TIVO INC
Form 10-KT
April 30, 2001

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

FORM 10-K

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the one-month transition period ended January 31, 2001

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 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 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 amendments to this Form 10-K. [_]

As of April 20, 2001 there were 43,721,782 shares of registrant's common stock outstanding, and the aggregate market value of such shares held by non-affiliates of the registrant (based upon the closing sale price of such shares on the NASDAQ National Market on April 20, 2001) was approximately $100.0

million. Shares of the registrant's common stock held by each executive officer, director and holder of five percent or more of the registrant's common stock outstanding as of April 20, 2001 have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

DOCUMENTS INCORPORATED BY REFERENCE

Parts of Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on June 15, 2001 are incorporated by reference into Part III of this Transition Report on Form 10-K. (The Report of the Compensation Committee, the Report of the Audit Committee and the Comparative Stock Performance graph of the Registrant's Proxy Statement are expressly not incorporated by reference herein.)

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Transition Report on Form 10-K (The "Transition Report") 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 financial position, services, business development, strategy and our management's plans and objectives for future operations. 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 captions "Part I, Item 1. Business," and "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Transition 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 Transition Report. The reader is strongly urged to read the information set forth under the captions "Part I, Item 1, Business," and "Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations," in particular "Factors That May Affect Future Operating Results," for a more detailed description of these significant risks and uncertainties.

PART I

Item 1. Business

General Development of Business

TiVo is a pioneer in the personal television industry. We have created a unique personal television service that allows viewers to watch what they want when they want. The TiVo Service creates a richer and more enjoyable television experience by offering viewers greater control, choice and convenience. We believe that the TiVo Service also allows television programmers and advertisers to reach a broader audience by making shows more accessible and easier to record and to target their programming and advertising to specific viewers. The TiVo Service is a subscription-based service enabled by a personal video recorder designed and developed by TiVo.

TiVo was incorporated in August 1997 as a Delaware corporation with facilities in California. On August 21, 2000, TiVo (UK) Ltd., a wholly owned subsidiary of TiVo, was incorporated in the United Kingdom. We have developed a subscription-based personal television service, TiVo Service, that provides viewers with the ability to pause, rewind and play back live or recorded television broadcasts, as well as to search for, watch and record programs. The TiVo Service also provides television listings, daily suggestions and special viewing packages. The TiVo Service relies on three key components: the personal video recorder, the TiVo remote control and the TiVo Broadcast Center. We conduct our operations through one reportable segment.

We commenced our retail launch in the second half of 1999. Philips Business Electronics B.V. ("Philips"), Sony Corporation of America ("Sony"), Hughes Electronics Corporation ("Hughes") and Thomson Mulitmedia S.A. in the United Kingdom ("Thomson UK") currently manufacture and sell the personal video recorder enabling the TiVo Service. In addition, with the exception of Hughes, all of our manufacturing partners also market the devices allowing us to focus our resources on promoting and enhancing the TiVo Service. DIRECTV, Inc. ("DIRECTV"), a unit of Hughes, provides marketing resources that allows TiVo to target DIRECTV subscribers and provides sales support in the retail channel.

On September 13, 2000, TiVo closed an Investment Agreement with America Online, Inc. ("AOL") for $200 million. The AOL investment is part of a three-year strategic Production Integration and Marketing Agreement between AOL and TiVo, in which TiVo will become an AOL TV programming partner offering AOL TV subscribers access to features of the TiVo Service.

On January 30, 2001, we signed an agreement with AOL Time Warner to expand our existing strategic relationship to include an enhanced mulit-million dollar marketing and promotional campaign with AOL Time Warner. Under this agreement, the Second Amendment to the Investment Agreement, TiVo will be promoted across AOL Time Warner online, print and television media properties, which will focus on educating consumers about the TiVo Service. Additionally, the Second Amendment provided for an amendment to the Escrow Agreement. The First Amendment to the Escrow Agreement authorized release of $43.5 million in restricted funds, which had been provided by AOL under our previously executed investment agreement with AOL, which is now

working capital. In return,for the release of restricted cash, we agreed to reduce the exercise price of certain warrants held by AOL. TiVo reduced the exercise price of a warrant to purchase 2,308,475 shares of common stock held by AOL from $23.11 to $7.29 and also reduced the exercise price of a warrant to purchase 295,428 shares of common stock held by AOL from $30.00 to $7.29. In January 2001, we paid AOL $16.5 million for prepaid advertising expenses out of the $43.5 million released cash.

Industry Background

The television is a truly ubiquitous consumer product. According to the market research firm Nielsen Media Research, 98.0 million, or more than 98% of all U.S. households, owned at least one television at the end of 1998. Nielsen also reports that in 1998, U.S. households owned, on average, 2.4 televisions and spent an average of 7 hours and 15 minutes per day viewing television. According to Forrester Research, by 2004, 14 million households will use personal video recorders to control their television viewing.

The reach and popularity of television has been facilitated by the emergence of new technologies and delivery systems for television programming. These new technologies have enhanced the clarity, color and sound of television and, as a result, have increased the entertainment value of watching television. In addition, new delivery systems, including cable and satellite systems, now offer a large number of programming choices and specialized programming such as pay-per-view promotions. According to Cable Ad Bureau, 78.1 million U.S. households spent $34.4 billion to receive subscription-based cable television services in 1999. CAB estimated a growth rate of 12% for 2000. In addition, according to Intertec Publishing Corporation, 14.5 million U.S. households received subscription-based satellite television services in 1999. New services and features such as Internet access, personal video recorders and high-definition TV broadcasts are forecasted to increase subscriber numbers to 25 million by 2005.

These statistics have not been lost on advertisers, who have made television their largest, most popular medium for reaching consumers. McCann-Erickson, Inc., a market research firm, estimates that $47.4 billion was spent on television advertising in 1998. This represents over 23% of total advertising spending.

As the reach and popularity of television has grown, so too has the amount of programming available to viewers. Cable and home satellite television systems have dramatically increased the number of networks and channels available to today's television viewer. According to the Television & Cable Fact Book, in 1998, over 60% of U.S. cable subscribers had access to more than 53 channels, compared to less than 10% in 1985. The explosive growth in available channels has led to an overwhelmingly diverse selection of programming and content. This is due in large part to the emergence of specialized television channels and networks, which are formed around a given subject, theme or category of interest. For example, channels have been created to deliver programming to targeted groups, such as women or children, or to deliver specialized content, such as news, cartoons, classic movies, golf, comedy or educational programming. Subscription-based premium channels, such as HBO and Showtime, also offer specialized programming, including major motion pictures, made-for-television movies and sporting events. Clearly, there is more television programming to choose from now than ever before.

The Need for Personal Television

From the introduction of color television and remote controls to the proliferation of cable and satellite programming and home theater systems, improvements in the television experience have been aimed at meeting viewer demand for richer programming and a more enjoyable viewing experience. However, the dramatic increase in the volume and diversity of television programming has fragmented viewing audiences and created new challenges for viewers, television programmers, network operators and advertisers.

Challenges Faced by Viewers. TiVo believes that today's television viewer wants greater control, choice and convenience when watching television. Today's television viewers:

- are unable to easily navigate through hundreds of channels and thousands of programs;
- are unable to easily identify programs of interest;
- are limited to either watching shows at the time they are broadcast or recording shows by using a VCR; and
- are often forced to miss portions of shows due to interruptions.

Challenges Faced by Television Programmers. Although the television has become a ubiquitous product, the dramatic increase in the volume and diversity of channels and programming has drawbacks for networks and

other television programmers. The major networks have been particularly affected by the proliferation of channels and specialized programming and are suffering from:

- brand dilution and declining viewer loyalty;
- greater fragmentation of their audience base; and
- the inability to effectively evaluate viewing habits, preferences and demand.

The TV International Sourcebook for 1999 reports that networks have steadily lost market share to other content providers, from 60% market share in 1993 to approximately 45% in 1998. As television becomes more fragmented and the competition for viewers increases, networks and other television programmers must find new ways to attract viewers and increase viewer loyalty.

Challenges Faced by Advertisers. Similarly, TiVo believes that today's television advertisers face new challenges as they seek greater effectiveness and efficiency in targeting specific viewers and establishing brand identity and loyalty. For example, advertisers must:

- spend increasing amounts of time and money to target desired demographic groups;
- spread their advertising budgets over an ever-expanding number of channels and programs; and
- find new ways to identify, monitor and respond to viewers' programming and advertising preferences.

As viewer fragmentation has increased, so too has the cost of advertising. Prime time advertisements on the major television networks are more expensive today than ever before, yet ratings and market share for these networks are declining. According to the Television Bureau of Advertising and Nielsen Media Research, the average cost of a 30-second night-time commercial has increased from $92,700 in 1993 to $121,300 in 1998. Like television programmers, advertisers must find new ways to reach their targeted audience and to establish brand identity and loyalty among viewers.

Challenges Faced by Cable and Satellite Network Operators. As a result of increased competition, cable and satellite network operators have begun placing greater emphasis on acquiring and retaining subscribers and finding ways to increase the monthly revenue they receive from these subscribers. In order to successfully accomplish this, they must:

- improve customer satisfaction;
- enhance programming choice; and
- provide new features and functionality, such as electronic commerce.

TiVo Solution

TiVo has created a personal television service that we believe meets the challenges faced by viewers, television programmers, advertisers and network operators. The TiVo Service provides viewers with greater control, easier navigation and a wider range of viewing options when watching television than what was formerly available. The TiVo Service creates a richer and more enjoyable viewing experience by allowing viewers to watch what they want when they want. The TiVo Service also creates a new platform that enables television programmers, advertisers, and network operators to deliver television programming, advertising and in-home commerce. We believe that our service allows television programmers and advertisers to reach a broader audience by making shows more accessible and easier to record and to target their programming and advertising to specific viewers. The TiVo Service is a subscription-based service enabled by a personal video recorder designed and developed by TiVo. The personal video recorder is a device that includes a hard disk drive for recording shows and accessing the content available on the TiVo Service.

The TiVo Service has many features that distinguish it from traditional television viewing, including:

Locate and Record Multiple Shows Quickly and Easily. The TiVo Service offers a variety of easy-to-use navigation and recording features that allow viewers to easily locate and record their favorite shows. Viewers can record and play back a single show or schedule a customized line-up of several shows to be recorded without entering specialized codes, setting a timer or using a video tape. With the Season Pass feature, the TiVo Service automatically records all episodes of viewers' favorite shows.

Control Live Television. Using the TiVo Service and the personal video recorder, viewers have more control over live television. For example, viewers can utilize advanced viewing commands, such as pause, rewind, fast forward and frame-by-frame. When a viewer pauses live television, the personal video recorder continues to record the program that the viewer is watching. The viewer can then resume viewing in normal mode, fast forward to catch up to the live telecast, or execute any of the other advanced viewing commands. Prior to the introduction of TiVo, the ability to control live television in this manner was not available.

Viewing Preferences and Suggested Programming. The TiVo Service allows viewers to create viewing preferences around particular shows or categories of interest. Using the Thumbs Up and Thumbs Down buttons on the TiVo remote, viewers can express their preferences for a particular type of show. These preferences accumulate over time and are stored locally on the personal video recorder. Based on the viewer's stored preferences, TiVo recommends programming that viewers are likely to enjoy and, when storage space is available, the TiVo Service will automatically record shows that are most likely to match viewers' individual preferences.

Specialized Content. The TiVo Service also enables a variety of specialized content. For example, the TiVo Service allows television programmers to develop and deliver Network Showcases that feature selected programming, such as an upcoming movie, special event or mini-series, on easy-to-use interactive screens. Currently, Network Showcases available on the TiVo Service include directories of simplified recording options for groups of related shows of particular programmers. In the future, television programmers could use the TiVo Service to directly offer viewers special programming packages and pay-per-view promotions such as movies, sporting events, news headlines and other programming. Subscribers to the TiVo Service also have access to TiVolution Magazine, which features theme-based collections of shows compiled by TiVo's editorial staff.

To further enhance the TiVo Service, we create and produce a weekly program that highlights upcoming shows and events called "TiVo Takes". Produced by TiVo Studios, the show offers great benefits to both viewers and partners through the use of Ipreview encoded interactive menus. While viewing the TiVo Takes program, viewers can schedule recordings with one touch of the remote. Viewers can also record every episode of an entire season with TiVo's exclusive Season Pass. Advertisers also have the option to run billboard interactive advertisements and interstitials throughout the program.

Menu-Driven Navigation and Viewer Interface. The TiVo Service employs a menu-driven interface and easy-to-use navigation system. TiVo Central, the main screen of the TiVo Service, allows viewers to access their customized lineup of shows, Network Showcases, TiVolution Magazine and other TiVo Services and features. The Pick Programs to Record feature, located on the TiVo Central screen, allows viewers to search for shows to record by subject, title, channel or time of showing. Using the on-air guide, viewers can quickly and efficiently browse through a schedule of up to two weeks of available television programming and descriptions for each show.

Benefits of the TiVo Service

For viewers, television programmers, advertisers and network operators, the TiVo Service offers several benefits over traditional television viewing.

Benefits to Viewers. We believe that our service offers an enhanced television viewing experience. Key benefits offered to viewers include the following:

Greater Control, Choice and Convenience. The TiVo Service provides viewers with greater control, choice and convenience in watching television. Using the search and navigation features and variety of recording options, viewers can:

- automatically record all episodes of their favorite shows;
- quickly and easily create a customized lineup of shows to be recorded up to two weeks in advance;
- pause, rewind and fast-forward live television;
- skip through programming that they do not want to see; and

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- access their customized lineup of recorded shows and other specialized content.

Making Sense of Available Content. The TiVo Service assists viewers in navigating through the hundreds of channels and thousands of programs available for viewing. Using the TiVo Service, viewers can browse pre-set categories of programming, such as sports or action/adventure, and select a desired show for viewing or recording simply by entering the title, channel or time. With the TiVo Service, viewers can easily organize their television viewing around shows they want to watch and receive suggestions for programming that they are likely to enjoy.

Programming that Matches Viewers' Preferences. The TiVo Service ranks and recommends programming according to viewers' preferences. This functionality not only gives viewers access to programming that meets their personal tastes, but also displays programming, based on viewer preferences, that they might otherwise never have known was being broadcast.

Benefits to Television Programmers. We believe our TiVo Service offers television programmers a new and exciting way to reach the viewing audience. Key benefits offered to television programmers include the following:

Enhanced Viewer Loyalty and Retention. By making it easy for viewers to find and record the shows they want to watch, the TiVo Service enables programmers to make their shows accessible to a broader audience. TiVo believes that these easy to use features, especially the Season Pass feature, will increase the likelihood that viewers will continue viewing new episodes of a particular series or show. Viewers also can easily play back the shows they have recorded long after they have aired, enhancing viewer retention and loyalty.

More Effective Promotions and Previews. The TiVo Service provides television programmers with an opportunity to create more effective promotions and previews such as Network Showcases for selected programming and pay-per-view events. TiVo developed a service, called Ipreview, that consists of active previews and promotions that allow a viewer to easily record featured programming at the touch of a button. TiVo believes these promotions will be effective in attracting viewers and increasing a network's brand presence because they allow viewers to "impulse record" featured programming and to watch these programs at a more convenient time. TiVo also believes that by taking advantage of these features, television programmers have a greater opportunity to reach a larger viewing audience.

New Platform for Content Delivery. TiVo anticipates that television programmers will embrace the TiVo Service as a new way to reach audiences with programming, products and services and as a way to enable couch commerce. For example, the TiVo Service can enable television programmers to allow viewers to order and automatically record special programming packages, including bundled episodes of previously run shows and pay-per-view promotions. TiVo anticipates that viewers would be able to simply "point and click" to order movies, sports events, programming packages, games and other products and services.

Audience Measurement. TiVo has partnered with ASI Entertainment and Nielsen Media Research to create the National In-Home TV Lab. The Lab is designed to help the television industry and advertisers understand the impact of how television viewers are going to embrace and use emerging technologies, particularly the personal television services. We believe that research from the Lab will provide the television industry with accurate audience data and will help programmers and advertisers speak more effectively to their audiences.

Benefits to Advertisers. We believe that our TiVo Service will offer advertisers a new platform with more efficient and effective ways to reach their targeted audience. Key benefits offered to advertisers include the following:

Targeting Consumers. In the future, the TiVo Service will allow advertisers to offer advertising that is related to the viewing preferences stored on the personal video recorder. For example, working with our network partners TiVo could download and store several commercials on the personal video recorder and select which of these commercials to show based on the viewer's preferences. For example, an automobile advertiser may want to advertise one of several models during the airing of a particular program, depending on each viewer's preferences. If the viewer's preferences suggest that the viewer is an outdoor enthusiast, the commercial might feature a sport utility vehicle.

Platform for New Advertising Opportunities. The TiVo Service provides advertisers with a new platform to offer advertisements to viewers. For example, advertisers may be able to combine new advertising with recorded shows and special promotions to reach new and existing viewers. TiVo also intends to offer advertisers a new

service that will allow viewers to get more information about and possibly purchase a featured product or service using the TiVo remote. In this way, TiVo expects to create an interactive on-air shopping experience for the viewer.

Benefits to Cable and Satellite Network Operators. The TiVo Service provides a unique platform for network operators to reduce subscriber turnover and create new sources of revenue. Key benefits offered to cable and satellite network operators include the following:

Ability to Differentiate Services. The TiVo Service allows network operators to differentiate and enhance their service offerings by making available programming more accessible to viewers, and enhancing viewer loyalty by offering subscribers the ability to customize their viewing experience.

Platform for New Service Opportunities. The TiVo Service can also provide new sources of revenue for network operators. In 2000, TiVo introduced "TiVo Direct", an innovative, new marketing and merchandising product. This new content product is comprised of 30 minutes of video advertising and marketing programming pre-loaded into the hard drive before a personal video recorder enabled with TiVo Service is shipped from the factory. This content is produced by an advertiser. It may include advertisements for purchase of advertiser merchandise or other goods and services selected by the advertiser. The content resides on the hard drive and is displayed prominently on the Now Showing screen until the consumer deletes it.

TiVo Strategy

TiVo's objective is to establish the TiVo Service as the platform for delivering richer television programming, advertising and in-home commerce. The key elements of our strategy are:

Establish the TiVo Service as the Market Leader in Personal Television. TiVo is a pioneer in the personal television industry. As the personal television industry develops, we intend to aggressively grow our subscriber base, create specialized content to enhance the value of the TiVo Service and develop new ways to deliver effective targeted advertising. TiVo also intends to augment these efforts through strategic partnerships with cable and satellite network operators, television programmers, advertisers and consumer electronics manufacturers. TiVo believes that establishing and maintaining a market leadership position in personal television is critical to establishing new sources of revenues and the overall growth of our business.

Establish and Promote the TiVo Brand. TiVo believes that establishing the TiVo brand is critical to attracting subscribers, advertisers and strategic partners. We have dedicated substantial resources to promoting our brand through multiple advertising and marketing channels, participation in trade shows, sponsoring events, merchandising and by leveraging existing and future strategic partnerships.

Leverage Partnerships to Accelerate Market Acceptance. TiVo believes that leveraging the market presence, brand recognition and distribution resources of established television industry participants will help us establish broad consumer awareness and acceptance of the TiVo Service and personal television. We intend to continue to establish partnerships with leading television industry participants to expand our subscriber base, provide content and develop and distribute a wide variety of devices that enable the TiVo Service. Such partnerships may include:

Network Operators and Other Content Distributors. TiVo intends to continue to establish partnerships with an increasing number of network operators, including cable and satellite operators. TiVo believes that agreements with these companies will provide access to a large and established base of viewers who are likely to purchase the TiVo Service. Relationships with these companies will also provide opportunities to develop additional devices that enable the TiVo Service and provide specialized programming to viewers. For example, TiVo's agreement with DIRECTV provides for a variety of assisted and joint marketing activities targeting DIRECTV's installed base of subscribers.

Networks and Other Television Programmers. TiVo intends to continue to establish partnerships with an increasing number of television programmers, including broadcast and premium-service providers. TiVo believes that partnerships with these companies can increase the amount and diversity of customized content available on the TiVo Service and provide a significant opportunity to offer specialized programming to viewers. Partnerships with these companies also provide TiVo with opportunities to develop new interactive services. Currently, TiVo has relationships with HBO, HGTV and Discovery Communications. Many of these relationships provide for the delivery of Network Showcases and other specialized programming to viewers.

Consumer Electronics Manufacturers. TiVo intends to continue to establish partnerships with consumer electronic and other device manufacturers for the development, manufacture and marketing of devices that enable the TiVo Service. TiVo believes this strategy will accelerate the growth of the market for personal television. TiVo has a strategic relationship with Philips, which launched the Philips' branded personal video recorder into the retail channel in the third quarter of 1999 and which continues to manufacture and distribute its recorder. Additionally, TiVo has entered into agreements with Sony, Hughes and Thomson UK to manufacture and distribute their brands of the personal video recorder enabled with TiVo Service.

Advertisers. TiVo intends to pursue partnerships with advertisers in an effort to generate new sources of revenue. TiVo believes that garnering advertiser support for the TiVo Service will accelerate the market acceptance for personal television. We also believe that our proprietary software and other technology embedded in the personal video recorder and the TiVo Service will enable advertisers to reach desired viewers more effectively. Not only will advertisers be better equipped to reach consumers with specific tastes or preferences, viewers will receive more information about products in which they are likely to be interested. Currently, TiVo has relationships with IFILM, Pfizer and Guthy-Renker.

Offer an Increasing Range of Programming and Features. TiVo intends to continue to offer new programming and features in order to enhance the value of the TiVo Service and create new sources of revenue. TiVo's technology allows for frequent updates and improvements to the programming and features offered on the TiVo Service. TiVo intends to develop other features, such as sports highlights, condensed news programs and other specialized programming. TiVo believes that the TiVo Service allows television programmers and advertisers to reach a broader audience by making shows more accessible and easier to record and to target their programming and advertising to specific viewers. Potential future services include:

Active Promotions. TiVo anticipates that programmers will be able to use the TiVo Service to allow viewers to easily record a variety of programming such as movies, sports events, television series and other products and services. For example, TiVo has developed "Ipreview", a service that allows viewers to schedule and record featured programming using a "point and click" feature during previews.

Active Ads. TiVo anticipates that advertisers will be able to use special coding, called "data tags," to allow viewers to interact with commercials. For example, when viewing a commercial, viewers may be able to click a button on their remote control to request a longer infomercial about the product, to request a brochure or ask for the nearest retailer. TiVo is currently developing a service that allows viewers to get more information about and possibly purchase featured products or services using the TiVo remote control.

Targeted Ads. TiVo anticipates that advertisers will be able to use the TiVo Service to reach a broader base of consumers and offer commercials that better match viewers' interests. For example, based on the viewers' preferences stored on the personal video recorder, an automobile advertiser can feature a sport utility vehicle in one household and a minivan in another. This is accomplished by a software program utilizing data stored on the personal video recorder. Individual viewing preferences will not be released to advertisers or other third parties without the viewer's consent.

Encourage the Development of New Devices Enabling the TiVo Service. TiVo has continued to work in partnership with consumer electronics manufacturers and others in developing new and complementary products that enable the TiVo Service, such as televisions, DVD players and satellite television receivers. This strategy is based on TiVo's belief that the TiVo Service enhances the value of other television, entertainment and home theater products and services. In pursuing these relationships, we expect to continue to grant broad licensing rights to our technology and intends to create a set of standards that will allow consumer electronics manufacturers to embed the technology that enables the TiVo Service in home entertainment products. We anticipate that the broad licensing of our technology will accelerate our subscriber growth, enhance our market position and strengthen the TiVo brand.

What Viewers Experience Using the TiVo Service

The TiVo Service is designed to appeal to a broad consumer base by being easy-to-use and intuitive. The TiVo Service gives viewers the ability to control and personalize television by letting them watch what they want when they want. Navigation through the TiVo Service's menu-driven interface starts from the TiVo Central screen.

TiVo Central. TiVo Central is the main screen on the TiVo Service and is the first screen seen by the viewer when the television is turned on. TiVo Central can also be accessed from anywhere in the TiVo Service by pushing the TiVo button on the TiVo remote. Most of the recording and viewing features available on the TiVo Service can be accessed through this screen.

Now Showing. The Now Showing screen allows viewers to easily choose from their customized lineup of shows, which have been recorded and are stored on the personal video recorder. For each show, viewers can get detailed information, including a description of the show and its recorded time. Viewers can also see when the program will be deleted from the personal video recorder and can change the deletion time if desired.

Network Showcases Screen. The Network Showcases screen can be used by television programmers and advertisers to feature selected programming and products. Network Showcases are separately categorized by each programmer. Within their own Network Showcase, programmers can customize the manner in which they highlight and package shows. In the future, we believe that programmers will create a unique look and feel for their Network Showcases and may include promotional video clips and trailers.

Pick Programs to Record. Pick Programs to Record allows viewers to easily select shows to be recorded. Viewers can choose to select shows by name, channel or time. In addition, viewers can choose from a list of shows recommended by the TiVo Service based upon their individual preferences.

On-Air Program Guide. The TiVo Service includes an easy-to-use on-air program guide that allows viewers to browse through available programming and receive information about upcoming shows. The on-air program guide includes a brief description of the program and the time and channel for viewing.

TiVolution Magazine. TiVolution Magazine features theme-based collections of shows and other content compiled by TiVo's editorial staff.

How TiVo Works

The TiVo Service relies on three key components: the personal video recorder, the TiVo remote control and the TiVo Broadcast Center. Individually, each of these components serves a vital function in the TiVo Service.

The Personal Video Recorder. The personal video recorder was initially designed and developed by TiVo and enables the basic functionality of the TiVo Service. The personal video recorder automatically records live television while the viewer is watching, which allows the viewer to control live television. The current versions of the personal video recorder, however, cannot record a different show while concurrently watching live television. The personal video recorder works with analog broadcast, cable and digital satellite systems. Our manufacturing partners produce two categories of personal video recorders known as stand-alone recorders and DIRECTV Receivers with TiVo. The stand-alone recorders work with analog broadcast and cable systems. Three models of the personal video stand-alone recorder are currently available, one supporting up to 20 hours, another supporting up to 30 hours of recorded programming and one supporting up to 60 hours of recorded programming. The DIRECTV Receiver with TiVo is an integrated device that can store up to 35 hours of programming recorded straight from the digital bitstream coming off the DIRECTV satellite.

After the initial set-up, the personal video recorder will automatically dial into the TiVo Broadcast Center via a telephone line on a daily basis to download the program guide data, Network Showcases and other programs or features of the TiVo Service. Software upgrades to the personal video stand-alone recorder are also delivered directly to the personal video recorder via the phone line at no additional charge. The DIRECTV Receivers with TiVo are updated via satellite link instead of phone lines. The program guide data downloaded from the TiVo Broadcast Center does not decrease the amount of programming that can be recorded by the subscriber on the personal video recorder.

When enabled with the TiVo Service, the personal video recorder stores the subscribers' viewing preferences. Based on these preferences, the TiVo Service ranks every show listed in the on-air program guide and then recommends the highest ranked shows to the viewer. If there is available storage capacity in the personal video recorder, the personal video recorder may automatically record the show or shows with the highest ranking.

The TiVo Service uses an advanced disk scheduling technique, which manages the recording and deletion of programs on the system. This allows viewers to select programming to record well in advance of airing and receive confirmation that the selected program will be recorded, even if the length of the programming selected for recording exceeds the then available storage capacity on the recorder.

TiVo expects that the vast majority of purchasers of the personal video recorder will activate the TiVo Service. However, if the TiVo Service is not enabled or is subsequently cancelled, the personal video recorder provides viewers with several basic capabilities, including pause, rewind and fast forward navigation of live or

recorded television and the ability to record selected programs by manually programming the personal video recorder without the aid of the TiVo Service.

The TiVo Remote Control. The TiVo remote control can operate both the personal video recorder and the viewer's television. Using the TiVo remote control, a viewer is able to take advantage of the functionality of the TiVo Service, including navigation of programming, selection of shows to be recorded and advanced viewing features. The TiVo remote control also enables viewers to indicate personal preferences through the use of the Thumbs Up or Thumbs Down buttons. As the TiVo Service is expanded, the TiVo remote control will accommodate expanded functionality associated with new features, services, promotions and programming options.

The TiVo Broadcast Center. The TiVo Broadcast Center is a series of computer servers that manage all of TiVo's programming and service data. The TiVo Broadcast Center distributes proprietary services and specialized content such as TiVo's on-air program guides, Network Showcases, TiVolution Magazine and other content provided by us and our partners. The TiVo Broadcast Center is designed to be a platform for future interactive services. Presently, data contained in the TiVo Broadcast Center is communicated to each personal video recorder automatically on a daily basis through the subscriber's phone line for the standalone receivers. Upgrades to the software that enable the TiVo Service are also provided automatically over this phone line. For the DIRECTV Receiver with TiVo subscribers, we utilize satellite and cable bandwidth to transmit data and communicate information from the TiVo Broadcast Center to the DIRECTV Receiver with TiVo version of the personal video recorder.

Strategic Partnerships

Our success depends on our ability to quickly build a large subscriber base, integrate TiVo functionality into a broad range of consumer electronics products, and develop new services and programming to enhance the TiVo Service. In order to achieve these goals, TiVo has chosen to aggressively pursue strategic partnerships with:

- cable and satellite network operators;
- television programmers;
- consumer electronics manufacturers;
- marketing support partners; and
- suppliers of key components of the TiVo technology.

By working with strategic partners to develop a business model that complements the businesses of other industry stakeholders, TiVo is seeking to aggressively develop personal television as a major category of home entertainment.

Through our partnerships, TiVo's personal video recorders and other devices will be manufactured and distributed through retail and other channels. These partners will also provide access to a large number of potential subscribers and the resources to effectively market and promote the TiVo Service. In addition, these partnerships will allow us to provide our subscribers with richer content, including Network Showcases, previews and promotions of upcoming shows and other specialized viewing options on the TiVo Service. Some of TiVo's major partnerships include:

AOL. In 2000, TiVo closed an Investment Agreement with AOL for $200 million. The AOL investment is part of a three-year strategic Production Integration and Marketing Agreement between AOL and TiVo, in which TiVo will become an AOL TV programming partner offering AOL TV subscribers access to features of the TiVo Service. Additionally, TiVo signed media insertion orders for calendar years 2000 and 2001 with AOL for advertising programs to promote the TiVo Service on AOL Time Warner properties.

BSkyB. TiVo launched the TiVo Service in the United Kingdom in cooperation with British Sky Broadcast. Consumer electronic manufacturer, Thomson, manufactures the personal video recorder that enables the TiVo Service under the Thomson SCENIUM brand. The SCENIUM recorder became available in October 2000. In an effort to support this partnership, TiVo has established a presence in the United Kingdom by both incorporating TiVo (UK) Ltd. and establishing an office in Middlesex, UK. Additionally, the BBC signed an agreement as a network partner to showcase its content on the TiVo Personal Television Service in the UK.

DIRECTV. DIRECTV is promoting TiVo and the TiVo Service to its nine million subscribers. DIRECTV provides a variety of marketing and sales support, including commercial air time on the DIRECTV system, access to DIRECTV subscribers for targeted mailings and placement on its web site and in its on-air magazine. DIRECTV has also made a portion of the high bandwidth capacity of DIRECTV's satellite network available to TiVo. We intend to use this capacity to expand and enrich the TiVo Service offered to DIRECTV subscribers.

In connection with this agreement, DIRECTV also made an equity investment in TiVo. Additionally, DIRECTV will share in specified revenues that we receive that relate to subscribers to the TiVo Service who also subscribe to the DIRECTV satellite service. TiVo has also agreed offset a portion of DIRECTV's marketing expenses for the DIRECTV Receiver with TiVo.

Discovery Communications. TiVo is working with Discovery to produce weekly Network Showcases and other programming packages that highlight current and upcoming Discovery programs. We also granted Discovery preferential placement on our Network Showcases screen. TiVo will also work with Discovery to enable Discovery to use our Ipreview Service.

NBC Multimedia. TiVo is working with NBC to produce weekly Network Showcases and other programming packages that highlight current and upcoming NBC programs. These NBC programming packages and specials will also be featured in TiVolution Magazine.We also granted NBC preferential placement on our Network Showcases screen. TiVo and NBC have agreed to feature each other as partners on their respective web sites.

In connection with this agreement, NBC also made an equity investment in TiVo. In addition, NBC will receive certain rights with respect to TiVo's couch commerce and Internet services if such services are enabled on the TiVo Service.

Philips. Philips has agreed to manufacture, market and distribute personal video recorders that enable the TiVo Service. Philips will continue to market co-branded personal video recorders with TiVo and support the TiVo Service in retail channels. Philips has also licensed TiVo's technology to develop, market and promote other products that enable the TiVo Service.

TiVo has agreed to offset a portion of Philips' manufacturing costs by paying a subsidy to Philips for each personal video recorder that Philips manufactures and sells. TiVo has also agreed to share a portion of the TiVo Service subscription revenues it receives from purchasers of the personal video recorders and other devices manufactured by Philips that enables the TiVo Service. Philips is also one of our stockholders.

Sony. Sony has also agreed to manufacture, market and distribute personal video recorders that enable the TiVo Service. Sony will continue to market co-branded personal video recorders with TiVo and support the TiVo Service in retail channels.

TiVo has agreed to offset a portion of Sony's manufacturing costs by paying a subsidy to Sony for each personal video recorder that Sony manufactures and sells. TiVo has also agreed to share a portion of the TiVo Service subscription revenues it receives from purchasers of the personal video recorders and other devices manufactured by Sony that enables the TiVo Service. Sony is also one of our stockholders.

Quantum. Quantum has agreed to develop and supply the hard disk drives used in personal video recorders that enable the TiVo Service. Under the agreement, we or a designated third-party buyer may purchase from Quantum up to an agreed number of hard disk drives at a discount. In addition, Quantum has agreed to work with TiVo to customize its hard disk drives for devices that enable the TiVo Service. Quantum and TiVo have also agreed to work together in promoting TiVo and the TiVo Service. Quantum has acquired shares of our stock in connection with this agreement. We have also agreed to share a portion of the TiVo Service subscription revenues we receive from the subscribers who have purchased personal video recorders and other devices equipped with Quantum hard disk drives on which we received a discount from Quantum.

Liberate Technologies. We have agreed to license and incorporate Liberate's TV Navigator software into future version of our personal television reference platform, thus integrating Liberate's platform with interactive TV with the TiVo Service. The Liberate platform includes client and server software that enable interactive TV services such as accessing web sites via the TV. Additionally, this license agreement provides a platform for the enhancement of AOL TV enabled with TiVo Service.

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Sales and Marketing

TiVo is building a team of sales and marketing professionals whose efforts are focused on establishing the TiVo brand, educating consumers on the features and benefits of the TiVo Service and personal television, and promoting sales of personal video recorders and other devices that enable the TiVo Service.

TiVo anticipates that retail stores will be the dominant distribution channel for the personal video recorders and is establishing direct relationships with potential retail partners. Our marketing team maintains an ongoing dialogue with viewers via research and other consumer response vehicles to ensure that TiVo continues to deliver services that match viewers' needs.

TiVo began selling personal video recorders and subscriptions to the TiVo Service on March 31, 1999 directly to consumers, principally through our web site and our toll-free telephone number, 1-877-FOR-TIVO. Philips began distributing co-branded personal video recorders to national retail chains and regional retail stores and distributors and online e-tailers in the fourth quarter of 1999.

Philips began selling personal video recorders to retailers and supporting the retail channel through marketing efforts, in-store display materials and sales force training. TiVo, with the assistance of DIRECTV, has supported Philips' efforts by educating retailers about personal video recorders and the TiVo Service and providing training where necessary. In addition, DIRECTV incorporated the TiVo logo in certain of its in-store promotional materials in the first quarter of 2000. Philips and DIRECTV also encourage their existing and prospective customers to subscribe to the TiVo Service by offering promotional incentives such as coupons or discounts.

TiVo initiated a marketing campaign in support of the retail launch of the personal video recorder that utilized print, outdoor, web and television advertising. TiVo also targeted certain DIRECTV subscribers with direct mail and bill inserts. The goal of these efforts is to increase awareness of the personal television category and to promote the TiVo brand as the leader in this category. TiVo's marketing campaign was augmented by advertising efforts by Philips and Sony.

Personal video recorders with the TiVo Service are available from Philips and Sony at stores nationwide and from online retailers such as Best Buy, Circuit City, Good Guys, Ultimate Electronics and The Wiz. Thomson SCENIUM brand personal video recorders with the TiVo Service are available at Dixons and Curry's in the UK.

Privacy Policy

TiVo has adopted a privacy policy, which we make available on our web site and deliver to each new subscriber to the TiVo Service. This policy was updated and expanded in September 2000. 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. TiVo further gives subscribers the ability to "opt-out" from the collection of anonymous viewing information or diagnostic information log files.

TiVo has designed a system that ensures that any viewing information transmitted from the TiVo Receiver is anonymous on the Receiver 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 Receiver. Anonymous viewing information is collected and stored separate from any information that identifies a viewer personally. As a result, unless subscribers affirmatively consent to the collection of personally identifiable viewing information before the file containing such viewing information is transmitted from the Receiver to TiVo's distribution servers, we have no way of matching anonymous viewing information with particular subscribers. We may be able to use this anonymous information to tell a broadcaster the percentage of TiVo viewers that recorded a particular program, but we will not know, nor be able to tell the broadcaster, which of our viewers did so, unless a viewer decides to provide that information.

We are able to send information to viewers' personal video recorders that allows us and other companies to customize viewers' television experience. Neither we nor the company supplying the customizing options will know which options viewers' personal video recorders select to show. If a viewer does not want this customizing information sent to their personal video recorder, they can simply ask for a block on such customized information.

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Competition

The market for home entertainment goods and services is intensely competitive, rapidly evolving and subject to rapid technological change. The delivery of video and television programming is particularly competitive as new products and services continue to be introduced and marketed. TiVo believes that the principal competitive factors in these markets are name recognition, performance, pricing, ease of use and functionality. Because the personal television market is new and rapidly evolving, we expect we will face significant barriers in our efforts to secure broad market acceptance and intense competition at several different levels.

Established competitors in the consumer electronics market. Personal television competes in a consumer electronics market that is crowded with several established products and services, especially products delivering television programming and other home video entertainment. Personal video recorders and the TiVo Service compete with products and technologies that have established markets and proven consumer support, such as VCRs, DVD players and cable and satellite television systems. In addition, many of the manufacturers and distributors of these established products have greater brand recognition, market presence, distribution channels and advertising and marketing budgets, and more strategic partners than we do. To be successful, TiVo believes it will need to spend significant resources to develop consumer awareness of TiVo and the personal television product category.

TiVo's initial success will depend not only on consumers agreeing to purchase a personal video recorder, but also paying a monthly subscription fee to receive the TiVo Service. This is a significant cost, and many consumers who have purchased VCRs, DVDs or other home video entertainment products may be reluctant to purchase personal television systems and services. The personal video recorder enabled with the TiVo Service does, however, offer several advantages over competing home video entertainment products, including:

- an on-air guide to up to 12 days of television programming, updated on a nightly basis;
- the ability to pause, rewind and fast-forward live television;
- the ability to record every episode of a given show at the click of a button;
- the ability to recommend television shows to viewers based upon their particular preferences; and
- specialized content, including Network Showcases and TiVolution Magazine.

Although the personal video recorder is not well-suited as an archival system for recorded television shows, personal video recorders enabled with the TiVo Service do contain a feature that allows viewers to off-load recorded programming to a VCR. While the personal video recorder and TiVo Service allow viewers to control live television, the current version of the personal video recorder does not permit viewers to record a show on one channel and watch a show being broadcast at the same time on another channel.

Internet-related companies and companies offering similar products and services. TiVo faces competition from Internet service providers and other Internet companies such as WebTV and X-TV. These competitors are seeking to meld Internet browsing and traditional broadcast, cable or satellite television programming into a single medium. For example, WebTV launched UltimateTV during the spring of calendar year 2001. UltimateTV combines elements of Microsoft's WebTV, a television-based e-mail and Web surfing service, and combines them with DIRECTV's satellite service and digital video recorder technology. Last year, WebTV and EchoStar Communications released the DishPlayer, which is a product that combines Internet access with a program guide and the ability to pause live television. While many of these products offer fewer services than the TiVo Service, we do not presently offer Internet browsing capability. However, in September 2000 we signed an agreement with AOL to become an AOL TV programming partner offering AOL TV subscribers access to features of the TiVo Service.

TiVo's primary competitor in the personal television market was ReplayTV, Inc. ReplayTV manufactured and marketed a personal television recorder that included a hard disk drive and functionality similar to that of our partners personal video recorders. While ReplayTV's personal video recorder was more expensive than our partners personal video recorders enabled with TiVo Service, ReplayTV did not charge a monthly subscription fee for its service. In February 2001, hardware maker SonicBlue announced its intention to acquire ReplayTV. Exactly how it will use ReplayTV's assets and intellectual property is unclear at this time.

Research and Product Development

From TiVo's inception until March 1999, TiVo's research and development efforts were focused on designing and developing the personal video recorder and the TiVo remote control, the TiVo Service and the TiVo Broadcast Center. These activities included both hardware and software development. TiVo's engineering staff is now focused on research and development in the following three areas:

Performance engineering. TiVo intends to continue to devote considerable engineering resources to improve TiVo's essential technologies. TiVo's engineers and customer support personnel work together to quickly identify and correct potential performance errors. We also continually work to identify, develop and implement features that improve performance in areas such as video and audio quality, speed, ease of use and additional features and functionality.

Platform engineering. Although TiVo does not intend to manufacture the personal video recorder or other hardware products, the evolution of hardware technology that enables the TiVo Service is a crucial element of TiVo's future success. Our hardware engineers are working with consumer electronics manufacturers, component suppliers, and data storage suppliers to reduce the manufacturing cost of the personal video recorder and integrate TiVo functionality into other consumer electronics goods. In September 2000, we and AOL signed a strategic agreement under which TiVo would become an AOL TV programming partner, offering AOL subscribers access to features of the TiVo Service. Similarly, TiVo intends to integrate the TiVo Service into components such as cable set-top boxes, televisions and other consumer electronics products. We intend to work with a broad range of partners to develop our technology platforms and establish TiVo as the prominent technology in the personal television market.

Service engineering. TiVo intends to continue to develop the TiVo Service, offering new features and programming. We have assembled a group of experienced television and multimedia professionals to create specialized programming for the TiVo Service. As part of this effort, the programming team is currently in the process of building software and video development tools that will enable networks and other content providers to create specialized programming for the TiVo Service.

Patents and Intellectual Property

TiVo has adopted a proactive patent and trademark strategy designed to protect all important aspects of its technology and intellectual property. We have filed thirty-six patent applications and nine provisional patents. TiVo has also jointly filed a patent application with Quantum. The patent applications that we have filed are broad in nature and are tied to fundamental inventions rather than small, unrelated features or applications. These patent applications cover substantially all of TiVo's technology, including hardware, software, the TiVo Service functionality and appearance, network architecture, manufacturing and international patent rights. TiVo has also filed patent applications that cover technologies it intends to incorporate in future versions of the TiVo Service and hardware. Several of our early patent applications have been examined and claims allowed by the U.S. Patent and Trademark Office (PTO). Included in these are a number that are fundamental to the operation of personal video recorders, as well as forming a foundation for other important patent applications currently under examination. We anticipate ongoing progress in establishing a defensible and useful intellectual property portfolio. There can be no assurance that current applications of our patents will ever be granted.

We have filed many trademark applications covering substantially all of our trade dress, logos and slogans, including:

- Active Preview
- Can't Miss TV
- DIRECTIVO

- Instant Replay logo
- Ipreview
- Jump logo

- Life's too short for bad TV
- Network Showcase
- Personal TV
- Personal Video Recorder
- Primetime Anytime
- Season Pass
- See it, want it, get it
- The New Face of Television
- The way TV is meant to be
- Thumbs Down (logo and text)
- Thumbs Up (logo and text)
- TiVo Central
- TiVo (logo, name and character)
- TiVolution
- What you want, when you want it
- You run the show

These applications are currently pending with the U.S. Patent and Trademark Office. Additionally, we have international trademark applications pending for our TiVo logo. We have secured the U.S. registration for the TiVo name. We have licensed the use of our name and logo to some of our strategic partners. See "Factors That May Affect Future Operating Results -- Our success depends on our ability to secure and protect patents, trademarks and other proprietary rights."

Recent Developments

Revised Operating Plan

On April 5, 2001, we announced a new operating plan that we believe will eliminate the need for additional funding during our current fiscal year ending January 31, 2002. The plan supports our key objectives of building our subscriber base and increasing revenue, while reducing our operating expenses by nearly 35%. We intend to execute several key initiatives in order to achieve our targeted cost reductions. We expect that these initiatives will decrease our cash burn-rate by approximately $60 million for the current fiscal year ending January 31, 2002. These initiatives are as follows:

- Leveraged marketing;
- A new, low cost platform, expected to be delivered this year;
- Reduced infrastructure costs;
- Reduction in Service Operations costs; and
- Headcount reductions.

In addition to the cost reductions, we plan to increase subscriber revenue and non-subscriber revenue as follows:

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- Subscriber revenue. We intend to increase the lifetime subscription service price from $199.00 to $249.00 effective May 1, 2001, and
- Non-subscriber revenues. By leveraging our products such as Ipreview(TM), Network Showcases(TM), TiVolution Magazine(TM) and TiVo Direct(TM) we expect to be able to sell to a broader advertising and network base.

Employees

At April 12, 2001, we employed approximately 265 employees, including 50 in service operations, 115 in research and development, 45 in sales and marketing and 55 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. At April 12, 2001, we employed 31 such persons. Our future success will depend in part on our ability to attract, train, retain and motivate highly qualified employees who are in great demand. We may not be successful in attracting and retaining such personnel. Our employees are not represented by a collective bargaining organization and we have never experienced a work stoppage or strike. Our management considers employee relations to be good.

Executive Officers and Key Employees:

As of April 20, 2001, our executive officers and key employees and their ages were as follows:

Name	Age	Position
Executive Officers		
Michael Ramsay...........................	51	Chairman of the Board, Chief Executive
James Barton............................	43	Senior Vice President of Research and D Officer
David H. Courtney.......................	42	Senior Vice President of Finance and Ad Financial Officer
Key Employees		
Susan Cashen............................	40	Vice President of Corporate Communicati
Ta-Wei Chien............................	46	Senior Vice President of Engineering an
Andrew Cresci...........................	40	Vice President and General Manager of T
Morgan P. Guenther......................	47	Senior Vice President of Business and R
Stacy Jolna.............................	49	Vice President of Programming and Media
Brodie Keast............................	45	Senior Vice President of Sales and Mark

Luther Kitahata.......................	36	Vice President of Software Engineering
Howard Look...........................	34	Vice President of TiVo Studios
Joe Miller............................	34	Vice President of Sales
Karrin Nicol..........................	41	Vice President of Human Resources
Mark A. Roberts.......................	40	Vice President of Information Technolog
Robert P. Vallone.....................	43	Vice President of Service Operations an
Matthew Zinn..........................	36	Vice President, General Counsel and Ch

Michael Ramsay is a co-founder of TiVo and has served as TiVo's Chairman of the Board of Directors, Chief Executive Officer and President since our inception in August 1997. From April 1996 to July 1997, Mr. Ramsay was the Senior Vice President of the Silicon Desktop Group for Silicon Graphics, a manufacturer of advanced graphics computers. From August 1994 to April 1996, Mr. Ramsay was President of Silicon Studio, Inc., a wholly owned subsidiary of Silicon Graphics, Inc. ("SGI") focused on enabling applications development for emerging interactive media markets. From July 1991 to August 1994, Mr. Ramsay served as the Senior Vice President and General Manager of Silicon Graphics' Visual Systems Group. Mr. Ramsay also held the positions of vice president and general manager for the Entry Systems Division of SGI. Prior to 1986, Mr. Ramsay held research

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& development and engineering management positions at Hewlett-Packard and Convergent Technologies. Mr. Ramsay holds a B.S. degree in Electrical Engineering from the University of Edinburgh, Scotland.

James Barton is a co-founder of TiVo and has served as TiVo's Vice President of Research and Development, Chief Technical Officer and Director since our inception and is currently Senior Vice President of Research and Development, Chief Technical Officer and Director. 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 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.

David H. Courtney joined TiVo in March 1999 as Chief Financial Officer and is currently Senior Vice President of Finance and Administration and Chief Financial Officer. From May 1995 to July 1998, Mr. Courtney served as a Managing Director at J.P. Morgan, an investment banking firm, where he was responsible for building and expanding the firm's high technology investment banking business in the United States. From 1986 to 1995, Mr. Courtney was a member of the high technology investment banking group at Goldman, Sachs & Co., most recently serving as Vice President. Mr. Courtney currently serves as a director of KQED Television, a non-profit affiliate of the Public Broadcasting System in San Francisco, California. Mr. Courtney holds a B.A. degree in Economics from Dartmouth College and an M.B.A. degree from Stanford University.

Susan Cashen joined TiVo in March 2000 as Vice President of Corporate Communications. From November 1994 to March 2000, Ms. Cashen was employed at Blanc & Otus, a leading technology public relations firm based in San Francisco, California and most recently served as Senior Vice President and Partner from March 1999 to March 2000. Prior to joining Blanc & Otus, Ms. Cashen managed her own consulting practice. Ms. Cashen holds a B.A. degree in Russian Studies from Hamilton College.

Ta-Wei Chien has served as Vice President of Engineering and Operations since February 1998 and is currently Senior Vice President of Engineering and Operations. From December 1996 to February 1998, Mr. Chien served as Vice President of Engineering in the Desktop Workstations group at SGI, where he managed engineering projects for desktop workstations. From April 1991 to December 1996, Mr. Chien was a director of digital media and VLSI engineering at SGI. Mr. Chien holds a B.S. degree in Electrical Engineering from National Taiwan University and an M.S. degree in Electrical Engineering from the University of California, Los Angeles.

Andrew Cresci has served as Vice President and General Manager of TiVo (UK) since November 2000. In August 1999 Mr. Cresci co-founded TapCast, a California based wireless Internet portal. Prior to founding TapCast Mr. Cresci was Director of Worldwide Marketing for the workstation division at SGI for eight years. Mr. Cresci holds a B.S. degree in Electronics Engineering from the University of Bath, England.

Morgan P. Guenther has served as Vice President of Business and Revenue Development since March 2001. From June 1999 to February 2001 he served as Vice President of Business Development. From March 1998 to June 1999, Mr. Guenther was a partner of the law firm of Paul, Hastings, Janofsky & Walker LLP. From 1990 to March 1998, Mr. Guenther was a partner of the law firm of Farella Braun & Martel. Mr. Guenther also serves on the board of directors of Tier Technologies, Inc., an information technology consulting company. Mr. Guenther holds J.D. and B.A. degrees from the University of Colorado and an M.B.A. degree from the University of San Francisco.

Stacy Jolna has served as Vice President of Programming and Media Relations since May 1998. Prior to joining TiVo, Mr. Jolna had served as a Vice President at WebTV Networks Inc., an Internet services company and subsidiary of Microsoft Corp., since May 1997. From December 1981 to February 1996, Mr. Jolna was employed by Cable News Network, most recently serving as a Vice President. Mr. Jolna holds a B.S. degree from State University of New York and an M.S. degree in Journalism from Boston University.

Brodie Keast has served as Senior Vice President of Sales and Marketing since March 2001. In December 1999, Mr. Keast joined TiVo as Vice President of Sales and Marketing. Prior to joining TiVo, Mr. Keast was employed with Quantum Corporation from 1996 through 1999 most recently serving as Vice President and General Manager for Quantum's DLT Tape Division. Prior to joining Quantum, he spent ten years at Apple Computer where

he held a number of executive marketing positions. Mr. Keast holds a B.S. degree in Computer Science from California State University, Chico.

Luther Kitahata has served as Vice President of Sales since October 2000. He joined TiVo in 1998 as the Director of Software. Prior to joining TiVo, Mr. Kitahata was part of the founding team at Navio Communications (now Liberate Technologies) where he worked in both managerial and engineering capacities from April of 1996 to January 1998. Prior to 1996, Mr. Kitahata was founder and Director of Engineering of E-Motion, a leading provider of content distribution and multimedia collaboration systems. Mr. Kitahata holds an M.S. degree and a B.A. degree with honors in Computer Science from Brown University.

Howard Look has served as Vice President of TiVo Studios since March 2000. He joined TiVo in February 1998 as Director of Application Software. Prior to joining TiVo, Mr. Look was Manager and the Director of Applied Engineering at SGI from 1996 to 1998. Mr. Look holds a B.S degree in Computer Engineering from Carnegie-Mellon University.

Joe Miller has served as Vice President of Sales since October 2000. From June 1999 to October 2000, Mr. Miller served as Director of Channel Marketing for TiVo. Prior to joining TiVo, Mr. Miller was employed with U.S. Satellite Broadcasting from 1994 to 1999; most recently serving as General Manager of Retail Sales. Prior to joining U.S. Satellite Broadcasting, Mr. Miller was National Sales Manager for Cox Satellite Programming. Mr. Miller holds a B.A. degree in Public Relations from Southwest Texas State University.

Karrin Nicol joined TiVo in July 1999 as Vice President of Human Resources. From 1987 to 1999, Ms. Nicol was employed with at SGI, most recently as Director of Human Resources. Prior to that, Ms. Nicol served in various positions at Fairchild Semiconductor Corporation. Ms. Nicol holds a B.S. degree in Food and Nutrition from California State University, Chico and a Masters in Human Resources and Organizational Development from University of San Francisco.

Mark A. Roberts has served as Chief Information Officer since March 1999 and Vice President of Information Technology since July 1999. 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.

Robert P. Vallone has served as Vice President of Service Operations and Customer Service since March 1999. From November 1998 to April 1999, Mr. Vallone served as Director of Operations for TiVo. Prior to joining TiVo, Mr. Vallone served as Director of Engineering at SGI since October 1993. Mr. Vallone holds a B.S. degree in Experimental Psychology from Cornell University.

Matthew Zinn has served as Vice President, General Counsel and Chief Privacy Officer since July 2000. From May 1998 to July 2000, Mr. Zinn was the Senior Attorney, Broadband Law and Policy for the MediaOne Group, a leading 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 J.D. degree from the George Washington University National Law Center and a B.A. degree in Political Science from the University of Vermont.

Item 2. Properties

In March 2000, we moved our corporate headquarters, which houses our administrative, sales and marketing, customer service and product development activities, to a leased facility in Alviso, California. We believe that our new corporate facilities will be adequate to meet our office space needs for the next several years as we currently utilize approximately 75% of the total office space. We believe that our facilities are well maintained and are in good operating condition. The lease for this space expires in 2007.

Additionally, we currently lease sales office space in Beverly Hills, California and in New York, New York, as well as one international location in Middlesex, United Kingdom. We believe that these facilities are adequate to meet our sales office space needs for the next year.

Item 3. Legal Proceedings

StarSight Telecast. On January 18, 2000, a suit was filed against TiVo by StarSight Telecast Inc, a subsidiary of Gemstar International Group Limited ("StarSight"), in the U.S. District Court for the Northern District of California alleging willful and deliberate violation of U.S. Patent Number 4,706,121, entitled "TV Schedule System and Process", held by StarSight. The complaint alleged that we infringed the patent by, among other things, making, using, selling, offering to sell and/or importing its TV schedule systems and processes without a license from StarSight. Starsight seeks unspecified monetary damages as well as an injunction against our operations. It also seeks attorneys' fees and costs. We believe that we have meritorious defenses against this suit and intend to vigorously defend ourselves. On February 25, 2000, we counterclaimed against StarSight, Gemstar Development Corporation and Gemstar International Group Limited seeking damages for federal antitrust violations and state unfair business practices claims, as well as declaratory relief of non-infringement, invalidity and unenforceability with respect to the patent. We could be forced to incur material expenses during this defense, and in the event we were to lose this suit our business would be harmed. See "Factors that May Affect Future Operating Results -- Intellectual property claims against us can be costly and could result in the loss of significant rights."

TiVo is aware that media companies and other organizations may support litigation or explore legislative solutions unless the members of the personal television industry agree to obtain license agreements for the use of certain programming. We have received letters from Time Warner Inc. and Fox Television stating that these entities believe our personal television service exploits copyrighted networks and programs without the necessary licenses and business arrangements.

For further discussion of intellectual property risks facing TiVo, see "Factors that May Affect Future Operating Results-- Intellectual property claims against us can be costly and could result in the loss of significant rights."

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the one-month transition period ended January 31, 2001.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Market Information for Common Equity

Our common stock is traded on the Nasdaq National Market under the symbol TIVO. As of April 20, 2001, we had 275 stockholders of record.

The following table shows the high and low per-share closing prices for our common stock as reported by the National Association of Securities Dealers, Inc., on any trading day during the respective period:

Fiscal Year 2002	High	Low

First Quarter as of April 20, 2001	$ 7.19	$ 4.00
One-month Ended January 31, 2001	$ 9.13	$ 6.13
Fiscal Year 2000		
Fourth Quarter ended December 31, 2000	$19.94	$ 5.38
Third Quarter ended September 30, 2000	$33.75	$16.69
Second Quarter ended June 30, 2000	$36.19	$15.88
First Quarter ended March 31, 2000	$71.50	$30.50
Fiscal Year 1999		
Fourth Quarter ended December 31, 1999	$51.00	$25.13
Third Quarter ended September 30, 1999	$29.94	$29.94

On April 20, 2001, the closing price of our common stock was $5.48 per share.

Dividend Policy

On September 13, 2000, we closed the Investment Agreement with AOL for $200 million. Under the terms of the Investment Agreement between AOL and TiVo, dated June 9, 2000 and the First Amendment to the Investment Agreement dated September 11, 2000, between AOL and TiVo, we issued to AOL shares of Series A redeemable convertible preferred stock with certain dividend and voting rights. Dividends on the Series A redeemable convertible preferred stock are calculated by multiplying the Non-Government Institutional Funds Simple Average Rate by $30.00 per share times the number of shares of Series A redeemable convertible preferred stock outstanding. Dividends are payable quarterly as declared by our board of directors.

We expect to continue our current policy of paying no cash dividends to holders of our common stock for the foreseeable future.

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Item 6. Selected Financial Data

The following selected financial data as of and for the one-month transition period ended January 31, 2001 and years ended December 31, 2000, December 31, 1999 and December 31, 1998 and for the period from August 4, 1997 (Inception) to December 31, 1997 have been derived from our financial statements audited by Arthur Andersen LLP, independent public accountants. 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 for 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."

		Year Ende	
	Month ended	December 31,	December 3

	January 31, 2001	2000	1999
Consolidated statement of Operations Data:		(in thousands, except per	
Revenues	$ 989	$ 3,571	$ 223
Costs and expenses			
Cost of services	1,710	18,382	4,067
Research and development	2,507	24,279	9,727
Sales and marketing	7,884	102,091	24,502
Sales and marketing-related parties	6,632	53,604	15,172
General and administrative	1,326	14,346	7,027
Stock-based compensation	175	3,115	1,530
Other operating expense, net	--	--	7,210
Loss from operations	(19,245)	(212,246)	(69,012)
Interest income	672	7,928	2,913
Interest expense and other	(17)	(522)	(466)
Net loss	(18,590)	(204,840)	(66,565)
Less: Series A redeemable convertible preferred stock dividend	(423)	(1,514)	--
Net loss attributable to common stock	$(19,013)	$(206,354)	$(66,565)
Net loss per share			
Basic and diluted	$ (0.47)	$ (5.55)	$ (5.49)
Weighted average shares	40,850	37,175	12,129

	As of January 31,	As of Decemb	
	2001	2000	1999
Consolidated Balance Sheet Data:		(in thousands)	
Cash and cash equivalents	$ 124,474	$ 106,096	$ 139,6
Working capital*	88,836	122,973	130,3
Total assets	211,543	236,318	152,8
Long-term portion of obligations under capital lease	538	606	1,1
Redeemable convertible preferred stock	2	3	
Redeemable common stock	--	1	
Total paid-in capital for redeemable convertible preferred stock and redeemable common stock	--	96,986	
Total stockholders' equity	50,337	34,849	133,2

* Working capital includes restricted cash of $50.1 million and $93.2 million as of January 31, 2001 and December 31, 2000, respectively (see Item 8. Note 9).

Quarterly Results of Operations

The following table represents certain unaudited statement of operations data for our eight most recent quarters ended January 31, 2001. 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 consolidated financial statements, including the notes thereto, included elsewhere in this Transition Report. The results of operations for any quarter are not necessarily indicative of results that may be expected for any future period. Prior quarters have been reclassified in order to conform to current quarter classifications.

	Three Months Ended				
	April 30, 1999	July 31, 1999	October 31, 1999	January 31, 2000	April 30, 2000
	(unaudited, in thousands except per sh				
Revenues	$ 1	$ 16	$ 53	$ 287	$ 499
Costs and expenses					
Cost of services	754	588	1,032	2,746	4,994
Research and development	1,710	1,886	2,684	4,626	4,844
Sales and marketing	2,644	1,981	10,341	12,215	8,479
Sales and marketing--related parties	--	1,025	9,049	7,323	3,342
General and administrative	1,474	857	2,140	2,888	2,978
Stock-based compensation	--	341	632	878	974
Other operating expense net	2	1,329	5,947	(69)	--
Loss from operations	(6,583)	(7,991)	(31,772)	(30,320)	(25,112)
Interest income	86	303	1,132	2,097	1,766
Interest expense and other	(15)	(229)	(362)	110	(101)
Net loss	(6,512)	(7,917)	(31,002)	(28,113)	(23,447)
Less: Series A redeemable convertible preferred stock dividend	--	--	--	--	--
Net loss attributable to common stock	$(6,512)	$(7,917)	$(31,002)	$(28,113)	$(23,447)
Net loss per share					
Basic and diluted	$ (1.69)	$ (1.39)	$ (2.15)	$ (0.80)	$ (0.66)
Weighted average shares	3,853	5,692	14,426	35,215	35,462

The TiVo Service is enabled through a personal video recorder that is sold in retail channels like other consumer electronic devices. As a result, we anticipate that our business will be seasonal and we expect to generate a significant number of our annual new subscribers during the holiday shopping season. We also expect to generate a portion of future revenues from television advertising, which tends to be seasonal and cyclical, reflecting overall economic conditions as well as budgeting and buying patterns.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the Financial Statements and the Notes thereto included in Item 8 of this Transition Report on Form 10-K.

The discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains trend analysis and other 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 forward-looking statements include, without limitation, statements containing the words "believes," "anticipates," "expects," and words of similar import or the negative of those terms or expressions. Such forward-looking statements will have known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual results could differ materially from those set forth in such forward-looking statements as a result of the "Factors That May Affect Future Operating Results" and other risks detailed in the Company's reports filed with the Securities and Exchange Commission.

Overview

We were incorporated in August 1997 as a Delaware corporation and are located in Alviso, California. On August 21, 2000, TiVo (UK) Ltd., a wholly owned subsidiary of TiVo Inc., was incorporated in the United Kingdom. The TiVo Service is a subscription-based television service that provides viewers with greater control, easier navigation and a wider range of viewing options when watching television. The TiVo Service also provides television content providers and advertisers with a new platform for content delivery, interactive viewing options and in-home commerce. The TiVo Service is enabled through a personal video recorder designed and developed by TiVo.

We have generated a limited amount of revenues to date and expect to incur significant operating expenses over the next several years in connection with the continued development and expansion of our business. In particular, we expect our sales and marketing expenses to continue to be a large portion of total expenses as personal video recorders gain market acceptance in the retail channel with the consumer and as we establish the TiVo brand and educate and attract subscribers. We launched the personal video recorder and service into the retail channel in the second half of 1999. We incurred losses of $204.8 million in 2000 and $18.6 million for the one-month transition period ended January 31, 2001, and we expect to continue to incur losses for the foreseeable future.

We currently generate revenues from two sources, subscription revenue and non-subscription revenue. Subscriptions to the TiVo Service are available on a monthly, annual or lifetime basis. The current price for a monthly subscription to the TiVo Service is $9.95 per month, an annual subscription is $99.00 per year and a lifetime subscription is $199.00. Recently we announced an increase in our lifetime subscription price to $249.00, effective May 1, 2001. A lifetime subscription allows access to the TiVo Service for the life of the personal video recorder. Subscription fees are paid by the viewer when activating the TiVo Service. Subscription revenues from lifetime subscriptions are recognized ratably over a four-year period.

Non-subscription revenue primarily includes Charter Advertising and Sponsorship revenue from consumer companies and media networks who have provided content on the TiVo Service.

We began selling personal video recorders and subscriptions to the TiVo Service on March 31, 1999. We transitioned manufacturing to Philips, one of our manufacturing partners, in the fourth quarter of 1999. The sales of personal video recorders in 1999 were not expected to be recurring for TiVo, and were therefore considered incidental to our business. The sales less the cost of sales for the personal video recorders sold directly by TiVo for the year ended December 31, 1999 were recorded as "other operating expense, net."

Since the TiVo Service is enabled through a personal video recorder that is sold in retail channels like other consumer electronic devices, we anticipate that our business will be seasonal and we expect to generate a significant number of our annual new subscriptions during the holiday shopping season.

We anticipate that the sources of our revenues will change over time. In the future, we may generate revenue from other sources such as:

- audience measurement reporting revenue; and

- electronic commerce or couch commerce.

We have agreed to share a substantial portion of our subscription and other fees with some of our strategic partners in order to promote the TiVo Service and encourage the manufacture and distribution of the personal video recorders that enable the TiVo Service. These agreements may require us to share substantial portions of the subscription and other fees attributable to the same subscriber with multiple partners. Our decision to share subscription revenues is based on our expectation that our partnerships will help us obtain subscribers, broaden market acceptance of personal television 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 have agreed to make formula-based payments to Sony, Thomson, Quantum, Philips and DIRECTV in exchange for key activities and results. Quantum provided us a discount payment for hard disk drives purchased by our manufacturing partners for use in the personal video recorder from Quantum. We have agreed to share a portion of the TiVo Service subscription revenues we receive from subscribers who have purchased personal video recorders and other devices equipped with Quantum hard disk drives on which we received a discount from Quantum. We have agreed to pay to Philips and Sony a per-unit subsidy for each personal video recorder that they manufacture and sell. The amount of the payments can vary depending on Philips' and Sony's manufacturing costs and selling prices. Subsidy payments are renegotiated on an annual basis. We pay DIRECTV a revenue share for our subscription revenues generated from DIRECTV subscribers in exchange for DIRECTV's marketing efforts. Payments made to our strategic partners in exchange for these services are recognized as "sales and marketing --related parties expense."

In the past, we have issued stock in exchange for services to our strategic partners. For example, we issued shares of our common stock to DIRECTV in exchange for marketing support and a note which is reduced as bandwidth capacity is made available to TiVo on DIRECTV's satellite television system. We also issued warrants, which were exercised for shares of our common stock to Quantum in exchange for a discount on hard disk drives used in the personal video recorders that enable the TiVo Service. We recorded prepaid marketing expenses resulting from the issuance of this equity to DIRECTV and Quantum. These prepaid marketing expenses are amortized as services are provided to us and charged to "sales and marketing --related parties expense." Additionally, TiVo closed an Investment Agreement with AOL for $200 million. The AOL investment is part of a three-year strategic Production Integration and Marketing Agreement between AOL and TiVo, in which TiVo will become an AOL TV programming partner offering AOL TV subscribers access to features of the TiVo Service. In return for AOL's investment, TiVo issued to AOL a combination of convertible redeemable preferred stock, a portion of common stock subject to redemption, common stock and initial and performance warrants. Additionally, TiVo has signed media insertion orders for calendar years 2000 and 2001 with AOL for advertising programs to promote the TiVo Service on AOL Time Warner properties (see Item 8. Note 9).

Prior to our initial public offering, we granted stock options to employees, consultants and directors at prices that were less than the estimated fair value of our common stock at the date of grant. We recorded deferred compensation related to these options, which is amortized over the vesting period of each option as "stock-based compensation."

Results of Operations

On January 30, 2001, TiVo announced a fiscal year end change from December 31 of each year to January 31 of each year. TiVo believes that the change in fiscal year will help align the seasonal patterns of demand in TiVo's business with its reporting cycle and better align TiVo's promotional activities with those of its retail, service and network partners. The following discussion of historical operating results compares the one-month period ended January 31, 2001 and the twelve-month period ended January 31, 2001 to the same periods in the prior year. For the previous fiscal year, which ended December 31, 2000, the comparison is for the twelve-month period ended December 31, 1999 to the twelve-month period ended December 31, 1998.

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To enhance comparability, the following table sets forth audited Statements of Operations for the one-month period ended January 31, 2001 and unaudited Statements of Operations for the one-month period ended January 31, 2000 and for the twelve months ended January 31, 2001 and January 31, 2000. The unaudited financial data for the periods presented have been derived from our financial statements for the twelve months ended December 31, 2000, 1999 and 1998 audited by Arthur Andersen LLP, independent public accountants. Certain unaudited financial information for the year ended January 31, 2000 has been reclassified in order to conform to current classifications.

TIVO INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	One-Month Ended January 31, 2001	One-Month Ended January 31, 2000	J
		(unaudited)	(
Revenues..	$ 989,000	$ 134,000	$
Costs and expenses			
Cost of services..............................	1,710,000	1,204,000	

Research and development	2,507,000	1,694,000	
Sales and marketing	7,884,000	3,532,000	
Sales and marketing-related parties	6,632,000	2,225,000	
General and administrative	1,326,000	614,000	
Stock-based compensation	175,000	321,000	
Other operating expense, net	--	--	
Loss from operations	(19,245,000)	(9,456,000)	
Interest income	672,000	721,000	
Interest expense and other	(17,000)	(29,000)	
Net loss	(18,590,000)	(8,764,000)	
Less: Series A redeemable convertible preferred stock dividend	(423,000)	--	
Net loss attributable to common stock	$(19,013,000)	$(8,764,000)	$
Net loss per common share Basic and diluted	$ (0.47)	$ (0.25)	$
Weighted average common shares outstanding - Basic and diluted	40,850,353	35,274,071	

One-Month Period Ended January 31, 2001 Compared to the One-Month Period Ended January 31, 2000

Revenues. Revenues for the one-month period ended January 31, 2001 were $989,000, compared to $134,000 for the one-month period ended January 31, 2000. The increase is attributable to increased customer subscriptions to the TiVo Service. During the month of January 2001, TiVo activated approximately 18,000 new subscribers to the TiVo Service compared to approximately 5,000 subscribers activated during the month of January 2000.

Cost of services. Cost of services consists primarily of telecommunication and network expenses, employee salaries, call center and other expenses related to providing the TiVo Service to subscribers. Cost of services for the one-month period ended January 31, 2001 was $1.7 million compared to $1.2 million for the one-month period ended January 31, 2000. This increase was primarily attributable to increased salaries and benefits and service center expenses. Total salaries and benefits accounted for 52% of the total increase due to the expansion and staffing of the Broadcast Operations department. Service center expenses accounted for 42% of the total increase due to the expansion and staffing of the customer service center.

Research and development expenses. TiVo's research and development expenses consist primarily of employee salaries and related expenses and consulting fees relating to the design of the personal video recorder that enables the TiVo Service. Research and development expenses for the one-month period ended January 31, 2001

were $2.5 million compared to $1.7 million for the one-month period ended January 31, 2000. Approximately 61% of the total increase in expenses was due to the hiring of additional engineers to help support the improvement and addition of features and functionality of current products as well as the design of new platforms. Approximately 19% of the total increase was related to prototype expenses.

Sales and marketing expenses. Sales and marketing expenses consist primarily of employee salaries and related expenses, media advertising, public relations activities, special promotions, trade shows and the production of product related items, including collateral and videos. Sales and marketing expenses for the one-month period ended January 31, 2001 were $7.9 million compared to $3.5 million for the one-month period ended January 31, 2000. The increase was primarily attributable to an increase in expenditures for advertising, public relations and trade shows in connection with the continued retail marketing campaign of the TiVo Service and the personal video recorder that enables the TiVo Service. Advertising expenses, including public relations and trade shows, comprised over 63% of the total increase in sales and marketing expenses. For the one-month period ended January 31, 2001, total salaries expense was $776,000 compared to $385,000 for the one-month period ended January 31, 2000. Salaries expense accounted for 9% of the total increase. We expect our marketing expenses to continue to be a large portion of our total company expenses for fiscal year 2002. Advertising expense for fiscal year 2002 will be comprised mostly of marketing campaigns focused on consumer education.

Sales and marketing--related parties. Sales and marketing--related parties expense consist of cash and non-cash charges related primarily to agreements with AOL, DIRECTV, Philips, Sony, Quantum, and Creative Artists Agency, LLC ("CAA") all of which hold stock in TiVo. Sales and marketing--related parties expense for the one-month period ended January 31, 2001 was $6.6 million compared to $2.2 million for the one-month period ended January 31, 2000. The increase in sales and marketing--related parties expense is primarily attributable to the manufacturing and shipments of personal video recorders and to the related activations of subscribers to the TiVo Service and AOL media insertion orders.

Sales and marketing--related parties expense for the one-month period ended January 31, 2001, consists of cash charges of $5.4 million and non-cash charges of $1.2 million. The non-cash portion is related to the amortization of warrants or common stock issued for services that we issued to AOL and DIRECTV. We amortize the valuation of the warrants and common stock issued for services on a straight-line basis over the period that the services are provided.

The cash portion of sales and marketing--related parties expense is comprised of revenue share and manufacturing subsidy payments to Philips, Sony, Quantum and DIRECTV. Additionally included are media insertion orders paid to AOL. Subsidies are formula based payments to our partners in exchange for key activites and results. The formulas are periodically adjusted based on our partners' manufacturing costs and selling prices. A portion of the subsidy is payable after shipment and the balance is payable after the subscription is activated. We have also agreed to share a portion of our revenues with some of our strategic partners in order to promote the TiVo Service and encourage the manufacture and distribution of the personal video recorders that enable the TiVo Service. Revenue share is calculated as an agreed upon percentage of revenue for a specified group of TiVo subscribers. We anticipate that our business will continue to grow and, as such, we expect the revenue share and manufacturing subsidy amounts to continue to be large for next year. We are currently working with our partners to manage manufacturing costs for fiscal year 2002. By decreasing manufacturing costs per unit, we expect this will decrease subsidy costs on a per unit basis.

General and administrative expenses. General and administrative expenses consist primarily of employee salaries and related expenses for executive, administrative, accounting, information systems, customer operations personnel, facility costs, and professional fees. General and administrative expenses for the one-month period ended January 31, 2001 were $1.3 million compared to $614,000 for the one-month period ended January 31, 2000. Over 51% of the increase was primarily attributable to the hiring of additional personnel and related expenses. Also contributing to the increase were consulting and temporary expenses totaling 25% of the total increase.

Stock-based compensation. During calendar years 1999 and 2000, we granted stock options with exercise prices that were less than the estimated fair value of the underlying shares of common stock for accounting purposes on the date of grant. As a result, stock-based compensation expense is being recognized over the period that these stock options vest. The stock-based compensation expense was approximately $175,000 for the one-month period ended January 31, 2001 and $321,000 for the one-month period ended January 31, 2000.

Year Ended January 31, 2001 Compared to the Year Ended January 31, 2000

Revenues. Revenues for the year ended January 31, 2001 were $4.6 million, compared to $357,000 for the year ended January 31, 2000. The increase is attributable to increased customer subscriptions to the TiVo Service. During the year ended January 2001, TiVo activated approximately 131,000 new subscribers to the TiVo Service bringing the total installed subscriber base to approximately 154,000 as of January 31, 2001. As of January 31, 2000, the total subscriber base was approximately 23,000.

Cost of services. Cost of services consists primarily of telecommunication and network expenses, employee salaries, call center and other expenses related to providing the TiVo Service to subscribers. Cost of services for the year ended January 31, 2001 was $19.1 million compared to $5.1 million for the year ended January 31, 2000. This increase was primarily attributable to increased telecommunications and network expenses due to the increase in number of activations. During the year ended January 31, 2001, telecommunications and network expense increased 46% or $6.4 million over prior year expenses. Total salaries and benefits accounted for 18% of the total increase due to the expansion and staffing of the broadcast operations department and customer service departments.

Research and development expenses. TiVo's research and development expenses consist primarily of employee salaries and related expenses and consulting fees relating to the design of the personal video recorder that enables the TiVo Service. Research and development expenses for the year ended January 31, 2001 were $25.1 million compared to $10.9 million for the year ended January 31, 2000. Approximately 50% of the total increase in expenses was due to the hiring of additional engineers to help support the improvement and addition of features and functionality of current products as well as the design of new platforms. Approximately 23% of the total increase was related to research and development consulting expenses.

Sales and marketing expenses. Sales and marketing expenses consist primarily of employee salaries and related expenses, media advertising, public relations activities, special promotions, trade shows and the production of product related items, including collateral and videos. Sales and marketing expenses for the year ended January 31, 2001 were $106.4 million compared to $27.2 million for the year ended January 31, 2000. The increase was primarily attributable to an increase in expenditures for advertising, public relations and trade shows in connection with the continued retail marketing campaign of the TiVo Service and the personal video recorder that enables the TiVo Service. Advertising expenses, including public relations and trade shows, comprised over 78% of the total increase in sales and marketing expenses from year to year.

For the year ended January 31, 2001, channel sales support was $5.9 million compared to $2.4 million for the year ended January 31, 2000. Channel sales support accounted for 4% of the total increase. We expect our marketing expenses to continue to be a large portion of our total company expenses for fiscal year 2002. Advertising expense for fiscal year 2002 will be comprised mostly of marketing campaigns focused on consumer education.

Sales and marketing--related parties. Sales and marketing--related parties expense consist of cash and non-cash charges related primarily to agreements with AOL, DIRECTV, Philips, Sony, Quantum, and Creative Artists Agency, LLC ("CAA") all of which hold stock in TiVo. Sales and marketing--related parties expense for the year ended January 31, 2001 was $58.0 million compared to $17.4 million for the year ended January 31, 2000. The increase in sales and marketing--related parties expense is primarily attributable to the manufacturing and shipments of personal video recorders and to the related activations of subscribers to the TiVo Service and AOL media insertion orders.

Sales and marketing--related parties expense for the year ended January 31, 2001, consists of cash charges of $47.4 million and non-cash charges of $10.6 million. The non-cash portion is related to the amortization of warrants or common stock issued for services to AOL, Quantum, DIRECTV and Creative Artists Agency, LLC. The total amount of warrant valuation and common stock issued for services as of January 31, 2001 was $44.4 million, of which $21.6 million has not yet been amortized. We amortize the valuation of the warrants and common stock issued for services on a straight-line basis over the period that the services are provided. We are currently working with our partners to manage manufacturing costs for fiscal year 2002. By decreasing manufacturing costs per unit, we expect this will decrease subsidy costs on a per unit basis.

General and administrative expenses. General and administrative expenses consist primarily of employee salaries and related expenses for executive, administrative, accounting, information systems, customer operations personnel, facility costs, and professional fees. General and administrative expenses for the year ended January 31, 2001 were $15.1 million compared to $7.4 million for the year ended January 31, 2000. Approximately 31% of the increase was primarily attributable to the hiring of additional personnel and related expenses. Also contributing to the increase were accounting and legal expenses totaling 17% of the total increase.

Stock-based compensation. During calendar years 1999 and 2000, we granted stock options with exercise prices that were less than the estimated fair value of the underlying shares of common stock for accounting purposes

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on the date of grant. As a result, stock-based compensation expense is being recognized over the period that these stock options vest. The stock-based compensation expense was approximately $3.0 million for the year ended January 31, 2001 and $1.9 million for the year ended January 31, 2000. The unamortized balance of $2.8 million will be fully amortized by February 2004.

Other operating expenses, net. Other operating expenses, net consists of the revenues from the sale of personal video recorders sold directly by TiVo, less the cost of the personal video recorders sold. For the year ended January 31, 2001, other operating expenses, net was zero compared to $7.2 million for the year ended January 31, 2000. We transitioned manufacturing and selling personal video recorders in the fourth quarter of 1999 to Philips. The revenues and costs resulting from the sale of personal video recorders were not expected to be recurring and are therefore considered incidental to our business and as such have been classified as other operating expense, net.

Interest income. Interest income resulting from cash and cash equivalents held in interest bearing accounts and short term investments was $7.9 million for the year ended January 31, 2001 compared to $3.6 million for the year ended January 31, 2000, as cash balances have increased largely due to the AOL investment in calendar year 2000.

Interest expense and other. Interest expense and other was $509,000 for the year ended January 31, 2001. This includes amortization of the value assigned primarily to the Comdisco warrant for interest expense of $164,000 and disposal of an asset no longer used of approximately $227,000. For the year ended January 31, 2000, interest expense and other was $495,000.

Year Ended December 31, 2000 Compared to the Year Ended December 31, 1999

Revenues. Revenues for the year ended December 31, 2000 were $3.6 million, compared to $223,000 for the year ended December 31, 1999. The increase is attributable to increased customer subscriptions to the TiVo Service, which grew by approximately 118,000 new subscribers during calendar year 2000, bringing the total installed subscriber base to approximately 136,000 as of December 31, 2000.

Cost of services. Cost of services for the year ended December 31, 2000 was $18.4 million compared to $4.1 million for the year ended December 31, 1999. This increase was primarily attributable to increased telecommunications and network expenses due to the increase in number of activations. The increase was $7.3 million for the year ended December 31, 2000. Total salaries and benefits accounted for 16% of the total increase due to the expansion and staffing of the broadcast operations department and customer service departments.

Research and development expenses. TiVo's research and development expenses for the year ended December 31, 2000 were $24.3 million compared to $9.7 million for the year ended December 31, 1999. Approximately 49% of the total increase in expenses was due to the hiring of additional engineers to help support the improvement and addition of features and functionality of current products as well as the design of new platforms. Approximately 22% of the total increase was related to research and development consulting expenses.

Sales and marketing expenses. Sales and marketing expenses for the year ended December 31, 2000 were $102.1 million compared to $24.5 million for the year ended December 31, 1999. The increase was primarily attributable to an increase in expenditures for advertising, public relations and trade shows in connection with the continued retail marketing campaign of the TiVo Service and the personal video recorder that enables the TiVo Service. Advertising expenses, including public relations and trade shows, comprised over 78% of the total increase in sales and marketing expenses from 1999 to 2000. For the year ended December 31, 2000, channel sales support was $7.2 million compared to $1.7 million for the year ended December 31, 1999. Channel sales support accounted for 7% of the total increase.

Sales and marketing--related parties. Sales and marketing--related parties expense for the year ended December 31, 2000 was $53.6 million compared to $15.2 million for the year ended December 31, 1999. The increase in sales and marketing--related parties expense is primarily attributable to the manufacturing and shipments of personal video recorders and to the related activations of subscribers to the TiVo Service.

Sales and marketing--related parties expense as of December 31, 2000, consists of cash charges of $44.0 million and non-cash charges of $9.6 million. The non-cash portion is related to the amortization of warrants or common stock issued for services that we issued to AOL, Quantum, DIRECTV and Creative Artists Agency, LLC. The total amount of warrant valuation and common stock issued for services as of December 31, 2000 was $44.4 million. As of December 31, 2000,

$22.1 million has not yet been amortized. We amortize the valuation of the warrants and common stock issued for services on a straight-line basis over the period that the services are provided.

General and administrative expenses. General and administrative expenses for the year ended December 31, 2000 were $14.3 million compared to $7.0 million for the year ended December 31, 1999. Over 31% of the increase was primarily attributable to the hiring of additional personnel and related expenses. Also contributing to the increase were accounting and legal expenses totaling 19% of the total increase.

Stock-based compensation. During calendar years 1999 and 2000, we granted stock options with exercise prices that were less than the estimated fair value of the underlying shares of common stock for accounting purposes on the date of grant. As a result, stock-based compensation expense is being recognized over the period that these stock options vest. The stock-based compensation expense was approximately $3.1 million for the year ended December 31, 2000 and $1.5 million for the year ended December 31, 1999.

Other operating expenses, net. Other operating expenses, net consists of the revenues from the sale of personal video recorders sold directly by TiVo, less the cost of the personal video recorders sold. For the year ended December 31, 2000, other operating expenses, net was zero compared to $7.2 million for the year ended December 31, 1999.

Interest income. Interest income resulting from cash and cash equivalents held in interest bearing accounts and short term investments was $7.9 million for the year ended December 31, 2000 compared to $2.9 million for the year ended December 31, 1999, as cash balances have increased largely due to the AOL investment in calendar year 2000.

Interest expense and other. Interest expense and other was $522,000 for the year ended December 31, 2000. This includes amortization of the value assigned primarily to the Comdisco for interest expense and convertible debt warrants of $164,000 and disposal of an asset no longer used of approximately $227,000. For the year ended December 31, 1999, interest expense and other was $466,000.

Year Ended December 31, 1999 Compared to the Year Ended December 31, 1998.

Revenues. Revenues for the year ended December 31, 1999 were $223,000, compared to zero for the year ended December 31, 1998. The increase is attributable to customer subscriptions to the TiVo Service, which began in March 1999. As of December 31, 1999, we had approximately 18,000 subscribers.

Cost of services. Cost of services for the year ended December 31, 1999 was $4.1 million compared to zero for the year ended December 31, 1998. This increase was primarily attributable to the hiring of content programming and customer service personnel. Total salaries and benefits accounted for 45% of the total cost of services expenses. The establishment of a customer call center in connection with the retail release of the TiVo Service and the personal video recorder that enables the TiVo Service comprised 48% of the total cost of services expenses. Additionally, as subscribers increased there were other variable costs, such as telephone charges which accounted for 4% of the total cost of services.

Research and development expenses. TiVo's research and development expenses for the year ended December 31, 1999 were $9.7 million compared to $5.6 million for the year ended December 31, 1998. Increase in salary expenses due to the hiring of additional engineers to help support the improvement and addition of features and functionality of current products as well as the design of new platforms accounted for approximately 72% of the total increase from calendar year 1998 to 1999. Approximately 22% of the total increase was related to research and development consulting expenses.

Sales and marketing expenses. Sales and marketing expenses for the year ended December 31, 1999 were $24.5 million compared to $1.3 million for the year ended December 31, 1998. The increase was primarily attributable to an increase in expenditures for advertising, public relations and trade shows in connection with the continued retail marketing campaign of the TiVo Service and the personal video recorder that enables the TiVo Service. Advertising expenses, including public relations and trade shows, comprised over 75% of the total increase in sales and marketing expenses from calendar year 1998 to 1999. For the year ended December 31, 1999, sales support expense was $1.7 million compared to zero for the year ended December 31, 1998. Sales support accounted for 7% of the total increase.

Sales and marketing--related parties. Sales and marketing--related parties expense for the year ended December 31, 1999 was $15.2 million compared to zero for the year ended December 31, 1998. The increase in sales and marketing--related parties expense is attributable to the manufacturing and shipments of personal video recorders and to the related activations of subscribers to the TiVo Service.

Sales and marketing--related parties expense as of December 31, 1999, consists of cash expense of $2.5 million and non-cash charges of $12.7 million. The non-cash portion is related to the amortization of warrants or common stock issued for services that we issued to Quantum, DIRECTV and Creative Artists Agency, LLC. The total amount of warrant valuation and common stock issued for services as of December 31, 1999 was $29.0 million. As of December 31, 1999, $16.3 million has not yet been amortized.

General and administrative expenses. General and administrative expenses for the year ended December 31, 1999 were $7.0 million compared to $2.9 million for the year ended December 31, 1998. Over 24% of the increase was primarily attributable to the hiring of additional personnel and related expenses. Also contributing to the increase were the costs of establishing Information Services and Service Operations departments which did not exist during the year ended December 31, 1998 or prior. The costs of the Information Services department was 38% and the costs of the Service Operations department was 31% of the total increase in general and administrative expenses.

Stock-based compensation. During 1999, we granted stock options with exercise prices that were less than the estimated fair value of the underlying shares of common stock on the date of grant. As a result, stock-based compensation expense is being recognized over the period that these stock options vest. The stock-based compensation expense was approximately $1.5 million for the year ended December 31, 1999 and zero for the year ended December 31, 1998.

Other operating expenses, net. Other operating expenses, net consists of the revenues from the sale of personal video recorders sold directly by TiVo, less the cost of the personal video recorders sold. For the year ended December 31, 1999, other operating expenses, net was $7.2 million compared to zero for the year ended December 31, 1998.

Interest income. Interest income resulting from cash and cash equivalents held in interest bearing accounts and short term investments was $2.9 million for the year ended December 31, 1999 compared to $136,000 for the year ended December 31, 1998, as cash balances have increased due to proceeds of the private sale of equity securities and the proceeds from TiVo's initial public offering.

Interest expense and other. Interest expense and other was $466,000 for the year ended December 31, 1999. This includes amortization of the value assigned primarily to the Comdisco and convertible debt warrants of $432,000 and interest expense of $34,000 resulting from borrowings under the capital lease obligation. For the year ended December 31, 1998, interest expense was $20,000 and other expense was $19,000.

Liquidity and Capital Resources

From inception through January 31, 2001, we financed our operations and met our capital expenditure requirements primarily from the proceeds of the private sale of equity securities and the proceeds from our initial public offering. At January 31, 2001, we had $124.5 million of cash and cash equivalents. In April 2001, we announced our new operating plan that we believe will eliminate the need for additional funding during our current fiscal year, ending on January 31, 2002. The plan supports our key objectives of building our subscriber base and increasing revenue, while reducing our operating expenses by nearly 35%. We intend to execute several key initiatives in order to achieve our targeted cost reductions. We expect that these initiatives will reduce our cash burn-rate by approximately $60.0 million for the current fiscal year ending January 31, 2002. The initiatives are: leveraged marketing, a new, low cost platform, reduced infrastructure costs, reduced service operations costs and headcount reductions. With this change in our operating plan, we believe that our capital is adequate to fund operations, capital expenditures and working capital needs through our fiscal year ending January 31, 2002.

Net cash used in operating activities was $23.6 million for the one-month transition period ended January 31, 2001. During the one-month transition period ended January 31, 2001, we continued to provide the TiVo Service, incurring a net loss of $18.6 million. Uses of cash from operating activities also included an increase in prepaid expenses of $17.8 million, of which $16.5 million was for prepaid advertising related to the AOL media insertion orders, an increase in accounts receivable-related parties of $623,000 and an decrease in accrued liabilities of $127,000. These uses were offset by sources of cash provided from operating activities consisting of an increase in accrued liabilities--related parties of $6.0 million, an increase in accounts payable of $2.0 million, an increase in long-term deferred revenue of $1.1 million, an increase in deferred revenue of $850,000 and an increase in other long-term liabilities of $30,000.

Net cash used in investing activities was $758,000 for the one-month transition period ended January 31, 2001 was for the acquisition of property and equipment.

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Net cash provided by financing activities was $42.8 million for the one-month transition period ended January 31, 2001. Of this amount, $43.5 million was from proceeds of restricted cash that was released under the terms of the First Amendment to the Escrow Agreement, dated as of January 30, 2001. Additionally, we received $21,000 from the issuance of common stock for stock options exercised. Cash was used for payment of the redeemable convertible preferred stock dividend of $423,000, payment of issuance costs for the stock issued to AOL of $250,000 and payment on a capital lease of $64,000.

We have commitments for future lease payments under facilities operating leases of $18.8 million and obligations under capital leases of $1.4 million as of January 31, 2001. The obligations under the capital lease relate to equipment leased under a total available lease line of $2.5 million, which expired in February 2000.

Our future capital requirements will depend on a variety of factors, including market acceptance of the personal video recorder and the TiVo Service, the resources we devote to developing, marketing, selling and supporting our products and other factors. We expect to devote substantial capital resources:

- to develop new or enhance existing services or products;
- to continue support of our customer call center
- to subsidize the sale of personal video recorders;
- for advertising to educated consumers;
- to further expansion in the European market;
- for general corporate purposes.

We believe that our cash and cash equivalents, the net proceeds from the sale of our Series A redeemable convertible preferred stock and private sales of equity securities and the net proceeds from the initial public offering that we have raised to date will be sufficient to fund our operations for at least the next 12 months through fiscal year ending January 31, 2002. Despite our expectations, we may need to raise additional capital before the end of the next 12 months in order to:

- fund anticipated growth, including significant increases in personnel, office facilities and computer systems;
- develop new or enhance existing services or products;
- expand into new markets and respond to competitive pressures; or
- acquire or invest in complementary businesses, technologies, services or products.

In addition, in order to meet long-term liquidity needs, we may need to raise additional funds, establish a credit facility or seek other financing arrangements. Additional funding may not be available on favorable terms or at all. See "Factors That May Affect Future Operating Results-If we are unable to raise additional capital on acceptable terms, our ability to effectively manage growth and build a strong brand could be harmed."

Factors That May Affect Future Operating Results

In addition to the other information included in this Transition Report, the following factors should be considered in evaluating our business and future prospects:

We have recognized very limited revenue, have incurred significant net losses and may never achieve profitability.

We have recognized limited revenue, have incurred significant losses and have had substantial negative cash flow. During the one-month transition period ended January 31, 2001 and the year ended December 31, 2000, we recognized subscription revenues of $989,000 and $3.6 million, respectively. As of January 31, 2001, we had an accumulated deficit of $302.2 million. We expect to incur significant operating expenses over the next several years in connection with the continued development and expansion of our business. As a result, we expect to continue to incur losses for the foreseeable future. The size of these net losses depends in part on the growth in our subscriber base and on our expenses. With increased expenses, we will need to generate significant additional revenues to

achieve profitability. Consequently, we may never achieve profitability, and even if we do, we may not sustain or increase profitability on a quarterly or annual basis in the future.

Our limited operating history may make it difficult for us or investors to evaluate trends and other factors that affect our business.

We were incorporated in August 1997 and have been obtaining subscribers only since March 31, 1999. Prior to that time, our operations consisted primarily of research and development efforts. As of January 31, 2001, only a limited number of personal video recorders had been sold and we obtained only a limited number of subscribers to the TiVo Service. As a result of our limited operating history, our historical financial and operating information is of limited value in evaluating our future operating results. 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 and rapidly evolving markets. For example, it may be difficult to accurately predict our future revenues, costs of revenues, expenses or results of operations. Personal television is a new product category for consumers 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. This 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.

If our marketing in the retail channel is not successful, consumers and consumer electronics manufacturers may not accept the TiVo Service and products that enable the TiVo Service.

Our success depends upon a continually successful retail marketing campaign for the TiVo Service and related personal video recorders, which began in the third quarter of calendar year 1999. We will rely principally on our consumer electronics partners, such as Philips and Sony, to manufacture, market, sell and support the personal video recorder that enables the TiVo Service. We also will rely on the efforts of DIRECTV and BSkyB to market, sell and support the TiVo Service to DIRECTV and BSkyB subscribers. The ongoing marketing campaign requires, among other things, that we:

- educate consumers on the benefits of the TiVo Service and related personal video recorder, which will require an extensive marketing campaign;
- commit a substantial amount of human and financial resources to achieve continued, successful retail distribution; and
- coordinate our own sales, marketing and support activities with those of Philips, Sony, BSkyB, DIRECTV, AOL and other strategic partners.

We or our strategic partners may not achieve any or all of these objectives. In addition, consumers may perceive the TiVo Service and related personal video recorder as too expensive or complex and our marketing campaign may not effectively attract new subscribers. Because of competitive offerings or changing preferences, consumers may delay or decline the purchase of the TiVo Service and related personal video recorder. All of these events would reduce consumer demand and market acceptance, diminish our brand and impair our ability to attract subscribers to the TiVo Service.

We have agreed to share a substantial portion of the revenue we generate from subscription fees with some of our strategic partners. We may be unable to generate enough revenue to cover these obligations.

We have agreed to share a substantial portion of our subscription and other fees with some of our strategic partners in exchange for manufacturing, distribution and marketing support and discounts on key components for personal video recorders. Given how these amounts are calculated, we may be required to share substantial portions of the subscription and other fees attributable to the same subscriber with multiple partners. These agreements 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 our partnerships will help us obtain subscribers, broaden market acceptance of personal television 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 depend on a limited number of third parties to manufacture, distribute and supply critical components and services for the personal video recorders 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 personal video recorder made available by a limited number of third parties. In addition, we rely on sole suppliers for a number of key components for the personal video recorders. We do not control the time and resources that these third parties devote to our business. We cannot be sure that these parties will perform their obligations as expected or that any revenue, cost savings or other benefits will be derived from the efforts of these parties. If any of these parties breaches or terminates its agreement with us or otherwise fails to perform 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 quickly achieve market acceptance and brand recognition.

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

If our manufacturing partnerships are not successful, we may be unable to establish a market for our products and services. We initially manufactured the personal video recorders that enable the TiVo Service through a third-party contract manufacturer. We have entered into agreements with Philips, Sony, Hughes and Thomson UK to manufacture and distribute the personal video recorders that enable the TiVo Service. However, we have no minimum volume commitments from Philips, Sony, Hughes, Thomson UK or any other manufacturer. The ability of our manufacturing partners to reach sufficient production volume of the personal video recorder to satisfy anticipated demand is subject to delays and unforeseen problems such as defects, shortages of critical components and cost overruns. Moreover, they will require substantial lead times to manufacture anticipated quantities of the personal video recorders that enable the TiVo Service. Delays and other problems could impair the retail distribution and brand image and make it difficult for us to attract subscribers. In addition, the loss of a manufacturing partner would require us to identify and contract with alternative sources of manufacturing, which we may be unable to do and which could prove time-consuming and expensive. Although we expect to continue to contract with additional consumer electronics companies for the manufacture of personal video recorders in the future, we may be unable to establish additional relationships on acceptable terms.

If our corporate partners fail to perform their obligations, we may be unable to effectively market and distribute our products and services. Our manufacturing partners distribute the personal video recorder that enables the TiVo Service. We rely on their sales forces, marketing budgets and brand images to promote and support the personal video recorder and the TiVo Service. We expect to continue to rely on our manufacturing partners and other strategic partners to promote and support the personal video recorder and other devices that enable the TiVo Service. The loss of one or more of these partners could require us to undertake more of these activities on our own. As a result, we would spend significant resources to support personal video recorders and other devices that enable the TiVo Service. We also expect to rely on AOL, DIRECTV and other partners to provide marketing support for the TiVo Service. The failure of one or more of these partners 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 the personal video recorder and the TiVo Service, our ability to attract subscribers to the TiVo Service will be limited.

We are dependent on single 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 and services used in the personal video recorders and the TiVo Service. For example:

- Quantum is the sole supplier of the hard disk drives;
- NEC is the sole supplier of the application specific integrated circuit, a semiconductor device;
- Sony is the sole supplier of the MPEG2 encoder semiconductor device; and
- Tribune Media Services is the sole supplier of program guide data.

In addition to the above, we have several sole suppliers for key components of our products currently under development.

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We cannot be sure that alternative sources for key components and services used in the personal video recorders and the TiVo Service will be available when needed or, if available, that these components and services will be available on favorable terms. If our agreements or our manufacturing partners' agreements with Quantum, NEC, Sony or Tribune Media Services were to terminate or expire, or if we or our manufacturing partners were unable to obtain sufficient quantities of these components or required program guide data, our search for alternate suppliers could result in significant delays, added expense or disruption in product availability.

Our ability to generate revenues from subscription fees is unproven and may fail.

We expect to generate a substantial portion of our revenues from subscription fees for the TiVo Service. Many of our potential customers already pay monthly fees for cable or satellite television services. We must convince these consumers to pay an additional subscription fee to receive the TiVo Service. The availability of competing services that do not require subscription fees will harm our ability to effectively attract subscribers. In addition, the personal video recorder that enables the TiVo Service can be used to record programs and pause, rewind and fast forward through live or recorded shows without an active subscription to the TiVo Service. If a significant number of purchasers of the personal video recorders use these devices without subscribing to the TiVo Service, our revenue growth will decline and we may not achieve profitability.

Our business is expanding rapidly and our failure to manage growth could disrupt our business and impair our ability to generate revenues.

Since we began our business in August 1997, we have significantly expanded our operations. We anticipate continued expansion in our headcount and infrastructure to support potential growth in our subscriber base and to allow us to pursue market opportunities. This expansion has 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:

We need to attract and retain qualified personnel, and any failure to do so may impair our ability to offer new products or grow our business. Our success will depend on our ability to attract, retain and motivate managerial, technical, marketing, financial, administrative and customer support personnel. Competition for such employees is intense, especially for engineers in the San Francisco Bay Area, and we may be unable to successfully attract, integrate or retain sufficiently qualified personnel. If we are unable to hire, train, retain and manage required personnel, we may be unable to successfully introduce new products or otherwise implement our business strategy.

Any inability of our systems to accommodate our expected subscriber growth may cause service interruptions or delay our introduction of new services. 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 rapidly add new subscribers is unproven. We must continually improve these systems to accommodate subscriber growth and 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.

We will need to provide acceptable customer support, and any inability to do so will harm our brand and ability to generate and retain new subscribers. Our ability to increase sales, retain current and future subscribers and strengthen our brand will depend in part upon the quality of our customer support operations. Some customers require significant support when installing the personal video recorder and becoming acquainted with the features and functionality of the TiVo Service. We have limited experience with widespread deployment of our products and services 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. Our failure to provide adequate customer support for the TiVo Service and personal video recorder will damage our reputation in the personal television and consumer electronics marketplace and strain our relationships with customers and strategic partners. This could prevent us from gaining new or retaining existing subscribers and could cause harm to our reputation and brand.

We will need to improve our operational and financial systems to support our expected growth, and any inability to do so will adversely impact our billing and reporting. To manage the expected growth of our operations and personnel, we will need to improve our operational and financial systems, procedures and controls. Our current and planned systems, procedures and controls may not be adequate to support our future operations and expected growth. For example, we replaced our accounting and billing system at the beginning of August 2000.

Delays or problems associated with any improvement or expansion of our operational and financial systems and controls could adversely impact our relationships with subscribers and cause harm to our reputation and brand. Delays or problems associated with any improvement or expansion of our operational and financial systems and controls could also result in errors in our financial and other reporting.

If we are unable to create multiple revenue streams, we may not be able to cover our expenses or meet our obligations to strategic partners and other third parties.

Although our initial success will depend on building a significant customer base and generating subscription fees from the TiVo Service, our long-term success will depend on securing additional revenue streams such as:

- advertising;
- revenues from networks; and
- electronic commerce or couch commerce.

In order to derive substantial revenues from these activities, we will need to attract and retain a large and growing base of subscribers to the TiVo Service. We also will need to work closely with television advertisers, cable and satellite network operators, electronic commerce companies and consumer electronics manufacturers to develop products and services in these areas. We may not be able to effectively work with these parties to develop products that generate revenues that are sufficient to justify their costs. 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 subscribers and strategic partners will seriously harm our ability to support new services and develop new revenue streams.

It will take a substantial amount of time and resources to achieve broad market acceptance of the TiVo Service and products that enable the TiVo Service and we cannot be sure that these efforts will generate a broad enough subscriber base to sustain our business.

Personal television products and services represent a new, untested consumer electronics category. The TiVo Service is in an early stage of development and many consumers are not aware of its benefits. As a result, it is uncertain whether the market will demand and accept the TiVo Service and products that enable the TiVo Service. Retailers, consumers and potential partners may perceive little or no benefit from personal television products and services. Likewise, consumers may not value, and may be unwilling to pay for the TiVo Service and products that enable the TiVo Service. To develop this market and obtain subscribers to the TiVo Service, we will need to devote a substantial amount of time and resources to educate consumers and promote our products. We may fail to obtain subscribers, encourage the development of new devices that enable the TiVo Service and develop and offer new content and services. 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 intense competition from a number of sources, which may impair our revenues and ability to generate subscribers.

The personal television market is new and rapidly evolving and we expect competition from a number of sources, including:

Internet-related companies and companies offering similar products and services. We are likely to face intense direct competition from companies such as WebTV Networks Inc., SonicBlue and X-TV. These companies offer, or have announced their intention to offer, products with one or more of the TiVo Service's functions or features and, in some instances, combine these features with Internet browsing or traditional broadcast, cable or satellite television programming. Many of these companies have greater brand recognition and market presence and substantially greater financial, marketing and distribution resources than we do. For example, Microsoft Corporation controls and provides financial backing to WebTV. Some of these companies also have established relationships with third party consumer electronic manufacturers, network operators and programmers, which could make it difficult for us to establish relationships and enter into agreements with these third parties. Some of these competitors also have relationships with our strategic partners. For example, DIRECTV recently formed an alliance with Microsoft. Faced with this competition, we may be unable to expand our market share and attract an increasing number of subscribers to the TiVo Service.

Established competitors in the consumer electronics market. We compete with consumer electronic products in the television and home entertainment industry. The television and home entertainment industry is characterized by rapid technological innovation, a small number of dominant manufacturers and intense price competition. As a new product category, personal television enters a market that is crowded with several established products and services. The competition for consumer spending in the television and home entertainment market is intense, and our products and services will compete with:

- satellite television systems;
- video on demand services;
- digital video disc players; and
- laser disc players.

Most of these technologies or devices have established markets, a broad subscriber base and proven consumer acceptance. In addition, many of the manufacturers and distributors of these competing devices have substantially greater brand recognition, market presence, distribution channels, advertising and marketing budgets and promotional and other strategic partners. Faced with this competition, we may be unable to effectively differentiate the personal video recorder or the TiVo Service from these devices.

Established competition for advertising budgets. Personal television, in general, and TiVo, specifically, also compete with traditional advertising media such as print, radio and television for a share of advertisers' total advertising budgets. If advertisers do not perceive personal television as an effective advertising medium, they may be reluctant to devote a significant portion of their advertising budget to promotions on the TiVo Service.

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

To attract and retain subscribers and generate revenues, we must continue to add 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 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 personal television. If we are unable to further develop and improve the TiVo Service or expand our operations in a cost-effective or timely manner, our ability to attract and retain subscribers and generate revenue will suffer.

If we do not successfully establish strong brand identity in the personal television market, we may be unable to achieve widespread acceptance of our products.

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 partnerships. The importance of brand recognition will increase as current and potential competitors enter the personal television 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 subscribers 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 subscribers and effectively compete in the personal television market.

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 subscribers.

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. 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.

We have detected and may continue to detect errors and product defects.

These problems can affect system uptime, result in significant warranty and repair problems, which could cause customer service and customer relations problems. Correcting errors in our software 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 personal video recorders and the TiVo Service.

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

From time to time, we may be subject to intellectual property litigation, which could:

- 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 new products or services; or
- require us to pay significant royalties or licensing fees.

The emerging enhanced-television industry is highly litigious, particularly in the area of on-screen program guides. Additionally, many patents covering interactive television technologies have been granted but have not been commercialized. For example, we are aware of at least seven patents for pausing live television. 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 manufacturing partners to cease manufacturing the personal video recorder or us to cease providing our service, or both, which would eliminate our ability to generate revenues.

On January 6, 2000, PhoneTel Communications, Inc. filed a lawsuit against us in the U.S. District Court for the Northern District of Texas alleging willful and deliberate violation of U.S. Patent Number 4,873,584, entitled "Computer Control for VCR including Display of Record Playback Listing and Playback Order Selection." held by PhoneTel. The complaint alleged that TiVo infringed the patent by, among other things, making, using, selling, offering to sell and/or importing its television set-top boxes, and sought unspecified monetary damages, an injunction against TiVo's operations, and attorneys' fees and costs. On April 17, 2000, the suit was voluntarily dismissed by PhoneTel. While the suit could be re-filed by PhoneTel, TiVo believes that it has meritorious defenses against the claims and would vigorously defend itself against such claims. In the event the suit is re-filed, TiVo could be forced to incur material expenses, and in the event it were to lose such a suit, its business would be harmed.

On January 18, 2000, StarSight Telecast Inc., a subsidiary of Gemstar International Group Limited filed a lawsuit against us in the U.S. District Court for the Northern District of California alleging willful and deliberate violation of U.S. Patent Number 4,706,121, entitled "TV Schedule System and Process," held by StarSight. The complaint alleged that TiVo infringed the patent by, among other things, making, using, selling, offering to sell and/or importing its TV schedule systems and processes without a license from StarSight. Starsight seeks unspecified monetary damages and an injunction against our operations. The suit also seeks attorneys' fees and costs. TiVo believes that we have has meritorious defenses against the suit and intends to vigorously defend ourself. On February 25, 2000, TiVo counterclaimed against StarSight, Gemstar Development Corporation and Gemstar International Group Limited seeking damages for federal antitrust violations and state unfair business practices claims, as well as declaratory relief of non-infringement, invalidity and unenforceability with respect to the patent. TiVo could be forced to incur material expenses during this litigation, and in the event we were to lose this suit our business would be harmed.

In addition, we are aware that some media companies may attempt to form organizations to develop standards and practices in the personal television industry. These organizations or individual media companies may attempt to require companies in the personal television industry to obtain copyright or other licenses. A number of

articles have appeared in the press regarding the formation of a consortium of broadcast and cable television networks called the Advanced Television Copyright Coalition. Some of those articles have indicated that the coalition is prepared to support litigation and to explore legislative solutions unless the members of the personal television industry agree to obtain license agreements for use of the companies' programming. We have received letters from Time Warner Inc. and Fox Television stating that these entities believe our personal television service exploits copyrighted networks and programs without the necessary licenses and business arrangements. 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.

Our success depends on our ability to secure and protect 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 proprietary 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, none of these patents has been granted, and we cannot assure you that any 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.

Laws or regulations that govern the television industry and the delivery of programming could expose us to legal action if we fail to comply or could require us to change our business.

Personal television and the delivery of television programming through the TiVo Service and a personal video recorder represents a 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 or the enforcement or interpretation of existing laws could expose us to additional costs and expenses and could require changes to our business. For example, 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 personal television market. Therefore, it is difficult to anticipate the impact of current or future laws and regulations on our business.

The Federal Communications Commission has broad jurisdiction over the telecommunications and cable industries. The majority of FCC regulations, while not directly affecting us, do affect many of the strategic partners on whom we substantially rely for the marketing and distribution of the personal video recorder and the TiVo Service. As such, the indirect effect of these regulations may adversely affect our business. In addition, 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 the features or functionality of the TiVo Service.

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 personal video recorder collects and stores viewer preferences and other data that many of our subscribers 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 subscribers could reduce demand for the TiVo Service and result in increased expenses.

Consumers may be concerned about the use of viewing information gathered by the TiVo Service and personal video recorder. Currently, we gather anonymous information about our subscribers' viewing choices while using the TiVo Service, unless a subscriber affirmatively consents to the collection of personally identifiable viewing information. This anonymous viewing information does not identify the individual subscriber. Privacy

concerns, however, could create uncertainty in the marketplace for personal television and 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.

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 future periods our operating results may fall below the expectations of market analysts and investors. In this event, the market price of our common stock would likely fall.

Factors that may affect our quarterly operating results include:

- demand for personal video recorders and the TiVo Service;

- 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 partners;
- entering into new or terminating existing strategic partnerships;
- changes in the subsidy payments we make to certain strategic partners;
- changes in our pricing policies, the pricing policies of our competitors and general pricing trends in the consumer electronics market;
- loss of subscribers to the TiVo Service; and
- general economic conditions.

Because our expenses precede associated revenues, unanticipated shortfalls in revenue 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 believe that sales of personal video recorders and new subscriptions to the TiVo Service will be 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 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 on acceptable terms, our ability to effectively manage growth and build a strong brand could be harmed.

We expect that our existing capital resources will be sufficient to meet our cash requirements through at least the next 12 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. 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. Any debt financing, if available, may involve covenants limiting, or restricting our operations or future opportunities.

We have agreed to subsidize the cost of manufacturing personal video recorders, which may adversely affect our operating results and ability to achieve profitability.

We have agreements with our consumer electronic manufacturing partners to manufacture the personal video recorder that enables the TiVo Service. We have agreed to pay our manufacturing partners a per-unit subsidy for each personal video recorder that they manufacture and sell. The amount of the payments can vary depending upon the manufacturing costs and selling prices. In addition, in the event our manufacturing partners are unable to manufacture the personal video recorders at the costs currently estimated or if selling prices are less than anticipated, we may owe additional amounts to them, which could adversely affect our operating results. We are obligated to pay a portion of the subsidy when the personal video recorder is shipped, and we will not receive any revenues related to the unit until the unit is sold and the purchaser activates the TiVo Service. We may make additional subsidy payments in the future to consumer electronic and other manufacturers in an effort to maintain a commercially viable retail price for the personal video recorders and other devices that enable the TiVo Service.

The lifetime subscriptions to the TiVo Service that we currently offer commit us to providing services for an indefinite period. The revenue we generate from these subscriptions may be insufficient to cover future costs.

We currently offer product lifetime subscriptions that commit us to provide service for as long as the personal video recorder is in service. We receive the lifetime subscription fee for the TiVo Service in advance and amortize it as subscription revenue over four years, which is our estimate of the service life of the personal video recorder. If these lifetime subscribers use the personal video recorder for longer than anticipated, we will incur costs without a corresponding revenue stream and therefore will be required to fund ongoing costs of service from other sources.

If we lose key management personnel, we may not be able to successfully operate our business.

Our future performance will be substantially dependent on the continued services of our senior management and other key personnel. The loss of any members of our executive management team and our inability to hire additional executive management could harm our business and results of operations. In addition, we do not have employment agreements with, or key man insurance policies for, any of our key personnel.

We expect 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 April 12, 2001, our common stock has closed between $71.50 per share and $4.00 per share, closing at $4.11 on April 12, 2001. 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 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 partnerships, joint ventures, significant contracts or acquisitions;

- Fluctuations in the market prices generally for technology-related stocks;

- Fluctuations in general economic conditions;

- Fluctuations in interest rates;

- Market conditions affecting the television and home entertainment industry;

- 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.

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.

We may 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 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 our board of directors, the chairman of the board or the chief executive officer. Our Amended and Restated Certificate of Incorporation and 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. 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 in the event that the rights become exercisable. The rights become exercisable upon the earlier to occur of (i) ten days following a public announcement that a person or group of affiliated or associated persons has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of our common stock, subject to limited exceptions, or (ii) ten business days (or such later date as may be determined by action of our board of directors prior to such time as any person or group of affiliated persons becomes an acquiring person as described in the preceding clause) following the commencement or announcement of an intention to make a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 15% or more of our common stock, subject to limited exceptions.

These provisions of Delaware law, our Amended and Restated Certificate of Incorporation and 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.

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

From time to time, we may engage in discussions with other parties concerning strategic relationships, which may include equity investments by such parties in our company. We currently have such relationships with a number of our strategic partners, including AOL, DIRECTV, Sony and Philips. While we believe that such relationships have enhanced our ability to finance and develop our business model, the terms and conditions of such relationships may place some restrictions on our freedom to operate in the future.

Item 7A. Quantitative and Qualitative Disclosure 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 conduct transactions in U.S. dollars. Our investment portfolio only includes highly liquid instruments with original maturities of less than one year.

We are subject to fluctuating interest rates that may impact, adversely or otherwise, our results of operations or cash flows for our cash and cash equivalents and our short-term investments.

The table below presents principal amounts and related weighted average interest rates as of January 31, 2001 for our cash and cash equivalents. We had no short-term investments at this time.

Cash and cash equivalents..............................	$124,474,000
Average interest rate..............................	6.27%

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. Our capital lease obligations are not subject to changes in the interest rate and, therefore, are not exposed to interest rate risk.

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Item 8. Financial Statements and Supplementary Data

The Company's consolidated financial statements and notes thereto appear on pages 46 to 72 of this Transition 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."

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of TiVo Inc.:

We have audited the accompanying consolidated balance sheets of TiVo Inc. (a Delaware corporation) as of January 31, 2001, December 31, 2000 and December 31, 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for the one-month ended January 31, 2001 and for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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. as of January 31, 2001, December 31, 2000 and December 31, 1999, and the results of its operations and its cash flows for the one-month ended January 31, 2001 and for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

San Francisco, California
March 2, 2001

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TIVO INC.

CONSOLIDATED BALANCE SHEETS

	January 31, 2001	Decemb 20
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$124,474,000	$106,
Short-term investments	--	
Restricted cash	50,104,000	93,
Accounts receivable, net of allowance for doubtful accounts of $263,000, $211,000 and zero as of January 31, 2001, December 31, 2000 and December 31, 1999 respectively	1,772,000	2,
Accounts receivable-related parties	4,878,000	4,
Prepaid expenses and other	8,391,000	9,
Total current assets	189,619,000	214,
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $4,813,000, $4,307,000 and $831,000 as of January 31, 2001, December 31, 2000 and December 31, 1999, respectively	21,924,000	21,
Total assets	$211,543,000	$236,
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND COMMON STOCK AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable	$ 21,971,000	$ 20,
Accrued liabilities	19,863,000	19,
Accrued liabilities-related parties	49,839,000	43,
Deferred interest income on restricted cash	2,104,000	1,
Deferred revenue, short-term	6,210,000	5,
Current portion of obligations under capital lease	796,000	
Total current liabilities	100,783,000	91,
Long-term portion of obligations under capital lease	538,000	
Deferred revenue, long-term	12,113,000	11,
Other long-term liabilities	1,217,000	1,
Total long-term liabilities	13,868,000	12,
Total liabilities	114,651,000	104,

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

TIVO INC.

CONSOLIDATED BALANCE SHEETS (continued)

	January 31, 2001	Dece
REDEEMABLE CONVERTIBLE PREFERRED STOCK AND COMMON STOCK		
Series A Redeemable convertible preferred stock, par value $0.001:		
Issued and outstanding shares at January 31, 2001, December 31, 2000 and December 31, 1999 are 1,600,000, 2,711,861 and zero, respectively.........................	$ 2,000	$
Redeemable common stock, par value $0.001:		
Issued and outstanding shares at January 31, 2001, December 31, 2000 and December 31, 1999 are zero, 806,889 and zero, respectively.....................................	--	
Additional paid-in capital...	46,553,000	96
Total redeemable convertible preferred stock and common stock....	46,555,000	96
STOCKHOLDERS' EQUITY		
Series A Convertible preferred stock, par value $0.001:		
Authorized shares at January 31, 2001 and December 31, 2000 are 10,000,000 and December 31, 1999 are zero		
Issued and outstanding shares at January 31, 2001 are 1,111,861 and zero at December 31, 2000 and December 31, 1999.......................	$ 1,000	$
Common stock, par value $0.001:		
Authorized shares at January 31, 2001 and December 31, 2000 are 150,000,000 and at December 31, 1999 are 75,000,000		
Issued and outstanding shares at January 31, 2001 and December 31, 2000 and December 31, 1999 are 43,430,023, 42,597,530 and 37,746,391, respectively..	43,000	
Additional paid-in capital...	406,294,000	351
Deferred compensation..	(2,786,000)	(2
Prepaid marketing expenses...	(48,458,000)	(27
Note receivable..	(2,509,000)	(2
Retained deficit...	(302,248,000)	(283
Total stockholders' equity...	50,337,000	34
Total liabilities, redeemable convertible preferred stock and common stock and stockholders' equity...........................	$ 211,543,000	$ 236

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

TIVO INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	One-Month Ended January 31, 2001	One-Month Ended January 31, 2000	December 31 2000
		(unaudited)	
Revenues..	$ 989,000	$ 134,000	$ 3,571,0
Costs and expenses			
Cost of services (excludes $9,000, $16,000, $141,000, $116,000 and zero of amortization of stock-based compensation for the one-month periods ended January 31, 2001 and 2000 and years ended December 31, 2000, 1999 and 1998, respectively)................................	1,710,000	1,204,000	18,382,0
Research and development (excludes $37,000, $89,000, $791,000, $431,000 and zero of amortization of stock-based compensation for the one-month periods ended January 31, 2001 and 2000 and years ended December 31, 2000, 1999 and 1998, respectively)..................	2,507,000	1,694,000	24,279,0
Sales and marketing (excludes $60,000, $78,000, $992,000, $176,000 and zero of amortization of stock-based compensation for the one-month periods ended January 31, 2001 and 2000 and years ended December 31, 2000, 1999 and 1998, respectively)................................	7,884,000	3,532,000	102,091,0
Sales and marketing-related parties.............	6,632,000	2,225,000	53,604,0
General and administrative (excludes $69,000, $138,000, $1,191,000, $807,000 and zero of amortization of stock-based compensation for the one-month periods ended January 31, 2001 and 2000 and years ended December 31, 2000, 1999 and 1998 respectively)...................	1,326,000	614,000	14,346,0
Stock-based compensation........................	175,000	321,000	3,115,0
Other operating expense, net....................	--	--	
Loss from operations..........................	(19,245,000)	(9,456,000)	(212,246,0
Interest income...........................	672,000	721,000	7,928,0
Interest expense and other................	(17,000)	(29,000)	(522,0
Net loss......................................	(18,590,000)	(8,764,000)	(204,840,0
Less: Series A redeemable convertible preferred stock dividend.....................	(423,000)	--	(1,514,0
Net loss attributable to common stock...........	$(19,013,000)	$(8,764,000)	$(206,354,0
Net loss per common share			
Basic and diluted............................	$ (0.47)	$ (0.25)	$ (5.
Weighted average common shares outstanding -			
Basic and diluted............................	40,850,353	35,274,071	37,175,4

The accompanying notes are an integral part of these consolidated statements

TIVO INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Convertible Preferred Stock		Comm
	Shares	Amount	Shares
BALANCE, DECEMBER 31, 1997	5,000,000	$ 2,990,000	2,916,664
Issuance of Series B preferred stock at $1.26 per share for cash......................	3,660,914	4,609,000	--
Issuance of Series C preferred stock at $1.85 per share for cash......................	2,500,000	4,618,000	--
Exercise of stock options for common stock......	--	--	2,276,458
Common stock exchanged for services............	--	--	198,586
Series C preferred stock exchanged for services.....................................	13,513	25,000	--
Common stock repurchases.......................	--	--	(174,771)
Net loss.......................................	--	--	--
BALANCE, DECEMBER 31, 1998	11,174,427	$ 12,242,000	5,216,937
Issuance of Series D preferred stock at $3.68 per share for cash......................	1,358,695	4,973,000	--
Issuance of Series E preferred stock at $7.40 per share for cash......................	270,270	1,982,000	--
Issuance of Series F preferred stock at $7.40 per share for cash......................	405,405	2,960,000	--
Issuance of Series G preferred stock at $7.40 per share for cash......................	1,013,513	7,431,000	--
Issuance of Series H preferred stock at $7.40 per share for cash......................	1,351,351	9,992,000	--
Issuance of Series I preferred stock at $10.41 per share for cash.....................	3,121,994	31,494,000	--
Issuance of Series J preferred stock at $10.41 per share for cash.....................	3,123,789	31,740,000	--
Conversion of preferred stock to common stock..	(21,819,444)	(102,814,000)	21,819,444
Issuance of preferred stock warrants for services.....................................	--	--	--
Issuance of common stock through initial public offering, net of issuance costs.........	--	--	6,166,875
Issuance of common stock for marketing services.....................................	--	--	1,852,329
Issuance of common stock for marketing services and note receivable..................	--	--	1,128,867

Deferred Compensation	Marketing Expense	Prepaid Note Receivable

BALANCE, DECEMBER 31, 1997	$ --	$ --	$ --
Issuance of Series B preferred stock at $1.26 per share for cash......................	--	--	--
Issuance of Series C preferred stock at $1.85 per share for cash......................	--	--	--
Exercise of stock options for common stock......	--	--	--
Common stock exchanged for services............	--	--	--
Series C preferred stock exchanged for services.....................................	--	--	--
Common stock repurchases.......................	--	--	--
Net loss.......................................	--	--	--
BALANCE, DECEMBER 31, 1998	$ --	$ --	$ --
Issuance of Series D preferred stock at $3.68 per share for cash......................	--	--	--
Issuance of Series E preferred stock at $7.40 per share for cash......................	--	--	--
Issuance of Series F preferred stock at $7.40 per share for cash......................	--	--	--
Issuance of Series G preferred stock at $7.40 per share for cash......................	--	--	--
Issuance of Series H preferred stock at $7.40 per share for cash......................	--	--	--
Issuance of Series I preferred stock at $10.41 per share for cash.....................	--	--	--
Issuance of Series J preferred stock at $10.41 per share for cash.....................	--	--	--
Conversion of preferred stock to common stock...	--	--	--
Issuance of preferred stock warrants for services.....................................	--	(12,454,000)	--
Issuance of common stock through initial public offering, net of issuance costs.........	--	--	--
Issuance of common stock for marketing services.....................................	--	(12,040,000)	--
Issuance of common stock for marketing services and note receivable..................	--	(4,515,000)	(2,822,000

The accompanying notes are an integral part of these statements.

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	Covertible Preferred Stock		Common
	Shares	Amount	Shares
Issuance of common stock warrants for services.................................	--	--	--
Exercise of stock options for common stock...	--	--	525,064
Exercise of warrants for common stock........	--	--	1,125,234
Common stock exchanged for services..........	--	--	137,983
Common stock repurchases.....................	--	--	(226,342)
Amortization of prepaid marketing expenses...	--	--	--
Amortization of warrants for services........	--	--	--

Recognition of deferred compensation.........	--	--	--
Stock-based compensation expense............	--	--	--
Net loss....................................	--	--	--
BALANCE, DECEMBER 31, 1999	--	$ --	37,746,391
Series A redeemable convertible preferred stock dividend, $0.56 per share..........	--	--	--
Issuance of common stock for cash and prepaid marketing........................	--	--	4,327,833
Issuance costs for common stock.............	--	--	--
Recognition of marketing expenses...........	--	--	--
Issuance of warrants for marketing expenses..	--	--	--
Issuance of common stock warrants for prepaid marketing expenses...............	--	--	--
Issuance of common stock - employee stock purchase plan............................	--	--	177,907
Exercise of stock options for common stock...	--	--	395,465
Common stock repurchases....................	--	--	(50,066)
Reversal of deferred compensation...........	--	--	--
Stock-based compensation expense............	--	--	--
Amortization of prepaid marketing expenses...	--	--	--
Amortization of note receivable.............	--	--	--
Amortization of warrants....................	--	--	--
Net loss....................................	--	--	--
BALANCE, DECEMBER 31, 2000	--	$ --	42,597,530

	Deferred Compensation	Prepaid Markerting Expense	Note Receivable
Issuance of common stock warrants for services................................	--	--	--
Exercise of stock options for common stock...	--	--	--
Exercise of warrants for common stock........	--	--	--
Common stock exchanged for services..........	--	--	--
Common stock repurchases....................	--	--	--
Amortization of prepaid marketing expenses...	--	12,668,000	--
Amortization of warrants for services........	--	--	--
Recognition of deferred compensation.........	(7,700,000)	--	--
Stock-based compensation expense............	1,530,000	--	--
Net loss....................................	--	--	--
BALANCE, DECEMBER 31, 1999	$(6,170,000)	$(16,341,000)	$(2,822,000)
Series A redeemable convertible preferred stock dividend, $0.56 per share..........	--	--	--
Issuance of common stock for cash and prepaid marketing........................	--	(8,500,000)	--
Issuance costs for common stock.............	--	--	--
Recognition of marketing expenses...........	--	3,888,000	--
Issuance of warrants for marketing expenses..	--	--	--
Issuance of common stock warrants for prepaid marketing expenses...............	--	(15,364,000)	--
Issuance of common stock - employee stock purchase plan............................	--	--	--
Exercise of stock options for common stock...	--	--	--
Common stock repurchases....................	--	--	--

Reversal of deferred compensation...........	83,000	--	--
Stock-based compensation expense............	3,115,000	--	--
Amortization of prepaid marketing expenses...	--	7,160,000	--
Amortization of note receivable.............	--	--	235,000
Amortization of warrants....................	--	1,607,000	--
Net loss....................................	--	--	--
BALANCE, DECEMBER 31, 2000	$ (2,972,000)	$(27,550,000)	$ (2,587,000)

The accompanying notes are an integral part of these statements.

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	Convertible Preferred Stock		Common Sto
	Shares	Amount	Shares
Series A redeemable convertible preferred stock dividend declared, $0.16 per share....	--	--	--
Removal of redemption feature-Series A convertible preferred stock................	1,111,861	1,000	--
Removal of redemption feature-common stock....	--	--	806,889
Exercise of stock options for common stock....	--	--	25,604
Issuance of common stock warrants for marketing expense..........................	--	--	--
Repricing of common stock warrants for prepaid marketing expenses and other consideration............................	--	--	--
Recognition of prepaid marketing expenses.....	--	--	--
Amortization of value of warrants............	--	--	--
Amortization of prepaid marketing expenses....	--	--	--
Recognition of marketing expenses...........	--	--	--
Reversal of deferred compensation............	--	--	--
Recognition of stock-based compensation expense....................................	--	--	--
Amortization of note receivable..............	--	--	--
Issuance costs for convertible preferred stock and common stock.....................	--	--	--
Net loss....................................	--	--	--
BALANCE, JANUARY 31, 2001....................	1,111,861	$ 1,000	43,430,023 $

	Deferred Compensation	Prepaid Marketing Expense	Note Receivable
Series A redeemable convertible preferred stock dividend declared, $0.16 per share....	--	--	--
Removal of redemption feature-Series A convertible preferred stock................	--	--	--
Removal of redemption feature-common stock....	--	--	--

Exercise of stock options for common stock....	--	--	--	
Issuance of common stock warrants for marketing expenses........................	--	--	--	
Repricing of common stock warrants for prepaid marketing expenses and other consideration.............................	--	(4,874,000)	--	
Recognition of prepaid marketing expenses....	--	(18,502,000)		
Amortization of value of warrants............	--	453,000	--	
Amortization of prepaid marketing expenses....	--	627,000	--	
Recognition of marketing expenses...........	--	1,388,000	--	
Reversal of deferred compensation............	11,000	--	--	
Recognition of stock-based compensation expense..................................	175,000	--	--	
Amortization of note receivable..............	--	--	78,000	
Issuance costs for convertible preferred stock and common stock.....................	--	--	--	
Net loss....................................	--	--	--	(
BALANCE, JANUARY 31, 2001....................	$(2,786,000)	$ (48,458,000)	$(2,509,000)	$(3

The accompanying notes are an integral part of these statements.

TIVO INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	One-Month Ended January 31, 2001	One-Month Ended January 31, 2000
		(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss...	$(18,590,000)	$(8,764,000
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization............................	506,000	104,000
Issuance of preferred stock warrants for services..........	--	--
Issuance of common stock warrants for services............	76,000	--
Common stock exchanged for services.......................	--	--
Amortization of prepaid marketing expenses................	627,000	186,000
Amortization of warrants issued for services..............	453,000	115,000
Recognition of prepaid marketing expense..................	1,388,000	--
Stock-based compensation expense..........................	175,000	322,000
Amortization of note receivable...........................	78,000	--
Changes in assets and liabilities:		
Accounts receivable......................................	264,000	(63,000

Accounts receivable-related parties	(623,000)	100,000
Prepaid expenses and other	(17,800,000)	(1,552,000
Accounts payable	1,953,000	1,780,000
Accrued liabilities	(127,000)	1,058,000
Accrued liabilities-related parties	5,992,000	2,072,000
Deferred revenue	850,000	520,000
Long-term deferred revenue	1,100,000	--
Other long-term liabilities	30,000	--
Net cash used in operating activities	(23,648,000)	(4,122,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment, net	(758,000)	(1,639,000
Sale (purchase) of short-term investments, net	--	3,530,000
Net cash used in investing activities	(758,000)	1,891,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of convertible preferred stock, net of issuance costs	--	--
Proceeds from issuance of common stock through initial public offering, net of issuance costs	--	--
Proceeds from issuance of common stock	--	--
Payment of issuance costs for redeemable convertible preferred stock, redeemable common stock and common stock	(250,000)	--
Proceeds from release of restricted cash	43,500,000	--
Proceeds from issuance of common stock - employee stock purchase plan	--	--
Proceeds from exercise of common stock options	21,000	14,000
Series A redeemable convertible preferred stock dividend	(423,000)	--
Repurchase of common stock	--	--
Net (payments) borrowings under capital lease	(64,000)	188,000
Borrowings under line of credit	--	--
Repayments under line of credit	--	--
Increase (decrease) in bank overdraft	--	--
Net cash provided by financing activities	42,784,000	202,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,378,000	(2,029,000

	1998
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$(9,721,000)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	242,000
Issuance of preferred stock warrants for services	--
Issuance of common stock warrants for services	--
Common stock exchanged for services	85,000
Amortization of prepaid marketing expenses	--
Amortization of warrants issued for services	--
Recognition of prepaid marketing expense	--
Stock-based compensation expense	--
Amortization of note receivable	--
Changes in assets and liabilities:	
Accounts receivable	--
Accounts receivable-related parties	--

Prepaid expenses and other	(282,000)
Accounts payable	188,000
Accrued liabilities	649,000
Accrued liabilities-related parties	--
Deferred revenue	--
Long-term deferred revenue	--
Other long-term liability	--
Net cash used in operating activities	(8,839,000)
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment, net	(673,000)
Sale (purchase) of short-term investments, net	(144,000)
Net cash used in investing activities	(817,000)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of convertible preferred stock, net of issuance costs	9,227,000
Proceeds from issuance of common stock through initial public offering, net of issuance costs	--
Proceeds from issuance of common stock	--
Payment of issuance costs for redeemable convertible preferred stock, redeemable common stock and common stock	--
Proceeds from release of restricted cash	--
Proceeds from issuance of common stock - employee stock purchase plan	--
Proceeds from exercise of common stock options	132,000
Series A redeemable convertible preferred stock dividend	--
Repurchase of common stock	(7,000)
Net (payments) borrowings under capital lease	--
Borrowings under line of credit	610,000
Repayments under line of credit	(610,000)
Increase (decrease) in bank overdraft	442,000
Net cash provided by financing activities	9,794,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	138,000

TIVO INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	One-Month Ended January 31, 2001	One-Month Ended January 31, 2000	20
CASH AND CASH EQUIVALENTS:			
Balance at beginning of period	106,096,000	139,687,000	139

Balance at end of period....................................	$124,474,000	$137,658,000	$106
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid for interest......................................	$ (11,000)	$ (11,000)	$ (
(Recognition) reversal of deferred stock-based compensation..	11,000	63,000	
SUPPLEMENTAL DISCLOSURE OF RESTRICTED CASH AND OTHER FINANCING INFORMATION			
Restricted cash received from issuance of Series A redeemable convertible preferred stock....................	$ --	$ --	$ 81
Restricted cash received from issuance of redeemable common stock..	--	--	18
Restricted cash used for prepaid marketing expenses..........	--	--	(8
Restricted cash released to cash in connection with Second Amendment to AOL Investment Agreement......................	(43,500,000)	--	
Interest income earned on restricted cash...................	438,000	--	1
Issuance of common stock warrants for prepaid marketing expenses..	--	--	(15
Issuance of Series A convertible preferred stock for Series A redeemable preferred stock and release of restricted cash......................................	(33,356,000)	--	
Issuance of common stock for redeemable common stock and release of restricted cash................................	(18,644,000)	--	
Incremental value of repriced common stock warrants..........	4,874,000	--	
Stock issued for a note receivable..........................	--	--	
Equipment acquired under capital lease......................	--	--	

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TIVO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

TiVo Inc. (the "Company" or "TiVo") was incorporated in August 1997 as a Delaware corporation and is located in Alviso, California. On August 21, 2000, TiVo (UK) Ltd., a wholly owned subsidiary of TiVo Inc., was incorporated in the United Kingdom. The Company has developed a subscription-based personal television service (the "TiVo Service") that provides viewers with the ability to pause, rewind and play back live or recorded television broadcasts, as well as to search for, watch and record programs. The TiVo Service also provides television listings, daily suggestions and special viewing packages. The TiVo Service relies on three key components: the personal video recorder, the TiVo remote control and the TiVo Broadcast Center. The Company conducts its operations through one reportable segment.

The Company continues to be subject to certain risks, including the uncertainty of availability of additional financing; dependence on third parties for manufacturing, marketing and sales support; the uncertainty of the market for personal television; dependence on key management; limited manufacturing, marketing and sales experience; and the uncertainty of future profitability and positive cash flow.

TiVo has recognized limited revenue, has incurred significant losses and has had substantial negative cash flow. During the one-month transition period ended January 31, 2001 and the year ended December 31, 2000, TiVo recognized subscription revenues of $989,000 and $3.6 million, respectively. As of January 31, 2001, TiVo had an accumulated deficit of $302.2 million. In April 2001, in an effort to eliminate the need for additional funding during its current fiscal year, the Company reevaluated its business model and announced its new operating plan. The plan supports TiVo's key objectives of building its subscriber base and increasing revenue, while reducing its operating expenses by nearly 35%. TiVo intends to execute several key initiatives in order to achieve its targeted cost reductions. TiVo expects that these initiatives will reduce its cash burn-rate by approximately $60 million for the current fiscal year ending January 31, 2002. The initiatives are: leveraged marketing, a new, low cost platform, reduced infrastructure costs, reduced service operations costs and headcount reductions. With this change in operating plan, TiVo believes that its capital is adequate to fund operations, capital expenditures and working capital needs through its fiscal year ending January 31, 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Year End

On January 30, 2001, the Company announced a fiscal year end change from December 31 of each year to January 31 of each year.

Cash and Cash equivalents

The Company classifies financial instruments as cash equivalents if the original maturity of such instruments is three months or less.

Short-term investments

Short-term investments consist of commercial paper investments and certificates of deposit with original maturities at the date of purchase ranging between three and twelve months. The Company classifies these investments as held to maturity and records the instruments at amortized cost, which approximates fair value due to the short maturities.

Restricted Cash

Under the terms of the Investment Agreement between America Online, Inc. ("AOL") and TiVo, dated June 9, 2000 and the First Amendment to the Investment Agreement dated September 11, 2000 (the "Investment Agreement"), the Company deposited $91.5 million into an interest bearing escrow account as restricted cash. The $91.5 million in restricted cash is intended to be used for subsidy payments to manufacturer(s)

in accordance with the Production Integration and Marketing Agreement between AOL and TiVo, (the "Commercial Agreement"). On January 30, 2001, the Company entered into the Second Amendment to the Investment Agreement with AOL (the "Second Amendment"). The Second Amendment provided for, among other things, an amendment to the Escrow Agreement, dated as of September 11, 2000, by and among the Company, AOL and U.S. Trust Company, National Association, as escrow agent, pursuant to which the Company had deposited a portion of the proceeds it received from AOL in connection with AOL's purchase of shares of the Company's Series A redeemable convertible preferred stock. The First Amendment to the Escrow Agreement, dated as of January 30, 2001, authorized the release to the Company of $43.5 million in restricted funds previously held in escrow pursuant to the Escrow Agreement (see Note 9).

Accounts Receivable - Related Parties

Accounts Receivable-related parties consist of amounts owed to the Company from the Company's strategic partners such as DIRECTV, Inc. ("DIRECTV"), Philips Business Electronics B.V. ("Philips"), Quantum Corporation ("Quantum") and Sony

Corporation of America ("Sony"). These receivables are comprised of monies collected from subscribers on the Company's behalf, volume discounts and amounts owed for reimbursement of a portion of the Company's development costs.

Prepaid Expenses and Other

Prepaid expenses consist of payments made in advance of recognizing the expense, including primarily marketing expenses related to media purchases and trade show expenses. Other consists primarily of TiVo stand-alone recorders and DIRECTV receivers with TiVo held for future marketing programs.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Furniture and fixtures................	3-5 years
Computer and office equipment.........	3-5 years
Lab equipment.........................	3 years
Leasehold improvements................	7 years or the life of the lease
Capitalized software..................	1-5 years

Maintenance and repair expenditures are expensed as incurred.

Income Taxes

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets or liabilities of a change in tax rates is recognized in the period in which the rate change occurs. Valuation allowances have been established when necessary to reduce deferred tax assets to the amounts expected to be recovered.

Other Long-Term Liabilities

Other long-term liabilities consist of deferred rent and security deposit held from our tenant. Deferred rent of $883,000 results from the recognition of rent expense under facilities lease amortized on a straight line basis over 7 years, the life of the related lease. The security deposit from our tenant relates to space in our Alviso facility that we have subleased.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable approximate fair value due to the short-term maturity of these instruments.

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Business Concentrations and Credit Risk

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash. The Company maintains cash with various financial institutions. The Company performs periodic evaluations of the relative credit standing of these institutions. The majority of the Company's customers are concentrated in the United States. The Company is subject to a slight amount of credit risk of these customers as subscription revenue is primarily obtained through credit card sales. The reserve for doubtful accounts at January 31, 2001 was $263,000. The Company does not consider credit risk associated with accounts receivable-related parties (Philips, Sony, AOL, DIRECTV and Quantum) to be material.

Net Loss Per Common Share

Net loss per share is calculated in accordance with SFAS No. 128, "Earnings Per Share," and SEC Staff Accounting Bulletin No. 98 (SAB No. 98). Under the provisions of SFAS No. 128 and SAB No. 98, Basic net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding. Shares used in the computation of the one-month transition period ended January 31, 2001, net loss per share amount do not include repurchasable common stock issued to DIRECTV (see Note 10), options and warrants to purchase common stock, Series A convertible preferred stock and Series A redeemable convertible preferred stock (see Note 9) and unvested, repurchasable common stock issued under the employee stock option plans (see Note 8).

Diluted net loss per common share is calculated by dividing net loss attributable to common stock by the weighted average number of common shares and dilutive common share equivalents outstanding. The net loss attributable to common stock is calculated by deducting the Series A redeemable convertible preferred stock dividend from the net loss. Diluted net loss per share does not include the effect of the following antidilutive common share equivalents:

	January 31,	Dece	
	2001	2000	
Series A redeemable convertible preferred stock......	1,600,000	2,711,861	
Series A convertible preferred stock................	1,111,861	--	
Convertible preferred stock warrants................	--	--	
Redeemable common stock.............................	--	806,889	
Repurchasable common stock, related parties..........	1,128,867	1,128,867	1,
Repurchasable common stock..........................	1,060,849	1,103,736	1,
Options to purchase common stock....................	7,397,307	7,425,698	4,
Warrants to purchase common stock...................	2,694,861	2,649,380	
Total	14,993,745	15,826,431	6,

Stock-Based Compensation and Stock Exchanged for Services

The Company has elected to follow Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees," and related interpretations in accounting for its employee stock options. Under APB 25, when the exercise price of employee stock options is less than the market price of the underlying stock on the date of grant, compensation expense is recorded for the difference between fair value and the exercise price. Expense associated with stock-based compensation is being amortized on an accelerated basis over the vesting period of the individual award, generally four years. The method of amortization is in accordance with Financial Accounting Standards Board ("FASB") Interpretation No. 28, under which value assigned to options vesting in future periods is ratably amortized beginning upon issuance of the option rather than at the vesting date. No stock compensation expense was recorded in 1998 and 1997. The Company has recorded stock-based compensation expenses of $175,000, $3.1 million and $1.5 million for one-month transition period ended January 31, 2001 and years ended December 31, 2000 and 1999, respectively. The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation."

The value of warrants, options or stock exchanged for services is expensed over the period benefited. The warrants and options are valued using the Black-Scholes option pricing model. To calculate the expense, the

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Company uses either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable.

Revenue Recognition

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition." SAB 101 clarifies the SEC staff's views on application of generally accepted accounting principles to revenue recognition. The Company has concluded its revenue recognition policy continues to be appropriate and in accordance with generally accepted accounting principles and SAB 101.

Revenue arises from two sources, subscription revenue and non-subscription revenue. Subscription revenues represent revenues from customer subscriptions to the TiVo Service. Subscriptions to the TiVo Service are available on a monthly, annual or lifetime basis. Subscription fees are generally charged to customers' credit cards and are generally billed in advance on a monthly basis. A lifetime subscription covers the life of the particular personal video recorder purchased. Revenues from subscriptions are recognized ratably over the subscription period. Subscription revenues from lifetime subscriptions are recognized ratably over a four-year period, the best estimate of the useful life of the personal video recorder. Deferred revenue relates to subscription fees collected but for which service has not yet been provided.

Non-subscription revenue primarily includes Charter Advertising and Sponsorship revenue from consumer companies and media networks who have provided content on the TiVo Service. Customers are billed on a net terms basis and the revenue is recognized as the advertising and content is delivered.

Research and Development

Research and development expenses consist primarily of employee salaries and related expenses and consulting fees relating to the development of the TiVo Service and products that enable the TiVo Service. Research and development costs are expensed as incurred.

Sales and Marketing--Related Parties Expense

Sales and marketing--related parties expense consists of cash and non-cash charges related to the Company's agreements with DIRECTV, Philips, Quantum, Sony, AOL and Creative Artists Agency, LLC ("CAA"), all of which hold stock in the Company (see Note 10).

Other Operating Expense, Net

Prior to the transition of manufacturing and distribution responsibility to Philips in the fourth quarter of 1999, the Company sold personal video recorders directly to consumers. The Company's direct sales of personal video recorders of $13.5 million, less the cost of the personal video recorders sold of $20.7 million for the year ended December 31, 1999 was classified as other operating expense, net. Other operating expense, net is considered incidental to the

Company's business and was recognized upon shipment to the customer. The Company recorded a provision for estimated warranty costs and returns at the time of sale. This reserve was zero at both January 31, 2001 and December 31, 2000 and $30,000 at December 31, 1999.

Advertising Costs

In accordance with Statement of Position 93-7, "Reporting on Advertising Costs," the Company expensed advertising costs as incurred. Advertising expenses were $3.2 million for the one-month transition period ended January 31, 2001, $58.4 million for the year ended December 31, 2000, $13.4 million for the year ended December 31, 1999 and zero for the year ended December 31, 1998.

Comprehensive Income

The Company has no material components of other comprehensive income or loss and, accordingly, the comprehensive loss is the same as the net loss for all periods presented.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to prior years' financial information to conform with the current period presentation.

3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	January 31,	December
	2001	2000
Furniture and fixtures......................	$ 3,397,000	$ 3,399,000
Computer and office equipment...............	11,049,000	10,529,000
Lab equipment...............................	1,125,000	1,106,000
Leasehold improvements......................	6,060,000	6,059,000
Capitalized software........................	5,106,000	4,886,000
	26,737,000	25,979,000
Accumulated depreciation....................	(4,813,000)	(4,307,000)
Property and equipment, net.................	$21,924,000	$21,672,000

Equipment under capital leases was $2.3 million at ended January 31, 2001 and at December 31, 2000 and $2.0 million at December 31, 1999. Depreciation and amortization expense was $501,000, $3.6 million, $661,000 and $155,000 at January 31, 2001 and at years ended December 31, 2000, 1999 and 1998, respectively.

4. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	January 31,	December 31,	
	2001	2000	1
Marketing and promotions.................	$14,843,000	$15,492,000	
Compensation and vacation................	1,506,000	1,301,000	
Consulting and outside services...........	575,000	732,000	
Commissions..............................	--	--	
Employee stock purchase plan.............	629,000	441,000	
Legal and accounting.....................	713,000	820,000	
Telecommunications and utilities..........	691,000	458,000	
Prepaid rent from tenant.................	669,000	669,000	
Other....................................	237,000	77,000	
	$19,863,000	$19,990,000	

5. LINE OF CREDIT

In December 1997, the Company established a $750,000 line of credit with a financial institution, which expired on August 15, 1999. The line was partially utilized to secure a letter of credit in the amount of $600,000, which expired in July 1999. No amounts were outstanding at January 31, 2001, or at December 31, 2000, 1999 and 1998.

6. INCOME TAXES

There was no provision or benefit for income taxes for the one-month transition period ended January 31, 2001, or for the years ended December 31, 2000, 1999 and 1998. Significant components of deferred tax assets were as follows as of January 31, 2001:

Net operating loss carryforwards......................	$ 104,590,000
Tax credit carryforwards..............................	4,687,000
Temporary differences.................................	
Deferred revenue....................................	8,181,000
Deferred marketing..................................	5,558,000
Other...	810,000
Total Temporary differences..................	14,549,000
Gross deferred tax assets...........................	123,825,000
Valuation allowance...................................	(123,825,000)
Net deferred tax assets..............................	$ --

As of January 31, 2001, the Company had a tax net operating loss (NOL) carryforward of approximately $261.0 million for federal and $162.7 million for California purposes. The federal NOL expires beginning in 2017, and the

California NOL expires beginning in 2005. A significant change in ownership of the Company may limit the Company's ability to utilize these NOL carryforwards. SFAS No. 109 requires that the tax benefit of such NOL be recorded as an asset. A valuation allowance for the entire amount has been provided because of uncertainties about the Company's ability to realize the value of the deferred tax assets.

7. REDEEMABLE CONVERTIBLE PREFERRED STOCK, COMMON STOCK AND STOCKHOLDERS' EQUITY

Common Stock

In 1998, the Company issued 2,276,458 shares of common stock as a result of the exercise of stock options. During 1998, 174,771 shares of common stock were repurchased in accordance with the terms the Company's stock option plan (see Note 8). As of December 31, 1998, the Company had the right to repurchase 2,024,187 unvested shares at the stock issuance price, if the holders' service with the Company terminated.

In 1999, the Company issued 525,064 shares of common stock as a result of the exercise of stock options. During 1999, 226,342 shares of common stock were repurchased in accordance with the terms the Company's stock option plan (see Note 8). The Company had the right to repurchase 1,364,366 unvested shares as of December 31, 1999, at the stock issuance price, if the holders' service with the Company terminated. See Note 10 for a description of DIRECTV shares subject to repurchase.

In 2000, the Company issued 395,465 shares of common stock as a result of the exercise of stock options and 177,907 shares of common stock as part of the Employee Stock Purchase Plan. The Company issued 83,967 and 96,940 shares of common stock under the employee stock purchase plan in April and October 2000, respectively. During 2000, 50,066 shares of common stock were repurchased in accordance with the terms the Company's stock option plan (see Note 8). The Company had the right to repurchase 1,103,736 unvested shares as of December 31, 2000, at the stock issuance price, if the holders' service with the Company terminated. See Note 10 for a description of DIRECTV shares subject to repurchase.

In 1998, the Company issued 198,586 shares of common stock to consultants and vendors in exchange for services. In 1999, the Company issued 137,983 shares of common stock to consultants and vendors in exchange for services. The common stock issued was recorded at the estimated fair value of the common stock at the time the services were performed and the related expense was recorded. The Company's management believes that the value of the common stock issued approximates the value of services received.

In 1999, the Company issued 1,852,329 shares of common stock in exchange for marketing services under the DIRECTV Agreement and 1,128,867 shares of common stock in exchange for a $2.8 million promissory note due at the end of a three-year service period.

The Company's initial public offering ("IPO") of 6,166,875 shares of common stock with net proceeds of $90.3 million was effective on September 29, 1999 and closed on October 5, 1999. At the closing date, the preferred stock was converted into common stock on a one-for-one basis and the warrants were exercised. The Company issued 1,125,234 shares of common stock as a result of the exercise of common stock warrants.

At the Annual Meeting of Stockholders held on July 26, 2000, the proposal to amend and restate the Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 75 million shares to 150 million shares was approved.

In September 2000, the Company issued 5,134,722 shares of common stock at $23.11 per share, of which 806,889 shares were subject to redemption as of December 31, 2000, to AOL in exchange for $118.6 million, before issuance costs of $4.4 million. The portion of the common stock subject to redemption was shown as redeemable common stock on the Company's consolidated financial statements. The Company also issued Initial Warrants A and B to AOL pursuant to the terms of the Investment Agreement. The estimated value of the warrants of $16.0 million was recorded as prepaid marketing expense (contra-equity) when issued (see Note 9 for additional description).

On January 30, 2001, the Company entered into the Second Amendment to the Investment Agreement with AOL, dated as of June 9, 2000, as amended by the First Amendment to the Investment Agreement, dated as of September 11, 2000. Pursuant to the terms of the Agreement, the redemption feature was removed from 806,889 shares of common stock subject to redemption. These shares are now classified as common stock.

In January 2001, the Company issued 25,604 shares of common stock as a result of the exercise of stock options.

Convertible Preferred Stock

In September and October 1997, the Company issued 5,000,000 shares of Series A preferred stock at $0.60 per share. In May, June and July 1998, the Company issued 3,660,914 shares of Series B preferred stock at $1.26 per share. In October 1998, the Company issued 2,500,000 shares of Series C preferred stock at $1.85 per share. In December 1998, the Company issued 13,513 shares of Series C preferred stock at $1.85 per share in exchange for services received.

In January 1999, the Company issued 1,358,695 shares of Series D preferred stock at $3.68 per share. In March 1999, the Company issued 270,270 shares of Series E preferred stock at $7.40 per share. In April 1999, the Company issued 405,405 shares, 1,013,513 shares and 1,351,351 shares of Series F, G and H preferred stock, respectively, at $7.40 per share. In July 1999, the Company issued 3,121,994 shares of Series I preferred stock at $10.41 per share. In August 1999, the Company issued 480,307 shares of Series J preferred stock at $10.41 per share. In September 1999, the Company issued 2,643,482 shares of Series J preferred stock at $10.41 per share.

On October 5, 1999, 21,819,444 shares of the outstanding preferred stock converted into common stock on a one-for-one basis, therefore, no shares of preferred stock were outstanding as of December 31, 1999.

At the Annual Meeting of Stockholders held on July 26, 2000, the proposal to amend and restate the Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of preferred stock from 2 million shares to 10 million shares was approved.

On January 30, 2001, pursuant to the terms of the Second Amendment to the Investment Agreement, the redemption feature was removed from 1,111,861 shares of convertible preferred stock subject to redemption. These shares are now classified as convertible preferred stock.

Redeemable Convertible Preferred Stock

In September 2000, the Company issued 2,711,861 shares of Series A redeemable convertible preferred stock at $30.00 per share to AOL in exchange for $81.4 million, before issuance costs of $2.4 million. See Note 9 for a description of Series A redeemable convertible preferred stock issued to AOL.

On January 30, 2001, pursuant to the terms of the Second Amendment to the Investment Agreement, the redemption feature was removed from 1,111,861 shares of convertible preferred stock subject to redemption. These

shares are now classified as convertible preferred stock. As of January 31, 2001 there were 1,600,000 shares of redeemable convertible preferred stock.

The following table summarizes the activity related to redeemable convertible preferred stock and common stock subject to redemption for the one-month transition period ended January 31, 2001 and the year ended December 31, 2000:

	Redeemable Convertible Preferred Stock		Redeemable Common	
	Shares	Amount	Shares	Amou
BALANCE, DECEMBER 31, 1999	--	$ --	--	$
Issuance of Series A redeemable convertible preferred stock..........	2,711,861	3,000	--	
Issuance of common stock subject to redemption..........................	--	--	806,889	1,
Issuance costs.......................	--	--	--	
BALANCE, DECEMBER 31, 2000	2,711,861	3,000	806,889	1,
Removal of redemption feature-Series A convertible preferred stock........	(1,111,861)	(1,000)	--	
Removal of redemption feature-common stock...............................	--	--	(806,889)	(1,
Issuance costs.......................	--	--	--	
BALANCE, JANUARY 31, 2001	1,600,000	$ 2,000	--	$

The following table recaps the balances related to redeemable convertible preferred stock and common stock subject to redemption as of January 31, 2001:

	Redeemable Convertible Preferred Stock		Redeemable Common S	
	Shares	Amount	Shares	Amou
Series A redeemable convertible	1,600,000	$2,000	--	

preferred stock.....................				
Issuance costs.......................	--	--	--	
BALANCE, JANUARY 31, 2001	1,600,000	$2,000	--	$

Warrants

In addition to receiving 156,250 options to purchase common stock under the 1997 Plan, in March 1998, a member of the Company's board of directors received warrants to purchase a total of 52,083 shares of Series A preferred stock at an exercise price of $0.60 per share, the estimated fair market value of the Series A preferred stock at the date of issuance. These warrants were exercised and converted to common stock on a one-for-one basis upon the closing of the initial public offering of the Company's common stock. The value of the above warrants has been included in the calculation of pro forma net loss for the year ended December 31, 1998 under SFAS No. 123, discussed in Note 8.

See Note 9 for a description of AOL Initial Common Stock Warrants A and B and Performance Warrants A and B.

See Note 10 for a description of common stock warrants issued to DIRECTV under the Warrant and Registration Rights Agreement.

See Note 10 for a description of Series C and Series D preferred stock warrants issued to Quantum under a hard disk drive supply agreement.

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8. EQUITY INCENTIVE PLANS

1997 Equity Incentive Plan

Under the terms of the Company's 1997 Equity Incentive Plan, adopted in 1997 and amended and restated in 1999 (the "1997 Plan"), options to purchase shares of the Company's common stock may be granted 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 vest 25 percent after the first year of service, and the remaining 75 percent vest ratably over the next 36 months. Options expire 10 years after the grant date. The terms of the 1997 Plan allow individuals to exercise their options prior to full vesting. In the event that the individual terminates their service to the Company before becoming fully vested, the Company has the right to repurchase the unvested shares at the original option price. The number of shares authorized for option grants under the 1997 Plan is 4,000,000. As of January 31, 2001, options to purchase 677,832 shares of common stock remain outstanding.

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 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 vest 25 percent after the first year of service, and the remaining 75 percent vest ratably over the next 36 months. Options expire 10 years after the grant date. The terms of the 1999 Plan allow individuals to exercise their options prior to full vesting. In the event that the individual terminates their service to the Company before becoming fully vested, the Company has the right to repurchase the unvested shares at the original option price. The number of shares authorized for option grants under the 1999 Plan is 12,200,000 subject to an annual increase of the greater of 7% of outstanding shares or 4,000,000 shares, up to a maximum of 40,000,000 shares. As of January 31, 2001, options to purchase 6,539,475 shares of common stock remain outstanding.

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. The options vest monthly over two years from the date of grant. The option term is ten years after the grant date but terminates three months after a director's service terminates. The number of shares authorized for option grants under the Directors' Plan is 700,000, subject to an annual increase of 100,000 shares. Options to purchase 180,000 shares of common stock are outstanding as of January 31, 2001.

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 percent 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. Under the purchase plan, the board may specify offerings up to 27 months. The number of shares reserved for issuance under this plan is 600,000 subject to automatic annual increase by the lesser of (i) 5 percent of the outstanding shares of common stock on a diluted basis, (ii) 500,000 shares, or (iii) a smaller number as determined by the board of directors. There were zero shares and 177,907 shares of common stock issued as a result of purchases under this plan during the one-month transition period ended January 31, 2001 and during calendar year 2000. As of January 31, 2001, there were 422,093 shares available for future purchases. No additional shares were added to the number of shares reserved for issuance as of January 31, 2001. As of March 31, 2001 the Board approved a 200,000 share increase so that the total shares available for issuance are 800,000 shares.

The Company accounts for stock options under APB Opinion No. 25, under which, for the period from August 4, 1997 (Inception) to December 31, 1997 and for the year ended December 31, 1998, no compensation cost was recognized when the awards were granted to employees or directors. The Company has recorded deferred compensation of approximately zero, $83,000 and $7.7 million as a contra-equity account and stock-based compensation expense of $175,000, $3.1 million and $1.5 million for the one-month transition period ended January 31, 2001 and years ended December 31, 2000 and 1999, respectively. Had compensation cost for the stock

options been determined consistently with SFAS No. 123, the effect on the Company's net loss and basic and diluted loss per share would have been changed to the following pro forma amounts:

	One-Month ended January 31, 2001	Year Ended Decem[ber 31,] 2000	1999
Net loss, as reported....................	$(19,013,000)	$(206,354,000)	$(66,565,0
Pro forma effect of SFAS No. 123.........	(1,065,000)	(6,983,000)	(4,100,0
Net loss, pro forma......................	$(20,078,000)	$(213,337,000)	$(70,665,0
Basic and diluted loss per share, as reported............	$ (0.47)	$ (5.55)	$ (5.
Basic and diluted loss per share, pro forma...............	$ (0.49)	$ (5.74)	$ (5.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants: weighted average risk-free interest rates of between 4.03% and 6.54%; expected dividend yield of zero percent; expected lives of four years for the options; and expected volatility of 70%.

A summary of the status of the 1997 Plan, the 1999 Plan and the Director's Plan is presented in the table and narrative below:

	Shares	Range of Exercise Prices
Outstanding at December 31, 1997.........	700,000	
Granted................................	3,006,458	$ .04 - $.45
Exercised..............................	(2,276,458)	
Canceled...............................	(195,000)	
Outstanding at December 31, 1998.........	1,235,000	
Granted................................	4,307,087	$1.00 - $39.94
Exercised..............................	(525,064)	
Canceled...............................	(670,502)	
Outstanding at December 31, 1999.........	4,346,521	
Granted................................	3,949,850	$5.50 - $35.31
Exercised..............................	(395,466)	
Canceled...............................	(475,207)	
Outstanding at December 31, 2000.........	7,425,698	
Granted................................	42,500	$ 6.38 - $7.13
Exercised..............................	(25,604)	
Canceled...............................	(45,287)	

Outstanding at January 31, 2001..........	7,397,307

The weighted average fair value of options granted during the one-month transition period ended January 31, 2001 and calendar years 2000, 1999 and 1998 is $6.60, $19.11, $10.15 and $.02, respectively. Of the options outstanding at the one-month transition period ended January 31, 2001 and at years ended December 31, 2000, 1999 and 1998, 2,161,743, 2,093,252, 1,270,888 and 93,542 are vested, respectively. The Company repurchased zero, 50,066, 226,342 and 174,771 unvested shares issued upon early exercise of options during the one-month transition period ended January 31, 2001 and calendar years 2000, 1999 and 1998, respectively, upon the optionees' terminating employment with the Company.

The following table contains information concerning outstanding and exercisable options as of January 31, 2001:

Number of Options Outstanding and Exercisable	Range of Exercise Prices	Weighted Average Remaining Contractual Life
427,662	$ 0.04-0.75	7.59 years
705,192	1.00 - 5.50	8.20 years
2,335,023	6.50 - 9.50	8.68 years
773,773	10.50 -16.00	9.29 years
617,250	16.13 -19.88	9.57 years
1,963,991	20.00-22.13	9.32 years
373,916	25.13 -35.31	9.12 years
200,500	35.75 - 39.94	8.84 years
7,397,307		

9. AOL RELATIONSHIP

On September 13, 2000, the Company closed the Investment Agreement with AOL for $200 million. Under the terms of the Investment, the Company issued 2,711,861 shares of redeemable convertible preferred stock at $30.00 per share, 5,134,722 shares of common stock at $23.11 per share, 806,889 shares of which were subject to redemption as of December 31, 2000, two initial warrants to purchase an aggregate of 2,603,903 shares of the Company's common stock and two performance warrants to purchase an aggregate of up to 5,207,806 shares of common stock. The portion of common stock subject to redemption is shown as redeemable common stock on the Company's consolidated financial statements. The two performance warrants are contingent upon future performance. The AOL investment is part of a three-year Commercial Agreement, in which TiVo became an AOL TV programming partner, offering AOL TV subscribers access to features of

TiVo's Personal TV Service.

On January 30, 2001, the Company entered into the Second Amendment to the Investment Agreement with AOL, dated as of June 9, 2000, as amended by the First Amendment to the Investment Agreement, dated as of September 11, 2000. The Second Amendment provided for, among other things, an amendment to the Escrow Agreement, dated as of September 11, 2000, by and among the Company and AOL in which the Company had deposited a portion of the proceeds it received from AOL in connection with AOL's purchase of shares of the Company's Series A redeemable convertible preferred stock.

Restricted Cash

Under the terms of the Investment Agreement, the Company deposited $91.5 million of the proceeds received from the AOL investment and the associated interest income earned of $1.7 million in an escrow account as restricted cash. In accordance with the Commercial Agreement, $91.5 million of the restricted cash is intended to be used as subsidy payments to manufacturer(s) of set-top boxes that enable the TiVo Service. However, the restricted cash would be used in the event AOL exercises its put option to repurchase Series A redeemable convertible preferred stock and their portion of common stock subject to redemption. The terms of the put option are described below. The interest income earned on this restricted cash is shown on the consolidated balance sheets as deferred interest income on restricted cash until such time as the cash is no longer restricted.

The First Amendment to the Escrow Agreement, dated as of January 30, 2001, authorized the release to the Company of $43.5 million in restricted funds previously held in escrow pursuant to the Escrow Agreement. Of this amount, on January 31, 2001, $16.5 million was paid to AOL for prepaid advertising as of expenses.

Series A Redeemable Convertible Preferred Stock

In September 2000, the Company issued 2,711,861 shares of Series A redeemable convertible preferred stock at $30.00 per share to AOL in exchange for $81.4 million, before issuance costs of $2.4 million. In January 2001, under the terms of the Second Amendment, 1,111,861 shares of Series A redeemable convertible preferred had their redemption feature removed. As of January 31, 2001, each of the 1,600,000 shares of the Series A redeemable convertible preferred stock is initially convertible into one share of common stock, subject to adjustment

for stock splits, dividends, combinations, reclassifications or similar transactions, as provided in the Company's Amended and Restated Certificate of Incorporation. The Series A redeemable convertible preferred stock is convertible upon AOL's option or is mandatorily convertible if the price of the Company's common stock exceeds $30.00 per share for 18 trading days in any 20 consecutive trading day period.

Put Option

Under the terms of the First Amendment to the Investment Agreement, if the set-top box launch of the Integrated Product does not occur by December 31, 2001, and AOL has not committed a material breach of the Commercial Agreement or the Company has breached its obligations with respect to the financial covenants, then AOL would have a put option pursuant to which AOL could require the Company to repurchase from AOL the number of shares of Series A redeemable convertible preferred stock which have an initial liquidation value of $91.5

million. If all the shares of Series A redeemable convertible preferred stock have an aggregate initial liquidation value of less than $91.5 million, then AOL could require the Company to repurchase the number of shares of common stock having a value equal to the difference between that aggregate initial liquidation value and $91.5 million. In the event that the set-top box launch occurred after the planned launch date, but prior to the exercise of the put option, the put option would immediately expire.

The Second Amendment to the Investment Agreement modified the terms of AOL's put option with respect to the Series A redeemable convertible preferred stock held by AOL. Under the Second Amendment, the Company could be required to repurchase that number of shares of Series A redeemable convertible preferred stock having a liquidation value of $48.0 million, which is equal to the amount of the funds remaining in the restricted cash account, following AOL's release of $43.5 million of restricted cash in January 2001, excluding any interest earned on such funds.

Series A Redeemable Convertible Preferred Stock Dividend

Under the terms of the Investment Agreement between AOL and the Company, the Company issued Series A redeemable convertible preferred stock, with certain dividend and voting rights. Dividends on the Series A convertible preferred stock are calculated by multiplying the Non-Government Institutional Funds Simple Average Rate by $30.00 per share times the number of shares of Series A convertible preferred stock outstanding. Dividends are payable quarterly as declared by the Company's Board of Directors.

Common Stock

In September 2000, the Company issued 5,134,722 shares of common stock at $23.11 per share, of which 806,889 shares were subject to redemption as of December 31, 2000, to AOL in exchange for $118.6 million, before issuance costs of $4.4 million. As of January 31, 2001 there were no shares of common stock subject to redemption under the Second Amendment. The portion of common stock subject to redemption was shown as redeemable common stock on the Company's consolidated financial statements.

Initial Common Stock Warrants A and B

In September 2000, in conjunction with AOL's investment, the Company issued two initial warrants to AOL to purchase common stock.The initial warrants were vested immediately and exercisable as follows:

- Initial Warrant A - AOL was issued warrants to purchase 2,308,475 shares of common stock at $23.11 per share. The Company will expense the estimated fair value of the warrants of $13.5 million over 3 years, the term of the Commercial Agreement. The estimated fair value of the warrants was determined using the Black-Scholes option pricing model. The principal assumptions used in the computation are: 16-month term; fair market value at the date of issuance of $20.00 per share; a risk-free rate of return of 6.05%; dividend yield of zero percent; and a volatility of 70%.
- Initial Warrant B - AOL was issued warrants to purchase 295,428 shares of common stock at $30.00 per share. The Company will expense the estimated fair value of the warrants of $2.5 million over 3 years, the term of the Commercial Agreement. The estimated fair value of the warrants was determined using the Black-Scholes option pricing model. The principal assumptions used in the computation are: 40-month term; fair market value at the date of issuance of $20.00 per share; a risk-free rate of return of 6.05%; dividend yield of zero percent; and a volatility of 70%.

In January 2001, the Second Amendment to the Investment Agreement provided for the reduction in the exercise price of the two initial warrants. The Company issued amended warrants to AOL, which reduced the per

share exercise price of AOL's warrant to purchase 2,308,475 shares of common stock from $23.11 to $7.29, and reduced the per share exercise price of AOL's warrant to purchase 295,428 shares of common stock from $30.00 to $7.29. The initial warrants are vested immediately and exercisable as follows:

- Initial Warrant A - AOL was issued warrants to purchase 2,308,475 shares of common stock at $7.29 per share. The Company will expense the estimated incremental fair value of the repriced warrants of $4.2 million over the remaining term of the Commercial Agreement (original term of 3 years). The estimated fair value of the warrants was determined using the Black-Scholes option pricing model. The principal assumptions used in the computation are: 9-month remaining life of the warrant; fair market value at the date of issuance of $7.13 per share; a risk-free rate of return of 6.05%; dividend yield of zero percent; and a volatility of 70%.
- Initial Warrant B - AOL was issued warrants to purchase 295,428 shares of common stock at $7.29 per share. The Company will expense the estimated incremental fair value of the repriced warrants of $720,000 over the remaining term of the Commercial Agreement (original term of 3 years). The estimated fair value of the warrants was determined using the Black-Scholes option pricing model. The principal assumptions used in the computation are: 33-month remaining life of the warrant; fair market value at the date of issuance of $7.13 per share; a risk-free rate of return of 6.05%; dividend yield of zero percent; and a volatility of 70%.

The expiration of Initial Warrant A is December 31, 2001 and Initial Warrant B expires December 31, 2003. The estimated incremental fair value of the warrants of $4.9 million was recorded as prepaid marketing expense (contra-equity) as of January 31, 2001.

Performance Warrants

In conjunction with AOL's investment in September 2000, the Company issued two performance warrants to AOL to purchase common stock. If AOL meets certain performance criteria, it may exercise these two performance warrants to purchase common stock. The warrants are exercisable as follows:

- Performance Warrant A - AOL was issued warrants to purchase up to 2,603,903 shares of common stock at the exercise price described below. Performance Warrant A may be exercised within six months following the execution of the Launch Commitment. The Launch Commitment is a binding contractual commitment to market Integrated Service to have 1,500,000 activated users on Time Warner cable systems.
- Performance Warrant B - AOL was issued warrants to purchase up to 2,603,903 shares of common stock at the exercise price described below. Performance Warrant B may be exercised within the six month period following the date on which AOL notifies the Company that 1,500,000 activated users of the Integrated Service existed at one time.

Performance Warrants A and B shall be valued at the date that AOL meets the performance criteria. The exercise price for each performance warrant is equal to 90% of the average of the last reported trading prices of the Common Stock on the Nasdaq for the ten consecutive trading days preceding the date of

AOL's Notice of Exercise.

Performance Warrant A shall be valued at the date that TiVo receives a written binding contractual commitment from AOL for the set- top box launch to occur on cable television systems owned or controlled by Time Warner or its Affiliates in markets where TiVo has the potential to acquire at least 1.5 million activated users in the aggregate on such cable systems. Performance Warrant B shall be valued at the date that it is probable that AOL will meet the performance criteria of notifying the Company that 1,500,000 activated users of the Integrated Service existed at one time.

If the Company were to value the performance warrants as of January 31, 2001, it would record the estimated value of the performance warrants of $9.0 million as prepaid marketing expense (contra-equity). If market conditions at the time that AOL earns the performance warrants are different than those at January 31, 2001 than the valuation of the warrants could significantly increase or decrease from the following calculated valuation:

- Performance Warrant A - AOL would be issued warrants to purchase up to 2,603,903 shares of common stock at $6.57 per share. Performance Warrant A would be valued when it is earned by AOL. The Company would expense the estimated fair value of the warrants of $4.5 million over 3 years, the term of the Commercial Agreement. The estimated fair value of the warrants would be determined using the Black-Scholes option pricing model. The principal assumptions that would be used in the computation are: 6-month term; fair market value at the date of issuance of $7.13 per share; a risk-free rate of return of 6.05%; dividend yield of zero percent; and a volatility of 70%.

- Performance Warrant B - AOL would be issued warrants to purchase up to 2,603,903 shares of common stock at $6.57 per share. Performance Warrant B would be valued when it is probable of being earned by AOL. The Company would expense the estimated fair value of the warrants of $4.5 million over 3 years, the term of the Commercial Agreement. The estimated fair value of the warrants would be determined using the Black-Scholes option pricing model. The principal assumptions that would be used in the computation are: 6-month term; fair market value at the date of issuance of $7.13 per share; a risk-free rate of return of 6.05%; dividend yield of zero percent; and a volatility of 70%.

Additionally, Performance Warrants A and B would also become exercisable immediately upon the occurrence of either a material breach of the Commercial Agreement by the Company or if the Company enters into a definitive agreement for a change of control of the Company. The performance warrants would expire on the earlier of September 11, 2003 or in the event that AOL commits a material breach of the Commercial Agreement.

Since these warrants are contingent on AOL's performance or probable performance and the criteria have not been meet at this time, the Company has not recorded nor valued the performance warrants at this time in the financial statements. If market conditions at the time that AOL earns the performance warrants are different than those at January 31, 2001 than the valuation of the warrants could significantly increase or decrease from the above amount.

AOL Advertising Insertion Order

Under the terms of the Investment Agreement, the Company has agreed to pay $12.0 million to AOL for advertising media under the AOL Advertising Insertion Order. On September 13, 2000, $8.5 million of this amount was paid to AOL. The Company recorded this payment as prepaid marketing expense (contra equity). On January 30, 2001, the Company signed an additional media insertion order with AOL Time Warner for $21.5 million in advertising programs to promote the TiVo Service on AOL Time Warner properties. As of January 31, 2001, the Company recorded $18.5 million as prepaid marketing expense (contra equity) for payments and incurred $5.3 million of advertising expense. The balance of $21.7 million will be expensed as incurred in the future.

Financial Convenants

Under the terms of the Investment Agreement, the Company must maintain a positive net cash position in excess of $25.0 million at the end of each fiscal quarter. Net cash is defined as consolidated current assets (excluding deferred tax assets and escrowed funds) minus consolidated current liabilities (excluding deferred revenue, deferred interest income on escrowed funds, lifetime service subscriptions, sublessee prepaid rent and leasing obligations). The Company advises AOL monthly, on an informational basis, of the Company's net cash position. Per the agreement, if the Company falls below the $25.0 million net cash position at the end of a quarter, AOL has the right to exercise its put option. The Company's projections show that during the next 12 months the Company will fall below the net cash position without a substantial subscription revenue increase or significant non-subscription revenue contracts, cost containment measures or proceeds from equity sales. The Company is implementing plans pursuing all of these alternatives (see Note 1). The financial covenants shall terminate from the earlier of the date of the set-top box launch, (so long as such set-top box launch occurs before the planned launch date), the expiration of the put option or the day following the first anniversary of the planned launch date.

10. MARKETING AND MANUFACTURING AGREEMENTS

Quantum Agreement

In November 1998, the Company entered into a hard disk supply agreement with Quantum to allow the Company or certain third-party manufacturers (the buyer) to purchase up to an agreed-upon number of hard disk drives used in the personal video recorder and other devices that enable the TiVo Service. Under the terms of the agreement, the Company is entitled to a discounted purchase price if certain milestones are met. TiVo has agreed to share with Quantum a portion of the TiVo Service subscription fees it receives from the personal video recorders and other devices equipped with these hard disk drives.

In addition, the Company issued a warrant to Quantum to purchase 324,325 shares of Series C preferred stock and 543,478 shares of Series D preferred stock at an exercise price of $0.01 per share. The Series C and D warrants vest and were exercisable upon the meeting of certain milestones which allow a discounted purchase price

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on an agreed upon number of hard disk drives, or upon the closing of an initial public offering of the Company's common stock. As of December 31, 1998, Quantum had not vested in the warrants because the Company had not met the required performance milestones and therefore had not received the discounted price on its hard-disk drive purchases. In April 1999, the warrants to purchase Series C preferred stock vested and the Company recorded as a contra-equity account a prepaid marketing expense of $2.4 million related to the 324,325 shares of Series C preferred stock warrants. In September 1999, the warrants to purchase

Series D preferred stock vested and the Company recorded as a contra-equity account a prepaid marketing expense of $8.7 million related to the 543,478 shares of Series D preferred stock warrants. The $2.4 million and the $8.7 million are being amortized as sales and marketing--related parties expense as the specified number of hard disk drives related to this agreement are shipped from Quantum. The fair value of the Series C and Series D vested warrants were estimated using the Black-Scholes option pricing model with the following assumptions: weighted average risk-free interest rate of 5.07%; expected dividend yield of zero percent; expected life of four years; expected volatility of 50%; and market price of preferred stock of $7.40 per share for Series C and $16.00 per share for Series D. These warrants were exercised and converted to common stock on a one-for-one basis upon the closing of the initial public offering in September 1999.

The Company recognized zero, $670,000 and $10.4 million of sales and marketing--related parties expense for the one-month transition period ended January 31, 2001 and the years ended December 31, 2000 and 1999, respectively, related to these warrants.

DIRECTV Agreement

The Company entered into an agreement with DIRECTV to promote and offer support for the TiVo Service and products that enable the TiVo Service (the "DIRECTV Agreement"). Under the DIRECTV Agreement, DIRECTV will provide a variety of marketing and sales support to promote TiVo and the TiVo Service, collaborate on certain product development efforts and make a portion of the bandwidth capacity of DIRECTV's satellite network available to TiVo.

In April 1999, the Company issued 1,852,329 shares of common stock in exchange for marketing services under the DIRECTV Agreement. The shares were non-forfeitable and were valued at an estimated fair value of $6.50 per share. The Company recorded prepaid marketing expenses classified as a contra-equity account related to the issuance of these shares of common stock of $12.0 million. These prepaid marketing expenses are expensed as the marketing services are provided over the two-year service period. The Company expensed $502,000, $6.0 million and $1.7 million during the one-month transition period ended January 31, 2001 and years ended December 31, 2000 and 1999, respectively.

Additionally, in April 1999, the Company issued 1,128,867 shares of common stock in exchange for a $2.8 million promissory note due at the end of a three-year service period. The shares were valued at an estimated fair value of $6.50 per share. The $4.5 million of estimated fair value in excess of the balance of the note was recorded as a prepaid marketing expense contra-equity account. This $4.5 million prepaid marketing expense is amortized into sales and marketing--related parties expense as the bandwidth services are provided over the three year service period. DIRECTV may repay the note either by providing bandwidth capacity at no additional charge or by paying in cash. At the end of the three year service period, if specified milestones are not achieved, TiVo will have the right to repurchase some or all of these shares at $.001 per share. Amortization of the prepaid marketing expense and the note receivable began in calendar year 2000. For the one-month transition period ended January 31, 2001 and year ended December 31, 2000, $78,000 and $235,000 had been amortized, respectively, for providing bandwidth as repayment of the note receivable as sales and marketing--related parties expense. Also, $125,000 and $376,000 had been amortized for prepaid marketing expense as sales and marketing--related parties expense for the one-month transition period ended January 31, 2001 and year ended December 31, 2000, respectively.

In addition to the equity consideration for DIRECTV's marketing services described above, DIRECTV will receive a percentage of TiVo's subscription revenues attributable to DIRECTV/TiVo subscribers. These amounts are expensed as earned and included in sales and marketing--related parties expense.

In April 1999, TiVo sold 405,405 shares of Series F preferred stock to DIRECTV at $7.40 per share which were converted to common stock on a one-for-one basis upon the closing of the initial public offering in September 1999.

On October 6, 2000 TiVo and DIRECTV signed a Warrant and Registration Rights Agreement. Under the terms of this agreement, DIRECTV has the right to purchase shares of TiVo common stock for each sale of the DIRECTV receiver with TiVo recorder. The strike price is calculated as the average daily closing price of a share of

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common stock of the Company as reported on the Nasdaq for the five trading days of the month in which the warrants were earned. As of January 31, 2001, DIRECTV had earned the right to be issued common stock warrants to purchase 90,958 shares at exercises prices ranging from $5.58-$12.88. The fair value of each warrant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants: weighted average risk-free interest rates of between 5.13% and 5.85%; expected dividend yield of zero percent; expected lives of two years for the warrants; and expected volatility of 70%. The value of warrants of $173,000 was expensed as sales and marketing--related expense for year ended December 31, 2000 and $76,000 was expensed as sales and marketing--related partner expense for the one month period January 31, 2001, in the period earned.

During the fourth quarter of 2000, TiVo, Philips, Sony, Hughes and DIRECTV signed nine-month Marketing Agreements to encourage the sales of the DIRECTV receiver with TiVo recorder. Under the terms of these agreements, TiVo recognizes a sales and marketing--related parties expense on each sale of a DIRECTV receiver with TiVo recorder to a consumer from an authorized DIRECTV dealer. All payments to dealers are made through DIRECTV. As of January 31, 2001, $1.2 million had been recognized as sales and marketing--related parties expense.

Philips Agreement

On March 31, 1999, the Company entered into an agreement with Philips for the manufacture, marketing and distribution of personal video recorders that enable the TiVo Service. Subject to certain limitations, this agreement grants Philips the right to manufacture, market and sell personal video recorders that enable the TiVo Service in North America. Philips was also granted the right to manufacture, market and sell personal video recorders in North America that incorporates both DIRECTV's satellite receiver and the TiVo Service. The Company also granted Philips a license to TiVo technology for the purpose of developing and manufacturing personal video recorders and other devices that enable the TiVo Service.

The Company has agreed to pay Philips a subsidy on each personal video recorder that is manufactured and sold by Philips. The amount of the subsidy is periodically adjusted based on Philips manufacturing costs and selling prices. A portion of the subsidy amount paid to Philips is due when the personal video recorder is shipped. The remaining portion is due when the subscriber activates the TiVo Service. The Company will record the subsidy as sales and marketing--related parties expense upon shipment of the personal video recorder by Philips. In addition to these amounts, the Company has agreed to pay Philips a fixed amount per month for each Philips-branded personal video recorder that has an active subscription to the TiVo Service. As of December 31, 1999, we incurred $2.2 million as sales and marketing--related parties expense. We paid this entire amount as of December 31, 2000. For the one-month transition period ended

January 31, 2001 and year ended December 31, 2000, $1.5 million and $16.7 million had been recognized as sales and marketing--related parties expense, respectively. Of these amounts, as of April 30, 2001 $13.8 million had been paid.

Under the terms of the agreement, Philips has committed to provide a specified amount of marketing activities related to Philips-branded personal video recorders that enable the TiVo Service in order to promote, market and sell their personal video recorder.

In April 1999, Philips purchased 1,351,351 shares of Series H preferred stock for $7.40 per share which were converted to common stock on a one-for-one basis upon the closing of the initial public offering.

Sony Agreement

On August 6, 1999, the Company entered into a Letter of Intent with Sony for the manufacture, marketing and distribution of personal video recorders that enable the TiVo Service. Subject to certain limitations, this agreement grants Sony the right to manufacture, market and sell personal video recorders that enable the TiVo Service in North America. Sony was also granted the right to manufacture, market and sell personal video recorders in North America that incorporates both DIRECTV's satellite receiver and the TiVo Service. The Company also granted Sony a license to TiVo technology for the purpose of developing and manufacturing personal video recorders and other devices that enable the TiVo Service.

The Company has agreed to pay Sony a subsidy on each personal video recorder that is manufactured and sold by Sony. The amount of the subsidy is periodically adjusted based on Sony's manufacturing costs and selling prices. The subsidy amount paid to Sony is due when the personal video recorder is shipped. The Company will record the subsidy as sales and marketing--related parties expense upon shipment of the personal video recorder by Sony. In addition to these amounts, the Company has agreed to pay Sony a calculated amount per month for each Sony-branded personal video recorder that has an active subscription to the TiVo Service. For the one-month

transition period ended January 31, 2001 and the year ended December 31, 2000, $737,000 and $20.5 million had been recognized as sales and marketing--related parties expense, respectively. Of these amounts, as of April 30, 2001 $10.0 million had been paid.

Thomson Multimedia S.A.

On May 31, 2000, the Company entered into a Letter of Intent with Thomson Multimedia S.A. for the manufacture, marketing and distribution of personal video recorders that enable the TiVo Service. Subject to certain limitations, this agreement grants Thomson the right to manufacture, market and sell personal video recorders that enable the TiVo Service in the United Kingdom and Ireland. TiVo intends to provide the TiVo Service in cooperation with Sky Broadcasting and other operators of TV broadcast services in the United Kingdom. The Company also agreed to pay Thomson a calculated amount per month for each sale of a Thomson manufactured personal video recorder. For the one-month transition period ended January 31, 2001 and year ended December 31, 2000, zero and $4.0 million had been recognized as sales and marketing--related parties expense, respectively. At April 30, 2001, the entire obligation had been paid.

Hughes Network Systems

On August 31, 2000 the Company entered into a Technology License Agreement with Hughes Network Systems for the manufacture and distribution of personal video recorders that enable the TiVo Service. Subject to certain limitations, the agreement grants Hughes the right to manufacture and sell personal video recorders that enable the TiVo Service in the United States. Hughes was also granted the right to manufacture and sell personal video recorders in the United States that incorporate both DIRECTV's satellite receiver and the TiVo Service. The Company also granted Hughes a license to TiVo technology for the purpose of developing and manufacturing personal video recorders and other devices that enable the TiVo Service.

Creative Artists Agency Agreement

In July 1999, the Company entered into an agreement with Creative Artists Agency, LLC, ("CAA"), for the marketing and promotional support of the personal video recorder. CAA was issued warrants to purchase 192,123 shares of Series I preferred stock for $10.41 per share. The Company expensed the estimated fair value of the warrants of $1.4 million over one year. The estimated fair value of the warrants was determined using the Black-Scholes option pricing model. The principal assumptions used in the computation are: one year term; deemed fair value at the date of issuance of $8.50 per share; a risk-free rate of return of 5.07%; dividend yield of zero percent; and a volatility of 50%. As a result of CAA's exercise of these warrants, upon the closing of the initial public offering, TiVo issued 67,122 shares of preferred stock. The 67,122 shares of preferred stock were converted to common stock on a one-for-one basis upon the closing of the initial public offering.

11. COMMITMENTS AND CONTINGENCIES

Facilities Leases

In October 1999, the Company entered into a new office lease with WIX/NSJ Real Estate Limited Partnership. The lease began on March 10, 2000 and has a seven-year term. Monthly rent is approximately $236,000 with built-in base rent escalations periodically throughout the lease term.

In June 2000, the Company entered into an office lease for its UK office with Regus Business Center. The lease began on June 20, 2000 and has a six-month term. It was renewed in December 2000 for an additional six- month period. Monthly rent is approximately $21,000.

The Company has also signed leases for sales offices in Beverly Hills, CA and in New York, NY. The Beverly Hills office lease has a three-year term and monthly rent is approximately $7,000. The New York office lease has a one-year term and monthly rent is approximately $5,000.

Rent expense under operating leases was approximately $217,000, $2.4 million, $1.0 million and $619,000 for the one-month transition period ended January 31, 2001 and years ended December 31, 2000, 1999 and 1998, respectively.

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Equipment Lease Line

In March 1999, the Company entered into an equipment lease line for $2.5 million over the 12 months following the date of the lease. The annual interest rate is 7.25%, and the line is repayable over 36 months. The lessor received a warrant for 60,814 shares of the Company's Series B preferred stock at an exercise price of $1.26 per share. The Company expenses the estimated fair value of the warrants of $304,000 over the life of the lease. The estimated fair value of the warrants was determined using the Black-Scholes option pricing model. The principal assumptions used in the computation are: ten year term, deemed fair value at the date of issuance of $5.50 per share, a risk-free rate of return of 5.07%, dividend yield of zero percent and a volatility of 50%. As of January 31, 2001, $2.3 million of the available lease line has been used and has been accounted for as a capital lease. The current portion of the capital lease obligation, net of interest expense, at January 31, 2001, December 31, 2000 and 1999 is $796,000, $792,000 and $624,000, respectively. The unused equipment lease line expired February 2000.

Future minimum lease payments as of January 31, 2001, by calendar year are as follows:

Year	Facilities Leases	Capital Equipment Lease
2001	$ 2,782,000	$ 795,000
2002	2,959,000	620,000
2003	3,020,000	6,000
2004	3,076,000	--
2005 and thereafter	6,979,000	--
Total	$18,816,000	$1,421,000

Convertible Debt

In April 1999, the Company entered into a secured convertible debenture purchase agreement with certain stockholders, which terminated on December 31, 1999. Under the terms of the agreement, TiVo could borrow up to $3.0 million at an interest rate of 4.67% per annum. The debentures delivered by TiVo for any loan made under this agreement were convertible into common stock on a one-for-one basis and secured by substantially all of the Company's assets other than intellectual property.

In conjunction with the agreement, TiVo issued warrants to purchase 81,522 shares of common stock at an exercise price of $2.50 per share. Deferred financing costs of $341,000 were recorded using the estimated fair value of the warrants at the date of issuance. The estimated fair value of the warrants was determined using the Black-Scholes option pricing model. The principal assumptions used in the computation were: five year term; deemed fair value at the date of issuance of $5.50 per share; a risk free rate of return of 5.07%; dividend yield of zero percent; and a volatility of 50%. During the year ended December 31, 1999, the entire value of the warrants of $341,000 was expensed. The Company issued 81,522 shares of common stock as a result of the exercise of the warrants upon the closing of the initial public offering of the Company's common stock.

Legal Matters

In September 1999, TiVo received letters from Time Warner, Inc. and Fox Television stating that TiVo's personal television service exploits these companies' copyrights without the necessary licenses. The Company believes that the TiVo Service does not infringe on these copyrights and believes that there will not be an adverse impact as a result of these letters.

12. 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 through January 31,2001.

13. 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 ("the Rights Plan"). Subject to limited exceptions, the Rights will be exercisable if a person or group acquires 15% or more of the Company's common stock or announces a tender offer for 15% or more of the common stock, ("Acquiring Person"). Under certain circumstances, each Right will entitle shareholders to buy 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. The TiVo Board will be entitled to redeem the Rights at $.01 per Right at any time before a person has acquired 15% or more of the outstanding common stock.

The Rights are intended to enable all TiVo shareholders 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 in January 2011.

The Rights are not being distributed in response to any specific effort to acquire control of TiVo. The Rights are designed to assure that all TiVo shareholders 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 shareholders 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 will be payable to shareholders of record on January 31, 2001. The Rights will expire in January 2011. The Rights distribution is not taxable to shareholders.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

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PART III

Item 10. Directors and Executive Officers of the Company

Certain information required by Part III has been omitted from this Transition Report on Form 10-K. This information is instead incorporated by reference to our definitive proxy statement (the "Proxy Statement"), which will be filed with the Securities and Exchange Commission in connection with our 2001 Annual Meeting of Stockholders.

Identification of Executive Officers

Information regarding our directors is incorporated by reference from our Proxy Statement. The information identifying our current executive officers is found under the caption "Executive Officers and Key Employees" in Part I hereof, and is also incorporated by reference into this Item 10.

The information concerning TiVo's executive officers is incorporated by reference from our Proxy Statement.

Identification of Directors

The information concerning the Company's directors and nominees is incorporated by reference from our Proxy Statement.

Compliance with Section 16 (a) of the Exchange Act

The information concerning compliance with Section 16 (a) of the Exchange Act is incorporated by reference from the section entitled "Compliance with Section 16 (a) of the Exchange Act" in the Proxy Statement.

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

The information required by this Item is incorporated by reference from our Proxy Statement under the headings "Proposal No. 1 Election of Directors" and "Security Ownership of Certain Beneficial Owners and Management."

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."

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PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-k

(a) 1. INDEX TO FINANCIAL STATEMENTS

See Item 8.

(a) 3. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 of the registrant's Quarterly Report on Form 10-Q filed on November 14, 2000).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.4 of the registrant's Quarterly Report on Form 10-Q filed on November 15, 1999).
4.1++	Warrant and Registration Rights Agreement, dated as of October 6, 2000, by and between DIRECTV, Inc. (incorporated by reference to Exhibit 4.1 of the registrant's Annual Report on Form 10-K filed on April 2, 2001).
4.2	Stockholders and Registration Rights Agreement, dated as of June 9, 2000, between TiVo and America Online, Inc. (incorporated by reference to Exhibit 4.4 of the registrant's Quarterly Report on Form 10-Q filed on November 14, 2000).
4.3	Ninth Amended and Restated Investor Rights Agreement by and among TiVo and certain investors, dated as of August 6, 1999 (incorporated by reference to Exhibit 4.3 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
4.4	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).
4.5	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).
10.1	Rights Agreement, dated as of January 16, 2001, between TiVo 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).
10.2	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).
10.3	Form of Indemnification Agreement between TiVo 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)).
10.4	TiVo's 1999 Equity Incentive Plan and related documents (incorporated by reference to Exhibit 10.2 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.5	TiVo'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)).
10.6	TiVo's 1999 Employee Stock Purchase Plan and related

	documents (incorporated by reference to Exhibit 10.4 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.7	TiVo's 1999 Non-Employee Directors' Stock Option Plan and related documents (incorporated by reference to Exhibit 10.5 of the registrant's Annual Report on Form 10-K filed on March 30, 2000).
10.8+	Hard Disk Drive Supply Agreement between Quantum Corporation and TiVo, dated November 6, 1998 (incorporated by by reference to Exhibit 10.6 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.9	First Amendment to Hard Disk Supply Agreement between Quantum and TiVo, dated June 25, 1999 (incorporated by reference to Exhibit 10.20 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.10+	Warrant Purchase and Equity Rights Agreement between

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EXHIBIT NUMBER	DESCRIPTION
	Quantum Corporation and TiVo, dated November 6, 1998 and related documents (incorporated by reference to Exhibit 10.16 of the registrant's Registration Statement on Form (SEC File No. 333-83515)).
10.11+	Master Agreement between Philips Business Electronics B.V. and TiVo, dated March 31, 1999 (incorporated by reference to Exhibit 10.7 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.12+	Marketing Agreement between DIRECTV, Inc. and TiVo, 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)).
10.13+	Agreement between NBC Multimedia, Inc. and TiVo, dated April 16, 1999 (incorporated by reference to Exhibit 10.9 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.14	Sublease Agreement between Verity, Inc. and TiVo, dated February 23, 1998 (incorporated by reference to Exhibit 10.10 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.15	Amendment to Sublease Agreement between Verity, Inc. and TiVo, dated November 1998 (incorporated by reference to Exhibit 10.11 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.16	Second Amendment to Sublease Agreement between Verity, Inc. and TiVo, dated March 1999 (incorporated by reference to Exhibit 10.12 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.17	Consent of Landlord to Sublease between Verity, Inc. and TiVo, dated February 23, 1998 (incorporated by reference to Exhibit 10.13 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.18	Master Lease Agreement between Comdisco, Inc. and TiVo, dated February 12, 1999 (incorporated by reference to

	Exhibit 10.15 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.19	Warrant to Purchase Shares of Series A Preferred Stock issued to Randy Komisar, dated March 18, 1998 (incorporated by reference to Exhibit 10.17 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.20	Warrant Agreement between Comdisco, Inc. and TiVo, dated February 12, 1999 (incorporated by reference to Exhibit 10.18 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.21	Secured Convertible Debenture Purchase Agreement between TiVo and certain of its investors, dated April 8, 1999, and related documents (incorporated by reference to Exhibit 10.19 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.22	TiVo's 401(k) Plan, effective December 1, 1997 (incorporated by reference to Exhibit 10.21 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.23+	Tribune Media Services Television Listing Agreement between Tribune Media Services and TiVo, dated June 1, 1998 (incorporated by reference to Exhibit 10.22 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.24+	Amendment to the Data License Agreement between Teleworld Inc., and Tribune Media Services, Inc. between Tribune Media Services and TiVo, dated November 10, 1998 (incorporated by reference to Exhibit 10.23 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).
10.25	Lease Agreement between WIX/NSJ Real Estate Limited Partnership and TiVo, dated October 6, 1999 (incorporated by reference to Exhibit 10.24 of the Quarterly Report on Form 10-Q filed on November 15, 1999).
23.1	Consent of Independent Public Accountants
24.1	Power of Attorney (included in Part IV of this Form 10-K).
99.5	Form of Stock Option Grant used in connection with an option granted outside of TiVo's stock option plans and related documents (incorporated by reference to Exhibit 99.5 of the registrant's Registration Statement on Form S-1 (SEC File No. 333-83515)).

\+ Confidential treatment granted as to portions of this exhibit.

++ Confidential treatment has been requested as to portions of this exhibit.

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(b) REPORTS ON FORM 8-K

The registrant filed the following reports on Form 8-K during the one-month transition period ended January 31, 2001:

- Current Report on Form 8-K on January 17, 2001, regarding the execution of a Rights Agreement, dated as of January 16, 2001.
- Amendment No. 1 to Current Report on Form 8-K on January 19, 2001, regarding the execution of a Rights Agreement, dated as of January 16, 2001,

The registrant subsequently filed the following:

- Current Report on Form 8-K on February 1, 2001, regarding the change in the registrant's fiscal reporting year-end from December31 to January 31.
- Current Report on Form 8-K on February 14, 2001, regarding the announcement of the registrant's earnings for the fourth quarter and year ended December 31, 2000.
- Current Report on Form 8-K on February 28, 2001, regarding an amendment to the Rights Agreement, dated as of January 16, 2001.
- Current Report on Form 8-K on March 15, 2001, regarding the execution of an amendment to that certain Investment Agreement, dated as of June 9, 2000, as amended, by and between the registrant and America Online, Inc. and the execution of promotional agreements with America Online, Inc. and AOL Time Warner, Inc.
- Current Report on Form 8-K on March 19, 2001, regarding the announcement of the registrant's earnings for the one-month transitional period ended January 31, 2001 in connection with the change in the registrant's fiscal reporting year-end.

Trademark Acknowledgments

TiVo is a registered trademark of TiVo, Inc.

"Active Preview", "Can't Miss TV", "DIRECTIVO", Instant Replay logo, "Ipreview", Jump logo, "Life's too short for bad TV", "Network Showcase", "Personal TV", "Personal Video Recorder", "Primetime Anytime", "Season Pass", "See it, want it, get it", "The New Face of Television", "The way TV is meant to be", "Thumbs Down" (logo and text), "Thumbs Up" (logo and text), "TiVo Central", "TiVo" (logo, name and character), "TiVolution", "What you want, when you want it", and "You run the shows" are trademarks of the registrant. All other trademarks or trade names appearing in this report are the property of their respective owners.

SIGNATURES

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

TIVO INC.

Date: April 30, 2001

By: /s/ Michael Ramsay

Michael Ramsay
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael Ramsay and David H. Courtney 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/ Michael Ramsay Michael Ramsay	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	April 30, 2001
/s/ David H. Courtney David H. Courtney	Senior Vice President of Finance and Administration and Chief Financial Officer (Principal Financial and Accounting Officer)	April 30, 2001
/s/ James Barton James Barton	Senior Vice President of Research and Development, Chief Technical Officer and Director	April 30, 2001
Geoffrey Y. Yang	Director	
/s/ Stewart Alsop Stewart Alsop	Director	April 30, 2001
/s/ Randy Komisar Randy Komisar	Director	April 30, 2001
Michael Homer	Director	
/s/ Larry N. Chapman Larry N. Chapman	Director	April 30, 2001
/s/ Jan P. Oosterveld Jan P. Oosterveld	Director	April 30, 2001

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/s/ John S. Hendricks John S. Hendricks	Director	April 30, 2001
/s/ David Zaslav David Zaslav	Director	April 30, 2001