox is receiving a non-exclusive, non-transferable license to specific TiVo intellectual property to deploy the TiVo service software solution and advertising management system, including certain trademark branding rights. Cox will also reimburse us for the cost of certain third-party license fees. In addition, Cox may be entitled to certain most favored customer terms if we enter into future agreements with multi-channel video distributors whose commitment to deploy our DVRs and advertising software is less than Cox s commitment. Cox has the right to terminate the agreement in the event we are the subject of certain change of control transactions involving any of certain specified companies. Cox is in trials and we currently expect the TiVo service on Cox to launch in its initial markets during the first half of fiscal year 2010.

**Sales and Marketing**

***Consumer Offerings.*** We sell subscriptions to the TiVo service directly to consumers who have purchased a TiVo-enabled DVR. We currently sell TiVo service-only subscriptions either for a monthly subscription rate of up to $12.95 per month (with discounts available to subscribers who have multiple subscriptions to the TiVo service), or a pre-pay option of $129 for one-year, $299 for three-years of TiVo service, or $399 for product lifetime service ($299 for existing customers who have at least one other qualifying subscription). TiVo-enabled DVRs are available from major retailers across the United States, including Best Buy. To drive sales while managing costs, we have shared marketing expenses with key retailers, and in some cases, we have offered to share a portion of the subscription revenues. We currently manufacture and sell three models of TiVo-enabled DVRs, the standard definition TiVo Series2 DT (Dual Tuner), the high-definition TiVo HD DVR, and the high-definition TiVo HD XL DVR which retail for $149, $299, and $599, respectively.

***Services to Television Service Providers.*** We also sell our technology and services to television service providers, such as Comcast, DIRECTV, and Cox who then market (or in the case DIRECTV and Cox, plan to market in the future) the TiVo service to their subscribers.

***Services to the Advertising Industry.*** We also sell advertising and audience research measurement services, through a dedicated team of salespeople and through partnerships with third parties like IRI and NBCU.

**Customer Service and Support**

For our TiVo-Owned standalone DVRs, we provide customer support through outsourced service providers as well as our internal customer service personnel. For our DIRECTV receivers with TiVo service, DIRECTV is primarily responsible for customer support. Comcast and, when launched, Cox are primarily responsible for customer support for their subscribers to the TiVo service. We provide training and other assistance to Comcast and Cox.

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 on the DVRs TiVo manufacturers which enable our TiVo-Owned subscriptions of 90 days for labor and one year for parts. For our direct sales that include both a TiVo-Owned standalone DVR and a subscription to our service (other than product lifetime subscriptions), we extend such manufacturer s warranty for parts only for the duration of the initial subscription which may last as long as three years. We contract with third parties to handle warranty repair.

**Research and Product Development**

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

| | Fiscal Year Ended January 31, | | |
|---|---|---|---|
| **TiVo Inc.** | **2009** | **2008** | **2007** |

| | | | |
|---|---|---|---|
| | **(in millions)** | | |
| Research and Development Expenses | $ 62.1 | $ 58.8 | $ 50.7 |

We decreased the number of our regular, temporary, and part-time employees engaged in research and development by 9% from a total of 312 as of January 31, 2008 to 285 as of January 31, 2009.

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**Manufacturing and Supply Chain**

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

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

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

**Seasonality**

Sales of our DVRs and subscriptions to the TiVo service are affected by seasonality. Thus, we generate a significant number of our annual DVR sales and new 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 MSOs/Broadcasters, which includes relationships with companies such as DIRECTV and Comcast.

**Competition**

We believe that the principal competitive factors in the DVR market are brand recognition and awareness, functionality, ease of use, availability, and pricing. We currently see two primary categories of DVR competitors: DVRs offered by satellite, cable, and telecommunications operators and DVRs offered by consumer electronics and software companies.

***Satellite, Cable, and Telecommunications DVR Competitors.*** We compete against cable and satellite set-top boxes that integrate DVR functionality. These products often combine digital and analog receptions with DVR functionality; some versions offer dual turner and/or high definition capabilities.

*Satellite:* Dish (formerly EchoStar) offers a range of DVR models, including standard definition and high definition models, most of which offer dual tuner capabilities. Certain models can output signals to multiple TVs within the household. Additionally, Dish has spent a significant amount of capital advertising and promoting its DVR as better than TiVo. Further, Dish offered its DVR at lower monthly service fees than TiVo and most other television providers. DIRECTV has introduced a DVR technology including both standard definition and high definition broadcasts.

*Cable:* Cable operators have made DVR technology available on set-top boxes such as from Scientific-Atlanta (owned by Cisco) and Motorola. Other competition in the cable DVR market comes from other software providers including TV Guide, Microsoft, Aptiv, Digital, and Digeo. U.S. cable operators are currently deploying server-based Video on Demand (VOD) technology from SeaChange, Concurrent, and others, which could potentially evolve into competition. Additionally, we are aware of at least one U.S. cable operator, Cablevision, Inc., which stated a desire to test server-based DVR technology, in the future if legally permissible. To the extent that cable operators offer regular television programming as part of their server-based VOD offerings and DVR technology, consumers have an alternate means of watching time-shifted shows besides DVRs.

*Telecommunications:* Telecommunications operators have deployed DVR technology in connection with the provision of television services to consumers either in partnership with other television providers, such as Verizon s FIOS service, AT&T s U-verse service or through partnerships with DIRECTV (Qwest, Verizon, AT&T).

***Consumer Electronics Competitors.*** We compete against several types of products with basic time-slot based recordings or enhanced electronic program guide (EPG) based DVR functionality offered by consumer electronics companies. These products record a television signal output from a cable, satellite, or antenna, including internationally through digital over-the-air standards such as DVB-T.

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*Standalone DVRs and hard drive-equipped DVD recorders, TVs, and game consoles:* Several consumer electronics companies, including Panasonic and Sony, produce DVD recorders with hard drives. In addition, several consumer electronics companies have television products that are internet enabled, allowing them to access content and applications from various sources. Some of these TVs offer CableCARD functionality, allowing the receipt of encrypted digital cable programming without the need for a digital cable set-top box. In general, these hard-drive equipped DVD recorders and TVs do not require DVR service fees and offer basic DVR functionality. In the future, companies such as Sony and Microsoft could incorporate DVR technology into their video game consoles, and Microsoft has now enabled the digital delivery of video programming over the internet to its game console.

*Personal computers with DVR software:* Microsoft s Windows XP Media Center and Vista Editions contain expanded digital media features including enhanced DVR functionality. PC manufacturers including Dell and Hewlett Packard offer PCs running this Microsoft software and other PC manufacturers such as Apple Computer may offer similar functionality in the future. Additionally, software programs such as MythTV and SnapStream can be loaded onto a personal computer to provide enhanced DVR functionality. TiVo does offer a software-only version of the TiVo Service called Nero LiquidTV™ | TiVo PC.

***Licensing Competitors.*** Our licensing revenues depend upon both our ability to successfully negotiate licensing agreements with our consumer electronics and service provider customers and, in turn, upon our customers successful commercialization of their underlying products. In addition, we face competition from companies such as Microsoft, Gemstar, OpenTV, NDS, D&M Holdings, Digeo, Gotuit, and 2Wire, which have created competing digital video recording technologies. Such companies may offer more economically attractive licensing agreements to service providers and manufacturers of DVRs.

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

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

**Patents and Intellectual Property**

We have filed patent applications relating to many critical aspects of the design, functionality, and operation of TiVo products and services. We have been awarded approximately 146 foreign and domestic patents and have approximately 251 foreign and domestic patent applications pending. We have also filed patent applications related to technology that we may incorporate in future versions of our products and services. Patents we hold the rights to include:

U.S. patent number 6,327,418, entitled *Method and Apparatus Implementing Random Access and Time-Based Functions on a Continuous Stream of Formatted Digital Data*, originally filed on April 3, 1998, which describes a method of controlling streaming media in a digital device, including the functions that enable DVRs to pause live TV as well as rewind, fast-forward, play, play faster, play slower, and play in reverse television signals cached by the DVR. We refer to this as the TrickPlay patent. The expiration date of the TrickPlay patent is April 3, 2018.

U.S. patent number 6,792,195 entitled *Method and Apparatus Implementing Random Access and Time-Based Functions on a Continuous Stream of Formatted Digital Data*, which is a continuation of the TrickPlay patent. The expiration date of this patent is likewise April 3, 2018.

U.S. patent 6,233,389, entitled *Multimedia Time Warping System*, originally filed on July 30, 1998, which describes many of the key inventions associated with the TiVo-enabled DVR software and hardware design. We refer to this as the TimeWarp patent. Key inventions claimed in the patent include a method for recording one program while playing back another or watching a program as it is recording, often referred to as time-shifting the program; a method for efficient and low-cost processing and synchronizing of the various multimedia streams in a television signal such as video, audio, and closed-captioning, and a storage format that easily supports advanced TrickPlay capabilities. The expiration date of the TimeWarp patent is July 30, 2018.

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TiVo has also acquired the exclusive right to license and enforce U.S. patent number 5,241,428 entitled *Variable-Delay Video Recorder* known in the industry as the Goldwasser Patent. Filed in March 1991, the Goldwasser Patent is one of the earliest patents regarding digital video recorders of which we are aware. This patent covers devices that permit the simultaneous recording and playback of video material with a variable time delay between recording and playback of a given video program segment. The expiration date of the Goldwasser Patent is March 12, 2011.

We have also purchased 12 foreign and domestic patents and 6 foreign patent applications from International Business Machines Corporation, or IBM. These patents and patent applications generally relate to audience research measurement, integration of television signals with internet access, automatic rescheduling of recordings, content screening, enhanced program information search, and electronic program guide interface enhancements.

Additionally, on September 28, 2006, we entered into a patent cross license agreement with IBM, under which we paid certain cash consideration to IBM, and each party granted to the other a non-exclusive, worldwide, royalty-free license to such party s patents that are entitled to a priority date on or before September 28, 2006, including all patents and patent applications in existence as of that date with limited exceptions. The license granted by IBM to us extends to all products other than general purpose data processing products and data storage devices that are primarily sold separately from other hardware. The license that we granted to IBM extends to all products, other than digital media recorders and digital media recorder software. No license was granted, directly or by implication, to permit the combination of any product with any other item.

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

**Privacy Policy**

We have adopted a privacy policy, which we make available on our website at www.tivo.com/privacy and deliver to each new subscriber to the TiVo service. This policy was last updated in August 2008 to cover new features that we have introduced and plan to introduce in the future. This policy explains that we collect certain types of information such as anonymous viewing and diagnostic information, but all viewing-information that is linked or associated with an individual identity will not be disclosed without the viewer s affirmative consent. We further give subscribers the ability to opt-out from the collection of anonymous viewing information and diagnostic information log files.

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

**Employees**

At March 23, 2009, we employed approximately 463 employees, including 56 in service operations, 247 in research and development, 54 in sales and marketing, and 106 in general and administration. We also employ, from time to time, a number of temporary and part-time employees as well as consultants on a contract basis. Our future success will depend in part on our ability to attract, train, retain, and motivate highly qualified employees. We may not be successful in attracting and retaining such personnel. Our employees are not represented by a collective bargaining organization and we have never experienced a work stoppage or strike. Our management considers employee relations to be good.

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**Executive Officers and Key Employees (as of March 23, 2009):**

| Name | Age | Position |
|---|---|---|
| Thomas Rogers | 54 | Chief Executive Officer and President |
| Anna Brunelle | 41 | Chief Financial Officer |
| James Barton | 50 | Chief Technical Officer and Senior Vice President |
| Jeffrey Klugman | 48 | Senior Vice President and General Manager, Service Provider and Advertising Products Divisions |
| Mark A. Roberts | 48 | Senior Vice President of Consumer Products and Operations |
| Matthew Zinn | 44 | Senior Vice President, General Counsel, Secretary and Chief Privacy Officer |
| Nancy Kato | 54 | Senior Vice President, Human Resources |

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

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

*James Barton* is a co-founder of TiVo and served as TiVo s Vice President of Research and Development, Chief Technical Officer and Director since our inception to January 2004 and is currently Chief Technical Officer and Senior Vice President. From June 1996 to August 1997, Mr. Barton was President and Chief Executive Officer of Network Age Software, Inc., a company that he founded to develop software products targeted at managed electronic distribution. From November 1994 to May 1996, Mr. Barton served as Chief Technical Officer of Interactive Digital Solutions Company, a joint venture of Silicon Graphics Incorporation (SGI) and AT&T Network Systems created to develop interactive television systems. From June 1993 to November 1994, Mr. Barton served as Vice President and General Manager of the Media Systems Division of SGI. From January 1990 to May 1991, Mr. Barton served as Vice President and General Manager for the Systems Software Division of Silicon Graphics. Prior to joining SGI, Mr. Barton held technical and management positions with Hewlett-Packard and Bell Laboratories. Mr. Barton holds a B.S. degree in Electrical Engineering and an M.S. degree in Computer Science from the University of Colorado at Boulder.

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

*Mark A. Roberts* was named Senior Vice President of Consumer Products and Operations in October 2005 responsible for Consumer Products Engineering and Product Strategy, Manufacturing, Distribution, Call Center, Service Operations, Information Technology, Facilities and Broadcast Center Operations. He had served as Senior Vice President of Engineering since December 2002 until October 2005 and Chief Information Officer of TiVo from March 1999 until December 2002. Prior to joining TiVo, he served as Vice President of Information Technology at Acuson Corporation, a medical ultrasound company, from March 1996 to March 1999. From July 1990 to March 1996, Mr. Roberts was Director of Information Systems at SGI. Mr. Roberts holds a B.S. degree in Economics from Santa Clara University.

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

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

**Other Information**

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

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

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

## ITEM 1A. RISK FACTORS

**We have incurred significant net losses and may never achieve sustained profitability.**

Prior to the fiscal year ended January 31, 2009, we incurred significant net losses and had substantial negative cash flows. During the fiscal years ended January 31, 2009, 2008, and 2007, our net income (losses) were $103.6 million, $(31.6) million, and $(49.1) million, respectively. During the fiscal year ended January 31, 2009, our cash provided by our operations was $105.7 million and we had a net income of $103.6 million. The net income and cash provided by operations for the fiscal year ended January 31, 2009 reflects $104.6 million in litigation proceeds received from EchoStar. This amount was recorded as $(87.8) million in litigation proceeds within the operating expenses section of the consolidated statement of operations and $16.8 million in interest income. Additionally, we recorded $1.3 million in tax expense related to the receipt of these monies. As of January 31, 2009, we had an accumulated deficit of ($672.2) million. The size of future net losses will depend in part on our subscription revenues and on our expenses. We will need to generate significant additional revenues to achieve sustained profitability.

**We face intense competition from a number of sources, which may impair our revenues, increase our subscription acquisition cost, and hinder our ability to generate new subscriptions.**

The DVR 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 market are brand recognition and awareness, functionality, ease of use, availability, and pricing. We currently see two primary categories of DVR competitors: DVRs offered by telecommunications, cable and satellite operators and DVRs offered by consumer electronics and software companies. For more information on our competitors, see our discussion on competition in Item 1. Business.

***Licensing Competitors.*** Our licensing revenues depend both upon our ability to successfully negotiate licensing agreements with our consumer electronics and service provider customers and, in turn, upon our customers successful commercialization of their underlying products. We face competition from companies such as Microsoft, Gemstar, OpenTV, NDS, DIRECTV, EchoStar, Pace, Digeo, Motorola, Cisco, Gotuit, and 2Wire, which have created competing digital video recording technologies. Such companies may offer more economically attractive licensing agreements to service providers and manufacturers of DVRs.

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

**We depend on a limited number of third parties to manufacture, distribute, and supply critical components, assemblies, and services for the DVRs that enable the TiVo service. We may be unable to operate our business if these parties do not perform their obligations.**

The TiVo service is enabled through the use of a DVR manufactured for us by a third-party contract manufacturer. In addition, we rely on sole suppliers for a number of key components for the DVRs. We also rely on third parties with whom we outsource supply-chain activities related to inventory warehousing, order fulfillment, distribution, and other direct sales logistics. We cannot be sure that these parties will perform their obligations as expected or that any revenue, cost savings, or other benefits will be derived from the efforts of these parties. If any of these parties breaches or terminates their agreement with us or otherwise fails to perform their obligations in a timely manner, we may be delayed or prevented from commercializing our products and services. Because our relationships with these parties are non-exclusive, they may also support products and services that compete directly with us, or offer similar or greater support to our competitors. Any of these events could require us to undertake unforeseen additional responsibilities or devote additional resources to commercialize our products and services. This outcome would harm our ability to compete effectively and achieve increased market acceptance and brand recognition.

In addition, we face the following risks in relying on these third parties:

*If our manufacturing relationships are not successful, we may be unable to satisfy demand for our products and services.* We manufacture DVRs that enable the TiVo service through a third-party contract manufacturer. Delays, product shortages, and other problems could impair our retail distribution and brand image and make it difficult for us to attract subscriptions. In addition, the loss of a manufacturer would require us to identify and contract with alternative sources of manufacturing, which we may be unable to do or which could prove time-consuming and expensive.

*We are dependent on sole suppliers for several key components and services. If these suppliers fail to perform their obligations, we may be unable to find alternative suppliers or deliver our products and services to our customers on time.* We currently rely on sole suppliers for a number of the key components used in the TiVo-enabled DVRs and the TiVo service. For example, Broadcom is the sole supplier of the system controller for our DVR.

We do not currently have a long-term written supply agreement with Broadcom. Therefore, Broadcom may not be contractually obligated to supply us with these key components on a long-term basis or at all. In addition to the above, we have several sole suppliers for key components of our products currently under development, although it is currently anticipated that those will be provided under signed supply agreements.

*Tribune is the sole supplier of the program guide data for the TiVo service.* Tribune Media Services, Inc., or Tribune, is the current sole supplier of program guide data for the TiVo service. Our current Television Listings Data Agreement with Tribune became effective on May 14, 2007 and has an initial term of five years and with TiVo having the right to renew the agreement for four additional years. The agreement provides each party with a termination right if the other party becomes controlled by certain third parties. Tribune Media Services, along with their parent company, Tribune Co., filed Chapter 11 bankruptcy on December 8, 2008. As a result, Tribune or Tribune Media Services, Inc. could reject the Television Listing Data Agreement and we would be left will an unsecured claim in Tribune s bankruptcy. If Tribune

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breaches its obligation to provide us with data, rejects the agreement or otherwise fails to perform its obligations under our agreement, we would be unable to provide certain aspects of the TiVo service to our customers. We may be unable to secure an alternate source of guide data on acceptable terms.

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, 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.

**Intellectual property claims against us could be costly and could result in the loss of significant rights.**

From time to time, we receive letters from third parties alleging that we are infringing on their intellectual property. Regardless of their merit, we are forced to devote time and resources to respond to these letters. In addition, if any of these third parties or others were to sue us, our business could be harmed because intellectual property litigation may:

- be time-consuming and expensive;
- divert management s attention and resources away from our business;
- cause delays in product delivery and new service introduction;
- cause the cancellation of current or future products or services; or
- require us to pay significant royalties and/or licensing fees.

*The emerging enhanced-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 enhanced-television industry earn substantial profits from technology licensing, and the introduction of new technologies such as ours 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 are obligated to indemnify them in the event that our technology infringes upon the intellectual property rights of third parties.* Due to these indemnity obligations, we could be forced to incur material expenses if our manufacturing and licensing partners are sued. If they were to lose the lawsuit, our business could be harmed. In addition, because the products sold by our manufacturing and licensing partners often involve the use of other persons technology, this increases our exposure to litigation in circumstances where there is a claim of infringement asserted against the product in question, even if the claim does not pertain to our technology.

For example, on April 29, 2005, EchoStar Technologies Corporation filed a complaint against TiVo and Humax USA, Inc. in the U.S. District Court for the Eastern District of Texas alleging infringement of U.S. Patent Nos. 5,774,186 (Interruption Tolerant Video Program Viewing), 6,529,685 B2 (Multimedia Direct Access Storage Device and Formatting Method), 6,208,804 B1 (Multimedia Direct Access Storage Device and Formatting Method) and 6,173,112 B1 (Method and System for Recording In-Progress Broadcast Programs). The complaint alleges that TiVo and Humax have infringed, contributorily infringed and/or actively induced infringement of the patents by making, using, selling or importing digital video recording devices, digital video recording device software and/or personal television services in the United States

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that allegedly infringe the patents, and that such infringement is willful and ongoing. Under the terms of our agreement with Humax governing the distribution of certain DVRs that enable the TiVo service, we are required to indemnify Humax against any claims, damages, liabilities, costs, and expenses relating to claims that our technology infringes upon intellectual property rights owned by third parties. We intend to defend this action vigorously; however, we are incurring expenses in connection with this lawsuit, which could become material in the future, and in the event there is an adverse outcome, our business could be harmed. For a complete description of this lawsuit, please see our discussion under Item 3. Legal Proceedings.

*Pending intellectual property litigations.* We are subject to a number of pending intellectual property litigations. We intend to defend these actions vigorously; however we could be forced to incur material expenses in connection with these lawsuits and/or as a result of our indemnification obligations and, in the event there is an adverse outcome in any of these cases, our business could be harmed. For more information on our pending intellectual property litigations, please see our discussion under Item 3. Legal Proceedings.

**We have filed a patent infringement lawsuit against EchoStar Communications Corporation. We are incurring significant expenses as a result, and an adverse outcome in the lawsuit could harm our business.**

On January 5, 2004, we filed a complaint against EchoStar Communications Corporation (ECC) in the U.S. District Court for the Eastern District of Texas alleging willful and deliberate infringement of U.S. Patent No. 6,233,389, entitled Multimedia Time Warping System. On January 15, 2004, we amended our complaint to add EchoStar DBS Corporation, EchoStar Technologies Corporation, and Echosphere Limited Liability Corporation as additional defendants. We allege that we are the owner of this patent and further allege that the defendants have willfully and deliberately infringed this patent by making, selling, offering to sell and/or selling digital video recording devices, digital video recording device software, and/or personal television services in the United States. On April 13, 2006, the jury rendered a verdict in our favor for the amount of approximately $74.0 million dollars. On January 31, 2008, the U.S. Court of Appeals for the Federal Circuit in Washington, D.C. unanimously ruled in favor of TiVo Inc. in connection with EchoStar s appeal of the district court judgment of patent infringement against EchoStar with respect to several claims (so called software claims) of the patent, upholding the full award of damages from the district court, and ordering that the stay of the district court s injunction against EchoStar s infringing digital video recorders that was issued pending appeal will dissolve when the appeal becomes final. On April 11, 2008, the Federal Circuit denied EchoStar s combined petition for a panel rehearing and en banc rehearing of the Federal Circuit s denial of their appeal of the district court s judgment. On October 6, 2008, the Supreme Court denied EchoStar s writ of certiorari. On October 8, 2008, the Company received $104.6 million from EchoStar. On February 17, 2009, the U.S. District Court held a contempt hearing in connection with EchoStar s alleged work-around of the Company s patent. We continue to incur material expenses in connection with this lawsuit. For a complete description of this lawsuit, please see our discussion under Item 3. Legal Proceedings.

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

In the future, copyright statutes or case law could be changed to adversely impact our business by restricting the ability of consumers to temporally or spatially shift copyrighted materials for their own personal use. Our business could be harmed as a result. In addition, we are aware that some media companies may attempt to form organizations to develop standards and practices in the digital video recorder 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.

**A significant part of our installed subscription base results from our relationship with DIRECTV which we expect to continue to decrease in the future due to DIRECTV s on-going support of a competing DVRs.**

Although we are working with DIRECTV to develop a new high-definition DVR with TiVo for DIRECTV for launch in the future, DIRECTV does not currently have the right to manufacture and distribute TiVo DVRs to DIRECTV subscribers. As a result of this and DIRECTV s support of a competing DVR we expect the number of our DIRECTV with TiVo subscriptions to continue to decrease in the future. As a consequence of the loss of these future revenues from these DIRECTV subscribers with TiVo service subscriptions, our business may be harmed.

**We face risks in connection with our amended development and services agreements with DIRECTV for the development and deployment of a new HD DIRECTV DVR featuring the TiVo service.**

*We may encounter delays in development under our new agreement with DIRECTV* . Under the terms of our non-exclusive arrangement, we are working with DIRECTV and its suppliers to develop a version of the TiVo service for DIRECTV s broadband-enabled HD DVR platform to deliver the new HD DIRECTV DVR with TiVo Service to DIRECTV for a launch to consumers as soon as possible in calendar year 2010. We may face significant technological, third party supplier and other challenges in our development of the TiVo service for DIRECTV s broadband-enabled HD DVR platform, any of which could delay or prevent us from delivering the new product. If we are unable to successfully develop this new broadband-enabled HD DVR with TiVo service for deployment by DIRECTV, we would not be able to acquire new subscribers from DIRECTV under these new agreements and our business could be harmed.

**It may be difficult for us or investors to evaluate trends and other factors that affect our business due to the rapidly evolving and highly competitive nature of the DVR services product category.**

DVR services are a rapidly evolving and highly competitive product category and it may be difficult to predict the future growth rate, if any, or size of the market, for our products and services. We may be unable to accurately forecast customer behavior and recognize or respond to emerging trends, changing preferences or competitive factors facing us. As a result, we may be unable to make accurate financial forecasts and adjust our spending in a timely manner to compensate for any unexpected revenue shortfall. Such inability could cause our net losses in a given quarter to be greater than expected, which could cause the price of our stock to decline. It may be difficult to predict accurately our future revenues, costs of revenues, expenses, or results of operations. In addition, any evaluation of our business must be made in light of the risks and difficulties encountered by companies offering products or services in new, rapidly evolving, and highly competitive markets.

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

Our success depends upon the successful retail marketing of the TiVo service and related DVRs, which began in the third quarter of calendar year 1999.

*We compete with other consumer electronics products and home entertainment services for consumer spending.* DVRs and the TiVo service compete in markets that are crowded with other consumer electronics products and home entertainment services. The competition for consumer spending is intense, and many consumers on limited budgets may choose other products and services over ours. DVRs compete for consumer spending with products such as DVD players, satellite television systems, personal computers, and video game consoles. 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. See also We face intense competition from a number of sources, which may impair our revenues, increase our subscription acquisition cost, and hinder our ability to generate new subscriptions.

*Many of these products or services have established markets, broad user bases, and proven consumer acceptance.* In addition, many of the manufacturers and distributors of these competing devices and services have substantially greater brand recognition, market presence, distribution channels, advertising and marketing budgets and promotional activities, and other strategic partners. Faced with this competition, we may be unable to effectively differentiate our DVRs and the TiVo service from other consumer electronics devices or entertainment services.

*We compete with digital cable, satellite, and telecommunications DVRs*. Cable, satellite, and telecommunications service providers are accelerating deployment of integrated cable and satellite receivers with DVRs that bundle DVR services with other digital services and do not require their customers to purchase hardware. If we are not able to enter into agreements with these service providers to embed the TiVo service into their offerings, our ability to attract their subscribers to the TiVo service would be limited and our business, financial condition and results of operations could be harmed.

*In the future, we may also compete with digital cable, satellite, and telecommunications services that provide consumers with DVR services via a network connection on an on-demand basis*. We are aware of at least one U.S. cable operator, Cablevision, Inc., which has stated a desire to test server-based DVR technology, in the future if legally permissible. To the extent that cable, satellite, or telecommunication operators offer regular television programming with DVR services as part of their server-based VOD offerings, 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 without the expense of deploying DVR hardware in consumer homes. Such an event would impair our ability to compete in a cost-effective manner with these television providers as well as attract and retain customers, in which case, our business, financial condition and results of operations could be harmed.

*We are currently only able to offer a high definition DVR that has access to digital cable signals.* Only the cable industry in the United States is currently required to provide access to digital high definition television signals through CableCARD technology. Without separate agreements with satellite operators, such as our agreement with DIRECTV, or other telecommunication providers, such as Verizon or AT&T, who offer television service that would give us access to digital and high definition television, our ability to attract their subscribers to the TiVo service is limited and our business, financial condition and results of operations could be harmed.

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*Consumers may not be willing to pay for our products and services.* Many of our customers already pay monthly fees for cable or satellite television. We must convince these consumers to pay an additional subscription fee to receive the TiVo service. Consumers may perceive the TiVo service and related DVR as too expensive. In order to continue to grow our subscription base, we may need to reduce our costs and lower the price of our DVR or service fees. 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.

*Growth in our TiVo-Owned subscriptions and related revenues could be harmed by competitive offerings by Comcast and Cox 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 licensing partners, such as Comcast and Cox, who may be able to offer TiVo-branded 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 differentiate the TiVo service from the TiVo-branded DVR solutions offered by our licensing partners, customers who would have otherwise chosen the TiVo service 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, such as Comcast and Cox, the growth of our TiVo-Owned subscriptions could be reduced. If the growth in our TiVo-Owned subscriptions is reduced, our business could be harmed.

*It is expensive to establish a strong brand.* We believe that establishing and strengthening the TiVo brand is critical to achieving widespread acceptance of our products and services and to establishing key strategic relationships. The importance of brand recognition will increase as current and potential competitors enter the digital video recorder 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 digital video recorder market.

*We rely on our retail customers and service providers to market and distribute our products and services.* In addition to our own efforts, our retail customers distribute DVRs that enable the TiVo service. We rely on their sales forces, marketing budgets and brand images to promote and support DVRs and the TiVo service. Additionally, we now depend on service providers, such as Comcast to market and promote the TiVo service. We expect to continue to rely on our relationships with these companies to promote and support DVRs and other devices that enable the TiVo service. The loss of one or more of these companies could require us to undertake more of these activities on our own. As a result, we would spend significant resources to support the TiVo service and DVRs and other devices that enable the TiVo service. The failure of one or more of these companies to provide anticipated marketing support will require us to divert more of our limited resources to marketing the TiVo service. If we are unable to provide adequate marketing support for DVRs and the TiVo service, our ability to attract subscriptions to the TiVo service will be limited.

*Many consumers are not aware of the benefits of our products.* DVR products and services represent a relatively new consumer electronics category. Retailers, consumers, and potential partners may perceive little or no benefit from digital video recorder products and services. We have only been providing the TiVo service since 1999. Many consumers are not aware of its benefits, and therefore may not value the TiVo service and products that enable the TiVo service. We will need to continue to devote a substantial amount of time and resources to educate consumers and promote our products in order to increase our subscriptions. We cannot be sure that a broad base of consumers will ultimately subscribe to the TiVo service or purchase the products that enable the TiVo service.

**We face risks, such as increased churn of our subscription base and decrease in future new subscriptions, in connection with the transition from analog to digital broadcast transmission in June 2009**

On June 12, 2009, the nation s full power television stations will begin transmitting in all-digital broadcast signals and no longer use the traditional analog method of broadcasting over-the-air television. Only those consumers who currently receive analog television over-the-air or via an antenna will be impacted by this transition. Consumers accessing pay television service such as cable or satellite are not likely to be immediately affected by the switch. However, consumer confusion around the transition to digital broadcast signals poses risks to our business from consumers mistakenly believing their TiVo DVR is not compatible with the digital transition in 2009.

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**We face risks associated with various cable operators making their own transition to digital transmission of cable signals.**

We face increased risks in addition to the 2009 digital transition as cable operators are currently only required to carry analog signals for customers through February 2012 where cable operators transmit in both analog and digital formats. Cable operators who transmit entirely in digital format to their customers and make set top boxes available to such customers are exempted from the dual carriage mandate. Our business faces increased risks as cable operators convert their systems to transmit in all digital format because our dual tuner standard definition Series2 DVR is reduced to a single tuner experience when used exclusively with a cable set top box and no analog cable transmission is available. The lack of an analog signal being transmitted by the cable operator means that the DVR would only be able to use one tuner to record television although we do currently offer to our customers a high definition digital video recorder, the TiVo HD DVR, which is CableCARD capable and not subject to this risk. In the event that the features and functionality of our Series2 DVRs currently deployed with customers or which are otherwise for sale to customers are impacted, such an impact may cause such customers to cancel their subscriptions or not purchase a standard definition Series2 DVR. The migration of cable systems to all digital transmissions could result in increased customer churn or deter new customers from subscribing to the TiVo service, and in such an event our business would be harmed.

**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 suffer.**

*Our long-term success depends on our ability to generate revenues from multiple revenue streams.* Our long-term success will depend on securing additional revenue streams such as:

- licensing;
- advertising;
- audience research measurement;
- revenues from programmers; 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 could seriously harm our ability to support new services and develop new revenue streams.

**We face risks in connection with our licensing and marketing agreements with Comcast and Cox for the development and deployment of a TiVo-branded DVR software solution and advertising management system to Comcast and Cox customers.**

*We may not be successful in our agreements with Comcast and Cox.* We face significant technological challenges in our development of the TiVo service software solution and the TiVo advertising management system for Comcast and Cox. If we are unable to successfully develop these products in a timely and efficient manner and enable mass deployment of them by Comcast and Cox, we may not be successful in our relationships with them and our business could be harmed. Our ability to benefit from our agreements with Comcast and Cox are dependent upon the mass-deployment and adoption of the TiVo service software solution by Comcast and Cox customers. Additionally, our ability to benefit from our agreements with Comcast and Cox are dependent upon our ability to successfully sell advertising to third parties. Furthermore, Comcast and Cox each 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 Comcast or Cox receive under their respective agreements with us, they may be entitled to receive the new more favorable terms. Additionally, Comcast and Cox each have the right to terminate its agreement with us in the event we are subject to certain specified change of control transactions involving companies specified in their respective agreements. In the event any of these events occurred, we would have difficulty generating revenues under these agreements and our business could be harmed.

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

Over the past two years we launched joint entertainment offerings with the Amazon Video on Demand (formerly Unbox) service, Netflix, CinemaNow, and Jaman for the distribution of digital content directly to broadband-connected TiVo DVRs. Our offerings with Amazon Video On Demand, Netflix, CinemaNow, and Jaman involve no significant long-term commitments. We face competitive, technological, and business risks in our on-going provision of an entertainment offering involving the distribution of digital content through broadband to consumer televisions with Amazon, Netflix, and others, including availability of premium content and speed and quality of the delivery, including the availability of high definition content in the future, of such content to TiVo DVRs. For instance, we face increased competition from a growing number of broadband-enabled devices from providers such as Roku and Vudu which 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, Blockbuster, and our other partners, on our own, or an equivalent offering with another third party, the attractiveness of the TiVo service to new subscribers could be harmed as consumers increasingly look for new ways to receive and view digital content and our ability to retain and attract subscribers could be harmed.

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

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

**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 our expected subscription growth, or any inability of our TiVo.com website to handle expected 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.

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

*We will need to improve our operational and financial systems to support our expected growth, 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.

**If we fail to adequately manage our increasingly complex licensing, development, and engineering services agreements, we could be subjected to unexpected costs and incur losses which could adversely affect our business.**

We engage in licensing, development, and engineering services agreements with our customers, such as Comcast, Cox, and DIRECTV. These types of contracts are typically long-term and complex. The engineering services we agree to provide may be essential to the functionality of the licensed software or such software may involve significant customization and modification. We believe we are able to make reasonably dependable 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 results for related expenses and revenues. A favorable change in estimates in a period could result in additional revenue and profit, and an unfavorable change in estimates could result in a reduction of revenue and profit or the recording of a loss that would be borne solely by us. Any inability to properly manage, estimate, and perform these development and engineering services for our 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.

**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.

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**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 received the product lifetime subscription fee for the TiVo service in advance and amortize it as subscription revenue over 60 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. Additionally, if these product lifetime subscriptions use the DVR for longer than the period in which we recognize revenue, our average revenues 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, 2009, we had approximately 225,000 product lifetime subscriptions that had exceeded the 60 month 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 34% of our cumulative lifetime subscriptions as compared to 26% in fiscal year ended January 31, 2008. 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 share a substantial portion of the revenue we generate from subscription fees with some of our retail customers and consumer electronics companies. We may be unable to generate enough revenue to cover these obligations.**

In some of our agreements, we have agreed to share a substantial portion of our subscription and other fees with some of our retail customers and consumer electronics manufacturing companies in exchange for manufacturing, distribution and marketing support, and discounts on key components for DVRs. These agreements require us to share substantial portions of the subscription and other fees attributable to the same subscription with multiple companies. These agreements also require us to share a portion of our subscription fees whether or not we increase or decrease the price of the TiVo service. If we change our subscription fees in response to competitive or other market factors, our operating results would be adversely affected. Our decision to share subscription revenues is based on our expectation that these relationships will help us obtain subscriptions, broaden market acceptance of digital video recorders, and increase our future revenues. If these expectations are not met, we may be unable to generate sufficient revenue to cover our expenses and obligations.

**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 are required to commit to pay for the TiVo service for a minimum of one year or be subject to an early termination fee equal to the number of months left unpaid on their commitment if they terminate prior to the expiration of their commitment period. If the terms of our subscription service contracts with consumers, such as our imposition of an early termination fee, or our previously offered rebate or gift subscription programs were to violate state or federal laws or regulations, we could be subject to suit, penalties, and/or negative publicity in which case our business could be harmed.

**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 include equity investments by such parties in our Company. While we believe that such business relationships have historically enhanced our ability to finance and develop our business model, the terms and conditions of such business relationships may place some restrictions on the operation of our business in the future.

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**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 digital video recorders 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 digital video recorders violate copyright laws by allowing users to skip commercials, delete recordings only when instructed and use the Internet to send recorded materials to other users. TiVo-enabled DVRs have some similar features, including the ability to fast-forward through commercials, the ability to delete recordings only when instructed and the ability to transfer recordings from a TiVo-enabled DVR to a PC and/or portable media devices via TiVoToGo transfers. Based on market or consumer pressures, we may decide in the future to add additional features that may be objectionable to entertainment companies. If similar actions are filed against us based on current or future features of our DVRs, entertainment companies may seek injunctions to prevent us from including these features and/or damages. Such litigation can be costly and may divert the efforts of our management. Furthermore, if we were ordered to remove features from our DVRs, we may experience increased difficulty in marketing the TiVo service and related TiVo-enabled DVRs and may suffer reduced revenues as a result.

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

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

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

Our success and ability to compete are substantially dependent upon our internally developed technology. We rely on patent, trademark and copyright law, trade secret protection and confidentiality or 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 substantially all of the 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. In addition, other parties may independently develop similar or competing technologies designed around any patents that may be issued to us. Our failure to secure and protect our proprietary rights could have a material adverse effect on our business.

**We could be prevented from selling or developing our TiVo software if the GNU/Linux operating system is held to infringe third party intellectual property rights or if the GNU General Public License governing the GNU/Linux operating system and Linux kernel and similar licenses under which our product is developed and licensed are not enforceable or are interpreted broadly.**

Our TiVo software includes parts of the Linux kernel and the GNU/Linux operating system. The Linux kernel and the GNU/Linux operating system have been developed and licensed under the GNU General Public License, version 2 and similar open-source licenses. The software we have licensed under these open-source licenses is provided without warranties or indemnities from the licensor. Uncertainty concerning potential allegations by third parties that their intellectual property rights are violated by TiVo s use of such open-source software, regardless of their merit, could adversely affect our manufacturing relationships and other customer and supplier relationships. If any claims of intellectual property infringement are brought against TiVo based on our use of open-source software, we could be required to seek licenses from third parties in order to continue offering our solutions, to re-engineer our solutions, or to discontinue the sale of our solutions in the event re-engineering cannot be accomplished on a timely basis, any of which would adversely affect our business. The GNU General Public License and certain other open-source licenses require that licensees, including TiVo, make the source code of any derivative works of the software licensed under the open-source license available in source code form. Given the ambiguous drafting in many of these open-source licenses regarding the definition of derivative work, it is possible that third parties may claim that our proprietary TiVo software, or a portion thereof, that runs on a GNU/Linux-based operating system is a derivative work of the open-source software and should be made available in source code form to all of our customers. This would reduce the value of our proprietary software and would negatively affect our business. Finally, there is very little case law interpreting open-source licenses. Any ruling by a court that these licenses are not enforceable, or that GNU/Linux-based operating systems, or significant portions of them, may not be liberally copied, modified or distributed, would have the effect of preventing us from selling or developing our TiVo software and would adversely affect our business.

In addition, a version of the GNU General Public License (GPL v3) was recently released that contains terms that restrict the manner in which hardware manufacturers may use software licensed under the GPL v3. If such terms are broadly interpreted and the GPL v3 is widely adopted among the Linux developer community, we may be unable to incorporate future enhancements to the GNU/Linux operating system into our software, which could adversely affect our business.

**If there is an adverse outcome in the class action litigation that has been filed against us, our business may be harmed.**

We are named as defendants in a consolidated securities class action lawsuit filed in the U.S. District Court for the Southern District of New York. This class action was brought on behalf of a purported class of purchasers of the Company s common stock from October 31, 1999, the time of its initial public offering, through December 6, 2000. The central allegation in this action is that the underwriters in the initial public offering solicited and received undisclosed commissions from, and entered into undisclosed arrangements with certain investors who purchased TiVo common stock in the initial public offering and the after-market. The complaint also alleges that the TiVo defendants violated the federal securities laws by failing to disclose in the initial public offering prospectus that the underwriters had engaged in these alleged undisclosed arrangements. More than 300 issuers have been named in similar lawsuits. The Company intends to defend this action vigorously; however, we could be forced to incur material expenses in the litigation, and in the event there is an adverse outcome, our business could be harmed. For more information on this litigation please see our discussion under Item 3. Legal Proceedings.

**Legislation, laws or regulations that govern the consumer electronics and television industry, the delivery of programming, access to television signals, and the collection of viewing information from subscriptions could expose us to legal action if we fail to comply and could adversely impact and/or could require us to change our business.**

The delivery of television programming, access to television signals by consumer electronics devices, and the collection of viewing information from subscriptions via the TiVo service and a DVR represent a relatively new category in the television and home entertainment industries. As such, it is difficult to predict what laws or regulations will govern our business. Changes in the regulatory climate, the enactment of new legislation, or the expansion, contraction, enforcement or interpretation of existing laws or regulations could expose us to additional costs and expenses and could adversely impact or require changes to our business. For example, legislation regarding customer privacy or copyright could be enacted or expanded to apply to the TiVo service, which could adversely affect our business. Laws or regulations could be interpreted to prevent or limit access to some or all television signals by certain consumer electronics devices, or impose limits on the number of copies, the ability to transfer or move copies, or the length of time a consumer may retain copies of some or all types of television programming. New or existing copyright laws could be applied to restrict the capture of television programming, which would adversely affect our business. It is unknown whether existing laws and regulations will apply to the digital video recorder market. Therefore, it is difficult to anticipate the impact of current or future laws and regulations on our business. We may have significant expenses associated with staying appraised of local, state, federal, and international legislation and regulation of our business and in presenting TiVo s positions on proposed laws and regulations.

The Federal Communications Commission, or FCC, has broad jurisdiction over the telecommunications and cable industries. The FCC could promulgate new regulations, or interpret existing regulations in a manner that would cause us to incur significant compliance costs or force us to alter or eliminate certain features or functionality of the TiVo products or services which may adversely affect our business. For example, the FCC could determine that certain of our products fail to comply with regulations concerning matters such as electrical interference, copy protection, digital tuners, or display of television programming based on rating systems. The FCC could also impose limits on the number of copies, the ability to transfer or move copies, the length of time a consumer may retain copies, or the ability to access some or all types of television programming.

**If there is increased use of switched digital video technologies to transmit television programs by cable operators (also known as switched digital) in the future, the desirability and competitiveness of our current products could be reduced in which case our business would be harmed.**

We rely on conditional access security cards supplied by cable operators called CableCARDs for certain types of our DVRs to receive encrypted digital television signals without a cable operator supplied set-top box. These DVRs presently are limited to using CableCARDs to access digital cable, High Definition, and premium cable channels like HBO that are delivered in a linear fashion where all programs are broadcast to all subscribers all the time. Certain cable operators are beginning to test and deploy switched digital video technologies to transmit television programs in a non-linear fashion (switched digital) only to subscribers who request to watch a particular program. Although cable operators have started to deploy 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 in not adopted by our customers (due to cost, complexity, or functionality), then the increased use of switched technologies and the continued inability of our products to receive switched cable programming without a Tuning Adapter may reduce the desirability and competitiveness of our products and services and adversely affect sales of our TiVo-Owned subscriptions in which case our business would be harmed.

**Uncertainty and adverse changes in the economy could have an adverse impact on our business and operating results.**

Uncertainty or adverse changes in the economy could lead to a significant decline in discretionary consumer spending, which, in turn, could result in a decline in the demand for the TiVo service and TiVo-enabled DVRs. As a result of the recent national and global economic downturn, overall consumer spending has declined. Retailers in North America appear to be taking a more conservative stance in ordering electronics inventory and consumers as well appear to be taking a more conservative stance in discretionary purchases, including TiVo DVRs and service subscriptions. Any decrease in demand for our products, particularly during the critical holiday selling season, could have an adverse impact on our operating results and financial condition. Uncertainty and adverse changes in the economy could also increase the risk of losses on our investments, increase costs associated with developing and producing our products, increase our churn rate per month, increase the cost and decrease the availability of potential sources of financing, and increase our exposure to losses from bad debts, any of which could have an adverse impact on our financial condition and operating results.

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

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

**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 stand-alone 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 money received by us for the sale of gift subscriptions or related to our past rebate offers could be subject to state and federal escheat, or unclaimed property, laws in the future. If this were the case, our business could be adversely impacted.

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

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

**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 impose complex and continually changing regulatory requirements on our operations and reporting. These requirements impose comprehensive reporting and disclosure requirements, set stricter independence and financial expertise standards for audit committee members, and impose civil and criminal penalties for companies, their chief executive officers, chief financial officers and directors for securities law violations. These requirements have increased and will continue to increase our legal compliance costs, increase the difficulty and expense in obtaining director and officer liability insurance, and make it harder for us to attract and retain qualified members of our Board of Directors and/or qualified executive officers. Such developments could harm our results of operations and divert management s attention from business operations.

**Our business could be adversely impacted if we have deficiencies in our disclosure controls and procedures or internal control over financial reporting.**

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management continues to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we can not 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. 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.

**The nature of our business requires the application of complex revenue and expense recognition rules and the current legislative and regulatory environment affecting U.S. Generally Accepted Accounting Principles (GAAP) is uncertain and volatile, and significant changes in current principles could affect our financial statements going forward.**

The accounting rules and regulations that we must comply with are complex and continually changing. Recent actions and public comments from the Securities Exchange Commission have focused on the integrity of financial reporting generally. In addition, many companies accounting policies are being subject to heightened scrutiny by regulators and the public. While we believe that our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, we cannot predict the impact of future changes to accounting principles or our accounting policies on our financial statements going forward. In addition, were we to change our critical accounting estimates, including the timing of recognition of revenue from our product lifetime subscriptions, our results of operations could be significantly impacted.

**Negative conditions in the global credit markets may impair the liquidity of a portion of our investment portfolio.**

Our long-term investment securities represent approximately 3% of our total cash, cash equivalent, short-term and long-term investments. These investment securities consist of investment-grade auction rate securities. As of March 23, 2009, our long-term investments included approximately $5.0 million of investment-grade auction rate securities issued by education finance companies, on which we have recorded unrealized losses of approximately $1.1 million as of January 31, 2009. Our auction rate securities are debt instruments with a long-term maturity and an interest rate that is reset in short intervals through auctions. The recent conditions in the global credit markets have prevented us from liquidating our holdings of auction rate securities because the amount of securities submitted for sale has exceeded the amount of purchase orders for such securities. If there is insufficient demand for the securities at the time of an auction, the auction may not be completed and the interest rates may be reset to predetermined higher rates. Although to date, we have not recorded any realized gains or losses on our investment portfolio, when auctions for these securities fail, the investments may not be readily convertible to cash until a future auction of these investments is successful or they are redeemed or mature. If the financial health of the security issuers deteriorate and any decline in market value is determined to be other-than-temporary, we would be required to adjust the carrying value of the investment through an impairment charge.

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

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

**We need to safeguard the security and privacy of our subscribers confidential data, and any inability to do so may harm our reputation and brand and expose us to legal action.**

*The DVR collects and stores viewer preferences and other data that many of our customers consider confidential*. Any compromise or breach of the encryption and other security measures that we use to protect this data could harm our reputation and expose us to potential liability. Advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments could compromise or breach the systems we use to protect our subscribers confidential information. We may be required to make significant expenditures to protect against security breaches or to remedy problems caused by any breaches.

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

**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.

**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. 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. For example, due to lower than expected sales of standard definition DVRs and the resulting changes in our sales forecast, in the fiscal year ended January 31, 2008 we recorded an inventory related charge of $6.4 million for excess raw materials, finished goods inventory, and non-cancelable purchase commitments. Subsequently, the actual sales of our standard definition DVRs exceeded our expectations and we utilized approximately $4.9 million of previously impaired inventory during the fiscal year ended January 31, 2009. If we were to over estimate 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 the Company s estimates, the Company s future results of operations could be materially affected. In the future, we may be required to record additional write-downs of finished products and materials on-hand and/or additional charges for excess purchase commitments as a result of future changes in our sales forecasts.

**We have limited experience and face significant competition in providing service and operations internationally that are subject to different competitors, laws, regulations, and requirements than those in the United States and our inability to compete or comply with such laws, regulations, and requirements could harm our reputation, brand, and have a negative impact on revenues.**

We have provided and expect to continue to provide the TiVo service in jurisdictions outside of the United States, including the United Kingdom, Mexico, Canada, Australia and in the future New Zealand. We have limited experience in international operations. We face significant competition and technological challenges in competing with other consumer electronics manufacturers in these jurisdictions and in complying with international laws and technological standards such the various digital over-the-air standards like DVB-T. If we are unable to properly manage our international operations or comply with international laws, regulations, and requirements, we could suffer damage to our reputation, brand, and revenues and as a result our business could be harmed. We have and expect to continue to partner with local broadcasters, cable television operators, and satellite providers to provide the TiVo service internationally. Transactions with international partners may never materialize or may not result in significant revenue for us and may result in significant costs.

**We face significant risks to our business when we engage in the outsourcing of engineering work which, if not properly managed, could result in the loss of valuable intellectual property which could harm our business.**

We have from time-to-time outsourced engineering work related to the design, development, and manufacturing of our products. We have and expect to in the future work with companies located in jurisdictions outside of the United States, including, but not limited to, China, India, Ukraine, 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, including patents, trademarks, trade secrets, and copyrights and as a result our business could be harmed.

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

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

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

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**If we lose senior management or other key engineering personnel or are unable to replace or recruit key management and engineering personnel, we may not be able to successfully operate our business.**

Our future performance and growth will be substantially dependent on the continued services of our senior management and other key engineering personnel as well our ability to replace departed personnel and ability to recruit key management and engineering personnel in the future. The loss of any members of our senior management team or other key engineering personnel and our inability to hire additional senior management or other key engineering personnel could harm our business and results of operations. Competition to recruit and retain key management, engineering and other personnel in Silicon Valley is highly competitive. In addition, we do not have key man insurance policies for any of our key personnel which may adversely affect our ability to replace members of senior management.

**Our Certificate of Incorporation, Bylaws, Rights Agreement 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, our organizational documents and our Rights Agreement 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.

On January 9, 2001, our Board of Directors adopted a Rights Agreement. Our Rights Agreement was last amended on April 12, 2006. Each share of our common stock has attached to it a right to purchase one one-hundredth of a share of our Series B Junior Participating Preferred Stock at a price of $60 per one one-hundredth of a preferred share. Subject to limited exceptions, the rights will become exercisable following the tenth day after a person or group announces the acquisition of 15% or more of our common stock, and thereby becomes an acquiring person, or announces commencement of a tender offer or exchange offer, the consummation of which would result in the ownership by the person or group of 15% or more of our common stock. In the event that a person becomes an acquiring person or if we are the surviving corporation in a merger with an acquiring person and the shares of our common stock were not changed or exchanged, the rights will thereafter become exercisable for a number of shares of our common stock equal to two times the then current purchase price of the right. On April 12, 2006, we amended the Rights Plan s definition of Acquiring Person to remove the limited carve out for America Online, Inc. and its affiliates and associates to acquire up to 30% of our common stock. The rights are not exercisable as of the date of this filing. We will be entitled to redeem the rights at $0.01 per right at any time prior to the time that a person or group becomes an acquiring person.

These provisions of Delaware law, our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and our Rights Agreement 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.**

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;

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- the timing and introduction of new services and features on the TiVo service;
- seasonality and other consumer and advertising trends;
- changes in revenue sharing arrangements with our strategic relationships;
- entering into new or terminating existing strategic partnerships;
- 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 licensing agreements;
- loss of subscriptions to the TiVo service;
- recruiting and retention of key personnel; and
- general economic conditions.

Because our expenses precede associated revenues, unanticipated shortfalls in revenues could adversely affect our results of operations for any given period and cause the market price of our common stock to fall.

**Seasonal trends may cause our quarterly operating results to fluctuate and our inability to forecast these trends may adversely affect the market price of our common stock.**

Consumer electronic product sales have traditionally been much higher during the holiday shopping season than during other times of the year. Although predicting consumer demand for our products is very difficult, we have experienced that sales of DVRs and new subscriptions to the TiVo service have been disproportionately high during the holiday shopping season when compared to other times of the year. If we are unable to accurately forecast and respond to consumer demand for our products, our reputation and brand will suffer and the market price of our common stock would likely fall.

We expect that a portion of our future revenues will come from targeted commercials and other forms of interactive television advertising enabled by the TiVo service. Expenditures by advertisers tend to be seasonal and cyclical, reflecting overall economic conditions as well as budgeting and buying patterns. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers spending priorities or increase the time it takes to close a sale with our advertisers, which could cause our revenues from advertisements to decline significantly in any given period.

**If we are unable to raise additional capital through the issuance of equity, debt or other financing activities on acceptable terms, our ability to effectively manage growth and build a strong brand could be harmed. We may incur debt to which covenants attach which could be violated if we do not meet our expectations.**

We expect that our existing capital resources will be sufficient to meet our cash requirements through the next twelve months. However, as we continue to grow our business, we may need to raise additional capital, which may not be available on acceptable terms or at all. We may also incur debt which will subject us to restrictive covenants which if violated by us would cause us to incur penalties and increased expenses which could in turn harm our business. If we cannot raise necessary additional capital on acceptable terms, we may not be able to develop or enhance our products and services, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements.

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

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

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

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As of January 31, 2009, options to purchase a total of 22,792,242 shares were outstanding under our option and equity incentive plans, and there were 26,425,760 shares available for future grants. We have filed registration statements with respect to the shares of common stock issuable under our option and equity incentive plans.

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

**We expect to continue to experience volatility in our stock price.**

The market price of our common stock is highly volatile. Since our initial public offering in September 1999 through March 23, 2009, our common stock has closed between $71.50 per share and $2.55 per share, closing at $7.26 on March 23, 2009. The market price of our common stock may be subject to significant fluctuations in response to, among other things, the factors discussed in this section and the following factors:

- changes in estimates of our financial performance or changes in recommendations by securities analysts;
- our failure to meet, or our ability to exceed, the expectations of securities analysts or investors;
- release of new or enhanced products or introduction of new marketing initiatives by us or our competitors;
- announcements by us or our competitors of the creation, developments under or termination of significant strategic relationships, joint ventures, significant contracts or acquisitions;
- fluctuations in the market prices generally for technology and media-related stocks;
- fluctuations in general economic conditions;
- fluctuations in interest rates;
- market conditions affecting the television and home entertainment industry and the technology sector;
- fluctuations in operating results; and
- additions or departures of key personnel.

The stock market has from time to time experienced extreme price and volume fluctuations, which have particularly affected the market prices for emerging companies, and which have often been unrelated to their operating performance. These broad market fluctuations may adversely affect the market price of our common stock.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

Our corporate headquarters, which houses our administrative, sales and marketing, customer service and product development activities, is located in Alviso, California, under a lease that expires on January 31, 2010, and is comprised of two buildings totaling 127,124 square feet of office space. We believe that our corporate facilities will be adequate to meet our office space needs for the next several years as we currently utilize approximately 84% of our total office space. Our current facilities lease obligations are subject to periodic increases and we believe that our existing facilities are well maintained and in good operating condition. The Company also has operating leases for sales and administrative office space in New York City, New York and Chicago, Illinois.

**ITEM 3. LEGAL PROCEEDING**

***Intellectual Property Litigation.*** On January 5, 2004, TiVo filed a complaint against EchoStar Communications Corporation in the U.S. District Court for the Eastern District of Texas alleging willful and deliberate infringement of U.S. Patent No. 6,233,389, entitled Multimedia Time Warping System. On January 15, 2004, the Company amended its complaint to add EchoStar DBS Corporation, EchoStar Technologies Corporation, and Echosphere Limited Liability Corporation as additional defendants. The Company alleges that it is the owner of this patent, and further alleges that the defendants have willfully and deliberately infringed this patent by making, selling, offering to sell and/or selling digital video recording devices, digital video recording device software, and/or personal television services in the United States. On April 13, 2006, the jury rendered a verdict in favor of the Company in the amount of approximately $74.0 million dollars.

The jury ruled that the Company s patent is valid and that all nine of the asserted claims in the Company s patent are infringed by each of the accused EchoStar products. The jury also ruled that the defendants willfully infringed the patent. On September 8, 2006 the district court issued an Amended Final and Permanent injunction that prohibited EchoStar Communications Corporation from making, using, offering for sale or selling in the United States the following EchoStar DVRs: DP-501, DP-508, DP-510, DP-721, DP-921, DP-522, DP-625, DP-942, and all EchoStar Communications Corporation DVRs that are not more than colorably different from any of these products. On October 3, 2006, the United States Court of Appeals for Federal Circuit stayed the district court s injunction pending appeal. On January 31, 2008, the U.S. Court of Appeals for the Federal Circuit in Washington, D.C. unanimously ruled in favor of TiVo Inc. in connection with EchoStar s appeal of the district court judgment of patent infringement against EchoStar with respect to several claims (so called software claims) of the patent, upholding the full award of damages from the district court, and ordering that the stay of the district court s injunction against EchoStar s infringing digital video recorders that was issued pending appeal will dissolve when the appeal becomes final. The district court s judgment of infringement by EchoStar of certain other claims of the patent (so called hardware claims) were reversed and remanded for further proceedings. On October 6, 2008, the Supreme Court denied EchoStar s writ of certiorari. On October 8, 2008, the Company received $104.6 million from EchoStar of which approximately $87.8 million represents damages through September 8, 2006 and was recorded as litigation proceeds within the operating expense section of TiVo s statement of operations. The remaining approximately $16.8 million was recorded as interest income and represented pre- and post-judgment interest through October 8, 2008. With respect to the district court s injunction and damages after September 8, 2006, the district court held a hearing on EchoStar s alleged work around of the Company s patent on February 17, 2009. The Company is incurring material expenses in this litigation.

On May 30, 2008, Dish Network Corporation and its related entities filed a complaint against TiVo in the U.S. District Court for the District of Delaware for declaratory relief that Dish s unspecified digital video recorders do not infringe TiVo s 389 patent. On July 7, 2008, TiVo filed a motion to dismiss Dish s complaint against TiVo for declaratory relief that Dish s unspecified DVRs do not infringe TiVo s 389 patent. On March 31, 2009, the court denied TiVo s motion to dismiss and ordered briefing on whether the complaint should be transferred to the Eastern District of Texas. The Company intends to defend this action vigorously; however, the Company may incur material expenses in connection with this lawsuit and in the event there is an adverse outcome, the Company s business could be harmed. The Company may incur expenses in connection with this litigation that may become material in the future. No loss is considered probable or estimable at this time.

On April 29, 2005, EchoStar Technologies Corporation filed a complaint against TiVo and Humax USA, Inc. in the U.S. District Court for the Eastern District of Texas alleging infringement of U.S. Patent Nos. 5,774,186 (Interruption Tolerant Video Program Viewing), 6,529,685 B2 (Multimedia Direct Access Storage Device and Formatting Method), 6,208,804 B1 (Multimedia Direct Access Storage Device and Formatting Method) and 6,173,112 B1 (Method and System for Recording In-Progress Broadcast Programs). The complaint alleges that EchoStar Technologies Corporation is the owner by assignment of the patents allegedly infringed. The complaint further alleges that the TiVo and Humax have infringed, contributorily infringed and/or actively induced infringement of the patents by making, using, selling or importing digital video recording devices, digital video recording device software and/or personal television services in the United States that allegedly infringe the patents, and that such infringement is willful and ongoing. Under the terms of the Company s agreement with Humax governing the distribution of certain DVRs that enable the TiVo service, the Company is required to indemnify Humax against any claims, damages, liabilities, costs, and expenses relating to claims that the Company s technology infringes upon intellectual property rights owned by third parties. On May 10, 2005, Humax formally notified TiVo of the claims against it in this lawsuit as required by Humax s agreement with TiVo. On July 1, 2005, the defendants filed their answer and counterclaims. On May 10, 2006, the district court dismissed with prejudice, EchoStar s claim of infringement against TiVo and Humax relating to patent 112 (Method and System for Recording In-Progress Broadcast Programs) and claims 21-30 and 32 relating to patent 186 (Interruption Tolerant Video Program Viewing). A claim construction hearing was held on May 11, 2006. On July 14, 2006, the magistrate judge for the U.S. District Court for the Eastern District of Texas, issued a stay of the case pending the USPTO completion of proceedings with respect to TiVo s request for reexamination of the 186, 685, and 804 patents. The USPTO has preliminarily rejected each of the claims of the 186, 685, and 804 patents, but we cannot assure you that all of the patent claims ultimately will be rejected or that they will not be amended and emerge from the USPTO reexamination proceedings. The Company intends to defend this action vigorously; however, the Company is incurring expenses in connection with this lawsuit, which could become material in the future and in the event there is an adverse outcome, the Company s business could be harmed. No loss is considered probable or estimable at this time.

On December 22, 2008, Guardian Media Technologies, LTD filed a complaint against more than 30 companies including TiVo in the U.S. District Court for the Central District of California alleging infringement of U.S. Patent No. 4,930,158 ( Selective Video Playing System ) and 4,930,160 ( Automatic Censorship of Video Programs ). The complaint alleges that Guardian Media Technologies is the owner by assignment of the patents allegedly infringed. The complaint further alleges that prior to the expiration of the patents in 2007, TiVo had infringed, contributorily infringed and/or actively induced infringement of the 160 patent by making, having made, using, importing, providing, supplying, distributing, selling and/or offering for sale products and/or systems that infringed or, when used, infringed one or more claims of the patent. The Company intends to defend itself vigorously in this matter. The Company may incur expenses in connection with this litigation that may become material in the future. No loss is considered probable or estimable at this time.

***Securities Litigation*.** The Company and certain of its officers and directors (TiVo defendants) were originally named as defendants in a consolidated securities class action lawsuit filed in the United States District Court for the Southern District of New York. This action, which is captioned Wercberger v. TiVo et al., also names several of the underwriters involved in the Company s initial public offering (IPO) as defendants. This class action is brought on behalf of a purported class of purchasers of the Company s common stock from the time of the Company s IPO (October 31, 1999)

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through December 6, 2000. The central allegation in this action is that the underwriters in the Company s IPO solicited and received undisclosed commissions from, and entered into undisclosed arrangements with, certain investors who purchased the Company s stock in the IPO and the after-market, and that the TiVo defendants violated the federal securities laws by failing to disclose in the IPO prospectus that the underwriters had engaged in these allegedly undisclosed arrangements. More than 300 issuers have been named in similar lawsuits. In February 2003, after the issuer defendants (including the TiVo defendants) filed an omnibus motion to dismiss, the Court dismissed the Section 10(b) claim as to the Company, but denied the motion to dismiss the Section 11 claim as to the Company and virtually all of the other issuer-defendants. On October 8, 2002, the Company s executive officers who were named as defendants in this action were dismissed without prejudice.

On June 26, 2003, the plaintiffs in the suit announced a proposed settlement with the Company and the other issuer defendants. This proposed settlement was terminated on June 25, 2007, following the ruling by the United States Court of Appeals for the Second Circuit on December 5, 2006, reversing the District Court s granting of class certification in the six focus cases currently being litigated in this proceeding. The proposed settlement had provided that the insurers of all settling issuers would guarantee that the plaintiffs recover $1 billion from non-settling defendants, including the investment banks who acted as underwriters in those offerings. Under the proposed settlement, in the event that the plaintiffs did not recover at least $1 billion from the non-settling defendants, the insurers for the settling issuers would make up the difference; the maximum amount that could be charged to the Company s insurance policy under the proposed settlement in the event that the plaintiffs recovered nothing from the investment banks would have been approximately $3.9 million.

On August 14, 2007, the plaintiffs filed Amended Master Allegations. On September 27, 2007, the Plaintiffs filed a Motion for Class Certification. Defendants filed a Motion to Dismiss the focus cases on November 9, 2007. On March 26, 2008, the Court ruled on the Motion to Dismiss, holding that the plaintiffs had adequately pleaded their Section 10(b) claims against the Issuer Defendants and the Underwriter Defendants in the focus cases. As to the Section 11 claim, the Court dismissed the claims brought by those plaintiffs who sold their securities for a price in excess of the initial offering price, on the grounds that they could not show cognizable damages, and by those who purchased outside the previously certified class period, on the grounds that those claims were time barred. This ruling, while not binding on the Company s case, provides guidance to all of the parties involved in this litigation. On October 2, 2008 plaintiffs requested that the class certification motion in the focus cases be withdrawn without prejudice. On Friday October 10, 2008, this Court signed an order granting that request. The Company may incur expenses in connection with this litigation that may become material in the future. No loss is considered probable or estimable at this time.

On October 3, 2007, Vanessa Simmonds filed a complaint against the Company s former lead underwriters Credit Suisse Group and Bank of America (Lead Underwriters), with the Company named as a nominal defendant, in the U.S. District Court for the Western District of Washington alleging violations of Section 16(b) in connection with the Company s initial public offering and associated transactions in the Company s stock in the six month period following the Company s initial public offering by the Company s Lead Underwriters. On or about December 3, 2007, Ms. Simmonds delivered a copy of the complaint to the Company. The complaint itself is directed solely at the initial public offering underwriters, not at the Company itself, and does not seek any damages or recovery from the Company itself. On February 25, 2008, the plaintiff filed an amended complaint which is substantially similar to the initial complaint, but which also names Credit Suisse Securities (USA), Bank of America Corporation, and Robertson Stevenson, Inc. as defendants in the amended complaint that continues to name the Company only as a nominal defendant. On July 25, 2008, thirty of the issuers, including the Company (collectively, the Moving Issuers), in the coordinated proceeding filed a Joint Motion to Dismiss. Also on July 25, 2008, all of the underwriter defendants in the coordinated proceeding filed an Omnibus Motion to Dismiss. The hearing on the motions to dismiss was held on January 16, 2009. On March 12, 2009, the Court granted both the Issuers Joint Motion to Dismiss and the Underwriters Omnibus Motion to Dismiss. The Court held that the plaintiff s demand letters to the Moving Issuers were legally insufficient and therefore the plaintiff lacked standing to maintain the thirty Section 16(b) suits relating to the Moving Issuers. Accordingly, the Court granted without prejudice the Moving Issuers Joint Motion to Dismiss, and further held that it would not permit the plaintiff to amend her demand letters. In regard to the Underwriters Omnibus Motion to Dismiss, the Court held that the remaining twenty-four Section 16(b) suits were barred by the statute of limitations, and accordingly granted with prejudice the Omnibus Motion to Dismiss as to those suits. On March 31, 2009, plaintiff filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit of the District Court s dismissal of these fifty-four actions. The Company may incur expenses in connection with this litigation that may become material in the future. No loss is considered probable or estimable at this time.

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***Other*.** In April 2008, the Attorney General of Missouri served TiVo Inc. with an investigative demand subpoena seeking information as to whether the Company has engaged in any unlawful merchandising practices in connection with its rebate program in the State of Missouri. The Company has been cooperating with the investigation. Should there be an adverse outcome, the Company s business could be harmed. No loss is considered probable or estimable at this time.

The Company is involved in numerous lawsuits and receives numerous threats of litigation in the ordinary course of its business. The Company assesses potential liabilities in connection with these lawsuits and threatened lawsuits under SFAS No. 5. The Company 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. As of January 31, 2009, the Company has not accrued any liability for any lawsuits filed against the Company as the conditions for accrual have not been met. The Company expenses legal costs as they are incurred.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the quarter ended January 31, 2009.

# PART II

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

**Market Information for Common Equity**

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

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

| **Fiscal Year 2009** | **High** | **Low** |
|---|---|---|
| Fourth Quarter ended January 31, 2009 | $ 7.63 | $ 4.00 |
| Third Quarter ended October 31, 2008 | $ 9.07 | $ 4.95 |
| Second Quarter ended July 31, 2008 | $ 9.00 | $ 5.86 |
| First Quarter ended April 30, 2008 | $ 9.43 | $ 7.38 |
| **Fiscal Year 2008** | **High** | **Low** |
| Fourth Quarter ended January 31, 2008 | $ 9.11 | $ 5.58 |
| Third Quarter ended October 31, 2007 | $ 7.90 | $ 5.28 |
| Second Quarter ended July 31, 2007 | $ 6.58 | $ 5.31 |
| First Quarter ended April 30, 2007 | $ 6.74 | $ 5.31 |

**Holders of Record**

As of March 23, 2008, we had 1,212 stockholders of record and the closing price of our common stock was $7.26 per share.

**Dividend Policy**

We paid no cash dividends during the fiscal year ended January 31, 2009 and we expect to continue our current policy of paying no cash dividends to holders of our common stock for the foreseeable future.

**Equity Compensation Plan Information**

Information required by this item with respect to equity compensation plans of the Company is incorporated by reference to the Company s Proxy Statement for its 2009 Annual Meeting of shareholders. The definitive Proxy Statement will be filed within 120 days of the end of the fiscal year ended January 31, 2009.

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**Recent Sales of Unregistered Securities**

On August 23, 2001, five-year warrants were issued to convertible noteholders and bankers to purchase 2,192,404 shares of TiVo s common stock at an exercise price of $7.85. On August 28, 2006, several of these holders exercised their warrants resulting in the issuance of 424,150 shares of TiVo s common stock, pursuant to the terms of the agreement, and net proceeds of approximately $3.3 million. The balance of the warrants that would have resulted in the issuance of 1,768,254 shares of TiVo Inc. common stock expired unexercised.

Four-year warrants were issued to certain institutional investors on October 8, 2002 to purchase 1,323,120 shares of the Company s common stock at an exercise price of $5.00 with an expiration date of October 8, 2006. In September 2006, we had a cashless exercise of these warrants resulting in the issuance of 484,231 shares of our common stock.

**Purchases of Equity Securities**

We have reacquired shares of stock from employees, upon the vesting of restricted stock that was granted under our 1999 Employee Incentive Plan. These shares were forfeited 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:

| 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 |
|---|---|---|---|---|
| March 1 through March 31, 2008 | 38,415 | $ 8.67 | | $ |
| April 1 through April 30, 2008 | 13,525 | $ 8.86 | | $ |
| June 1 through June 30, 2008 | 7,150 | $ 6.34 | | $ |
| July 1 through July 31, 2008 | 30,450 | $ 6.09 | | $ |
| September 1 through September 30, 2008 | 16,473 | $ 7.83 | | $ |
| | | | | $ |

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

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**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, 2004, 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.

| | January 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| **TiVo Inc.** | **100.00** | **37.30** | **51.26** | **49.77** | **81.58** | **66.88** |
| **NASDAQ Composite** | **100.00** | **101.08** | **114.61** | **124.99** | **120.39** | **73.10** |
| **RDG Technology Composite** | **100.00** | **93.62** | **107.08** | **113.79** | **111.20** | **69.73** |

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## ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data as of and for the fiscal years ended January 31, 2009, 2008, 2007, 2006, and 2005, respectively, have been derived from our consolidated financial statements audited by KPMG LLP, independent registered public accounting firm. 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 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.

| | Fiscal Year Ended January 31, | | | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| | (in thousands, except share and per share) | | | | |
| **Consolidated Statement of Operations Data:** | | | | | |
| **Revenues** | | | | | |
| Service revenues | $ 188,408 | $ 211,496 | $ 198,924 | $ 167,194 | $ 107,166 |
| Technology revenues | 20,126 | 19,382 | 18,409 | 2,797 | 6,491 |
| Hardware revenues | 41,133 | 41,798 | 41,588 | 28,138 | 59,354 |
| **Net revenues** | 249,667 | 272,676 | 258,921 | 198,129 | 173,011 |
| **Cost and Expenses** | | | | | |
| Cost of service revenues | 44,603 | 42,976 | 43,328 | 34,179 | 29,360 |
| Cost of technology revenues | 12,300 | 17,367 | 16,849 | 782 | 6,575 |
| Cost of hardware revenues | 57,742 | 92,052 | 112,505 | 87,005 | 120,424 |
| Research and development | 62,083 | 58,780 | 50,728 | 41,087 | 37,634 |
| Sales and marketing | 24,944 | 23,987 | 22,520 | 18,610 | 16,998 |
| Sales and marketing, subscription acquisition costs | 6,038 | 31,050 | 20,767 | 18,641 | 21,325 |
| General and administrative | 42,931 | 42,954 | 45,824 | 38,529 | 16,788 |
| Litigation proceeds | (87,811) | | | | |
| **Income(loss) from operations** | 86,837 | (36,490) | (53,600) | (40,704) | (76,093) |
| Interest income | 18,636 | 5,031 | 4,767 | 3,084 | 1,548 |
| Interest expense and other | (553) | (102) | (173) | (14) | (5,459) |
| **Income(loss) before income taxes** | 104,920 | (31,561) | (49,006) | (37,634) | (80,004) |
| Provision for income taxes | (1,328) | (30) | (52) | (64) | (134) |
| **Net income(loss)** | $ 103,592 | $ (31,591) | $ (49,058) | $ (37,698) | $ (80,138) |
| **Net income(loss) per share** | | | | | |
| Basic | $ 1.03 | $ (0.32) | $ (0.55) | $ (0.45) | $ (1.00) |
| Diluted | $ 1.01 | $ (0.32) | $ (0.55) | $ (0.45) | $ (1.00) |
| Weighted average shares used to calculate basic net income(loss) per share | 100,389,980 | 97,510,576 | 89,864,237 | 83,682,575 | 80,263,980 |
| Weighted average shares used to calculate diluted net income(loss) per share | 102,595,607 | 97,510,576 | 89,864,237 | 83,682,575 | 80,263,980 |

| | As of January 31, | | | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| | (in thousands) | | | | |
| **Consolidated Balance Sheet Data:** | | | | | |
| Cash and cash equivalents | $ 162,337 | $ 78,812 | $ 89,079 | $ 85,298 | $ 87,245 |
| Short-term investments | 44,991 | 20,294 | 39,686 | 18,915 | 19,100 |

| | | | | | |
|---|---|---|---|---|---|
| Total assets | 265,628 | 167,049 | 211,950 | 159,008 | 160,052 |
| Long-term portion of deferred revenues | 28,557 | 38,128 | 54,851 | 67,575 | 63,131 |
| Total stockholders equity (deficit) | 154,487 | 16,120 | 14,644 | (30,420) | (3,042) |

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**Quarterly Results of Operations**

The following table presents certain unaudited statements of operations data for our eight most recent quarters ended January 31, 2009. In management s opinion, this unaudited information has been prepared on the same basis as the audited annual financial statements and includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair representation of the unaudited information for the quarters presented. This information should be read in conjunction with our audited consolidated financial statements and the notes thereto, included elsewhere in this annual report. The results of operations for any quarter are not necessarily indicative of results that may be expected for any future period.

| | Three Months Ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Jan 31, 2009 (1) | Oct 31, 2008 (2) | Jul 31, 2008 (3) | Apr 30, 2008 (4) | Jan 31, 2008 (5) | Oct 31, 2007 (6) | Jul 31, 2007 (7) | Apr 30, 2007 |
| | (unaudited, in thousands except per share and share amounts) | | | | | | | |
| **Revenues** | | | | | | | | |
| Service revenues | $ 44,115 | $ 47,676 | $ 48,174 | $ 48,443 | $ 51,025 | $ 52,940 | $ 53,376 | $ 54,155 |
| Technology revenues | 4,353 | 3,997 | 5,369 | 6,407 | 7,027 | 5,339 | 3,084 | 3,932 |
| Hardware revenues | 10,712 | 12,777 | 11,699 | 5,945 | 16,066 | 17,240 | 6,199 | 2,293 |
| Net revenues | 59,180 | 64,450 | 65,242 | 60,795 | 74,118 | 75,519 | 62,659 | 60,380 |
| **Cost of revenues** | | | | | | | | |
| Cost of service revenues | 11,180 | 10,984 | 11,245 | 11,194 | 12,019 | 10,738 | 10,064 | 10,155 |
| Cost of technology revenues | 2,740 | 2,516 | 3,124 | 3,920 | 5,252 | 4,912 | 3,696 | 3,507 |
| Cost of hardware revenues | 15,764 | 16,339 | 15,274 | 10,365 | 23,929 | 29,144 | 28,239 | 10,740 |
| Total cost of revenues | 29,684 | 29,839 | 29,643 | 25,479 | 41,200 | 44,794 | 41,999 | 24,402 |
| Gross margin | 29,496 | 34,611 | 35,599 | 35,316 | 32,918 | 30,725 | 20,660 | 35,978 |
| **Operating expenses** | 15,459 | | | | | | | |
| Research and development | 6,517 | 16,553 | 15,323 | 14,748 | 15,416 | 14,049 | 15,070 | 14,245 |
| Sales and marketing | 1,690 | 6,585 | 5,906 | 5,936 | 7,336 | 5,967 | 5,381 | 5,303 |
| Sales and marketing, subscription acquisition costs | 11,382 | 2,301 | 888 | 1,159 | 7,195 | 9,050 | 9,015 | 5,790 |
| General and administrative | 35,048 | 10,344 | 10,869 | 10,336 | 10,234 | 11,106 | 10,392 | 11,222 |
| Litigation proceeds | | (87,811) | | | | | | |
| **Income (loss) from operations** | (5,552) | 86,639 | 2,613 | 3,137 | (7,263) | (9,447) | (19,198) | (582) |
| Interest income | 423 | 17,213 | 421 | 579 | 1,066 | 1,218 | 1,331 | 1,416 |
| Interest expense and other | (278) | (94) | (94) | (87) | (183) | (45) | 209 | (83) |
| **Income(loss) before income taxes** | (5,407) | 103,758 | 2,940 | 3,629 | (6,380) | (8,274) | (17,658) | 751 |
| Provision for income taxes | 1,840 | (3,132) | (23) | (13) | (22) | | | (8) |
| **Net income(loss)** | $ (3,567) | $ 100,626 | $ 2,917 | $ 3,616 | $ (6,402) | $ (8,274) | $ (17,658) | $ 743 |
| Net income(loss) per common share-basic | $ (0.04) | $ 1.00 | $ 0.03 | $ 0.04 | $ (0.06) | $ (0.08) | $ (0.18) | $ 0.01 |
| Net income(loss) per common share-diluted | $ (0.04) | $ 0.98 | $ 0.03 | $ 0.04 | $ (0.06) | $ (0.08) | $ (0.18) | $ 0.01 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Weighted average common shares used to calculate basic net income(loss) per share | 101,303,123 | 100,804,813 | 100,025,002 | 99,386,826 | 98,517,991 | 97,611,001 | 97,084,184 | 96,829,128 |
| Weighted average common shares used to calculate diluted net income(loss) per share | 101,303,123 | 102,569,559 | 102,217,222 | 102,709,583 | 98,517,991 | 97,611,001 | 97,084,184 | 98,046,685 |

(1) The fourth quarter of fiscal year ended January 31, 2009 results of operations includes a benefit of $518,000 in cost of hardware revenues resulting from the sale of previously impaired inventory and a reduction of service revenues of $1.7 million related to the prospective change as of November 1, 2008 in estimated life of the product lifetime subscriptions from 54 months to 60 months.

(2) The third quarter of fiscal year ended January 31, 2009 results of operations includes a benefit of $1.4 million in cost of hardware revenues resulting from the sale of previously impaired inventory.

(3) The second quarter of fiscal year ended January 31, 2009 results of operations includes a benefit of $1.4 million in cost of hardware revenues resulting from the sale of previously impaired inventory.

(4) The first quarter of fiscal year ended January 31, 2009 results of operations includes a benefit of $1.6 million in cost of hardware revenues resulting from the sale of previously impaired inventory.

(5) The fourth quarter of fiscal year ended January 31, 2008 results of operations includes a benefit of $4.1 million in cost of hardware revenues resulting from the sale of previously impaired inventory and a reduction of service revenues of $2.5 million related to the prospective change as of November 1, 2007 in estimated life of the product lifetime subscriptions from 48 months to 54 months. Additionally, we recognized $1.1 million of DIRECTV revenues deferred from the prior fiscal year as our obligation to provide services to DIRECTV in connection with those revenues expired on January 31, 2008.

(6) The third quarter of fiscal year ended January 31, 2008 results of operations include a benefit of $696,000 in cost of hardware revenues resulting from the sale of previously impaired inventory.

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(7) The results of operations for the quarter ended July 31, 2007 included an $11.2 million charge to cost of hardware sales which were recorded as a result of slower than expected sales of standard definition DVRs and the resulting changes in our sales forecast.

## 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 notes included elsewhere in this annual report and the section 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.*

**Executive Overview and Outlook of Financial Results**

In the fiscal year ended January 31, 2009 TiVo recorded net income of $103.6 million, which included a receipt of $103.3 million, net of tax, in litigation proceeds and interest from EchoStar. The net income for the fiscal year ended January 31, 2009 reflects $104.6 million in litigation proceeds received from EchoStar. This amount was recorded as $(87.8) million in litigation proceeds within the operating expenses section of the consolidated statement of operations and $16.8 million in interest income. Additionally, we recorded $1.3 million in tax expense related to the receipt of these monies. There is no similar transaction recorded in the consolidated statement of operations for the fiscal year ended January 31, 2008. As of January 31, 2009, the Company had over $200 million in cash, cash equivalents, and short-term investments and no debt.

During the fiscal year ended January 31, 2009, our service revenues decreased by 11% or $23.1 million over the prior fiscal year due to a decrease of 91,000 TiVo-Owned subscriptions combined with an increase in the number of months over which we recognize product lifetime subscription revenues. Additionally, we continue to experience a decline in our MSOs/Broadcaster installed subscription base resulting in a decrease to our total cumulative subscription base. The loss of MSOs/Broadcaster subscriptions is a result of DIRECTV not currently deploying new TiVo boxes and our mass distribution deals with Comcast, Cox, and DIRECTV being still in development and/or the early phases of deployment.

Due to current economic conditions, on November 18, 2008, we reduced our operational expenses, primarily through a reduction in headcount of approximately 7% or 37 employees. We incurred pre-tax charges of approximately $1.0 million, for employee-related severance benefits and out-placement costs in the quarter and fiscal year ended January 31, 2009. We expect annual savings of approximately $5.1 million as a result of this reduction in headcount.

In this fiscal year ending January 31, 2010, we expect to continue our efforts to add new subscriptions through our mass distribution partnerships such as Comcast and through our TiVo-Owned direct and retail sales. However, we expect continued losses in our installed base of MSOs/Broadcasters subscriptions as DIRECTV will not deploy new TiVo boxes prior to the launch of the new HD platform described in the Significant Relationships section of Item 1. Business, and our mass distribution deals with Comcast, Cox, and Seven (Australia and in the future New Zealand) are still in development and/or the early phases of deployment.

Service revenues may well be lower in the fiscal year ending January 31, 2010 than in fiscal year 2009 as revenues from new TiVo-Owned subscriptions are expected to be more than offset by the continued decline of product lifetime subscription related revenues as such revenues become fully recognized. Additionally, mass distribution partnerships including Comcast, Cox, Seven (Australia and in the future New Zealand), and others are in the early phases of development or deployment and will be more than offset by our continued subscription losses from our DIRECTV subscriptions, as the HD DIRECTV DVR with TiVo service will not be available until calendar year 2010.

**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 last three fiscal years. The TiVo-Owned lines refer to subscriptions sold directly or indirectly by TiVo to consumers who have TiVo-enabled DVRs and for which TiVo incurs acquisition costs. The MSOs/Broadcasters lines refer to subscriptions sold to consumers by MSOs/Broadcasters such as DIRECTV, Cablevision Mexico, and Comcast and for which TiVo expects to incur little or no acquisition costs. Additionally, we provide a breakdown of the percent of TiVo-Owned subscriptions for which consumers pay recurring fees, including on a monthly and a prepaid one, two, or three year basis, as opposed to a one-time prepaid product lifetime fee.

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| (Subscriptions in thousands) | Fiscal Year Ended January 31, 2009 | 2008 | 2007 |
|---|---|---|---|
| **TiVo-Owned Subscription Gross Additions:** | 187 | 276 | 429 |
| **Subscription Net Additions/(Losses):** | | | |
| TiVo-Owned | (91) | 19 | 235 |
| MSOs/Broadcasters | (520) | (518) | (155) |
| **Total Subscription Net Additions/(Losses)** | **(611)** | **(499)** | **80** |
| **Cumulative Subscriptions:** | | | |
| TiVo-Owned | 1,654 | 1,745 | 1,726 |
| MSOs/Broadcasters | 1,681 | 2,201 | 2,718 |
| **Total Cumulative Subscriptions** | **3,335** | **3,946** | **4,444** |
| **Fully Amortized Active Lifetime Subscriptions** | **225** | **175** | **165** |
| **% of TiVo-Owned Cumulative Subscriptions paying recurring fees** | **59%** | **61%** | **58%** |

We define a subscription as a contract referencing a TiVo-enabled DVR for which (i) a consumer has committed to pay for the TiVo service and (ii) service is not canceled. We count product lifetime subscriptions in our subscription base until both of the following conditions are met: (i) the period we use to recognize product lifetime subscription revenues ends; and (ii) the related DVR has not made contact to the TiVo service within the prior six month period. Product lifetime subscriptions past this period which have not called into the TiVo service for six months are not counted in this total. Effective November 1, 2008, we extended the period we use to recognize product lifetime subscription revenues from 54 months to 60 months for all product lifetime subscriptions acquired on or before October 31, 2007. We now amortize all product lifetime subscriptions over a 60 month period. 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 some of our MSOs/Broadcasters pay us may be based upon a specific contractual definition of a subscriber or subscription which may not be consistent with how we define a subscription for our reporting purposes.

TiVo-Owned subscription net losses were 91,000 subscriptions decreasing the TiVo-Owned installed subscription base to approximately 1.7 million subscriptions for the fiscal year ended January 31, 2009 as compared to the fiscal year ended January 31, 2008. We believe the decrease in total TiVo-Owned subscriptions was largely due to the continued decrease in subscription gross additions because of increased competition from DVRs distributed by cable and satellite providers. As a result of this competition and current economic conditions and our efforts to manage our subscriber acquisition costs, we are cautious about our sales in the near term and may well experience further net losses in our TiVo-Owned subscription base. MSOs/Broadcasters installed subscription base decreased by 520,000 subscriptions to 1.7 million subscriptions as of January 31, 2009 as compared to the same prior year period. This decrease is due to DIRECTV s promotion of a competing DVR service and our other mass distribution deals being still in the early phases of development and/or deployment. We have agreed to work with DIRECTV to develop a version of the TiVo service for DIRECTV s broadband-enabled HD DVR platform which we expect to launch to consumers in calendar year 2010.

TiVo-Owned subscription net additions were 19,000 subscriptions slightly increasing the TiVo-Owned installed subscription base to 1.7 million subscriptions for the fiscal year ended January 31, 2008 as compared to the fiscal year ended January 31, 2007. TiVo-Owned subscription net additions decreased by 216,000, from 235,000 TiVo-Owned subscriptions net additions in the prior fiscal year period to 19,000 TiVo-Owned subscription net additions in the fiscal year ended January 31, 2009. We believe this decrease was largely due to lower gross additions because of increased competition from DVRs distributed by cable and satellite providers, including DIRECTV s non-TiVo products, as well as from a weaker economic environment and from an increase in churn resulting from a larger subscription base.

As of January 31, 2009, approximately 225,000 product lifetime subscriptions had exceeded the period we use to recognize product lifetime subscription revenues, but had made contact to the TiVo service within the prior six months. Such TiVo product lifetime subscriptions represent approximately 34% of our cumulative lifetime subscriptions as

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compared to 26% for the fiscal year ended January 31, 2008. We continue to incur minimal costs of service for these subscriptions without recognizing corresponding subscription revenues. Effective November 1, 2008, we extended the period we used to recognize product lifetime subscription revenues from 54 months to 60 months for the product lifetime subscriptions acquired on or before October 31, 2007 and such change is being recognized on a prospective basis. We now amortize all product lifetime subscriptions over a 60 month period. Refer to Critical Accounting Estimates Recognition Period for Product Lifetime Subscriptions Revenues . There were no additions to the fully amortized active lifetime subscriptions during the quarter ended January 31, 2009 since under the revised amortization period, product lifetime subscriptions that would have become fully amortized using the previous amortization period are not yet fully amortized subscriptions at January 31, 2009. We expect the number of fully amortized lifetime subscriptions to increase during the fiscal year ending January 31, 2010, however we cannot predict whether the cumulative number of fully amortized active lifetime subscriptions will increase or decrease as this will depend on churn of already fully amortized lifetime subscriptions and churn of subscriptions that will become fully amortized during the fiscal year ending January 31, 2010.

***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 for our low cost product offerings, current economic conditions, and increased price sensitivity 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, | | |
|---|---|---|---|
| | **2009** | **2008** | **2007** |
| | **in thousands, except percentages** | | |
| TiVo-Owned subscription cancellations | (278) | (257) | (194) |
| Average TiVo-Owned subscriptions | 1,695 | 1,721 | 1,584 |
| Annual Churn Rate | -16% | -15% | -12% |
| Number of Months | 12 | 12 | 12 |
| TiVo-Owned Churn Rate per month | -1.4% | -1.2% | -1.0% |

Included in our TiVo-Owned Churn Rate per month are those product lifetime subscriptions that have both reached the end of the revenue recognition period and whose DVRs have not contacted the TiVo service within the prior six months. Conversely, we do not count as churn product lifetime subscriptions that have not reached the end of the revenue recognition period, regardless of whether such subscriptions continue to contact the TiVo service. TiVo-Owned Churn Rate per month increased to 1.4% for the fiscal year ended January 31, 2009 and will likely increase further in future periods as a result of increasing churn from product lifetime subscriptions, competition from other providers, a weakening economy, and the growing importance of encrypted digital and high definition television recording capabilities which can only be accessed through either cable or satellite provided set top box or through a box which incorporates CableCARD™ technology.

***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 acquisition costs for a given period divided by TiVo-Owned subscription gross additions for the same period. In the first fiscal quarter of 2008, we revised our definition of total acquisition costs. We now define total acquisition costs as sales and marketing, subscription acquisition costs less net TiVo-Owned related hardware revenues (defined as gross hardware revenues less rebates, revenue share and market development funds paid to retailers) plus TiVo-Owned 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/Broadcasters gross additions with TiVo subscriptions, in our calculation of SAC because we incur limited or no acquisition costs for these new subscriptions. We are not aware of any uniform standards for calculating total acquisition costs or SAC and caution that our presentation may not be consistent with that of other companies.

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| | Fiscal Year Ended January 31, 2009 | 2008 | 2007 |
|---|---|---|---|
| **Subscription Acquisition Costs** | | | |
| Sales and marketing, subscription acquisition costs | $ 6,038 | $ 31,050 | $ 20,767 |
| Hardware revenues | (41,133) | (41,798) | (41,588) |
| Less: MSOs/Broadcasters-related hardware revenues | 9,333 | | |
| Cost of hardware revenues | 57,742 | 92,052 | 112,505 |
| Less: MSOs/Broadcasters-related cost of hardware revenues | (8,590) | | |
| **Total Acquisition Costs** | 23,390 | 81,304 | 91,684 |
| **TiVo-Owned Subscription Gross Additions** | 187 | 276 | 429 |
| **Subscription Acquisition Costs (SAC)** | $ 125 | $ 295 | $ 214 |

During the twelve months ended January 31, 2009, our total acquisition costs were $23.4 million and SAC was $125. Comparatively, total acquisition costs for the twelve months ended January 31, 2008 and 2007 were $81.3 million and $91.7 million, respectively and SAC was $295 and $214, respectively. The decrease in our total acquisition costs for the fiscal year ended January 31, 2009 as compared to the prior fiscal year is primarily a result of a reduction in our advertising efforts. Additionally, our TiVo-Owned hardware gross margin loss improved by $32.9 million, as compared to the prior fiscal year due to the mix of products sold during the year. A portion of this improvement in hardware gross margin loss is due to a benefit of $4.9 million resulting from the sales of previously impaired excess and obsolete inventory, combined with lower rebate expenses in the fiscal year ended January 31, 2009 as compared to the prior fiscal year. We don t expect further decreases in SAC and could experience modest increases.

SAC decreased by $170 or 57% for the fiscal year ended January 31, 2009 compared to the prior-year period primarily due to decreased sales and marketing, subscription acquisition cost spending to a lesser degree offset by a decreased number of gross subscription additions.

As a result of the seasonal nature of our subscription growth, SAC varies significantly during the year. Management primarily reviews this metric on an annual basis due to the timing difference between our recognition of promotional program expenses and the subsequent addition of the related subscription acquisition. For example, we have historically incurred increased sales and marketing expenses and hardware losses on sales to our retail customers during our third quarter in anticipation of new subscriptions that may be added during the fourth quarter and in subsequent periods in addition to those added during the third quarter.

***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 subscription fees, advertising, and audience research measurement. ARPU does not include rebates, revenue share and other payments to channel that reduce our GAAP revenues. As a result, you should not use ARPU as a substitute for measures of financial performance calculated in accordance with GAAP. Management believes it is useful to consider this metric excluding the costs associated with rebates, revenue share and other payments to channel because of the discretionary and varying nature of these expenses and because management believes these expenses, which are included in hardware revenues, net, are more appropriately monitored as part of SAC. We are not aware of any uniform standards for calculating ARPU and caution that our presentation may not be consistent with that of other companies.

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

| TiVo-Owned Average Revenue per Subscription | Fiscal Year Ended January 31, 2009 | 2008 | 2007 |
|---|---|---|---|
| | (In thousands, except ARPU) | | |
| Total Service revenues | $ 188,408 | $ 211,496 | $ 198,924 |
| Less: MSOs/Broadcasters -related service revenues | (22,412) | (27,440) | (32,257) |
| TiVo-Owned-related service revenues | 165,996 | 184,056 | 166,667 |
| Average TiVo-Owned revenues per month | 13,833 | 15,338 | 13,889 |
| Average TiVo-Owned per month subscriptions | 1,695 | 1,721 | 1,584 |
| TiVo-Owned ARPU per month | $ 8.16 | $ 8.91 | $ 8.77 |

The decrease in TiVo-Owned ARPU per month for the fiscal year ended January 31, 2009 was largely related to the increase in amortization period of our product lifetime subscriptions. Effective November 1, 2008, we have extended the period we use to recognize product lifetime subscription revenues from 54 months to 60 months for all new and not fully amortized product lifetime subscriptions. We now amortize all product lifetime subscriptions over a 60 month period. Refer to Critical Accounting Estimates Recognition Period for Product Lifetime Subscriptions Revenues. Due to this extended revenue recognition period and the reduction in our subscription rates in November 2008, we expect fiscal year 2010 TiVo-Owned ARPU per month to be lower. Additionally, impacting the decrease in our ARPU was an increase of approximately 50,000 TiVo-Owned product lifetime subscriptions that reached the end of the period we use to recognized product lifetime subscription revenue. These subscriptions are currently included in the Average TiVo-Owned per month subscriptions; however, there are no longer any corresponding revenues related to those subscriptions.

The increase in TiVo-Owned ARPU per month for the fiscal year ended January 31, 2008 was largely due to our sales programs which yielded a higher service plan rates for new TiVo-Owned subscriptions. This increase was partially offset by an increase of 10,000 TiVo-Owned product lifetime subscriptions that reached the end of the period we use to recognized lifetime subscription revenue.

We calculate ARPU per month for MSOs/Broadcasters 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/Broadcasters -related service revenues by the average MSOs/Broadcasters subscriptions for the period. The following table shows this calculation:

| MSOs/Broadcasters Average Revenue per Subscription | Fiscal Year Ended January 31, 2009 | 2008 | 2007 |
|---|---|---|---|
| | (In thousands, except ARPU) | | |
| Total Service revenues | $ 188,408 | $ 211,496 | $ 198,924 |
| Less: TiVo-Owned-related service revenues | (165,996) | (184,056) | (166,667) |
| MSOs/Broadcasters -related service revenues | 22,412 | 27,440 | 32,257 |
| Average MSOs/Broadcasters revenues per month | 1,868 | 2,287 | 2,688 |
| Average MSOs/Broadcasters per month subscriptions | 1,939 | 2,481 | 2,836 |
| MSOs/Broadcasters ARPU per month | $ 0.96 | $ 0.92 | $ 0.95 |

Included in the MSOs/Broadcasters -related service revenues for the fiscal year ended January 31, 2008 is $1.1 million of DIRECTV revenue that was deferred in fiscal year 2007 for DIRECTV s use on development work during fiscal year 2008. DIRECTV s right to use these deferred fees expired on January 31, 2008, consequently we recognized these deferred fees as service revenue for the fiscal year ended January 31, 2008. Additionally, beginning in February 2007, DIRECTV began paying us a monthly fee for all DIRECTV households with DIRECTV receivers with TiVo service similar to the lower amount paid by DIRECTV for households with DIRECTV receivers with TiVo service deployed since March 15, 2002, subject to a monthly minimum payment by DIRECTV.

The slight increase in ARPU per month for fiscal year ended January 31, 2009 as compared to the prior fiscal year was largely related to increased MSOs/Broadcasters -related advertising revenues coupled with a decline in the average MSOs/Broadcasters per month subscriptions, as compared to the prior fiscal year.

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**Critical Accounting Estimates**

Critical accounting estimates are those that reflect significant judgments and uncertainties, and may potentially result in materially different results under different assumptions and conditions. We base our discussion and analysis on our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles as described in Item 8. Note 2. Summary of Significant Accounting Policies in the notes to our consolidated financial statements. The preparation of these financial statements requires us to make estimates and judgments that affect our reported amounts of assets, liabilities, revenue, and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances. The results of this analysis form the basis for our judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates under different assumptions or conditions. For a detailed discussion on the application of these and other accounting estimates, see Item 8. Note 2. Summary of Significant Accounting Policies in the notes to our consolidated financial statements.

***Recognition Period for Product Lifetime Subscriptions Revenues.*** From time-to-time TiVo has offered for general sale a product lifetime subscription option for the life of the DVR for a one-time, prepaid payment. During the first quarter of fiscal year ended January 31, 2007, we discontinued general sale of the product lifetime service option. During the fourth quarter ended January 31, 2008 we began offering product lifetime service subscriptions only to existing customers. During the quarter ended April 30, 2008, we began offering product lifetime service subscriptions to all customers. We perform a quarterly quantitative analysis of the expected life of a product lifetime subscription which incorporates historical and future churn rates. Effective November 1, 2007, we extended the period we use to recognize product lifetime subscription revenues from 48 months to 54 months for product lifetime subscriptions acquired on or before October 31, 2007 and such change is being recognized on a prospective basis. This change resulted in a reduction of service revenues of $2.5 million for the quarter and fiscal year ended January 31, 2008. During the quarter ended January 31, 2009, we extended the period used to recognize product lifetime subscription revenues for the product lifetime subscriptions acquired on or before October 31, 2007 from 54 months to 60 months, resulting in a reduction of service revenue of $1.7 million. Additionally, in the quarter ended January 31, 2008, we increased the amortization period to 60 months for new product lifetime subscriptions acquired on or after November 1, 2007. The new estimates of expected lives are dependant on assumptions with regard to future churn of the product lifetime subscriptions. As of January 31, 2009, 225,000 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 34% of our cumulative lifetime subscriptions as compared to 26% for the fiscal year ended January 31, 2008. During fiscal year ending January 31, 2010, 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.

***Engineering Services Project Cost Estimates.*** We 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, as described in Statement of Position (SOP) 81-1 *Accounting for Performance of Construction-Type and Certain Production-Type Contracts.* 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. In general, these contracts are long-term and complex. 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, projecting cost to complete, tracking progress of costs incurred to date, and projecting the remaining effort to complete the project. Costs included in engineering services are labor, materials, and overhead related to the specific activities that are required for the project. Costs related to general infrastructure or platform development are not included in the engineering services project cost estimates. These estimates are assessed continually during the term of the contract and revisions are reflected when the conditions become known. In some cases, we have accepted engineering services contracts that were expected to be losses at the time of acceptance. Provisions for all losses on contracts are recorded when estimates determine that a loss will be incurred on a contract. Using different cost estimates, or different methods of measuring progress to completion, engineering services revenues and expenses may produce materially different results. A favorable change in estimates in a period could result in additional revenue and profit, and an unfavorable change in estimates could result in a reduction of profit or the recording of a loss that would be borne solely by TiVo. For the fiscal year ended January 31, 2009 the majority of our technology revenues are related to Comcast and international development agreements.

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***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 the Company s 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 further, 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. For example, due to lower than expected sales of standard definition DVRs and the resulting changes in our sales forecast, we impaired $7.5 million in raw materials and finished goods inventory and reserved an additional $3.7 million for excess non-cancelable purchase commitments in the quarter ended July 31, 2007. In the subsequent six months ended January 31, 2008, we consumed $4.8 million of previously impaired inventory and in the fiscal year ended January 31, 2009, we consumed $4.9 million of such previously impaired inventory, due to better than expected sales of our standard definition DVR. The remaining balance of previously impaired inventory is $3.6 million at January 31, 2009. Should our standard definition product sell at a level that is better than originally anticipated at the time the inventory related charges were recorded, our hardware gross margin may also be benefited in the fiscal year ending January 31, 2010.

***Valuation of Stock-Based Compensation.*** We recognize expense related to our stock-based compensation awards under the fair-value provisions of FAS 123R. The fair value of our restricted stock awards was calculated based on the fair market value of our stock at the grant date. We use the Black Scholes option pricing model to determine the fair value of our stock options and ESPP awards which requires input of highly subjective assumptions, including expected stock price volatility and the estimated life of each award and interest rates.

The expected volatility is based on a combination of historical volatility of our common stock and implied volatility in market traded options on our common stock. The expected life of stock options granted prior to December 31, 2007 was based on the simplified calculation of expected life as defined by Staff Accounting Bulletin (SAB) 107, Share-Based Payment . The expected life of stock options granted after January 1, 2008 is based on historical employee exercise patterns associated with prior similar option grants. TiVo s weighted average expected life assumption for executives and employees decreased from 6.25 years in prior fiscal years to 5.37 years in the fiscal 2009. The decrease is due to the change from simplified calculation to the calculation based on historical exercise patterns associated with prior similar option grants and to the decrease in the contractual life from 10 to 7 years for awards granted after August 6, 2008 under a new equity incentive plan. Generally, everything else being equal, Black Scholes option pricing model assigns a lower fair value to an option with a shorter expected life. The interest rate is based on the average of U.S. Treasury yield curve on investments with lives approximating the term during the fiscal quarter an option is granted.

In addition, SFAS No. 123R requires us to develop an estimate of the number of share-based awards which will be forfeited due to employee turnover. We use historical data to estimate pre-vesting option forfeitures and record stock-based compensation expense only for those awards that are expected to vest. Quarterly changes in the estimated forfeiture rate can affect our gross margin, research and development expenses, sales and marketing expenses, and general and administrative expenses. The expense we recognize in future periods could also differ from the current period and/or our forecasts due to adjustments in the assumed forfeiture rates.

**Recent Accounting Pronouncements**

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised), *Business Combinations* (SFAS 141R). The standard changes the accounting for business combinations by requiring that an acquiring entity measure and recognize identifiable assets acquired and liabilities assumed at the acquisition date fair value with limited exceptions. The changes include the treatment of acquisition-related transaction costs, the valuation of any noncontrolling interest at acquisition date fair value, the recording of acquired contingent liabilities at acquisition date fair value and the subsequent re-measurement of such liabilities after the acquisition date, the recognition of capitalized in-process research and development, the accounting for acquisition-related restructuring cost accruals subsequent to the acquisition date, and the recognition of changes in the acquirer s income tax valuation allowance. SFAS 141R is effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. The adoption of SFAS 141R is not expected to have a significant impact on the Company s consolidated financial statements or financial position, but the nature and magnitude of the specific effects will depend upon the nature, terms and size of the acquisitions the Company consummates after the effective date.

In February 2008, the FASB issued Financial Staff Positions (FSP) FAS 157-2, *Effective Date of FASB Statement No. 157* (FSP FAS 157-2), which delays the effective date of SFAS No. 157, *Fair Value Measurement* (SFAS 157), for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. FSP FAS 157-2 partially defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of this FSP for non-financial assets and liabilities. The Company is currently evaluating the potential impact of the adoption of those provisions of SFAS 157, for which effectiveness was delayed by FSP SFAS 157-2, on its consolidated financial position and results of operations.

In April 2008, the FASB issued FSP No. 142-3, *Determination of the Useful Life of Intangible Assets*. FSP 142-3 amends the factors that should be considered in developing assumptions about renewal or extension used in estimating the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets*. This standard is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141R, *Business Combinations*, and other Generally Accepted Accounting Principles (GAAP). FSP No.142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The measurement provisions of this standard will apply only to intangible assets of the Company acquired after February 1, 2009.

In October 2008, the FASB issued FSP 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* (FSP 157-3). FSP 157-3 clarifies the application of SFAS No. 157 in a market that is not active and addresses application issues such as the use of internal assumptions when relevant observable data does not exist, the use of observable market information when the market is not active, and the use of market quotes when assessing the relevance of observable and unobservable data. FSP 157-3 is effective for all periods presented in accordance with SFAS No. 157. The adoption of FSP 157-3 did not have a significant impact on the Company s consolidated financial statements or the fair values of its financial assets and liabilities.

In November 2008, the FASB issued EITF Issue No. 08-7, *Accounting for Defensive Intangible Assets* (EITF 08-7). EITF 08-7 addresses the accounting for assets acquired in a business combination or asset acquisition that an entity does not intend to actively use, otherwise referred to as a defensive asset. EITF 08-7 requires defensive intangible assets to be initially accounted for as a separate unit of accounting and not included as part of the cost of the acquirer s existing intangible asset(s) because it is separately identifiable. EITF 08-7 also requires that defensive intangible assets be assigned a useful life in accordance with paragraph 11 of SFAS 142 and is effective for financial statements issued for fiscal years beginning after December 15, 2008.The Company does not anticipate that the adoption of this statement will have a material impact on its financial position, results of operations, or cash flows.

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**Results of Operations**

***Net Revenues.*** Our net revenues for the fiscal years ended January 31, 2009, 2008, and 2007 as a percentage of total net revenues were as follows:

| | Fiscal Year Ended January 31, 2009 | | 2008 | | 2007 | |
|---|---|---|---|---|---|---|
| | (In thousands, except percentages) | | | | | |
| Service revenues | $ 188,408 | 76% | $ 211,496 | 78% | $ 198,924 | 77% |
| Technology revenues | 20,126 | 8% | 19,382 | 7% | 18,409 | 7% |
| Hardware revenues | 41,133 | 16% | 41,798 | 15% | 41,588 | 16% |
| Net revenues | $ 249,667 | 100% | $ 272,676 | 100% | $ 258,921 | 100% |
| Change from same prior year period | -8% | | 5% | | 31% | |

*Service Revenues*. The decrease in Service revenues of $23.1 million in fiscal year 2009 from fiscal year 2008 was due to declines in both MSOs/Broadcaster revenue and TiVo-owned service revenue. The decline of $5.0 million in MSOs/Broadcaster revenue is primarily because DIRECTV will not offer new TiVo service subscriptions to its customers until the launch of the new High Definition platform and therefore, we continue to experience cancellations of our existing DIRECTV subscription base. Also, unlike in fiscal year 2008, in the fiscal year ended January 31, 2009 we have not recognized as revenue $2.3 million of previously deferred DIRECTV revenues which would have expired unused. We have an understanding with DIRECTV that these deferred revenues will be used to fund the development of the TiVo service for DIRECTV s broadband-enabled HD DVR platform.

TiVo-owned service revenues decreased by $18.1 million primarily due to lower TiVo-Owned product lifetime service revenue, resulting from the number of fully-amortized product lifetime subscriptions which are no longer generating revenue, increasing to 225,000 at January 31, 2009 from 175,000 at January 31, 2008, combined with an increase in the amortization period we use to recognize revenues from the sale of our product lifetime service subscriptions, as described in our Critical Accounting Estimates under *Recognition Period for Product Lifetime Subscriptions Revenues* . Further contributing to the decrease was a decline in the size of our cumulative subscription base.

The increase in Service revenues from fiscal year 2007 to 2008 was due to net additions of TiVo-Owned subscriptions, which were generally added at a higher service plan rates during fiscal years 2008 and 2007. Additionally, we recognized $1.1 million of DIRECTV revenues deferred from the fiscal year ended January 31, 2007. These fees were previously deferred for DIRECTV s use on development work to enhance their subscriber s TiVo user experience, but expired unused on January 31, 2008. These increases were offset by MSOs/Broadcasters-related service revenues which decreased from the prior year by approximately $4.8 million due primarily to churn in our DIRECTV subscription base, which is a trend we expect to continue. The increase in service revenue was also partially offset by our decision to extend the period we use to recognize product lifetime subscriptions, as described in our Critical Accounting Estimates under *Recognition Period for Product Lifetime Subscriptions Revenues* . This change resulted in a reduction of service revenues of $2.5 million for the quarter and fiscal year ended January 31, 2008.

*Technology Revenues*. Technology revenues for the fiscal year ended January 31, 2009 were 4% higher than the technology revenues in the prior fiscal year largely due to new development work primarily related to our international projects combined with larger Comcast technology revenues.

Technology revenues for the fiscal year ended January 31, 2008 were slightly higher than the same prior year period largely due to new development work primarily related to our international projects. However, these revenues were partially offset by lower Comcast technology revenues, as compared to the same prior year period. In the fiscal year ended January 31, 2007, Comcast and TiVo signed the final statements of work resulting in the recognition of $4.6 million of the revenues for engineering services related to services performed in fiscal year 2006.

*Hardware Revenues*. Hardware revenues, net of allowance for sales returns and net of rebates for the fiscal year ended January 31, 2009 remained relatively flat at $41.1 million, as compared to $41.8 million in the same prior year period. For the fiscal year ended January 31, 2009, we sold approximately 71,000 fewer TiVo DVR s than in the same prior year period. These DVRs had a higher average selling price due to the introduction of our TiVo HD DVR, which was not available until the end of the quarter ended July 31, 2007. Additionally, our rebates and revenue share costs, which are netted against our hardware revenues, declined during the year as we currently offer no rebates on our TiVo HD DVR and we terminated our other rebate programs on August 30, 2008. Although our hardware revenues have improved we continue to offer revenue share and other hardware subsidies to certain retailers, while our direct sales involve limited or no subsidies.

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Hardware revenues, net of allowance for sales returns and net of rebates for the fiscal year ended January 31, 2008 remained relatively flat at $41.8 million, as compared to $41.6 million in the same prior year period. For the fiscal year ended January 31, 2008, while we sold approximately 192,000 fewer TiVo DVR s than in the same prior year period, the average selling price of these DVR s was higher, due to the introduction of our TiVo HD DVR. Our rebates and revenue share costs, which are netted against our hardware revenues, declined during the year as we did not offer (and still do not offer) rebates on our TiVo HD DVR.

For the fiscal years ended January 31, 2009, 2008, and 2007, one retail customer (Best Buy) generated $10.4 million, $13.1 million, and $30.5 million of hardware revenues or 4%, 5%, and 12% of net revenues, respectively.

***Cost of service revenues.***

| | Fiscal Year Ended January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| | (In thousands, except percentages) | | |
| Cost of service revenues | $ 44,603 | $ 42,976 | $ 43,328 |
| Change from same prior year period | 4% | -1% | 27% |
| Percentage of service revenues | 24% | 20% | 22% |
| Service gross margin | $ 143,805 | $ 168,520 | $ 155,596 |
| Service gross margin as a percentage of service revenues | 76% | 80% | 78% |

Costs of service revenues consist primarily of telecommunication and network expenses, employee salaries, call center, credit card processing fees, certain licensing, and other expenses related to providing the TiVo service. Cost of service revenues for the fiscal year ended January 31, 2009 increased $1.6 million as compared to the prior fiscal year. These increases are primarily related to increased costs of advertising and audience research expenses associated with our expanded advertising and audience research measurement product offerings.

Cost of service revenues for the fiscal year ended January 31, 2008 remained relatively flat as compared to the same prior year period.

***Cost of technology revenues.***

| | Fiscal Year Ended January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| | (In thousands, except percentages) | | |
| Cost of technology revenues | $ 12,300 | $ 17,367 | $ 16,849 |
| Change from same prior year period | -29% | 3% | 2055% |
| Percentage of technology revenues | 61% | 90% | 92% |
| Technology gross margin | $ 7,826 | $ 2,015 | $ 1,560 |
| Technology gross margin as a percentage of technology revenues | 39% | 10% | 8% |

Cost of technology revenues decreased by 29% or $5.1 million as compared to the same prior fiscal year. Technology gross margin for the fiscal year ended January 31, 2009 increased by $5.8 million as compared to the prior fiscal year. This increase in technology gross margin is primarily related to the Comcast development work and the methodology used to recognize revenues related to this work. During fiscal year ended January 31, 2008, we recognized revenues and costs for the initial development of TiVo service software and TiVo Interactive Advertising Management System based on a zero profit model, which resulted in the recognition of equal amounts of revenues and costs. Additionally during the fiscal year ended January 31, 2008 we recognized $1.1 million of costs for Comcast development work for which no corresponding revenues were recognized as the Company did not have evidence of an arrangement and the fees for the related development were not fixed. During the fiscal year ended January 31, 2009, the engineering work performed under the amended August 2007 statement of work for Comcast was recognized using the percentage-of-completion method.

The increase in cost of technology revenues of 3% or $518,000 for the fiscal year ended January 31, 2008 as compared to the prior fiscal year is related new development work primarily for our new international projects.

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***Cost of hardware revenues.***

| | Fiscal Year Ended January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| | (In thousands, except percentages) | | |
| Cost of hardware revenues | $ 57,742 | $ 92,052 | $ 112,505 |
| Change from same prior year period | -37% | -18% | 29% |
| Percentage of hardware revenues | 140% | 220% | 271% |
| Hardware gross margin | $ (16,609) | $ (50,254) | $ (70,917) |
| Hardware gross margin as a percentage of hardware revenue | -40% | -120% | -171% |

Costs 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 engage a contract manufacturer to build TiVo-enabled DVRs. We sell this hardware as a means to grow our service revenues and, as a result, do not intend to generate positive gross margins from these hardware sales. During the fiscal year ended January 31, 2009 we sold approximately 71,000 fewer TiVo DVR s as compared to the prior fiscal year.

During the fiscal year ended January 31, 2009, hardware gross margin loss improved by $33.6 million, as compared to the prior fiscal year largely due to the mix of products sold during the year. Additionally impacting the gross margin improvement was the utilization of previously reserved inventory of $4.9 million compared to $5.9 million inventory charge during the fiscal year ended January 31, 2008 which was compounded by a barter transaction we entered into exchanging TiVo Series2™ standard definition DVR inventory with a net book value of $2.8 million for barter credits. The barter credits were valued at the fair value of the inventory exchanged, which was determined to be $1.8 million, which resulted in an additional negative $1.0 million hardware gross margin.

Also, during the fiscal year ended January 31, 2009 we received a higher average selling price per DVR as compared to the same prior year period, due to the introduction of our TiVo HD DVR at the end of the quarter ended July 31, 2007, which had a higher relative margin as compared to our TiVo Series2™ DVR. Our rebates and revenue share costs, which are netted against our hardware revenues, also declined during the year as we currently offer no rebates on our TiVo HD DVR and we terminated our other rebate programs on August 30, 2008. Although we continue to offer revenue share and other hardware subsidies to certain retailers, our direct sales for our HD DVR involve no hardware subsidies. As a result of these items, the hardware gross margin loss for the fiscal year ended January 31, 2009 decreased by approximately 67%. As of January 31, 2009, we maintained a $3.6 million inventory reserve as a result of prior inventory impairment charges. In accordance with Staff Accounting Bulletin (SAB) Topic 5-BB and Accounting Research Bulletin (ARB) 43 Chapter 4, *Inventory Pricing,* even if our current sales projections exceed our original projections, the inventory reserves are not reversed until the previously impaired inventory is sold or scrapped. We expect to further benefit from reversals of these reserves during fiscal 2010, however to much lesser extent than in fiscal 2009.

During the fiscal year ended January 31, 2008, we sold approximately 192,000 fewer TiVo DVRs as compared to the fiscal year ended January 31, 2007. The TiVo DVR units sold in the fiscal year ended January 31, 2008 were more expensive to manufacture and were sold at a higher average selling price due to the introduction of our TiVo HD DVR. Additionally our rebates and revenue share costs declined during this year as we did not offer rebates on our TiVo HD DVR. This resulted in a 50% decrease in hardware gross margin loss, as a percentage of hardware revenue, for the fiscal year ended January 31, 2008 as compared to the same prior year period. Additionally, during the quarter ended July 31, 2007 the Company recorded an impairment charge of $11.2 million to cost of hardware revenues for inventory on hand and for excess non-cancelable purchase commitments. During the six month period ended January 31, 2008, $4.8 million of this charge was offset by sales of the previously written down inventory.

***Research and development expenses.***

| | Fiscal Year Ended January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| | (In thousands, except percentages) | | |
| Research and development expenses | $ 62,083 | $ 58,780 | $ 50,728 |
| Change from same prior year period | 6% | 16% | 23% |
| Percentage of net revenues | 25% | 22% | 20% |

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Our research and development expenses consist primarily of employee salaries, related expenses, and consulting expenses. The increase of $3.3 million in the fiscal year ended January 31, 2009 as compared to the fiscal year ended January 31, 2008 was largely related to lower utilization of our engineering staff on development projects generating technology revenues resulting in lower allocations of research and development expense to cost of technology revenues. As a result of the November 2008 reduction in force, we expect annual savings of $1.7 million in headcount related research and development expenses in the fiscal year ending January 31, 2010.

The increase in research and development expenses in the fiscal year ended January 31, 2008 from the fiscal year ended January 31, 2007 was largely due to an increase of $6.0 million in headcount related costs associated with an increase in engineering headcount and an increase of $1.5 million in stock-based compensation expenses.

***Sales and marketing expenses.***

| | Fiscal Year Ended January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| | (In thousands, except percentages) | | |
| Sales and marketing expenses | $ 24,944 | $ 23,987 | $ 22,520 |
| Change from same prior year period | 4% | 7% | 21% |
| Percentage of net revenues | 10% | 9% | 9% |

Sales and marketing expenses consist primarily of employee salaries and related expenses. The increase in sales and marketing expenses of $1.0 million in the fiscal year ended January 31, 2008 as compared to the fiscal year ended January 31, 2007 was largely related to increased headcount related costs associated with the advertising and audience research measurement sales department. As a result of the November 2008 reduction in force, we expect annual savings of $1.6 million in headcount related sales and marketing expenses in the fiscal year ending January 31, 2010.

***Sales and marketing, subscription acquisition costs.***

| | Fiscal Year Ended January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| | (In thousands, except percentages) | | |
| Sales and marketing, subscription acquisition costs | $ 6,038 | $ 31,050 | $ 20,767 |
| Change from same prior year period | -81% | 50% | 11% |
| Percentage of net revenues | 2% | 11% | 8% |

Sales and marketing, subscription acquisition costs include advertising expenses and promotion related expenses directly related to our efforts to acquire new subscriptions to the TiVo service. The decrease from the fiscal year ended January 31, 2008 to January 31, 2009 in sales and marketing, subscription acquisition costs, is primarily due to our focus on reducing subscription acquisition costs and significantly reduced advertising spending, specifically in the television media.

The increase from the fiscal year ended January 31, 2007 to January 31, 2008 in sales and marketing, subscription acquisition costs, was primarily due to our fiscal year 2008 television advertising and online marketing campaign during the first three fiscal quarters of the year.

***General and administrative expenses.***

| | Fiscal Year Ended January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| | (In thousands, except percentages) | | |
| General and administrative | $ 42,931 | $ 42,954 | $ 45,824 |
| Change from same prior year period | 0% | -6% | 19% |
| Percentage of net revenues | 17% | 16% | 18% |

General and administrative expenses consist primarily of employee salaries and related expenses for executive, administrative, accounting, information technology systems, customer operations personnel, facility costs, and legal and professional fees. General and administrative expenses in terms of absolute dollars and percentage of net revenues remained relatively flat as compared to the last fiscal year. In the fiscal year ended January 31, 2009, TiVo had increased legal spending by $1.8 million as compared to the prior fiscal year. However, this increase was offset by a decrease of $613,000 in bad debt expense, a net decrease of $605,000 in non-cash stock-based compensation expense as fiscal year 2008 included a one-time non-cash charge recorded in fiscal 2008 for modification of stock-based awards of a Board member, and $401,000 in non-income tax exposures. As a result of the November 2008 reduction in force, we expect annual savings of $1.6 million in headcount related general and administrative expenses in the fiscal year ending January 31, 2010.

The decrease in general and administrative expenses both as a percentage of net revenues and absolute dollars in the fiscal year end January 31, 2008 was largely related to a decrease in legal spending of $9.9 million, largely related to the EchoStar litigation. This decrease was offset by a $2.9 million increase in headcount related costs and $4.2 million in increased non-cash stock compensation, of which $2.4 million was related to a modification of Mr. Ramsay s stock awards in connection with the entry into a Transition and Consulting Agreement between Mr. Ramsay and us at the time of Mr. Ramsay s resignation from our Board of Directors.

***Litigation proceeds.*** On October 8, 2008, TiVo received $104.6 million from EchoStar of which approximately $87.8 million represents damages through September 8, 2006 and was recorded as litigation proceeds during the fiscal year ended January 31, 2009. The remaining $16.8 million was recorded in our consolidated statement of operations as interest income for the fiscal year ended January 31, 2009.

***Interest income.*** Interest income resulting from cash and cash equivalents held in interest bearing accounts and short-term investments for the fiscal year ended January 31, 2009 was $1.8 million or approximately a 63% decrease over the $5.0 million from the prior fiscal year. The decrease was a result of a decrease in the average interest rate earned in the fiscal year ended January 31, 2009 to approximately 1.7% from 5.3% in the prior fiscal year as we invested our cash and cash equivalents in more conservative instruments given the current market conditions. Additionally, for the fiscal year ended January 31, 2009 we received $16.8 million in interest related to the litigation proceeds from our EchoStar litigation. There is no similar interest recorded in the consolidated statement of operations for the fiscal year ended January 31, 2008.

***Interest expense and other.*** Interest expense and other was $53,000, $56,000, and $51,000, in fiscal years 2009, 2008, and 2007, respectively.

***Provision for income taxes.*** Income tax provision was $1.3 million, $30,000, and $52,000, in fiscal years 2009, 2008, and 2007, respectively due to state income taxes and foreign withholding taxes paid. The income tax provision in the year ended January 31, 2009 is comprised primarily of federal and state alternative minimum taxes. The tax provisions in fiscal years 2008 and 2007 are comprised of state income taxes and foreign withholding taxes paid. We continue to maintain a full valuation allowance against the remaining deferred tax assets as realization is dependent upon future earnings, the timing and amount of which are uncertain.

**Liquidity and Capital Resources**

Historically, we have financed our operations and met our capital expenditure requirements primarily from the proceeds of the sale of equity and debt securities. For the year ended January 31, 2009, our primary source of liquidity was cash provided by operations largely related to litigation proceeds for our EchoStar litigation. Our cash resources are subject, in part, to the amount and timing of cash received from our subscriptions, licensing and engineering services customers, and hardware customers. At January 31, 2009, we had $207.3 million of cash and cash equivalents and short-term investments. We believe our cash and cash equivalents, short-term investments, combined with funds generated/used from operations, represent sufficient resources to fund operations, capital expenditures, and working capital needs through the next twelve months.

As of January 31, 2009, we held approximately $5.0 million of par value investments with an auction reset feature (auction rate securities), with fair value of $3.9 million that are classified as long term assets. We have recorded an unrealized loss on these auction rate securities of $1.1 million. The Company has the ability and intent to hold these securities until anticipated recovery. Based on our expected operating cash flows, and our other sources of liquidity, we do not anticipate the potential lack of liquidity on these investments will affect our current business plan.

Although we currently anticipate these sources of liquidity will be sufficient to meet our cash needs through the next twelve months, we may be required to or choose to obtain additional financing. Our ability to obtain financing will depend, among other things, on our development efforts, business plans, operating performance, and the condition of the capital markets at the time we seek financing. We cannot assure you that additional financing will be available to us on

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favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, and our stockholders may experience dilution. Please refer to Part I, Item 1A, Risk Factors for further discussion.

The following table summarizes our cash flow activities:

| | Fiscal year ended January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| Net cash provided by (used in) operating activities | $ 105,705 | $ (32,090) | $ (34,789) |
| Net cash provided by (used in) investing activities | $ (34,544) | $ 11,595 | $ (41,237) |
| Net cash provided by financing activities | $ 12,364 | $ 10,228 | $ 78,525 |

***Net Cash Provided by (Used in) Operating Activities***

The increase in net cash provided by operating activities of $137.8 million from fiscal year 2008 to 2009 was largely attributable to TiVo s net income in fiscal year 2009 of $103.6 million compared to a loss of ($31.6) million in the prior fiscal year, due to the receipt of EchoStar litigation proceeds and interest of $104.6 million received in October 2008, less tax expense of $1.3 million and further improvements in operating cash flows of $31.9 million.

The decrease in net cash used in operating activities of $1.4 million from fiscal year 2007 to 2008 was largely attributable to the decrease in net loss of $16.3 million, decrease in inventory expenditures of $22.6 million. Additionally, we recorded $5.9 million for non-cash inventory write-downs. These increases were offset by a decrease in deferred revenues of $16.5 million due to the amortization of product lifetime subscription revenues, and an increase in payments made to vendors of $33.2 million.

***Net Cash Provided by (Used in) Investing Activities***

The net cash used by investing activities for fiscal year ended January 31, 2009 was approximately $34.5 million compared to net cash provided of $11.6 million in fiscal year 2008. The net cash used in investing activities for the fiscal year ended January 31, 2009, was largely related TiVo s cash management process, and the purchase of short-term investments resulting in a net expenditure of cash and cash equivalents of $29.7 million (which resulted in a corresponding increase in short-term investments of $29.7 million). Additionally, in the fiscal year we acquired property and equipment of $4.5 million which is used to support our business growth.

The net cash provided by investing activities for fiscal year ended January 31, 2008 was approximately $11.6 million compared to net cash used of $41.2 million in fiscal year 2007. The net cash provided by investing activities was largely related to sales of short-term investments of $50.2 million, which was partially offset by purchases of short-term investments of $30.8 million and acquisition of property and equipment for $7.4 million to support our business growth.

***Net Cash Provided by Financing Activities***

For the fiscal year ended January 31, 2009, the principal source of cash generated from financing activities related to the issuance of common stock, of which $9.2 million was related to stock option exercises and $3.9 million related to issuances of stock under our employee stock purchase plan.

For the fiscal year ended January 31, 2008, the principal source of cash generated from financing activities related to the issuance of common stock, of which $7.1 million was related to stock option exercises and $3.4 million related to issuances of stock under our employee stock purchase plan.

***Financing Agreements***

***Universal Shelf Registration Statement.*** We have an effective universal shelf registration statement on Form S-3 (No. 333-146156) on file with the Securities and Exchange Commission under which we may issue up to $100,000,000 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 offering exempt from registration requirements.

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***Revolving Line of Credit Facility with Citigroup.*** On January 25, 2007, we entered into a credit agreement, together with a post-closing agreement and related security and other ancillary agreements, with Citigroup Global Markets Realty Corp., as lender and agent. Under the terms of the credit agreement Citigroup extended a revolving line of credit equal to the lesser of $50 million or amounts available pursuant to a borrowing base calculation. Effective November 28, 2008, due to our increased cash and short-term investments balance, we chose to voluntarily terminate our revolving line of credit with Citigroup Global Markets Realty Corp. prior to its expiration on January 25, 2010.

**Contractual Obligations**

As of January 31, 2009, we had contractual obligations to make the following cash payments:

| | | Payments due by Period | | | |
|---|---|---|---|---|---|
| **Contractual Obligations** | **Total** | **Less than 1 year** | **1-3 years** | **3-5 years** | **Over 5 years** |
| | | | **(In thousands)** | | |
| Operating leases | $ 2,454 | $ 2,454 | $ | $ | $ |
| Purchase obligations | 1,523 | 1,523 | | | |
| **Total contractual cash obligations** | **$ 3,977** | **$ 3,977** | **$** | **$** | **$** |

***Purchase Obligations with Contract Manufacturers and Suppliers.*** We purchase components from a variety of suppliers and use 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 into TiVo being committed to purchase excess inventory. The above table does not include a reserve of $68,000 for excess non-cancelable purchase commitments which is included in accrued liabilities on our consolidated balance sheet dated January 31, 2009.

As of January 31, 2009, the Company recorded gross unrecognized tax benefits of approximately $126,000, which are classified as long-term liabilities in the Consolidated Balance Sheet. At this time, the Company is 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; therefore, such amounts are not included in the above contractual obligation table.

***Operating Lease Obligations*** The Company s corporate headquarters consists of two buildings located in Alviso, California, which are used for administrative, sales and marketing, customer service, and product research and development activities. Additionally, we have sales offices in New York City, New York and Chicago, Illinois.

Our other commercial commitment as of January 31, 2009, was our standby letter of credit issued to the landlord of our Alviso, California offices in the amount shown below:

| | **Total** | **Less than 1 year** | **1-3 years** | **3-5 years** | **Over 5 years** |
|---|---|---|---|---|---|
| | | | **(In thousands)** | | |
| Standby letter of credit | $ 327 | $ 75 | $ 252 | $ | $ |
| **Total contractual obligations** | **$ 327** | **$ 75** | **$ 252** | **$** | **$** |

**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 at January 31, 2009.

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## 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 and maintain them with two financial institutions with a high credit rating. We also hold investments in auction rate securities. We do not invest in mortgage backed securities. 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-term investments. Our investment portfolio only includes instruments with original maturities of less than one year (with the exception of auction rate securities as discussed below) held for investment purposes, not trading purposes. Due to the short-term nature of our cash equivalents and short-term investments, we do not anticipate any material effect on our portfolio due to fluctuations in interest rates.

As of January 31, 2009, we held approximately $5.0 million of investments with an auction reset feature (auction rate securities), with a fair value of $3.9 million that are classified as long term assets. We have recorded an unrealized loss on these auction rate securities of $1.1 million. The Company has the ability and intent to hold these securities until anticipated recovery. . Based on our expected operating cash flows, and our other sources or cash, we do not anticipate the potential lack of liquidity on these investments will affect our current business plan.

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, 2009 and 2008, respectively.

| | Twelve Months Ended January 31, 2009 | 2008 |
|---|---|---|
| Cash and cash equivalents and short-term investments (in thousands) | $ 207,328 | $ 99,106 |
| Average interest rate | 1.66% | 5.26% |

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

## Item 8. Financial Statements and Supplementary Data

The Company s consolidated financial statements and notes thereto appear on pages 58-87 of this annual report on Form 10-K. The unaudited quarterly results of our consolidated operations for our two most recent fiscal years are incorporated herein by reference under Item 6. Selected Financial 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, 2009 and 2008, and the related consolidated statements of operations, stockholders equity, and cash flows for each of the years in the three-year period ended January 31, 2009. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TiVo Inc. and subsidiaries as of January 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended January 31, 2009, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of January 31, 2009, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated April 1, 2009 expressed an unqualified opinion on the effectiveness of the Company s internal control over financial reporting.

/s/ KPMG LLP

Mountain View, California

April 1, 2009

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders

TiVo Inc.:

We have audited TiVo Inc. and subsidiaries   (the Company) internal control over financial reporting as of January 31, 2009, based on criteria established in *Internal Control   Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company   s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management   s Report on Internal Control over Financial Reporting included in Item 9A (c ). Our responsibility is to express an opinion on the Company   s internal control over financial reporting based on our audit.

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

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

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

In our opinion, TiVo Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of January 31, 2009, based on criteria established in *Internal Control   Integrated Framework* issued by the COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of TiVo Inc. and subsidiaries as of January 31, 2009 and 2008, and the related consolidated statements of operations, stockholders equity, and cash flows for each of the years in the three-year period ended January 31, 2009, and our report dated April 1, 2009 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Mountain View, California

April 1, 2009

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**TIVO INC.**

**CONSOLIDATED BALANCE SHEETS**

**(In thousands, except share amounts)**

| | January 31, 2009 | January 31, 2008 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 162,337 | $ 78,812 |
| Short-term investments | 44,991 | 20,294 |
| Accounts receivable, net of allowance for doubtful accounts of $770 and $1,194 in 2009 and 2008, respectively | 14,283 | 20,019 |
| Inventories | 13,027 | 17,748 |
| Prepaid expenses and other, current | 4,896 | 3,792 |
| Total current assets | 239,534 | 140,665 |
| LONG-TERM ASSETS | | |
| Property and equipment, net | 10,285 | 11,349 |
| Purchased technology, capitalized software, and intangible assets, net | 10,597 | 13,522 |
| Prepaid expenses and other, long-term | 1,268 | 1,513 |
| Long-term investments | 3,944 | |
| Total long-term assets | 26,094 | 26,384 |
| Total assets | $ 265,628 | $ 167,049 |
| **LIABILITIES AND STOCKHOLDERS EQUITY** | | |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 9,844 | $ 23,615 |
| Accrued liabilities | 25,054 | 29,536 |
| Deferred revenue, current | 47,560 | 59,341 |
| Total current liabilities | 82,458 | 112,492 |
| LONG-TERM LIABILITIES | | |
| Deferred revenue, long-term | 28,557 | 38,128 |
| Deferred rent and other long-term liabilities | 126 | 309 |
| Total long-term liabilities | 28,683 | 38,437 |
| Total liabilities | 111,141 | 150,929 |
| COMMITMENTS AND CONTINGENCIES (see Note 11) | | |
| 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 103,604,015 and 100,098,426 and outstanding shares are 103,370,523 and 99,970,947 in 2009 and 2008, respectively | 104 | 100 |
| Additional paid-in capital | 829,273 | 792,654 |
| Accumulated deficit | (672,196) | (775,788) |
| Treasury stock, at cost - 233,492 shares and 127,479 shares, respectively | (1,659) | (846) |

| | | | | |
|---|---|---|---|---|
| Accumulated other comprehensive loss | | (1,035) | | |
| Total stockholders equity | | 154,487 | | 16,120 |
| Total liabilities and stockholders equity | $ | 265,628 | $ | 167,049 |

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 share and per share )**

| | Fiscal Year Ended January 31, 2009 | 2008 | 2007 |
|---|---|---|---|
| Revenues | | | |
| Service revenues | $ 188,408 | $ 211,496 | $ 198,924 |
| Technology revenues | 20,126 | 19,382 | 18,409 |
| Hardware revenues | 41,133 | 41,798 | 41,588 |
| Net revenues | 249,667 | 272,676 | 258,921 |
| Cost of revenues | | | |
| Cost of service revenues (1) | 44,603 | 42,976 | 43,328 |
| Cost of technology revenues (1) | 12,300 | 17,367 | 16,849 |
| Cost of hardware revenues | 57,742 | 92,052 | 112,505 |
| Total cost of revenues | 114,645 | 152,395 | 172,682 |
| Gross margin | 135,022 | 120,281 | 86,239 |
| Research and development (1) | 62,083 | 58,780 | 50,728 |
| Sales and marketing (1) | 24,944 | 23,987 | 22,520 |
| Sales and marketing, subscription acquisition costs | 6,038 | 31,050 | 20,767 |
| General and administrative (1) | 42,931 | 42,954 | 45,824 |
| Litigation proceeds | (87,811) | | |
| Total operating expenses | 48,185 | 156,771 | 139,839 |
| Income (loss) from operations | 86,837 | (36,490) | (53,600) |
| Interest income | 18,636 | 5,031 | 4,767 |
| Interest expense and other | (553) | (102) | (173) |
| Income (loss) before income taxes | 104,920 | (31,561) | (49,006) |
| Provision for income taxes | (1,328) | (30) | (52) |
| Net income (loss) | $ 103,592 | $ (31,591) | $ (49,058) |
| Net income (loss) per common share - basic | $ 1.03 | $ (0.32) | $ (0.55) |
| Net Income (loss) per common share - diluted | $ 1.01 | $ (0.32) | $ (0.55) |
| Weighted average common shares used to calculate basic net income (loss) per share | 100,389,980 | 97,510,576 | 89,864,237 |
| Weighted average common shares used to calculate diluted net income (loss) per share | 102,595,607 | 97,510,576 | 89,864,237 |

(1) Includes stock-based compensation expense as follows:

| | | | |
|---|---|---|---|
| Cost of service revenues | $ 903 | $ 729 | $ 470 |

| | | | |
|---|---|---|---|
| Cost of technology revenues | 2,071 | 2,422 | 1,020 |
| Research and development | 8,805 | 7,326 | 5,596 |
| Sales and marketing | 2,089 | 2,205 | 1,649 |
| General and administrative | 9,552 | 10,157 | 5,977 |

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 | | Tresury Stock | | Additional Paid-In Capital | Deferred Compensation | Accumulated Deficit | Accumulated other comprehensive loss | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | | |
| **BALANCE JANUARY 31, 2006** | 85,376,191 | $ 85 | | $ | $ 667,055 | $ (2,421) | $ (695,139) | $ | $ (30,420) |
| Issuance of common stock related to exercise of common stock options | 1,892,697 | 2 | | | 9,073 | | | | 9,075 |
| Issuance of common stock related to employee stock purchase plan | 627,215 | 1 | | | 2,791 | | | | 2,792 |
| Deferred compensation - reversal due to adoption of FAS 123R | | | | | (2,421) | 2,421 | | | |
| Issuance of common stock related to equity offering, net of issuance costs | 8,264,463 | 8 | | | 64,531 | | | | 64,539 |
| Issuance of common stock related to warrant exercise | 908,316 | 1 | | | 3,329 | | | | 3,330 |
| Issuance of restricted shares of common stock | 256,740 | | | | 259 | | | | 259 |
| Retirement due to forfeiture of unvested restricted shares | (13,636) | | | | (15) | | | | (15) |
| Treasury Stock - repurchase of restricted stock for tax withholding | | | (80,503) | (570) | | | | | (570) |
| Recognition of stock based compensation expense, net | | | | | 14,712 | | | | 14,712 |
| Net loss and comprehensive loss | | | | | | | (49,058) | | (49,058) |
| **BALANCE JANUARY 31, 2007** | 97,311,986 | $ 97 | (80,503) | $ (570) | $ 759,314 | $ | $ (744,197) | $ | $ 14,644 |
| Issuance of common stock related to exercise of common stock options | 1,396,900 | 1 | | | 7,106 | | | | 7,107 |
| Issuance of common stock related to employee stock purchase plan | 781,142 | 1 | | | 3,396 | | | | 3,397 |
| Issuance of restricted shares of common stock | 642,642 | 1 | | | (1) | | | | |
| Retirement due to forfeiture of unvested restricted shares | (34,244) | | | | | | | | |
| Treasury Stock - repurchase of restricted stock for tax withholding | | | (46,976) | (276) | | | | | (276) |
| Recognition of stock based compensation expense, net | | | | | 22,839 | | | | 22,839 |
| Net loss and comprehensive loss | | | | | | | (31,591) | | (31,591) |
| **BALANCE JANUARY 31, 2008** | 100,098,426 | $ 100 | (127,479) | $ (846) | $ 792,654 | $ | $ (775,788) | $ | $ 16,120 |
| Issuance of common stock related to exercise of common stock options | 1,774,490 | 2 | | | 9,238 | | | | 9,240 |
| Issuance of common stock related to employee stock | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| purchase plan | 610,241 | 1 | | | 3,962 | | | | 3,963 |
| Issuance of restricted shares of common stock | 1,264,807 | 1 | | | (1) | | | | |
| Retirement due to forfeiture of unvested restricted shares | (143,949) | | | | | | | | |
| Treasury Stock - repurchase of restricted stock for tax withholding | | | (106,013) | (813) | | | | | (813) |
| Recognition of stock based compensation expense, net | | | | | 23,420 | | | | 23,420 |
| Net income | | | | | | | 103,592 | | 103,592 |
| Unrealized loss on marketable securities | | | | | | | | (1,035) | (1,035) |
| Comprehensive income | | | | | | | | | $ 102,557 |
| **BALANCE JANUARY 31, 2009** | 103,604,015 | $ 104 | (233,492) | $ (1,659) | $ 829,273 | $ | $ (672,196) | $ (1,035) | $ 154,487 |

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**TIVO INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

| | Fiscal Year Ended January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net income (loss) | $ 103,592 | $ (31,591) | $ (49,058) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization of property and equipment and intangibles | 9,783 | 10,326 | 7,759 |
| Stock-based compensation expense | 23,420 | 22,839 | 14,712 |
| Inventory write-down | | 5,892 | |
| Loss on inventory barter transaction and utilization of trade credits | 638 | 1,331 | |
| Allowance for doubtful accounts | 471 | 1,059 | 718 |
| Changes in assets and liabilities: | | | |
| Accounts receivable | 5,265 | (437) | (1,248) |
| Inventories | 4,721 | 3,566 | (19,041) |
| Prepaid expenses and other | (1,497) | 227 | 5,643 |
| Accounts payable | (14,623) | (12,437) | 11,963 |
| Accrued liabilities | (4,530) | (9,358) | 641 |
| Deferred revenue | (21,352) | (22,254) | (5,754) |
| Deferred rent and other long-term liabilities | (183) | (1,253) | 158 |
| Net cash provided by (used in) operating activities | $ 105,705 | $ (32,090) | $ (33,507) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchases of short-term investments | (49,976) | (30,808) | (28,621) |
| Sales of short-term investments | 20,300 | 50,200 | 7,850 |
| Acquisition of property and equipment | (4,549) | (7,422) | (7,341) |
| Acquisition of capitalized software and intangibles | (319) | (375) | (13,125) |
| Net cash provided by (used in) investing activities | $ (34,544) | $ 11,595 | $ (41,237) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payments of financing expenses related to line of credit | | | (641) |
| Proceeds from issuance of common stock, net | | | 64,539 |
| Proceeds from issuance of common stock related to exercise of warrants | | | 3,330 |
| Proceeds from issuance of common stock related to exercise of common stock options | 9,240 | 7,107 | 9,075 |
| Proceeds from issuance of common stock related to employee stock purchase plan | 3,963 | 3,397 | 2,792 |
| Treasury Stock - repurchase of stock for tax withholding | (813) | (276) | (570) |
| Payment under capital lease obligation | (26) | | |
| Net cash provided by financing activities | $ 12,364 | $ 10,228 | $ 78,525 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | $ 83,525 | $ (10,267) | $ 3,781 |
| **CASH AND CASH EQUIVALENTS:** | | | |
| Balance at beginning of period | 78,812 | 89,079 | 85,298 |
| Balance at end of period | $ 162,337 | $ 78,812 | $ 89,079 |

| | | | |
|---|---|---|---|
| Cash paid for interest | $ 53 | $ 56 | $ 51 |
| Cash paid for income taxes | 2,037 | 30 | 52 |
| SUPPLEMENTAL DISCLOSURE OF OTHER NON-CASH INVESTING AND FINANCING INFORMATION | | | |
| Assets acquired under capital lease | 74 | | |
| Reversal of unamortized deferred compensation and additional paid-in capital related to prior year issuance of restricted common stock | | | 2,421 |

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 Alviso, California. TiVo is a provider of technology and services for digital video recorders (DVRs). The subscription-based TiVo® service (TiVo service) improves home entertainment by providing consumers with an easy way to record, watch, and control television. TiVo also provides a unique advertising platform and audience research measurement services. 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 service offerings; lack of market acceptance; uncertainty of future profitability; the dependence on third parties for manufacturing, marketing, and sales support; the intellectual property claims against the Company; and dependence on its relationships with third party service providers such as Comcast and in the future DIRECTV and Cox for subscription growth. The Company anticipates that its business will continue to be seasonal and expects to generate a significant portion of its new subscriptions during and immediately after the holiday shopping season. However, as a result of the recent national and global economic downturn and overall consumer spending we are cautious about our subscription growth in the near term.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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.

During the year ended January 31, 2009, the Company determined that it had cumulatively under accrued royalty expense of approximately $0.7 million during the period of fiscal year 2004 through fiscal year 2008 and that it had cumulatively under accrued approximately $1.8 million in fiscal year 2003 through fiscal year 2007 related to non-income based taxes for those years. Management concluded that these errors were immaterial to the fiscal years 2003 through 2008 consolidated financial statements, but that its correction in the current year would be material. Accordingly, pursuant to Staff Accounting Bulletin No. 108 (SAB 108), *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements,* the consolidated balance sheet as of January 31, 2008 has been revised to reflect the increase of $2.5 million in accrued liabilities with a corresponding increase in accumulated deficit. Statements of operations for fiscal years 2007 and 2008 have been adjusted to reflect increase in cost of hardware revenues by $134,000 in fiscal 2008 and $293,000 in fiscal 2007 and an increase of general and administrative expenses by $1.0 million in fiscal 2007.

**Use of Estimates and Uncertainties**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and judgments affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. On an on-going basis, the Company evaluates its estimates, including those related to estimated lives of product lifetime subscriptions, customer programs and incentives, product returns, inventories and related reserves, warranty obligations, contingencies, stock compensation, assessment of other-than-temporary impairment of investments, and litigation. The Company bases estimates on historical experience and on other assumptions that its management believes are reasonable under the circumstances. Illiquid credit markets and declines in consumer spending have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods and actual results could differ from these estimates.

**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 $1.8 million and $1.3 million at January 31, 2009 and 2008, respectively.

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**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 our 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.

**Allowance for doubtful accounts**

TiVo also 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, 2009 | $ 1,194 | $ 471 | $ (895) | $ 770 |
| January 31, 2008 | $ 271 | $ 1,059 | $ (136) | $ 1,194 |
| January 31, 2007 | $ 56 | $ 718 | $ (503) | $ 271 |

(*) 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 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. During the quarter ended July 31, 2007, the Company recorded an impairment charge of $11.2 million to cost of hardware revenues for inventory on hand and for excess non-cancelable purchase commitments. Subsequently, actual sales of the Company s standard definition DVRs have exceeded original projections due to changing market conditions. As a result, during the years ended January 31, 2008 and January 31, 2009, the Company s gross margin was positively impacted by $4.8 million and $4.9 million, respectively, from the sale of inventory that was previously impaired in fiscal years 2007 and 2008 as excess and obsolete inventory and excess non-cancelable purchase commitments. As of January 31, 2009, the Company maintained a $3.6 million inventory reserve as a result of these prior inventory impairment charges. In accordance with Staff Accounting Bulletin (SAB) Topic 5-BB and Accounting Research Bulletin (ARB) 43 Chapter 4, *Inventory Pricing,* even if our current sales projections exceed our original projections, the inventory reserves are not reversed until the previously impaired inventory is sold or scrapped.

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**Property and Equipment**

Property and equipment are stated at cost less 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 4 years or the term of the lease |
| Capitalized software for internal use | 1-5 years |

**Capitalized Software**

Costs of computer software to be sold, leased or otherwise marketed have been accounted for in accordance with Statements of Financial Accounting Standards No. 86, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed.* The Company achieves technological feasibility upon development of a working model. 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.

The Company accounts for costs related to internally-developed software and software purchased for internal use in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Position No. 98-1 *Accounting for Cost of Computer Software Developed or Obtained for Internal Use* (SOP 98-1). In accordance with SOP 98-1, software development costs incurred as part of an approved project plan that result in additional functionality to internal use software are capitalized and amortized on a straight-line basis over the estimated useful life of the software, between one and five years.

**Intangible Assets**

Purchased intangible assets include intellectual property such as patent rights carried at cost less accumulated amortization. Useful lives generally range from five to seven years.

**Sales Taxes**

In accordance with the guidance of EITF Issue No. 06-3, *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement* (EITF 06-3), the Company accounts for sales taxes imposed on its goods and services on a net basis in the consolidated statement of operations.

**Revenue Recognition and Deferred Revenue**

The Company generates service revenues from fees for providing the TiVo service to consumers and through the sale of advertising and audience research measurement services. The Company also generates technology revenues from licensing technology and by providing engineering professional services. In addition, the Company generates hardware revenues from the sale of hardware products that enable the TiVo service.

**Service Revenues.** Included in service revenues are revenues from recurring and prepaid subscription plans to the TiVo service and fees received from the sale of advertising and audience research measurement services. Monthly and prepaid fixed-length subscription revenues are recognized over the period the service is provided. 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. Prior to November 1, 2007, the estimate of the useful life of these DVRs was 48 months. From November 1, 2007 through October 31, 2008, the Company extended the period it uses to

recognize product lifetime subscription revenues from 48 months to 54 months and the subsequently to 60 months in the quarter ended January 31, 2009 for the product lifetime subscriptions acquired on or before October 31, 2007. Such change is being recognized on a prospective basis with no adjustment to previously recognized revenues. The total impact of recognizing subscription revenue over 6 additional months on product lifetime subscription revenue is a reduction of revenue in the quarter ended January 31, 2009 of approximately $1.7 million. Additionally, the Company also increased the amortization period to 60 months for new product lifetime subscriptions acquired on or after November 1, 2007. The new estimates of expected lives are dependant on assumptions with regard to future churn of the product lifetime subscriptions. During fiscal year ending January 31, 2010, 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.

End users have the right to cancel their subscription within 30 days of the activation for a full refund. TiVo establishes allowances for expected subscription cancellations. Also included in service revenues are fees received from multiple system operators (MSOs), such as Comcast, Cablevision and DIRECTV, as well as other service providers for provision of the TiVo service that are recognized as services are provided. When applicable, a percentage of such fees, equal to the fair value of the undelivered development services, is deferred and recognized as technology revenues when development services are provided or as service revenues when the right to use these deferred fees is forfeited.

**Technology Revenues**. The Company recognizes technology revenues under technology license and engineering services agreements in accordance with the SOP 97-2, *Software Revenue Recognition,* as amended. In instances where TiVo hosts the TiVo service we follow the provisions of the SEC Staff Accounting Bulletin No. 104, *Revenue Recognition,* or SAB 104, and FASB Emerging Issues Task Force Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables,* or EITF No. 00-21. For each arrangement, the Company determines 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 included in the Company s arrangements may include technology licenses and associated maintenance and support, engineering services and other services. The Company applies the residual method, under which vendor specific objective evidence (VSOE) of fair value is required for all undelivered elements in order to recognize revenue related to the delivered element. The timing of revenue recognition related to these transactions will depend, in part, on whether the Company can establish VSOE for undelivered elements and on how these transactions are structured. As such, revenue recognition may not correspond to the timing of related cash flows or the Company s work effort. The Company has established VSOE of fair value for engineering services based on hourly rates charged for engineering services sold on a standalone basis.

In arrangements which 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 using the percentage-of-completion method, as described in SOP 81-1 *Accounting for Performance of Construction-Type and Certain Production-Type Contracts,* if the Company believes it is able to make reasonably dependable estimates of the extent of progress toward completion. 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. Provisions for losses on contracts are recorded when estimates indicate that a loss will be incurred on a contract. In some cases, it may not be possible to separate the various elements within the arrangement due to a lack of VSOE or VOE for undelivered elements in the contract. 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. 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.

**Hardware Revenues**. 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 returns in accordance with SFAS No. 48, *Revenue Recognition When Right of Return Exists* . These allowances are recorded as a direct reduction of revenues and accounts receivable.

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| | Beginning Balance | Provision for Estimated Returns | Actual Returns | Ending Balance |
|---|---|---|---|---|
| | | (in thousands) | | |
| Allowance for expect product returns: | | | | |
| Year Ended: | | | | |
| January 31, 2009 | $ 2,193 | $ 5,046 | $ (6,274) | $ 965 |
| January 31, 2008 | $ 2,726 | $ 7,519 | $ (8,052) | $ 2,193 |
| January 31, 2007 | $ 1,694 | $ 9,440 | $ (8,408) | $ 2,726 |

In accordance with EITF 01-09, certain payments to retailers and distributors such as market development funds and revenue share are shown as a reduction of hardware revenues rather than as a sales and marketing expense. TiVo s policy is to reduce revenue when these payments are incurred and fixed or determinable. The Company also records rebates offered to consumers as a reduction of hardware revenue. The Company adjusts its rebate liability periodically for changes in redemption rates, changes in duration and amounts of rebate programs and channel inventory quantities subject to such changes. The Company terminated its rebate programs on August 30, 2008 and the rebate liability at January 31, 2009 is minimal.

Beginning on March 15, 2006, the Company began selling 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 VOE of fair value of the subscription services is established based on standalone sales of the service and varies by pricing plan. Under these bundled programs, revenue is now allocated between hardware revenue for the DVR and service revenue for the subscription using the residual value method, with the DVR revenue recognized upon delivery and the subscription revenue being initially deferred and recognized over the term of the service commitment.

**Stock-Based Compensation**

The Company has equity incentive plans and an Employee Stock Purchase Plan (ESPP), 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. Currently, the Company grants options from (1) the 2008 Equity Incentive Award Plan, under which options could be granted to all employees, including executive officers; and (2) the 1999 Non-Employee Directors Stock Option Plan, under which options are granted automatically to non-employee directors. In addition, TiVo s stock option program includes the 1999 Equity Incentive Plan and 1997 Equity Incentive Plan, from which the Company currently does not grant options. Upon the exercise of options, the Company issues new common stock from its authorized shares.

The Company adopted the provisions of SFAS 123R, *Share-Based Payment* on February 1, 2006, using the modified prospective transition method. Under this transition method, stock-based compensation expense for the year ended January 31, 2007 includes compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of February 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123. Stock-based compensation expense for all stock-based compensation awards granted or modified subsequent to February 1, 2006 was based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R.

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. TiVo recognizes compensation expense for stock option awards on a straight-line basis over the requisite service period of the award.

**Research and Development**

Research and development expenses, which consist primarily of employee salaries, related expenses, and consulting fees, are expensed as incurred.

**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, 2009, 2008, and 2007, this amount was immaterial. All other marketing co-op development payments are classified as a reduction of hardware revenues. Advertising expenses were 11%, 34%, and 17%, or $2.5 million, $27.9 million, and $15.9 million, of total acquisition costs for the fiscal years ended January 31, 2009, 2008, and 2007, respectively. Included in these advertising expenses are $1.8 million, $21.0 million, and $12.8 million, respectively, related to media placement costs.

**Warranty Expense and Liability**

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 liability method in accordance with SFAS No. 109, *Accounting for Income Taxes.* Effective February 1, 2007, the Company adopted FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109.* Under SFAS No. 109, 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.

Upon adoption of FIN 48, there was no cumulative effect from the adoption of FIN 48, which would be accounted for through retained earnings. FIN 48 contains 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.

**Fair Value of Financial Instruments**

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. Cash equivalents and available-for-sale marketable securities are reported at their fair value.

**Business Concentrations and Credit Risk**

The Company s business is concentrated in the United States and is dependant on discretionary consumer spending. Uncertainty or adverse changes in the economy could lead to a significant decline in discretionary consumer spending, which, in turn, could result in a decline in the demand for the TiVo service and TiVo-enabled DVRs. As a result of the recent national and global economic downturn, overall consumer spending has declined. Retailers in North America appear to be taking a more conservative stance in ordering electronics inventory and consumers as well appear to be taking a more conservative stance in discretionary purchases, including TiVo DVRs and service subscriptions. Any decrease in demand for the Company s products and services, particularly during the critical holiday selling season, could have an adverse impact on our 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 U.S. Treasury Bills, U.S. Treasury funds, and money market funds and maintains them with two financial institutions with a high credit rating. As of January 31, 2009, the Company also had $5.0 million of par value investments with an auction reset feature (auction rate securities), of which $3.9 million in classified as long-term assets, as the Company recorded an unrealized loss of marketable securities of $1.1 million. As part of its cash management

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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 Company invested in U.S. Treasury bills and money market funds on September 19, 2008 in the amount of $39.7 million which are guaranteed by the U.S. Federal Government until April 30, 2009. The Company is exposed to credit risk on its investments to the extent of the amount recorded on the consolidated balance sheet at January 31, 2009.

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 DVR to retailers under customary credit terms and generally requires no collateral. The Company s accounts receivable concentrations as of January 31, 2009, 2008, and 2007 were as follows:

| | As of January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| DIRECTV | 18% | 17% | 22% |
| Best Buy | 18% | 18% | 19% |
| Comcast | 20% | 38% | 0% |
| Other customers | 44% | 27% | 59% |
| Total accounts receivable | 100% | 100% | 100% |

The Company is dependent on sole suppliers for several key components, assemblies, and services. The sole supplier of the Company s programming guide data for the TiVo service is through Tribune Media Services, along with their parent company, Tribune Co. filed Chapter 11 bankruptcy on December 8, 2008. As a result, Tribune or Tribune Media Services, Inc. could reject the Television Listing Data Agreement and we would be left will an unsecured claim in Tribune s bankruptcy. If Tribune breaches its obligation to provide us with data, rejects the agreement or otherwise fails to perform its obligations under our agreement, we would be unable to provide certain aspects of the TiVo service to our customers. We may be unable to secure an alternate source of guide data on acceptable terms.

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 we outsource 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 December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised), *Business Combinations* (SFAS 141R). The standard changes the accounting for business combinations by requiring that an acquiring entity measure and recognize identifiable assets acquired and liabilities assumed at the acquisition date fair value with limited exceptions. The changes include the treatment of acquisition-related transaction costs, the valuation of any noncontrolling interest at acquisition date fair value, the recording of acquired contingent liabilities at acquisition date fair value and the subsequent re-measurement of such liabilities after the acquisition date, the recognition of capitalized in-process research and development, the accounting for acquisition-related restructuring cost accruals subsequent to the acquisition date, and the recognition of changes in the acquirer s income tax valuation allowance. SFAS 141R is effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. The adoption of SFAS 141R is not expected to have a significant impact on the Company s consolidated financial statements or financial position, but the nature and magnitude of the specific effects will depend upon the nature, terms and size of the acquisitions the Company consummates after the effective date.

In February 2008, the FASB issued Financial Staff Positions (FSP) FAS 157-2, *Effective Date of FASB Statement No. 157* (FSP FAS 157-2), which delays the effective date of SFAS No. 157, *Fair Value Measurement* (SFAS 157), for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in

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the financial statements on a recurring basis (at least annually). SFAS 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. FSP FAS 157-2 partially defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of this FSP for non-financial assets and liabilities. The Company is currently evaluating the potential impact of the adoption of those provisions of SFAS 157, for which effectiveness was delayed by FSP SFAS 157-2, on its consolidated financial position and results of operations.

In April 2008, the FASB issued FSP No. 142-3, *Determination of the Useful Life of Intangible Assets*. FSP 142-3 amends the factors that should be considered in developing assumptions about renewal or extension used in estimating the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets*. This standard is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141R, *Business Combinations*, and other Generally Accepted Accounting Principles (GAAP). FSP No.142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The measurement provisions of this standard will apply only to intangible assets of the Company acquired after February 1, 2009.

In October 2008, the FASB issued FSP 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* (FSP 157-3). FSP 157-3 clarifies the application of SFAS No. 157 in a market that is not active and addresses application issues such as the use of internal assumptions when relevant observable data does not exist, the use of observable market information when the market is not active, and the use of market quotes when assessing the relevance of observable and unobservable data. FSP 157-3 is effective for all periods presented in accordance with SFAS No. 157. The adoption of FSP 157-3 did not have a significant impact on the Company s consolidated financial statements or the fair values of its financial assets and liabilities.

In November 2008, the FASB issued EITF Issue No. 08-7, *Accounting for Defensive Intangible Assets* (EITF 08-7). EITF 08-7 addresses the accounting for assets acquired in a business combination or asset acquisition that an entity does not intend to actively use, otherwise referred to as a defensive asset. EITF 08-7 requires defensive intangible assets to be initially accounted for as a separate unit of accounting and not included as part of the cost of the acquirer s existing intangible asset(s) because it is separately identifiable. EITF 08-7 also requires that defensive intangible assets be assigned a useful life in accordance with paragraph 11 of SFAS 142 and is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company does not anticipate that the adoption of this statement will have a material impact on its financial position, results of operations, or cash flows.

**3. CASH AND CASH EQUIVALENTS AND SHORT-TERM AND LONG-TERM INVESTMENTS**

The following table summarizes the amortized value of the Company s cash and cash equivalents and short-term investments that approximates their fair value as of January 31, 2009 and 2008 (in thousands):

| | As of January 31, 2009 | As of January 31, 2008 |
|---|---|---|
| Cash | $ 8,410 | $ 6,454 |
| Money market funds | 153,927 | 69,363 |
| U.S. corporate debt securities | | 2,995 |
| Total cash and cash equivalents | 162,337 | 78,812 |
| Auction rate securities | | 16,600 |
| U.S. Treasury Bills | 44,991 | |
| Commercial paper | | 3,694 |
| Total short-term investments | 44,991 | 20,294 |
| Total cash and cash equivalents, and short-term investments | $ 207,328 | $ 99,106 |
| Auction rate securities | 3,944 | |
| Total long-term investments | $ 3,944 | $ |

The Company currently invests the majority of its cash in U.S. Treasury Bills, U.S. Treasury funds, and money market funds and maintains them with two financial institutions with a high credit rating. All $45 million of our U.S. Treasury Bills (short-term investments) at January 31, 2009 mature in less than one year. The unrealized gains (losses) on our short-term investments represented an insignificant amount in relation to our total short-term investments portfolio as of January 31, 2009 and January 31, 2008.

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As of January 31, 2009, the Company also held $5.0 million (par) in auction rate securities of which $3.9 million is classified as long-term investments and the Company has recorded an unrealized impairment loss of $1.1 million within accumulated other comprehensive income (Ioss) based upon an assessment of the fair value of these auction-rate securities. The Company believes the $1.1 million of impairment we recorded is temporary as the Company has both the ability and intent to hold these securities until anticipated recovery. Our ARS consist of investment-grade issuances, collateralized by student loans guaranteed by the US government under the Federal Family Education Loan Program. The issuers additionally provide certain credit enhancements, such as over-collateralization, reserve accounts, insurance, and excess spread, to further secure the value of the debt. The issuers provide a third-party guarantee, such that if a student loan defaults, the guarantor is obligated to pay the issuer 100% of the outstanding principal and interest. The guarantor is then able to submit a claim to the Federal Department of Education which guarantees payment of 97%-100% of outstanding amounts to the guarantor.

The breakdown of long-term investments with unrealized losses as of January 31, 2009 is as follows (in thousands):

| | In Loss Position for Less Than 12 Months | | In Loss Position for 12 Months or Greater | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| Auction Rate Securities | $ 5,000 | $ (1,056) | $ | $ | $ 5,000 | $ (1,056) |

**4. FAIR VALUE**

Effective February 1, 2008, the Company adopted SFAS 157, except as it applies to nonfinancial assets and nonfinancial liabilities subject to FSP SFAS 157-2. SFAS 157 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. SFAS 157 establishes a three- tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

**Level 1** - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

**Level 2 -** Include other inputs that are directly or indirectly observable in the marketplace.

**Level 3** - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company s cash equivalents and marketable securities are classified within Level 1, with the exception of the investments in auction rate securities. The Company s investments in auction rate securities are classified within Level 3 because they are valued using a discounted cash flow model. Some of the inputs to this model are unobservable in the market and are significant. Assets and liabilities measured at fair value are summarized below (in thousands):

| | | Fair Value Measurement at January 31, 2009 Using | | |
|---|---|---|---|---|
| | January 31, 2009 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets: | | | | |
| Money market funds | $ 153,927 | $ 153,927 | $ | $ |
| US Treasury Bills | 44,991 | 44,991 | | |
| Auction rate securities | 3,944 | | | 3,944 |
| | $ 202,862 | $ 198,918 | $ | $ 3,944 |

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The following table is a reconciliation of financial assets measured at fair value using significant unobservable inputs (Level 3) during the year ended January 31, 2009 (in thousands):

| | Auction Rate Securities Twelve Months Ended January 31, 2009 | |
|---|---|---|
| Balance, beginning of period | $ | |
| Transfer into Level 3 | | 5,000 |
| Total unrealized losses included in other comprehensive income | | (1,056) |
| Balance, January 31, 2009 | $ | 3,944 |

Marketable securities measured at fair value using Level 3 inputs are comprised of auction rate securities. Although auction rate securities would typically be measured using Level 2 inputs, the recent failure of auctions and the lack of market activity and liquidity required that these securities be measured using Level 3 inputs. The underlying assets of the Company s auction rate securities are collateralized primarily by student loans guaranteed by the U.S. government. The fair value of our auction rate securities was determined using a pricing model that market participants would use that considered projected cash flows for the issuing trusts, underlying collateral and expected yields. Projected cash flows were estimated based on the underlying loan principal, bonds outstanding, and payout formulas. The weighted-average life over which cash flows were projected considered the collateral composition of the securities and related historical and projected prepayments. The discount rates that were applied to the pricing model were based on market conditions and rates for comparable or similar term asset-backed securities as well as other fixed income securities.

**5. BARTER TRANSACTION**

During the second quarter of fiscal year 2008, the Company entered into a barter transaction, exchanging TiVo Series2 standard definition DVR inventory with a net book value of $2,774,000 for barter credits that are redeemable for a percentage of future purchases of advertising media and other services from certain vendors. The barter credits were valued at the fair value of the inventory exchanged, which was determined to be $1,785,000. The resultant pre-tax loss on this exchange of $989,000 was included in the gross margin in the Company s consolidated statement of operations for the fiscal year ended January 31, 2008.

In the fiscal year ended January 31, 2008, the Company utilized trade credits in the amount of $342,000.

In the fiscal year ended January 31, 2009, the Company utilized $116,000 in trade credits. Additionally, the Company wrote off another $522,000 in trade credits based on lower expected purchases of advertising media and other services that can be applied against the credits prior to their expiration. As of January 31, 2009, the Company had $806,000 in trade credits, recorded on the balance sheet. The credits expected to be utilized in the next twelve months in the amount of $77,000 are included in prepaid expenses and other current assets and the remaining $729,000 is included in other long-term assets in the Company s consolidated balance sheet at January 31, 2009. The Company evaluates the recoverability of the credits on a quarterly basis and expects to utilize all credits recorded prior to their expiration in July 2015.

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## 6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

| | January 31, 2009 | January 31, 2008 |
|---|---|---|
| | (In thousands) | |
| Furniture and fixtures | $ 3,599 | $ 3,599 |
| Computer and office equipment | 16,559 | 16,114 |
| Lab equipment | 2,906 | 2,399 |
| Leasehold improvements | 8,482 | 8,425 |
| Capitalized internal use software | 14,624 | 12,118 |
| Total property and equipment | 46,170 | 42,655 |
| Less: accumulated depreciation and amortization | (35,885) | (31,306) |
| Property and equipment, net | **$ 10,285** | **$ 11,349** |

Depreciation and amortization expense for property and equipment for the fiscal years ended January 31, 2009, 2008 and 2007 was $6.5 million, $7.1 million, and $5.8 million, respectively.

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

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

| | January 31, 2009 | | | January 31, 2008 | | |
|---|---|---|---|---|---|---|
| | Gross | Accumulated Amortization | Net | Gross | Accumulated Amortization | Net |
| | (In thousands) | | | | | |
| Purchased technology | $ 1,500 | $ (1,333) | $ 167 | $ 1,500 | $ (833) | $ 667 |
| Capitalized software | 1,951 | (1,581) | 370 | 1,951 | (1,211) | 740 |
| Intellectual property rights | 16,584 | (6,524) | 10,060 | 16,265 | (4,150) | 12,115 |
| Purchased technology, capitalized software, and intangible assets | **$ 20,035** | **$ (9,438)** | **$ 10,597** | **$ 19,716** | **$ (6,194)** | **$ 13,522** |

The total expected future annual amortization expense related to purchased technology, capitalized software, and intangible assets is calculated on a straight-line basis, using the useful lives of the assets, which range from three to five years for purchased technology and capitalized software and five to seven years for intellectual property rights. Amortization expense for the fiscal years ended January 31, 2009, 2008, and 2007 was $ 3.2 million, $3.2 million, and $1.9 million, respectively. Estimated future annual amortization expense is set forth in the table below:

| Fiscal Year Ending | Estimated Annual Amortization Expense (In thousands) |
|---|---|
| January 31, 2010 | $ 2,856 |
| January 31, 2011 | 2,319 |
| January 31, 2012 | 2,319 |
| January 31, 2013 | 1,853 |
| January 31, 2014 | 1,188 |
| There after | 62 |

| | | |
|---|---|---|
| Total | $ | 10,597 |

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**8. ACCRUED LIABILITIES**

Accrued liabilities consist of the following:

| | As of January 31, | |
|---|---|---|
| | 2009 | 2008 |
| | (In thousands) | |
| Compensation and vacation | $ 10,229 | $ 9,133 |
| Consumer rebates | 23 | 4,529 |
| Marketing and promotions | 2,740 | 2,720 |
| Redeemable gift certificates for subscriptions | 3,120 | 3,343 |
| Other | 8,942 | 9,811 |
| Total accrued liabilities | **$ 25,054** | **$ 29,536** |

**9. RESTRUCTURING CHARGES**

During the fourth quarter of fiscal 2009, the Company s management initiated a restructuring plan to reduce operational expenses through a reduction of 37 employees, as the Company manages through the challenges presented by a difficult economic climate and a rapidly evolving retail consumer market.

During the year ended January 31, 2009, the Company incurred $943,000 in restructuring charges primarily related to for employee-related severance benefits and out-placement costs. The Company completed the payouts under the restructuring program by January 2009. The remaining accrual of $81,000, as of January 31, 2009, relates to out-placement costs the Company expects to pay out in the next 12 months.

**10. INDEMNIFICATION ARRANGEMENTS AND GUARANTEES**

*Product Warranties*

The Company s standard warranty period to consumers for TiVo-enabled DVRs is 90 days from the date of consumer purchase, also known as the Limited Warranty. Within the limited warranty period, consumers are offered a no-charge exchange for TiVo-enabled DVRs returned due to product defect, within 90 days from the date of consumer purchase. Thereafter, consumers may exchange a TiVo-enabled DVR with a product defect for a charge. At January 31, 2009 and 2008, the accrued warranty reserve was $200,000 and $427,000, respectively. The Company s accrued warranty reserve is included in accrued liabilities in the accompanying consolidated balance sheets.

*Indemnification Arrangements*

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

The Company is unable to estimate with any reasonable accuracy the liability that may be incurred pursuant to its indemnification obligations. A few of the variables affecting any such assessment include but are not limited to: the nature of the claim asserted; the relative merits of the claim; the financial ability of the party suing the indemnified party to engage in protracted litigation; the number of parties seeking indemnification; the nature and amount of damages claimed by the party suing the indemnified party; and the willingness of such party to engage in settlement negotiations. In the quarter ended April 30, 2007 we incurred $1.5 million in expenses in connection with one of our customer s settlement of a legal dispute. However, this indemnification obligation was not typical of the Company s indemnity liability and does not necessarily provide a reasonable measure of liability that may be expected to be incurred pursuant to the Company s indemnification obligations. 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.

**11. COMMITMENTS AND CONTINGENCIES**

**Legal Matters**

***Intellectual Property Litigation*****.** On January 5, 2004, TiVo filed a complaint against EchoStar Communications Corporation in the U.S. District Court for the Eastern District of Texas alleging willful and deliberate infringement of U.S. Patent No. 6,233,389, entitled Multimedia Time Warping System. On January 15, 2004, the Company amended its complaint to add EchoStar DBS Corporation, EchoStar Technologies Corporation, and Echosphere Limited Liability Corporation as additional defendants. The Company alleges that it is the owner of this patent, and further alleges that the defendants have willfully and deliberately infringed this patent by making, selling, offering to sell and/or selling digital video recording devices, digital video recording device software, and/or personal television services in the United States. On April 13, 2006, the jury rendered a verdict in favor of the Company in the amount of approximately $74.0 million dollars. The jury ruled that the Company s patent is valid and that all nine of the asserted claims in the Company s patent are infringed by each of the accused EchoStar products. The jury also ruled that the defendants willfully infringed the patent. On September 8, 2006 the district court issued an Amended Final and Permanent injunction that prohibited EchoStar Communications Corporation from making, using, offering for sale or selling in the United States the following EchoStar DVRs: DP-501, DP-508, DP-510, DP-721, DP-921, DP-522, DP-625, DP-942, and all EchoStar Communications Corporation DVRs that are not more than colorably different from any of these products. On October 3, 2006, the United States Court of Appeals for Federal Circuit stayed the district court s injunction pending appeal. On January 31, 2008, the U.S. Court of Appeals for the Federal Circuit in Washington, D.C. unanimously ruled in favor of TiVo Inc. in connection with EchoStar s appeal of the district court judgment of patent infringement against EchoStar with respect to several claims (so called software claims) of the patent, upholding the full award of damages from the district court, and ordering that the stay of the district court s injunction against EchoStar s infringing digital video recorders that was issued pending appeal will dissolve when the appeal becomes final. The district court s judgment of infringement by EchoStar of certain other claims of the patent (so called hardware claims) were reversed and remanded for further proceedings. On October 6, 2008, the Supreme Court denied EchoStar s writ of certiorari. On October 8, 2008, the Company received $104.6 million from EchoStar of which approximately $87.8 million represents damages through September 8, 2006 and was recorded as litigation proceeds within the operating expense section of TiVo s statement of operations. The remaining approximately $16.8 million was recorded as interest income and represented pre- and post-judgment interest through October 8, 2008. With respect to the district court s injunction and damages after September 8, 2006, the district court held a hearing on EchoStar s alleged work around of the Company s patent on February 17, 2009 and a decision is pending. The Company is incurring material expenses in this litigation.

On May 30, 2008, Dish Network Corporation and its related entities filed a complaint against TiVo in the U.S. District Court for the District of Delaware for declaratory relief that Dish s unspecified digital video recorders do not infringe TiVo s 389 patent. On July 7, 2008, TiVo filed a motion to dismiss Dish s complaint against TiVo for declaratory relief that Dish s unspecified DVRs do not infringe TiVo s 389 patent. On March 31, 2009, the court denied TiVo s motion to dismiss and ordered briefing on whether the complaint should be transferred to the Eastern District of Texas. The Company intends to defend this action vigorously; however, the Company may incur material expenses in connection with this lawsuit and in the event there is an adverse outcome, the Company s business could be harmed. The Company may incur expenses in connection with this litigation that may become material in the future. No loss is considered probable or estimable at this time.

On April 29, 2005, EchoStar Technologies Corporation filed a complaint against TiVo and Humax USA, Inc. in the U.S. District Court for the Eastern District of Texas alleging infringement of U.S. Patent Nos. 5,774,186 (Interruption Tolerant Video Program Viewing), 6,529,685 B2 (Multimedia Direct Access Storage Device and Formatting Method), 6,208,804 B1 (Multimedia Direct Access Storage Device and Formatting Method) and 6,173,112 B1 (Method and System for Recording In-Progress Broadcast Programs). The complaint alleges that EchoStar Technologies Corporation is the owner by assignment of the patents allegedly infringed. The complaint further alleges that the TiVo and Humax have infringed, contributorily infringed and/or actively induced infringement of the patents by making, using, selling or importing digital video recording devices, digital video recording device software and/or personal television services in the United States that allegedly infringe the patents, and that such infringement is willful and ongoing. Under the terms of the Company s agreement with Humax governing the distribution of certain DVRs that enable the TiVo service, the Company is required to indemnify Humax against any claims, damages, liabilities, costs, and expenses relating to claims that the Company s technology infringes upon intellectual property rights owned by third parties. On May 10, 2005, Humax formally notified TiVo of the claims against it in this lawsuit as required by Humax s agreement with TiVo. On July 1, 2005, the defendants filed their answer and counterclaims. On May 10, 2006, the district court dismissed with prejudice, EchoStar s claim of infringement against TiVo and Humax relating to patent 112 (Method and System for Recording In-Progress Broadcast Programs) and claims 21-30 and 32 relating to patent 186 (Interruption Tolerant Video Program Viewing). A claim construction hearing was held on May 11, 2006. On July 14, 2006, the magistrate judge for the U.S. District Court for the Eastern District of Texas, issued a stay of the case pending the USPTO completion of proceedings with respect to TiVo s request for reexamination of the 186, 685, and 804 patents. The USPTO has preliminarily rejected each of the claims of the 186, 685, and 804 patents, but we cannot assure you that all of the patent claims ultimately will be rejected or that they will not be amended and emerge from the USPTO reexamination proceedings. The Company intends to defend this action vigorously; however, the Company is incurring expenses in connection with this lawsuit, which could become material in the future and in the event there is an adverse outcome, the Company s business could be harmed. No loss is considered probable or estimable at this time.

On December 22, 2008, Guardian Media Technologies, LTD filed a complaint against more than 30 companies including TiVo in the U.S. District Court for the Central District of California alleging infringement of U.S. Patent No. 4,930,158 ( Selective Video Playing System ) and 4,930,160 ( Automatic Censorship of Video Programs ). The complaint alleges that Guardian Media Technologies is the owner by assignment of the patents allegedly infringed. The complaint further alleges that prior to the expiration of the patents in 2007, TiVo had infringed, contributorily infringed and/or actively induced infringement of the 160 patent by making, having made, using, importing, providing, supplying, distributing, selling and/or offering for sale products and/or systems that infringed or, when used, infringed one or more claims of the patent. The Company intends to defend itself vigorously in this matter. The Company may incur expenses in connection with this litigation that may become material in the future. No loss is considered probable or estimable at this time.

***Securities Litigation.*** The Company and certain of its officers and directors (TiVo defendants) were originally named as defendants in a consolidated securities class action lawsuit filed in the United States District Court for the Southern District of New York. This action, which is captioned Wercberger v. TiVo et al., also names several of the underwriters involved in the Company s initial public offering (IPO) as defendants. This class action is brought on behalf of a purported class of purchasers of the Company s common stock from the time of the Company s IPO (October 31, 1999) through December 6, 2000. The central allegation in this action is that the underwriters in the Company s IPO solicited and received undisclosed commissions from, and entered into undisclosed arrangements with, certain investors who purchased the Company s stock in the IPO and the after-market, and that the TiVo defendants violated the federal securities laws by failing to disclose in the IPO prospectus that the underwriters had engaged in these allegedly undisclosed arrangements. More than 300 issuers have been named in similar lawsuits. In February 2003, after the issuer defendants (including the TiVo defendants) filed an omnibus motion to dismiss, the court Court dismissed the Section 10(b) claim as to the Company, but denied the motion to dismiss the Section 11 claim as to the Company and virtually all of the other issuer-defendants. On October 8, 2002, the Company s executive officers who were named as defendants in this action were dismissed without prejudice.

On June 26, 2003, the plaintiffs in the suit announced a proposed settlement with the Company and the other issuer defendants. This proposed settlement was terminated on June 25, 2007, following the ruling by the United States Court of Appeals for the Second Circuit on December 5, 2006, reversing the District Court s granting of class certification in the six focus cases currently being litigated in this proceeding. The proposed settlement had provided that the insurers of all settling issuers would guarantee that the plaintiffs recover $1 billion from non-settling defendants, including the investment banks who acted as underwriters in those offerings. Under the proposed settlement, in the event that the plaintiffs did not recover at least $1 billion from the non-settling defendants, the insurers for the settling issuers would make up the difference; the maximum amount that could be charged to the Company s insurance policy under the proposed settlement in the event that the plaintiffs recovered nothing from the investment banks would have been approximately $3.9 million.

On August 14, 2007, the plaintiffs filed Amended Master Allegations. On September 27, 2007, the Plaintiffs filed a Motion for Class Certification. Defendants filed a Motion to Dismiss the focus cases on November 9, 2007. On March 26, 2008, the Court ruled on the Motion to Dismiss, holding that the plaintiffs had adequately pleaded their Section 10(b) claims against the Issuer Defendants and the Underwriter Defendants in the focus cases. As to the Section 11 claim, the Court dismissed the claims brought by those plaintiffs who sold their securities for a price in excess of the initial offering price, on the grounds that they could not show cognizable damages, and by those who purchased outside the previously certified class period, on the grounds that those claims were time barred. This ruling, while not binding on the Company s case, provides guidance to all of the parties involved in this litigation. The Court has not yet ruled on the pending motion for class certification. The Company may incur expenses in connection with this litigation that may become material in the future. No loss is considered probable or estimable at this time.

On October 3, 2007, Vanessa Simmonds filed a complaint against the Company s former lead underwriters Credit Suisse Group and Bank of America (Lead Underwriters), with the Company named as a nominal defendant, in the U.S. District Court for the Western District of Washington alleging violations of Section 16(b) in connection with the Company s initial public offering and associated transactions in the Company s stock in the six month period following the Company s initial public offering by the Company s Lead Underwriters. On or about December 3, 2007, Ms. Simmonds delivered a copy of the complaint to the Company. The complaint itself is directed solely at the initial public offering underwriters, not at the Company itself, and does not seek any damages or recovery from the Company itself. On February 25, 2008, the plaintiff filed an amended complaint which is substantially similar to the initial complaint, but which also names Credit Suisse Securities (USA), Bank of America Corporation, and Robertson Stevenson, Inc. as defendants in the amended complaint that continues to name the Company only as a nominal defendant. On July 25, 2008, thirty of the issuers, including the Company (collectively, the Moving Issuers), in the coordinated proceeding filed a Joint Motion to Dismiss. Also on July 25, 2008, all of the underwriter defendants in the coordinated proceeding filed an Omnibus Motion to Dismiss. The hearing on the motions to dismiss was held on January 16, 2009. On March 12, 2009, the Court granted both the Issuers Joint Motion to Dismiss and the Underwriters Omnibus Motion to Dismiss. The Court held that the plaintiff s demand letters to the Moving Issuers were legally insufficient and therefore the plaintiff lacked standing to maintain the thirty Section 16(b) suits relating to the Moving Issuers. Accordingly, the Court granted without prejudice the Moving Issuers Joint Motion to Dismiss, and further held that it would not permit the plaintiff to amend her demand letters. In regard to the Underwriters Omnibus Motion to Dismiss, the Court held that the remaining twenty-four Section 16(b) suits were barred by the statute of limitations, and accordingly granted with prejudice the Omnibus Motion to Dismiss as to those suits. On March 31, 2009, plaintiff filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit of the District Court s dismissal of these fifty-four actions. The Company may incur expenses in connection with this litigation that may become material in the future. No loss is considered probable or estimable at this time

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***Other***. In April 2008, the Attorney General of Missouri served TiVo Inc. with an investigative demand subpoena seeking information as to whether the Company has engaged in any unlawful merchandising practices in connection with its rebate program in the State of Missouri. The Company has been cooperating with the investigation. Should there be an adverse outcome, the Company s business could be harmed. No loss is considered probable or estimable at this time.

The Company is involved in numerous lawsuits and receives numerous threats of litigation in the ordinary course of its business. The Company assesses potential liabilities in connection with these lawsuits and threatened lawsuits under SFAS No. 5. The Company 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. As of January 31, 2009, the Company has not accrued any liability for any lawsuits filed against the Company as the conditions for accrual have not been met. The Company expenses legal costs as they are incurred.

**Facilities Leases**

The Company s corporate headquarters consists of two buildings located in Alviso, California, which are used for administrative, sales and marketing, customer service, and product research and development activities. On April 27, 2006, the Company entered into the First Amendment to Lease Agreement, dated as of February 1, 2006, which amends the Lease Agreement, dated as of October 6, 1999. Under the Amendment, the Company extended for an additional three years, from March 9, 2007 to January 31, 2010, the original Lease Agreement. Under the terms of the Amendment, monthly rent is approximately $165,000 with built-in base rent escalations periodically throughout the lease term. The lease is classified as an operating lease.

Additionally, the Company delivered a letter of credit totaling $477,000, to the landlord as collateral for performance by the Company of all of its obligations under the lease. The letter of credit is to remain in effect the entire term of the lease, but the amount does decrease over time. The Company also has operating leases for sales and administrative office space in New York City, New York and Chicago, Illinois.

Rent expense is recognized using the straight-line method over the lease term and for fiscal years ended January 31, 2009, 2008, and 2007 was $2.3 million, $2.1 million, and $2.1 million, respectively. Operating lease cash payments for the fiscal years ended January 31, 2009, 2008, and 2007 were $3.0, $3.1 million, and $1.8 million, respectively. Future minimum operating lease payments as of January 31, 2009, are as follows:

| Fiscal Year Ending | Lease Payments (In thousands) |
|---|---|
| January 31, 2010 | $ 2,454 |

**12. STOCKHOLDERS EQUITY**

**Common Stock**

On September 11, 2006, the Company sold 8,264,463 shares of its common stock to institutional investors at $7.865 per share. The shares were registered pursuant to the Company s $100 million universal shelf registration statement on Form S-3 (File No. 333-113719). The net proceeds from this sale were approximately $64.5 million after deducting the Company s offering expenses of $442,000.

During the fiscal years ended January 31, 2009, 2008, and 2007, the Company issued 610,241 shares, 781,142 shares, and 627,215 shares of common stock as a result of employee stock purchase plan purchases and 1,774,490 shares, 1,396,900 shares, and 1,892,697 shares of common stock as a result of the exercise of stock options, respectively.

**Warrants**

During the fiscal years ended January 31, 2009, 2008, and 2007 there were no new common stock warrants issued, and no warrants remain outstanding as of January 31, 2009.

On August 28, 2001, five-year warrants were issued to convertible noteholders and bankers to purchase 2,192,404 shares of TiVo s common stock at an exercise price of $7.85. On August 28, 2006, several of these warrant holders exercised their warrants resulting in the issuance of 424,150 shares of TiVo s common stock, pursuant to the terms of the agreement, and net proceeds of approximately $3.3 million. The balance of the warrants that would have resulted in the issuance of 1,768,254 shares of TiVo Inc. common stock expired unexercised.

In September 2006, institutional investors exercised warrants to purchase 1,323,120 shares in a cashless exercise, resulting in the issuance of 484,166 shares of the Company s common stock.

**13. EQUITY INCENTIVE PLANS**

*1999 Equity Incentive Plan*

In April 1999, the Company s stockholders approved the 1999 Equity Incentive Plan (the 1999 Plan). Amendments to the 1999 Plan were adopted in July 1999. The 1999 Plan permits the granting of incentive stock options, non-statutory stock options, non-vested stock awards (also known as restricted stock), stock appreciation rights, performance-based awards, and stock purchase rights. The 1999 Plan allows the grant of options to purchase shares of the Company s common stock to employees and other individuals at a price equal to the fair market value of the common stock at the date of grant. The options granted to new employees typically vest 25% after the first year of service, and the remaining 75% vest monthly over the next 36 months. The vesting period for options granted to continuing employees may vary, but typically vest monthly over a 48 month 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. The terms of the 1999 Plan allow individuals to early exercise options granted prior to August 8, 2001 from the date of grant, prior to full vesting. 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 is 52,384,204. 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 Equity Incentive Award 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, 2009, 513,124 shares of the total authorized remain available for future grants.

*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, except for the offering period from February 1, 2006 through June 30, 2006 which had a look back of five months. Each offering consists of up to two purchase periods. The purchase periods are generally six months in length and begin

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January 1 and July 1 of each year. However, during calendar year 2008 the purchase periods were eight months and four months in length and began on January 1 and September 1, respectively. Under the Employee Stock Purchase Plan, the Board may, in the future, specify offerings up to 27 months. As of January 31, 2009, the total number of shares reserved for issuance under this plan is 8,500,000. As of January 31, 2009, 4,088,993 shares remain available for future purchases.

*2008 Equity Incentive Award Plan*

In August 2008, the Company s stockholders approved the 2008 Equity Incentive Award Plan (the 2008 Plan). The 2008 Plan permits the granting of stock options, non-vested stock awards (also known as restricted stock), stock appreciation rights, performance share awards, performance stock-unit awards, dividend equivalents awards, stock payment awards, deferred stock awards, performance bonus wards, and performance-based awards. The 2008 Plan allows the grant of options to purchase shares of the Company s common stock to employees and other individuals at a price equal to the fair market value of the common stock at the date of grant. The options granted to new employees typically vest 25% after the first year of service, and the remaining 75% vest monthly over the next 36 months. The vesting period for options granted to continuing employees may vary, but typically vest monthly over a 48 month period. Options expire 7 years after the grant date, based on continued service. If the optionee s service terminates, options expire 90 days from the date of termination except under certain circumstances such as death or disability. The number of shares authorized for option grants under the 2008 Plan is 5,999,517. 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. As of January 31, 2009, 5,735,267 shares remain available for future stock based award grants.

**Stock Award Activity**

A summary of the stock options activity and related information for the twelve months ended January 31, 2009, 2008, and 2007 is as follows:

| | Shares (in thousands) | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value (in thousands) |
|---|---|---|---|---|
| Outstanding at January 31, 2006 | 16,791 | $ 7.16 | 6.13 | $ 9,009 |
| Grants | 5,416 | 6.78 | | |
| Exercises | (1,893) | 4.79 | | |
| Forfeitures or expirations | (2,144) | 8.00 | | |
| Outstanding at January 31, 2007 | 18,170 | $ 7.19 | 7.05 | $ 5,482 |
| Grants | 7,551 | 6.19 | | |
| Exercises | (1,396) | 5.08 | | |
| Forfeitures or expirations | (2,263) | 7.94 | | |
| Outstanding at January 31, 2008 | 22,062 | $ 6.91 | 6.76 | $ 54,245 |
| Grants | 2,258 | 8.65 | | |
| Exercises | (1,774) | 5.21 | | |
| Forfeitures or expirations | (1,479) | 7.17 | | |
| Outstanding at January 31, 2009 | 21,067 | $ 7.22 | 6.23 | $ 18,453 |

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 $7.19 as of January 31, 2009, 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 $5.3 million, $3.1 million, and $4.8 million for the twelve months ended January 31, 2009, 2008, and 2007, respectively.

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The following table summarizes information about options outstanding at January 31, 2009:

| | Options Outstanding | | | Exercisable Options | |
|---|---|---|---|---|---|
| Range of Exercise Prices | Number of Shares | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | Number of Shares | Weighted Average Exercise Prices |
| $ 2.67 - $ 5.06 | 2,182,398 | 5.22 | $ 4.02 | 2,059,618 | $ 4.01 |
| $ 5.07 - $ 6.02 | 1,622,599 | 5.84 | $ 5.56 | 1,302,033 | $ 5.53 |
| $ 6.04 - $ 6.18 | 4,859,634 | 8.06 | $ 6.18 | 1,898,023 | $ 6.18 |
| $ 6.21 - $ 6.52 | 3,981,256 | 5.00 | $ 6.48 | 3,226,391 | $ 6.47 |
| $ 6.53 - $ 6.79 | 2,254,569 | 6.86 | $ 6.71 | 1,625,765 | $ 6.71 |
| $ 6.80 - $ 7.93 | 2,148,446 | 6.40 | $ 7.29 | 1,499,793 | $ 7.26 |
| $ 7.95 - $ 8.94 | 2,194,913 | 8.02 | $ 8.85 | 671,370 | $ 8.71 |
| $ 9.00 - $ 11.20 | 759,426 | 3.96 | $ 10.15 | 742,926 | $ 10.18 |
| $ 11.44 - $ 20.00 | 704,750 | 1.62 | $ 18.26 | 704,750 | $ 18.26 |
| $ 21.00 - $ 35.75 | 359,250 | 1.32 | $ 21.58 | 359,250 | $ 21.58 |
| **Total** | **21,067,241** | **6.22** | **$ 7.22** | **14,089,919** | **$ 7.37** |

Net cash proceeds from the exercise of stock options were $9.2 million, $7.1 million, and $9.1 million for the twelve months ended January 31, 2009, 2008, and 2007, respectively. Information regarding stock options outstanding at January 31, 2009 is summarized as follows:

| | Shares (in thousands) | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value (in thousands) |
|---|---|---|---|---|
| Shares outstanding | 21,067 | $ 7.22 | 6.23 | $ 18,453 |
| Shares vested and expected to vest* | 19,888 | $ 7.25 | 6.13 | $ 17,614 |
| Shares exercisable | 14,090 | $ 7.37 | 5.31 | $ 13,750 |

* Options outstanding that are expected to vest are net of estimated future option forfeitures in accordance with the provisions of SFAS No. 123R

**Restricted Stock Awards**

The Company had 1.7 million restricted stock awards outstanding as of January 31, 2009, which were excluded from the options outstanding balances in the preceding tables. The grant of these restricted stock awards has been deducted from the shares available for grant under the Company s stock option plans. The total aggregate grant date fair value was $13.6 million. Aggregate intrinsic value of restricted stock awards at January 31, 2009 was $12.3 million based on the Company s closing stock price on January 31, 2009. The total fair value of restricted stock awards vested was $2.4 million, $1.2 million, and $1.3 million for the twelve months ended January 31, 2009, 2008, and 2007, respectively.

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The following table summarizes the Company s unvested stock activity for the three years ended January 31, 2009, 2008, and 2007:

| | Number of Shares (in thousands) | Weighted-Average Grant Date Fair Value | |
|---|---|---|---|
| Unvested stock at January 31, 2006 | 480 | $ | 6.11 |
| Granted | 257 | $ | 7.32 |
| Vested | (227) | $ | 5.69 |
| Forfeited | (14) | $ | 6.71 |
| Unvested stock at January 31, 2007 | 496 | $ | 6.91 |
| Granted | 642 | $ | 6.04 |
| Vested | (176) | $ | 6.66 |
| Forfeited | (50) | $ | 6.97 |
| Unvested stock at January 31, 2008 | 912 | $ | 6.35 |
| Granted | 1,275 | $ | 8.86 |
| Vested | (336) | $ | 7.06 |
| Forfeited | (126) | $ | 8.69 |
| Unvested stock at January 31, 2009 | 1,725 | $ | 7.89 |

**Performance-Based Awards**

During fiscal years 2009 and 2008, the Company had a performance-based plan that grants restricted stock to specified manager-level employees based on the attainment of specified goals. The number of awards issued for the fiscal year ended January 31, 2008 was determined in the first quarter of fiscal year 2009 based on upon meeting various departmental and company-wide performance goals for fiscal year 2008. The numbers of awards issued in March 2008 was 153,114 shares for restricted stock that will then vest over a two year period. The number of awards issued for the fiscal year ended January 31, 2009 was determined in the first quarter of fiscal year 2010 and based upon meeting various departmental and company-wide performance goals for fiscal year 2009. The number of fiscal 2009 awards issued is 62,437 that will vest over a four-year period. Total compensation cost recognized related to these performance-based awards was approximately $551,000 and $302,000 for the fiscal year ended January 31, 2009 and 2008, respectively. As of January 31, 2009, $962,000 of total unrecognized compensation cost related to these awards are expected to be recognized over a weighted-average period of 2.32 years.

**14. RETIREMENT PLAN**

In December 1997, the Company established a 401(k) Retirement Plan (the Retirement Plan) available to employees who meet the plan s eligibility requirements. Participants may elect to contribute a percentage of their compensation to the Retirement Plan up to a statutory limit. Participants are fully vested in their contributions. The Company may make discretionary contributions to the Retirement Plan as a percentage of participant contributions, subject to established limits. The Company has not made any contributions to the Retirement Plan from inception through January 31, 2009.

**15. ADOPTION OF STOCKHOLDER RIGHTS PLAN**

On January 9, 2001, TiVo s Board of Directors declared a dividend distribution of one Preferred Share Purchase Right (Right) on each outstanding share of TiVo common stock outstanding at the close of business on January 1, 2001 (the Rights Plan). Subject to limited exceptions, the Rights will be exercisable if a person or group acquires 15% or more or 30.01% or more in the case of AOL and its affiliates and associates, of the Company s common stock or announces a tender offer for 15% or more of the common stock, (Acquiring Person). On April 12, 2006, TiVo amended the Rights Plan s definition of Acquiring Person to remove the defined term Existing Holder . Under certain circumstances, each Right will entitle stockholders to buy one one-hundredth of a share of newly created Series B Junior Participating Preferred Stock of TiVo at an exercise price of $60.00 per Right, subject to adjustments under certain circumstances. The rights are not exercisable as of the date of this filing. The TiVo Board will be entitled to redeem the Rights at $.01 per Right at any time before a person has become an Acquiring Person.

The Rights are intended to enable all TiVo stockholders to realize the long-term value of their investment in the Company. They do not prevent a takeover, but should encourage anyone seeking to acquire TiVo to negotiate with the Board of Directors prior to attempting a takeover. The Rights Plan will expire on January 9, 2011.

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The Rights were not being distributed in response to any specific effort to acquire control of TiVo. The Rights are designed to assure that all TiVo stockholders receive fair and equal treatment in the event of any proposed takeover of TiVo and to guard against partial tender offers, open market accumulations and other abusive tactics to gain control of TiVo without paying all stockholders a control premium.

If a person becomes an Acquiring Person, each Right will entitle its holder to purchase, at the Right s then-current exercise price, a number of common shares of TiVo having a market value at that time of twice the Right s exercise price. Rights held by the Acquiring Person will become void and will not be exercisable to purchase shares at the bargain purchase price. If TiVo is acquired in a merger or other business combination transaction which has not been approved by the Board of Directors, each Right will entitle its holder to purchase, at the Right s then-current exercise price, a number of the acquiring company s common shares having a market value at that time of twice the Right s exercise price.

The dividend distribution to establish the new Rights Plan was paid to stockholders of record on January 31, 2001. The Rights distribution is not taxable to stockholders.

**16. STOCK-BASED COMPENSATION**

Total stock-based compensation recognized in the consolidated statements of operations for the twelve months ended January 31, 2009, 2008, and 2007, respectively is as follows:

**SARs/Option Grants/Restricted Stock Grants and EmployeeStock Purchase Rights**

| | Fiscal Year Ended January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| | (In thousands, except per share amount) | | |
| Cost of service revenues | $ 903 | $ 729 | $ 470 |
| Cost of technology revenues | 2,071 | 2,422 | 1,020 |
| Research and development | 8,805 | 7,326 | 5,596 |
| Sales and marketing | 2,089 | 2,205 | 1,649 |
| General and administrative | 9,552 | 10,157 | 5,977 |
| Stock-based compensation expense before income taxes | $ 23,420 | $ 22,839 | $ 14,712 |
| Income tax benefit | | | |
| Total stock-based compensation | $ 23,420 | $ 22,839 | $ 14,712 |

No income tax benefit was realized from stock option exercises during the twelve months ended January 31, 2009, 2008, and 2007, respectively. In accordance with SFAS 123R, the Company presents excess tax benefits from the exercise of stock options, if any, as financing cash flows rather than operating cash flows.

As of January 31, 2009, $26.6 million of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 2.06 years. As of January 31, 2009, $9.4 million of total unrecognized compensation costs related to unvested restricted stock is expected to be recognized over a weighted-average period of 2.66 years.

On November 10, 2005, the FASB issued FASB Staff Position No. FAS 123R-3, *Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards*. The Company has elected to adopt the alternative transition method provided in the FASB Staff Position. The alternative transition method includes 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 the adoption of SFAS 123R.

SFAS No. 123R requires the use of a valuation model to calculate the fair value of stock-based awards. The Company has elected to use the Black-Scholes option-pricing model, which incorporates various assumptions including volatility, expected life, and interest rate. The expected volatility is based on a combination of historical volatility of the Company s common stock and implied volatility of market traded options on the Company s common stock. The expected life of stock options granted prior to December 31, 2007 was based on the simplified calculation of expected life as

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defined by Staff Accounting Bulletin (SAB) 107, *Share Based Payments* . The expected life of stock options granted after January 1, 2008 is based on historical employee exercise patterns associated with prior similar option grants. The interest rate is based on the average of the U.S. Treasury yield curve on investments with terms approximating the expected life during the fiscal quarter an option is granted.

The assumptions used for the twelve months ended January 31, 2009, 2008, and 2007, 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, | | | | | |
| | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 |
| Expected life (in years) | 0.57 | 0.43 | 0.57 | 5.37 | 6.26 | 6.25 |
| Volatility | 77% | 56% | 55% | 74% | 68% | 81% |
| Average risk free interest rate | 2.02% | 4.23% | 4.96% | 3.30% | 4.60% | 4.81% |
| Dividend Yield | 0% | 0% | 0% | 0% | 0% | 0% |
| Weighted-average fair value during the period | $ 2.80 | $ 2.66 | $ 1.95 | $ 5.58 | $ 4.08 | $ 4.96 |

**17. INCOME TAXES**

Income tax provision was $1,328,000, $30,000, and $52,000, in fiscal years 2009, 2008, and 2007, respectively, due to Alternative Minimum Tax ( AMT ), state income taxes, and foreign withholding taxes.

| Current Expense | Fiscal Year Ended January 31, 2009 | 2008 | 2007 |
|---|---|---|---|
| | (in thousands) | | |
| Federal | $ 595 | $ | $ |
| State | 714 | 29 | 41 |
| Foreign | 19 | 1 | 11 |
| Total | $ 1,328 | $ 30 | $ 52 |

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

| | Fiscal Year Ended January 31, 2009 | 2008 | 2007 |
|---|---|---|---|
| | (in thousands) | | |
| Federal tax at statutory rate | $ 36,722 | $ (11,010) | $ (16,696) |
| State taxes | 219 | 29 | 41 |
| Foreign withholding tax | 19 | 1 | 11 |
| Utilization of net operating losses | (21,507) | | |
| Net operating loss and temporary differences for which no tax benefit was realized | (18,082) | 6,570 | 13,540 |
| Stock based compensation | 2,367 | 4,260 | 3,074 |
| Refundable research tax credits | (229) | | |
| Federal and state alternative minimum taxes | 1,193 | | |
| Non-deductible expenses and other | 626 | 180 | 82 |
| Total tax expense | $ 1,328 | $ 30 | $ 52 |

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

| | Fiscal Year Ended January 31, 2009 | 2008 |
|---|---|---|
| Deferred tax assets: | (in thousands) | |
| Net operating loss carryforwards | $ 140,074 | $ 163,115 |
| Research and alternative minimum tax credits | 11,151 | 8,135 |
| Deferred revenue & rent | 19,773 | 39,923 |
| Capitalized Research | 33,442 | 38,194 |
| Other | 18,635 | 17,292 |
| Total deferred tax assets | 223,075 | 266,660 |
| Valuation allowance | (223,075) | (266,660) |
| Net deferred tax assets (liabilities): | $ | $ |

Realization of deferred tax assets is dependent upon generation of future taxable income, the timing and amount of which are uncertain. Accordingly, Management has established a valuation allowance for the portion of deferred tax assets for which realization is uncertain. The net change in the total valuation allowance was a decrease of $43.6 million and increase of $0.8 million for the year ended January 31, 2009 and January 31, 2008, respectively.

As of January 31, 2009, the Company had net operating loss carryforwards for federal and state income tax purposes of approximately $410 million and $119 million respectively, available to reduce future income subject to income taxes. Of these amounts, approximately $24 million represent federal and state tax deductions from stock option compensation. The tax benefit from these deductions will be recorded as an adjustment to additional paid-in capital in the year in which the benefit is realized.

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

The federal net operating loss carryforwards expire beginning in fiscal year ending 2012 through 2027. The state net operating loss carryforwards expire beginning in fiscal year 2014 through 2019. As of January 31, 2009, unused research and development tax credits of approximately $10.0 million and $11.4 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 2012. California research and experimental tax credits carry forward indefinitely until utilized.

On September 23, 2008, California signed into legislation the Assembly Bill 1452 which suspends for two years the deduction for net operating losses (NOLs) on a California tax return. Accordingly, a deduction for net operating loss carryovers will not be allowed for the Company s tax years 2008 and 2009. Also, Assembly Bill 1452 places restriction on the amount of allowable tax credit a company can utilize for the tax years 2008 and 2009. Under the new California legislation a taxpayer cannot use otherwise allowable tax credit to reduce below 50% its net tax . Credits affected by this limitation include the research and development credit, the enterprise zone credit, and the low-income housing credit. The carryover period for any NOL, or NOL carryover that is not allowed due to the suspension is extended by one additional year for losses incurred in tax years beginning in 2008, and two additional years for losses incurred in tax years beginning before January 1, 2008.

The Housing Assistance Tax Act of 2008 (H.R. 3221), signed into law on July 30, 2008, allowed corporations without current tax liabilities to obtain refunds for certain research tax credit and alterative minimum tax credit carryforwards by electing to forego the 50% additional first year depreciation for new property acquired after March 31, 2008 and placed in service before January 1, 2009. The Company has elected to obtain refunds for its research and development tax credit during the year ended January 31, 2009. The amount of benefit for refundable credit for fiscal year 2009 is approximately $0.2 million.

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The Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), as of February 1, 2007. At implementation, the Company had approximately $7.5 million of unrecognized tax benefits, none of which would currently affect the Company s effective tax rate if recognized due to the Company s deferred tax assets being fully offset by a valuation allowance. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

| | Fiscal Year Ended January 31, 2009 | 2008 |
|---|---|---|
| | (in thousands) | |
| Beginning Balance | $ 7,960 | $ 7,515 |
| Additions based on tax positions related to current year | 1,212 | 445 |
| Additions for tax positions in prior years | 400 | |
| Reduction for tax positions of prior years | | |
| Settlements | | |
| Ending Balance | $ 9,572 | $ 7,960 |

The total amount of unrecognized tax benefit, if recognized, that would effect the effective tax rate would be $ 0.1 million at January 31, 2009. The remaining unrecognized tax benefits at January 31, 2009 would not affect the Company s effective tax rate if recognized due to the Company s deferred tax assets being fully offset by a valuation allowance. The Company does not expect that there will be a significant increase or decrease of the total amount unrecognized tax benefits within the next 12 month.

The Company would classify interest and penalties related to uncertain tax positions in income tax expense, if applicable. There was no interest expense or penalties related to unrecognized tax benefits recorded through January 31, 2009.

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 | 2005 | 2009 |
| California | 2004 | 2009 |

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.

**18. NET INCOME (LOSS) PER COMMON SHARE**

Basic and diluted net income (loss) per common share is calculated in accordance with SFAS No. 128, *Earnings Per 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.

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

| | Twelve Months Ended January 31, 2009 | 2008 | 2007 |
|---|---|---|---|
| | (In thousands, except per share amounts) | | |
| Numerator: | | | |
| Net income (loss) | $ 103,592 | $ (31,591) | $ (49,058) |
| Denominator: | | | |
| Weighted average shares outstanding, excluding unvested restricted stock | 100,390 | 97,511 | 89,864 |

| | | | |
|---|---|---|---|
| Weighted average effect of dilutive securities: | | | |
| Stock options and restricted stock | 2,206 | | |
| Denominator for diluted net income per common share | 102,596 | 97,511 | 89,864 |
| Basic net income (loss) per common share | $ 1.03 | $ (0.32) | $ (0.55) |
| Diluted net income (loss) per common share | $ 1.01 | $ (0.32) | $ (0.55) |

The weighted average number of shares outstanding used in the computation of basic and diluted net loss in fiscal 2008 and fiscal 2007 per share does not include the effect of the following potentially outstanding common stock.

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The effects of these potentially outstanding shares were not included in the calculation of diluted net loss per share because the effect would have been antidilutive:

| | As of January 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| Unvested restricted stock outstanding | 870,878 | 912,203 | 495,867 |
| Options to purchase common stock | 13,119,600 | 22,062,170 | 18,170,107 |
| Potential shares to be issued from ESPP | | 199,234 | 480,376 |
| Total | 13,990,478 | 23,173,607 | 19,146,350 |

**19. INVESTMENT IN TGC, INC.**

On August 9, 2004, the Company acquired a minority interest in TGC, Inc. (TGC), a newly formed independent entity. In exchange for the Company s interest in TGC, it granted TGC a license to certain aspects of its technology for use in China, Singapore, Hong Kong, Macau and Taiwan. The Company accounted for its investment in TGC under the equity method of accounting as it owned less than 50% of TGC s equity. No gain was recognized by the Company for its interest in TGC as there was significant uncertainty as to the realization of a gain due to the start-up nature of TGC. Accordingly, since the intellectual property licensed had no carrying value on the Company s financial statements, no value was assigned to the Company s interest in TGC. This transaction did not have a material effect on the Company s results of operations in fiscal years 2009, 2008, and 2007 as TGC s activity and financial position were not material.

Through TGC, the Company has gained access to high quality, engineering resources for the design and development of additional digital video recorder platforms. During fiscal years ended January 31, 2009, 2008 and 2007 the Company paid TGC $0, $375,000, and $2.2 million for a variety of services including research and development and service fees related to designing and building the Company s product. Of these amounts $1.5 million was capitalized during the fiscal year ended January 31, 2007 and classified as purchased technology, capitalized software, and intangible assets, net on the Company s consolidated balance sheet.

In August 2008, TGC sold all of its assets for an equity interest with LiTV, a newly-formed entity located in Taipei, Taiwan. TGC remains a corporate entity, with a sole purpose to act as a holding company for the LiTV stock owns, amounting to less than 5% of LiTV. As of January 31, 2009, the TGC stock held by TiVo continues to have no carrying value, and there is no market for the stock.

**20. COMCAST AGREEMENT**

On March 15, 2005, the Company entered into a non-exclusive licensing and marketing agreement with Comcast STB Software DVR, LLC (Comcast STB), a wholly-owned subsidiary of Comcast Corporation, and Comcast Corporation, as guarantor of Comcast STB s obligations under the agreement. The agreement was subsequently amended several times, most recently on March 27, 2008. The Company agreed to develop a TiVo service software solution for deployment on Comcast s DVR platforms In addition, the Company agreed to develop a TiVo Interactive Advertising Management System for deployment on Comcast platforms to enable the provision of local and national advertising to Comcast subscribers.

The initial term of this agreement expires on June 30, 2014. The agreement, as amended, provides for eight additional one-year renewal terms beyond the initial term with certain deployment thresholds beginning after June 30, 2019. Comcast has an option to purchase software maintenance and support. Comcast is entitled to a credit redeemable for ongoing development work that is based on a percentage of certain fees received by TiVo under the arrangement. Comcast will pay for any ongoing development work that exceeds the amount of the credit. Under the initial and subsequent SOWs, subject to the attainment of specified deployment thresholds, Comcast is entitled to recoup over time certain development fees paid to us through a mechanism effectively resulting in a reduction of certain subscription fees. TiVo will have the continuing right to sell certain types of advertising in connection with the TiVo service offered through Comcast, when such advertising features are developed. TiVo will also have a limited right to sell certain types of advertising on other Comcast platforms enabled with the TiVo advertising management system, subject to Comcast s option to terminate such right in exchange for certain advertising-related payments.

As part of this agreement, Comcast received a non-exclusive, non-transferable license to our intellectual property in order to deploy the TiVo service software solution and advertising management system, including certain trademark branding rights and a covenant not to assert under TiVo s patents, which rights extend only to Comcast Corporation, its affiliates, and certain of its vendors and suppliers with respect to Comcast products and services. Such non-exclusive, non-transferable license to the Company s intellectual property will, under certain circumstances, continue after the

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termination of this agreement. In addition, Comcast is entitled to certain most favored customer terms as compared with other multi-channel video distributors who license certain TiVo technology. Pursuant to the terms of this agreement, Comcast has the right to terminate the agreement in the event the Company is the subject of certain change of control transactions involving any of certain specified companies. Acceptance of the delivery of the TiVo service software solution by Comcast occurred on June 27, 2007 and the TiVo service has launched in its initial market. Comcast accepted the TiVo advertising management system on March 31, 2008.

During the fiscal years ended January 31, 2009, 2008 and 2007, the Company recognized $14.2 million, $12.2 million, and $16.2 million, respectively in technology revenues and $9.1 million, $13.0 million and $16.2 million, respectively in cost of technology revenues, related to the initial development under the original agreement and related to additional engineering work under a Statement of Work (SOW) entered into on August 27, 2007 for the development of additional releases of the TiVo-branded, TiVo-service enabling software for the Comcast DVR platforms and to enable such software on other Comcast DVR platforms, including Cisco DVRs. Of the $16.2 million recognized in the fiscal year ended January 31, 2007, $4.6 million was related to work performed during fiscal year ended January 31, 2006, but revenue and costs were deferred until the first quarter of fiscal year 2007, when TiVo and Comcast agreed upon the engineering services to be delivered. During the initial development, it was not possible to separate the various elements within the original arrangement due to a lack of fair value for certain undelivered elements in the agreement. Consequently, the Company recognizes revenues and costs for the initial development of TiVo service software and TiVo Interactive Advertising Management System based on a zero profit model, which resulted in the recognition of equal amounts of revenues and costs. The engineering work performed under the August 2007 SOW is considered a separate arrangement and revenue from this engineering work is recognized using the percentage-of-completion method subsequent to signing the agreement on August 27, 2007.

**21. DEVELOPMENT AGREEMENT AND SERVICES AGREEMENT WITH DIRECTV, INC.**

On April 7, 2006, the Company entered into the Seventh Amendment of the Development Agreement, dated as of February 15, 2002, with DIRECTV, Inc. Under this amendment, which amends the expiration date of the Development Agreement from February 15, 2007, to February 15, 2010, TiVo will continue to provide support for DIRECTV receivers with TiVo service through the extended expiration date of the Development Agreement, and will provide mutually agreed upon development services for no additional fee up to a defined maximum from February 2007 to February 2010. In addition, DIRECTV had the right to continue to distribute DIRECTV receivers with TiVo service through February 15, 2007, and a related grace period as set forth in the Development Agreement. Further, TiVo and DIRECTV agreed that neither party would assert its patents against the other party with respect to each company s products and services deployed prior to the expiration of the agreement, subject to limited exceptions. DIRECTV will continue to pay a monthly fee for each household using DIRECTV receivers with TiVo service similar to the amount paid by DIRECTV for households with DIRECTV receivers with TiVo service deployed since February 15, 2002, subject to a monthly minimum payment by DIRECTV. The Company defers a portion of these fees equal to the fair value of the undelivered development services. These deferred fees are classified on the Company s consolidated balance sheets under deferred revenue, current. In the fiscal year ended January 31, 2009 TiVo has not recognized as revenue $2.3 million of previously deferred revenues which would have expired unused. However, TiVo has an understanding with DIRECTV that these deferred revenues will be used to fund development of the TiVo service for DIRECTV s broadband-enabled HD DVR platform. During the fiscal year ended January 31, 2008 DIRECTV had available $2.8 million in deferred fees, related to the period of February 1, 2006 through January 31, 2007. These fees were available to DIRECTV to use for development work during the fiscal year ended January 31, 2008. As specified in connection with our Eighth Amendment of our Development Agreement entered into as of July 25, 2007, DIRECTV utilized $1.7 million for development work, to enhance their subscriber s TiVo user experience, the remaining $1.1 million which remained unused on January 31, 2008 was recognized as service revenues.

On April 7, 2006, the Company also entered into the First Amendment of the Amended and Restated Services Agreement, dated as of March 31, 2005, with DIRECTV. This amendment extends the terms of the current advertising arrangement between TiVo and DIRECTV, the Services Agreement until February 15, 2010, and additionally provides DIRECTV with the ability to obtain additional technical support and training for its use of advertising-related software tools with DIRECTV receivers with TiVo service.

On September 3, 2008, the Company extended its current agreement with DIRECTV for the development, marketing, and distribution of a new HD DIRECTV DVR featuring the TiVo ® service. Under the terms of this non-exclusive arrangement, TiVo expects to develop a version of the TiVo service for DIRECTV s broadband-enabled HD DVR for a launch to consumers as soon as possible in calendar year 2010. DIRECTV also has certain additional annual obligations to market and promote the new HD DIRECTV DVR featuring the TiVo Service once it has launched. DIRECTV, upon the deployment of high definition DIRECTV DVRs with TiVo service, is entitled to recoup, over time, a portion of certain development fees through a reduction in certain subscription fees. The new agreement also extends the mutual covenant not to sue with respect to each company s products and services throughout the term of the new agreement.

Under this new agreement, DIRECTV will pay a substantially higher monthly fee for households using the new high definition DIRECTV DVRs with TiVo (when and if the new version of the TiVo service is deployed) than the fees for previously deployed DIRECTV DVRs with TiVo service. DIRECTV will continue to pay the current monthly fee for all households using only the previously deployed DIRECTV DVRs with TiVo service. The fees paid by DIRECTV are subject to monthly minimum payments that escalate during the term of the agreement starting in 2010 and those minimum payments are substantially higher than in the prior agreement. The Company will continue to defer a portion of these fees as a non-refundable credit to fund mutually agreed development, with excess development work to be funded by DIRECTV.

**22. RESIGNATION OF BOARD MEMBER**

On August 30, 2007, the Company accepted the resignation of Michael Ramsay as a member of our Board of Directors. Mr. Ramsay has been named to the post of Venture Partner at New Enterprises Associates, a Silicon Valley venture capital firm, which already has representation on the Company s Board. Pursuant to the Transition and Consulting Agreement, effective August 30, 2007, Mr. Ramsay agreed to a noncompete provision and that he will be available to provide services to the Company as a consultant focused on technology and other issues through approximately August, 2009 when and if requested by the Company. Mr. Ramsay s stock-based awards were modified to provide for accelerated and continued vesting and extended exercise periods. These modifications were valued at $2.4 million using a Black-Scholes option valuation model. The $2.4 million charge consisted of $546,000 related to stock-based awards that were not vested as of the modification date and $1,835,000 related to extending the exercisability date of stock-based awards that were vested as of the modification date. As the terms of the Transition and Consulting Agreement did not create a substantive future service period, the entire non-cash amount of $2.4 million was expensed immediately in the quarter ended October 31, 2007.

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

None

**ITEM 9A. CONTROLS AND PROCEDURES**

(a) Evaluation of disclosure controls and procedures.

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

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

(b) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) and Rule 15d-15(f) during the quarter ended January 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(c) 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,

2009. Management reviewed the results of its assessment with our Audit Committee.

KPMG LLP, an independent registered public accounting firm, which has audited the consolidated financial statements included in Item 8 of this report, has issued an audit report on our internal control over financial reporting, as of January 31, 2009, which is included herein.

(d) Limitations on Effectiveness of Controls.

Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and 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 generally accepted accounting principles, and that receipts and expenditures of our company are being made only in accordance with authorizations of managements and our board of directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events.

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.

### ITEM 9B. OTHER INFORMATION

On February 17, 2009, our Board of Directors elected William Cella to become a member of the Board. In connection with Mr. Cella s election, the Board determined that Mr. Cella shall serve as a non-employee, independent member of our Board. With the election of Mr. Cella to the Company s Board, the Board now has a total of 9 members, of which 8 serve as non-employee, independent directors.

## PART III

### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

**Identification of Directors.**

The information under the caption Election of Directors, appearing in the Proxy Statement, is hereby incorporated by reference.

**Identification of Executive Officers and Certain Significant Employees.**

The information under the caption Executive Compensation and Other Information Elected Officers, appearing in the Proxy Statement, is hereby incorporated by reference.

**Section 16(a) Beneficial Ownership Reporting Compliance.**

The information under the caption Section 16(a) Beneficial Ownership Reporting Compliance, appearing in the Proxy Statement, is hereby incorporated by reference.

**Code of Ethics.**

The information under the caption Corporate Governance, appearing in the Proxy Statement, is hereby incorporated by reference. We have adopted a code of ethics that applies to our Chief Executive Officer, Chief Financial Officer, and Controller. This code of ethics is posted on our website located at www.tivo.com. The code of ethics may be found as follows: From our main Web page, first click on About Us in the footer of the page. Next Click on Investor Relations on the left hand side of the page. Next click on Corporate Governance under Investor Relations. Finally, click on Code of Conduct. We will disclose any amendment to our code of ethics or waiver to our code of ethics that applies to the Company s Chief Executive Officer, Chief Financial Officer and any other principal financial officer, Controller and any other principal accounting officer, and any other person performing similar functions, including the nature of the waiver and the name of the officer to whom the waiver was granted, in the Investor Relations section of our website at www.tivo.com.

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**Audit Committee.**

The information under the caption Corporate Governance Board Committees and Meetings Audit Committee, appearing in the Proxy Statement, is hereby incorporated by reference.

### ITEM 11. EXECUTIVE COMPENSATION

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

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

The information under the captions Equity Compensation Plan Information and Ownership of Securities, appearing in the Proxy Statement, is hereby incorporated by reference.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference from our Proxy Statement under the heading Certain Relationships and Related Transactions.

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

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## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

(1) Consolidated Financial Statements: See Index to Consolidated Financial Statements at Item 8 on page 55 of this report.

(2) Financial Statement Schedule: The financial statement schedules are omitted as they are either not applicable or the information required in presented in the financial statements and notes thereto under Item 8. Financial Statements and Supplementary Data.

(3) Exhibits are incorporated herein by reference or are filed with this report as indicated below (numbered in accordance with Item 601 of Regulation S-K):

| EXHIBIT NUMBER | DESCRIPTION |
|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the registrant s Quarterly Report on Form 10-Q filed on September 10, 2007). |
| 3.2 | Amended and Restated Bylaws (incorporated by reference to Exhibit 3.4 of the registrant s Registration Statement on Form S-1 (SEC File No. 333-83515)). |
| 4.8 | Rights Agreement, dated as of January 16, 2001, between TiVo Inc. and Wells Fargo Shareowner Services, as Rights Agent (incorporated by reference to Exhibit 10.1 of the registrant s Current Report on Form 8-K/A filed on January 19, 2001). |
| 4.9 | First Amendment to Rights Agreement, dated as of February 20, 2001, between TiVo Inc. and Wells Fargo Shareowner Services, as Rights Agent (incorporated by reference to Exhibit 10 of the registrant s Current Report on Form 8-K filed on February 28, 2001). |
| 4.10 | Second Amendment to Rights Agreement, dated as of April 12, 2006, between TiVo Inc. and Wells Fargo Shareowner Services, as Rights Agent (incorporated by reference to Exhibit 4.10 of the registrant s Annual Report on Form 10-K filed on April 14, 2006). |
| 4.11 | Certificate of Designations of the Series B Junior Participating Preferred Stock of TiVo (incorporated by reference to Exhibit 4.1 of the registrant s Current Report on Form 8-K/A filed on January 19, 2001). |
| 4.12 | Certificate of Correction to the Certificate of Designations of the Series B Junior Participating Preferred Stock of TiVo (incorporated by reference to Exhibit 4.2 of the registrant s Current Report on Form 8-K/A filed on January 19, 2001). |

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| EXHIBIT NUMBER | DESCRIPTION |
|---|---|
| 10.1* | Form of Indemnification Agreement between TiVo Inc. and its officers and directors (incorporated by reference to Exhibit 10.1 of the registrant s Registration Statement on Form S-1 (SEC File No. 333-83515)). |
| 10.2* | TiVo Inc. s Amended and Restated 1997 Equity Incentive Plan and related documents (incorporated by reference to Exhibit 10.3 of the registrant s Registration Statement on Form S-1 (SEC File No. 333-83515)). |
| 10.3* | TiVo Inc. Amended & Restated 1999 Non-Employee Directors Stock Option Plan and related documents (incorporated by reference to Exhibit 10.3 of the registrant s Quarterly Report on Form 10-Q filed on December 10, 2004). |
| 10.4* | TiVo Inc. Amended & Restated 1999 Equity Incentive Plan and related documents (incorporated by reference to Exhibit 10.7 of the registrant s Quarterly Report on Form 10-Q filed on September 9, 2005). |
| 10.5* | TiVo Inc. Amended & Restated 1999 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.8 of the registrant s Quarterly Report on Form 10-Q filed on September 9, 2005). |
| 10.6* | TiVo Inc. Amended & Restated 1999 Employee Stock Purchase Plan Offering Document (incorporated by reference to Exhibit 4.1 of the registrant s Registration Statement on Form S-8 (SEC File No. 333-153178) filed on August 25, 2008) |
| 10.7* | TiVo Inc. 2008 Equity Incentive Award Plan (incorporated by reference to Exhibit 4.1 of the registrant s Registration Statement on Form S-8 (SEC File No. 333-153179) filed on August 25, 2008). |
| 10.8* | Form of Stock Option Agreement for Amended & Restated 1999 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 of the registrant s Quarterly Report on Form 10-Q filed on September 9, 2005). |
| 10.9* | Form of Stock Appreciation Rights Agreement for Amended & Restated 1999 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 of the registrant s Quarterly Report on Form 10-Q filed on September 9, 2005). |

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| 10.10* | Form of Restricted Stock Bonus Agreement for Amended & Restated 1999 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 of the registrant s Quarterly Report on Form 10-Q filed on December 9, 2005). |
| 10.11* | Form of Employee Restricted Stock Bonus Agreement for Amended & Restated 1999 Equity Incentive Plan (incorporated by reference to Exhibit 10.10 of the registrant s Annual Report on Form 10-K filed on April 15, 2008). |
| 10.12* | Form of Director Restricted Stock Bonus Agreement for Amended & Restated 1999 Equity Incentive Plan (incorporated by reference to Exhibit 10.11 of the registrant s Annual Report on Form 10-K filed on April 15, 2008). |
| 10.13* | Form of Stock Option Agreement for Amended & Restated 1999 Non-Employee Directors Stock Option Plan (incorporated by reference to Exhibit 10.10 of the registrant s Annual Report on Form 10-K filed on April 16, 2007). |
| 10.14* | Form of Stock Option Notice and Agreement for 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 of the registrant s Quarterly Report on Form 10-Q filed on September 9, 2008). |
| 10.15* | Form of Restricted Stock Bonus Notice and Agreement for 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 of the registrant s Quarterly Report on Form 10-Q filed on September 9, 2008). |
| 10.16* | Form of Restricted Stock Unit Notice and Agreement for 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 of the registrant s Quarterly Report on Form 10-Q filed on September 9, 2008). |
| 10.17* | Form of Senior Vice President Change of Control Terms and Conditions Agreement (incorporated by reference to Exhibit 10.11 of the registrant s Annual Report on Form 10-K filed on April 16, 2007). |
| 10.18* | Form of Amended & Restated Senior Vice President Change of Control Terms and Conditions Agreement (incorporated by reference to Exhibit 10.2 of the registrant s Quarterly Report on Form 10-Q filed on December 10, 2008). |
| 10.19* | Form of Vice President Change of Control Terms and Conditions Agreement (incorporated by reference to Exhibit 10.12 of the registrant s Annual Report on Form 10-K filed on April 16, 2007). |
| 10.20* | Form of Amended & Restated Vice President Change of Control Terms and Conditions Agreement (incorporated by reference to Exhibit 10.1 of the registrant s Quarterly Report on Form 10-Q filed on December 10, 2008). |

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| 10.21+ | Marketing Agreement between DIRECTV, Inc. and TiVo Inc., dated April 13, 1999 (incorporated by reference to Exhibit 10.8 of the registrant s Registration Statement on Form S-1 (SEC File No. 333-83515)). |
| 10.22+ | Letter Agreement, dated as of September 28, 2001, between TiVo Inc. and DIRECTV, Inc. (incorporated by reference to Exhibit 10.4 of the registrant s Annual Report on Form 10-K filed on April 3, 2002). |
| 10.23+ | Letter Agreement, dated as of January 7, 2002, between TiVo Inc. and DIRECTV, Inc. (incorporated by reference to Exhibit 10.5 of the registrant s Annual Report on Form 10-K filed on April 3, 2002). |
| 10.24+ | Amendment to Marketing Agreement and Tax Agreement, dated as of February 15, 2002, between TiVo Inc. and DIRECTV, Inc. (incorporated by reference to Exhibit 10.6 of the registrant s Annual Report on Form 10-K filed on April 3, 2002). |
| 10.25 | Second Consolidated Amendment to Marketing Agreement, dated as of June 30, 2003, between TiVo Inc. and DIRECTV, Inc. (incorporated by reference to Exhibit 10.1 of the registrant s Quarterly Report on Form 10-Q filed on December 15, 2003). |
| 10.26+ | Development Agreement, dated as of February 15, 2002, between TiVo Inc. and DIRECTV, Inc. (incorporated by reference to Exhibit 10.2 of the registrant s Annual Report on Form 10-K filed on April 3, 2002). |
| 10.27+ | First Consolidated Amendment to Development Agreement, dated as of October 31, 2002, between DIRECTV, Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.2 of the registrant s Quarterly Report on Form 10-Q filed on December 16, 2002). |
| 10.28+ | Second Amendment to Development Agreement, dated as of December 20, 2002, between DIRECTV, Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.1 of the registrant s Current Report on Form 8-K filed on December 31, 2002). |
| 10. 29+ | Third Amendment to Development Agreement, dated as of January 8, 2003, between DIRECTV, Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.1 of the registrant s Current Report on Form 8-K filed on January 14, 2003). |
| 10.30+ | Fourth Amendment to Development Agreement, dated as of April 17, 2003, between DIRECTV, Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.4 of the registrant s Annual Report on Form 10-K filed on May 1, 2003). |

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| 10.31+ | Fifth Amendment to Development Agreement, dated as of December 19, 2003, between DIRECTV, Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.26 of the registrant s Annual Report on Form 10-K filed on April 15, 2004). |
| 10.32+ | Sixth Amendment to Development Agreement, dated as of April 30, 2004, between DIRECTV, Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.2 of the registrant s Quarterly Report on Form 10-Q filed on June 9, 2004). |
| 10.33+ | Seventh Amendment to the Development Agreement, dated as of April 7, 2006, between TiVo Inc. and DIRECTV Inc. (incorporated by reference to Exhibit 10.0 of the registrant s Quarterly Report on Form 10-Q filed on June 9, 2006). |
| 10.34+ | Eighth Amendment to the Development Agreement, dated as of July 25, 2007, between TiVo Inc. and DIRECTV Inc. (incorporated by reference to Exhibit 10.4 of the registrant s Quarterly Report on Form 10-Q filed on September 10, 2007). |
| 10.35++ | Amended & Restated Development Agreement, dated as of September 2, 2008, between TiVo Inc. and DIRECTV Inc. (incorporated by reference to Exhibit 10.7 of the registrant s Quarterly Report on Form 10-Q filed on December 10, 2008). |
| 10.36+ | Amended and Restated Services Agreement, dated as of March 31, 2005, between TiVo Inc. and DIRECTV, Inc. (incorporated by reference to Exhibit 10.30 of the registrant s Annual Report on Form 10-K filed on April 15, 2005). |
| 10.37+ | First Amendment to the Amended and Restated Services Agreement, dated as of April 7, 2006, between TiVo Inc. and DIRECTV Inc. (incorporated by reference to Exhibit 10.1 of the registrant s Quarterly Report on Form 10-Q filed on June 9, 2006). |
| 10.38+ | Second Amendment to the Amended and Restated Services Agreement, dated as of July 25, 2007, between TiVo Inc. and DIRECTV Inc. (incorporated by reference to Exhibit 10.5 of the registrant s Quarterly Report on Form 10-Q filed on September 10, 2007). |
| 10.39++ | Third Amendment to the Amended and Restated Services Agreement, dated as of January 25, 2008, between TiVo Inc. and DIRECTV Inc. (incorporated by reference to Exhibit 10.10 of the registrant s Annual Report on Form 10-K filed on April 15, 2008). |
| 10.40++ | Second Amended & Restated Services Agreement, dated as of September 2, 2008, between TiVo Inc. and DIRECTV Inc. (incorporated by reference to Exhibit 10.8 of the registrant s Quarterly Report on Form 10-Q filed on December 10, 2008). |

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| 10.41 | Lease Agreement, dated as of October 6, 1999, between WIX/NSJ Real Estate Limited Partnership and TiVo Inc. (incorporated by reference to Exhibit 10.24 of the Quarterly Report on Form 10-Q filed on November 15, 1999). |
| 10.42 | First Amendment to Lease Agreement, dated as of February 1, 2006, between WIX/NSJ Real Estate Limited Partnership and TiVo Inc. (incorporated herein by reference to Exhibit 10.1 of the registrant s Current Report on Form 8-K filed on May 1, 2006). |
| 10.43 | Subordination, Non-Disturbance, and Attornment Agreement, effective as of October 6, 2006, between Greenwich Capital Financial Products, Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.32 of the registrant s Annual Report on Form 10-K filed on April 16, 2007). |
| 10.44* | TiVo Inc. Fiscal Year 2007 Bonus Plan for Executives (incorporated by reference to Exhibit 10.1 of the registrant s Current Report on Form 8-K filed on April 4, 2006). |
| 10.45* | TiVo Inc. Fiscal Year 2008 Bonus Plan for Executives (incorporated by reference to Exhibit 10.34 of the registrant s Annual Report on Form 10-K filed on April 16, 2007). |
| 10.46* | TiVo Inc. Fiscal Year 2009 Bonus Plan for Executives. (incorporated by reference to Exhibit 10.38 of the registrant s Annual Report on Form 10-K filed on April 15, 2008). |
| 10.47* | TiVo Inc. Fiscal Year 2010 Bonus Plan for Executives (incorporated by reference to Exhibit 10.1 of the registrant s Current Report on Form 10-K filed on April 2, 2009). |
| 10.48+ | Vendor Agreement, dated as of March 3, 2002, between TiVo Inc. and Best Buy Co., Inc. (incorporated by reference to Exhibit 10.1 of the registrant s Annual Report on Form 10-K filed on April 3, 2002). |
| 10.49+ | First Amendment to Vendor Agreement, effective as of February 1, 2003, between Best Buy Co., Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.3 of the registrant s Annual Report Form 10-K filed on May 1, 2003). |
| 10.50+ | Second Amendment to Vendor Agreement, effective as of April 1, 2003, between Best Buy Co., Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.4 of the registrant s Form 8-K filed on July 30, 2003) |

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| 10.51+ | Third Amendment to Vendor Agreement, effective as of February 27, 2004, between Best Buy Co., Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.0 of the registrant s Quarterly Report filed on September 9, 2004). |
| 10.52+ | 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 filed on December 10, 2004). |
| 10.53+ | Fifth Amendment to Vendor Agreement, effective as of February 28, 2006, between Best Buy Co., Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.41 of the registrant s Annual Report filed on April 15, 2005). |
| 10.54 | 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). |
| 10.55 | Seventh Amendment to Vendor Agreement, effective as of May 1, 2007, between Best Buy Purchasing LLC and TiVo Inc. (incorporated by reference to Exhibit 10.3 of the registrant s Quarterly Report on Form 10-Q filed on June 11, 2007). |
| 10.56 | Direct Import Addendum to the Vendor Agreement, between Best Buy Purchasing LLC and TiVo Inc., effective October 10, 2005 (incorporated by reference to Exhibit 10.3 of the registrant s Quarterly Report filed on December 9, 2005). |
| 10.57+ | TiVo Interactive Program Guide License Agreement, effective as of June 6, 2003, by and between TiVo Inc. and Gemstar TV Guide International, Inc. (incorporated by reference to Exhibit 10.1 of the registrant s Current Report on Form 8-K filed on July 30, 2003). |
| 10.58+ | TV Guide Showcase Rider to TiVo Interactive Program Guide License Agreement, effective as of June 6, 2003, by and between TiVo Inc. and Gemstar TV Guide International, Inc. (incorporated by reference to Exhibit 10.2 of the registrant s Current Report on Form 8-K filed on July 30, 2003). |
| 10.59+ | TV Guide Promotion Rider to TiVo Interactive Program Guide License Agreement, effective as of June 6, 2003, by and between TiVo Inc. and Gemstar TV Guide International, Inc. (incorporated by reference to Exhibit 10.3 of the registrant s Current Report on Form 8-K filed on July 30, 2003). |
| 10.60++ | Service Provider Amendment to TiVo Interactive Program Guide License Agreement, effective as of August 23, 2006, by and between Gemstar-TV Guide International, Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.3 of the registrant s Quarterly Report on Form 10-Q filed on September 11, 2006). |

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| 10.61++ | Remote Scheduling Amendment to TiVo Interactive Program Guide License Agreement, effective as of August 23, 2006, by and between Gemstar-TV Guide International, Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.4 of the registrant s Quarterly Report on Form 10-Q filed on September 11, 2006). |
| 10.62+ | Licensed Data Agreement, effective May 14, 2007, by and between Tribune Media Services, Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.4 of the registrant s Quarterly Report on Form 10-Q filed on June 11, 2007). |
| 10.63+ | Addendum 1 to the Licensed Data Agreement, effective May 14, 2007, by and between Tribune Media Services, Inc., Fandango Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.5 of the registrant s Quarterly Report on Form 10-Q filed on June 11, 2007). |
| 10.64* | Amended & Restated Employment Agreement between Thomas S. Rogers and TiVo Inc., effective March 21, 2007 (incorporated by reference to Exhibit 10.1 of the registrant s Quarterly Report on Form 10-Q filed on September 10, 2007). |
| 10.65* | Amended & Restated Employment Agreement between Thomas S. Rogers and TiVo Inc., effective September 16, 2008 (incorporated by reference to Exhibit 10.4 of the registrant s Quarterly Report on Form 10-Q filed on December 10, 2008). |
| 10.66* | Amended & Restated Change of Control Agreement between Thomas S. Rogers and TiVo Inc., effective January 1, 2007 (incorporated by reference to Exhibit 10.2 of the registrant s Quarterly Report on Form 10-Q filed on September 10, 2007). |
| 10.67* | Amended & Restated Change of Control Agreement between Thomas S. Rogers and TiVo Inc., effective September 16, 2008 (incorporated by reference to Exhibit 10.3 of the registrant s Quarterly Report on Form 10-Q filed on December 10, 2008). |
| 10.68* | Transition and Consulting Agreement, effective as of August 30, 2007, by and between Michael Ramsay and TiVo Inc. (incorporated by reference to Exhibit 10.3 of the registrant s Quarterly Report on Form 10-Q filed on September 10, 2007). |
| 10.69+ | Licensing and Marketing Agreement, effective as of March 15, 2005, between TiVo Inc., Comcast STB Software DVR, LLC, and Comcast Corporation (incorporated by reference to Exhibit 10.58 of the registrant s Annual Report on Form 10-K filed on April 15, 2005). |

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| 10.70 | First Amendment to the Licensing and Marketing Agreement, effective as of March 27, 2006, between TiVo Inc., Comcast STB Software DVR, LLC, and Comcast Corporation (incorporated by reference to Exhibit 10.73 of the registrant s Annual Report on Form 10-K filed on April 14, 2006). |
| 10.71+ | Second Amendment to the Licensing and Marketing Agreement, effective as of October 23, 2006, between TiVo Inc., Comcast STB Software DVR, LLC, and Comcast Corporation (incorporated by reference to Exhibit 10.1 the registrant s Quarterly Report on Form 10-Q filed on December 11, 2006). |
| 10.72++ | Third Amendment to the Licensing and Marketing Agreement, effective as of June 22, 2007, between TiVo Inc., Comcast STB Software DVR, LLC, and Comcast Corporation (incorporated by reference to Exhibit 10.3 to the registrant s Quarterly Report on Form 10-Q filed on December 10, 2007). |
| 10.73++ | Fourth Amendment to the Licensing and Marketing Agreement, effective as of August 27, 2007, between TiVo Inc., Comcast STB Software DVR, LLC, and Comcast Corporation (incorporated by reference to Exhibit 10.4 to the registrant s Quarterly Report on Form 10-Q filed on December 10, 2007). |
| 10.74++ | Fifth Amendment to the Licensing and Marketing Agreement, effective as of February 15, 2008, between TiVo Inc., Comcast STB Software DVR, LLC, and Comcast Corporation (incorporated by reference to Exhibit 10.63 of the registrant s Annual Report on Form 10-K filed on April 15, 2008). |
| 10.75++ | Sixth Amendment to the Licensing and Marketing Agreement, effective as of March 27, 2008, between TiVo Inc., Comcast STB Software DVR, LLC, and Comcast Corporation. (incorporated by reference to Exhibit 10.64 of the registrant s Annual Report on Form 10-K filed on April 15, 2008). |
| 10.76+ | License and Distribution Agreement, dated as of August 22, 2006, between CoxCom, Inc. and TiVo Inc. (incorporated by reference to Exhibit 10.2 of the registrant s Quarterly Report on Form 10-Q filed on September 11, 2006). |
| 10.77 | Credit Agreement, dated as of January 25, 2007, between Citigroup Global Markets Realty Corp. and TiVo Inc. (incorporated by reference to Exhibit 10.68 of the registrant s Annual Report on Form 10-K filed on April 16, 2007). |
| 10.78* | Consulting Agreement, effective as of July 9, 2007, between TiVo Inc. and Financial Leadership Group, LLC (incorporated by reference to Exhibit 10.6 of the registrant s Quarterly Report on Form 10-Q filed on September 10, 2007). |

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| 10.79* | First Amendment to Consulting Agreement, effective as of August 16, 2007, between TiVo Inc. and Financial Leadership Group, LLC (incorporated by reference to Exhibit 10.7 of the registrant s Quarterly Report on Form 10-Q filed on September 10, 2007). |
| 10.80* | Second Amendment to Consulting Agreement, effective as of October 2, 2007, between TiVo Inc. and Financial Leadership Group, LLC (incorporated by reference to Exhibit 10.1 of the registrant s Quarterly Report on Form 10-Q filed on December 10, 2007). |
| 10.81* | Third Amendment to Consulting Agreement, effective as of November 14, 2007, between TiVo Inc. and Financial Leadership Group, LLC (incorporated by reference to Exhibit 10.2 of the registrant s Quarterly Report on Form 10-Q filed on December 10, 2007). |
| 10.82* | Fourth Amendment to Consulting Agreement, effective as of June 1, 2008, between TiVo Inc. and Financial Leadership Group, LLC (incorporated by reference to Exhibit 10.21 of the registrant s Quarterly Report on Form 10-Q filed on September 9, 2008). |
| 14.1 | TiVo Code of Conduct, as amended March 25, 2009 (incorporated by reference to Exhibit 14.1 of the registrant s Current Report on Form 8-K filed on March 31, 2009). |
| 23.1 | Independent Registered Public Accounting Firm s Consent (filed herewith). |
| 24.1 | Power of Attorney (see signature page) of this Annual Report on Form 10-K and incorporated herein by reference. |
| 31.1 | Certification of Thomas Rogers, Chief Executive Officer of TiVo Inc. dated April 2, 2009 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. |
| 31.2 | Certification of Anna Brunelle, Chief Financial Officer of TiVo Inc. dated April 2, 2009 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. |
| 32.1 | Certification of Thomas Rogers, Chief Executive Officer of TiVo Inc. dated April 2, 2009 in accordance with 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Anna Brunelle, Chief Financial Officer of TiVo Inc. dated April 2, 2009 in accordance with 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

+ 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.

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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: April 2, 2009

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

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

| Signature | Title | Date |
|---|---|---|
| /s/ THOMAS ROGERS | Chief Executive Officer, President, and Director | April 2, 2009 |
| **Thomas Rogers** | (Principal Executive Officer) | |
| /s/ ANNA BRUNELLE | Chief Financial Officer | April 2, 2009 |
| **Anna Brunelle** | (Principal Financial and Accounting Officer) | |
| /s/ WILLIAM CELLA | Director | April 2, 2009 |
| **William Cella** | | |
| /s/ JEFFREY HINSON | Director | April 2, 2009 |
| **Jeffrey Hinson** | | |
| /s/ RANDY KOMISAR | Director | April 2, 2009 |
| **Randy Komisar** | | |
| /s/ MARK W. PERRY | Director | April 2, 2009 |
| **Mark W. Perry** | | |
| /s/ JOSEPH UVA | Director | April 2, 2009 |
| **Joseph Uva** | | |
| /s/ THOMAS WOLZIEN | Director | April 2, 2009 |
| **Thomas Wolzien** | | |

| | | |
|---|---|---|
| /s/ GEOFFREY Y. YANG | Director | April 2, 2009 |
| **Geoffrey Y. Yang** | | |
| /s/ DAVID ZASLAV | Director | April 2, 2009 |
| **David Zaslav** | | |