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TIVO INC
Form 8-K
November 26, 2001

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report: November 20, 2001
(Date of earliest event reported)

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

Delaware
(State or other jurisdiction

Commission File:
000-27141

77-0463167

of incorporation or
organization)

(I.R.S. Employer Identif

2160 Gold Street
P.O. Box 2160

Alviso, California 95002
(Address of Principal executive offices, including zip code)

(408) 519-9100

(Registrant's telephone number, including area code)

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ITEM 5. OTHER EVENTS

Third Quarter Results

On November 20, 2001, we reported financial results for the third quarter ended October 31, 2001. During the third quarter, we activated 51,000 new subscribers to the TiVo Service, bringing the total subscriber base to approximately 280,000 as of October 31, 2001.

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Revenue for the quarter increased 29% to \$5.3 million, compared with \$4.1 million for the three-month period ending July 31, 2001 and \$1.1 million for the third quarter of last year. Adjusted EBITDA for the quarter was a loss of \$12.2 million, compared with a loss of \$24.0 million in the second quarter, and a loss of \$66.1 million for the third quarter of last year. Net loss for the quarter was \$34.5 million, or \$(0.81) per share, which was flat compared with the second quarter and a dramatic improvement from a net loss of \$72.7 million, or \$(1.89) per share, for the third quarter of last year.

Our total subscriber base increased by 28% in the quarter and increased 65% compared to the third quarter of last year. We delivered our first full quarter of positive service margin, defined as total revenue minus cost of revenue.

TiVo Signs Commercial Agreements with Sony and AT&T Broadband

On October 18, we announced a worldwide licensing agreement with Sony Corporation Japan. On November 7, we announced an agreement with AT&T Broadband to introduce the TiVo Digital Video Recorder and service to AT&T Broadband customers in selected markets in New England, Colorado and California.

Executive Appointments and Promotions

We are implementing a new business model intended to lower acquisition costs and be less capital intensive. In order to align operations to focus on growth in licensing and subscriber revenue, on November 20, 2001, our Chairman and Chief Executive Officer, Mike Ramsay, announced a number of executive promotions of certain members of our senior executive staff.

Morgan Guenther was named President of TiVo, reporting to Mr. Ramsay. Mr. Guenther, formerly Senior Vice President of Business and Revenue Development of TiVo, joined TiVo in June 1999 as Vice President, Business Development.

David Courtney was promoted to Executive Vice President, Worldwide Operations and Administration and Chief Financial Officer, reporting to Mr. Ramsay. Mr. Courtney, formerly Senior Vice President of Finance and Administration and Chief Financial Officer, joined the company in March 1999 as Chief Financial Officer.

Ta-Wei Chien was named Senior Vice President and General Manager, TiVo Technologies, reporting to Mr. Guenther. Mr. Chien will head our licensing organization, which will include engineering, professional services, business development and sales. Mr. Chien, most recently Senior Vice President of Engineering and Operations, joined TiVo in February 1998 as Vice President of Engineering and Operations.

Brodie Keast was named Senior Vice President and General Manager, TiVo Service, reporting to Mr. Guenther. Mr. Keast will head our service and media business, which includes sales, marketing, corporate communications, and third party application development. Mr. Keast, most recently Senior Vice President of Sales and Marketing, joined TiVo in December 1999 as Vice President of Sales and Marketing.

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

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| | Three Months Ended | | Nine October 31, 2000 |
|--|--------------------|------------------|--------------------------|
| | October 31, 2001 | October 31, 2000 | |
| Revenue: | | | |
| Revenue | \$ 5,242 | \$ 1,102 | \$ 12,000 |
| Revenue - related parties | 100 | - | - |
| Total Revenue | 5,342 | 1,102 | 12,000 |
| Costs and expenses: | | | |
| Cost of revenue | 5,146 | 4,149 | 15,000 |
| Cost of revenue - related parties | 61 | - | - |
| Research and development | 7,431 | 7,572 | 21,000 |
| Sales and marketing | 7,084 | 34,638 | 25,000 |
| Sales and marketing - related parties | 11,239 | 24,283 | 50,000 |
| General and administrative | 5,214 | 3,876 | 14,000 |
| Stock based compensation | 346 | 624 | - |
| Total operating expenses | 36,521 | 75,142 | 127,000 |
| Loss from operations | (31,179) | (74,040) | (115,000) |
| Other income and (expenses), net | (1,659) | 2,010 | (1,000) |
| Loss before taxes | (32,838) | (72,030) | (115,000) |
| Provision for Income Taxes | (1,000) | - | (1,000) |
| Net loss | (33,838) | (72,030) | (116,000) |
| Series A preferred stock dividend | (658) | (665) | (2,000) |
| Net loss attributable to common stock | \$ (34,496) | \$ (72,695) | \$ (119,000) |
| Net loss per share - basic and diluted | \$ (0.81) | \$ (1.89) | \$ (2.00) |
| Shares used in per share computation | 42,668 | 38,461 | 42,000 |
| Other Data | | | |
| Net Activations | 51,000 | 31,000 | 126,000 |
| Cumulative Subscribers | 280,000 | 84,000 | 280,000 |
| Adjusted EBITDA* (`000s) | \$ (12,209) | \$ (66,092) | \$ (76,000) |

* Adjusted EBITDA is the EBITDA plus the change in deferred revenue over the reporting period.

TIVO INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)

October 31, 2001 January 31, 2000

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ASSETS

| | | | | |
|---|----|---------|----|--------|
| Cash, cash equivalents and short-term investments | \$ | 63,832 | \$ | 124,47 |
| Restricted cash | | 51,509 | | 50,10 |
| Accounts receivable, net | | 596 | | 1,83 |
| Accounts receivable - related parties | | 6,938 | | 4,81 |
| Prepaid expenses and other | | 9,311 | | 6,69 |
| Prepaid expenses and other - related parties | | 18,225 | | 1,69 |
| Property and equipment, net | | 20,092 | | 21,92 |
| | | ----- | | ----- |
| Total assets | \$ | 170,503 | \$ | 211,54 |
| | | ===== | | ===== |

LIABILITIES, REDEEMABLE CONVERTIBLE

PREFERRED STOCK & STOCKHOLDERS'

EQUITY

| | | | | |
|--|----|----------|----|--------|
| Accounts payable and accrued liabilities | \$ | 32,299 | \$ | 45,15 |
| Accrued liabilities - related parties | | 30,817 | | 49,83 |
| Deferred revenue | | 28,889 | | 18,32 |
| Deferred revenue - related parties | | 10,750 | | |
| Capital lease obligations | | 742 | | 1,33 |
| Convertible notes payable, long term | | 30,166 | | |
| Convertible notes payable - related parties, long term | | 12,313 | | |
| Redeemable convertible preferred stock | | 46,555 | | 46,55 |
| Total stockholders' equity (deficit) | | (22,028) | | 50,33 |
| | | ----- | | ----- |
| Liabilities, redeemable convertible preferred stock & stockholders' equity | \$ | 170,503 | \$ | 211,54 |
| | | ===== | | ===== |

TiVo is a registered trademark of TiVo Inc. in the United States and other jurisdictions. All other company or product names mentioned may be trademarks or registered trademarks of the respective companies with which they are associated.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, including forward-looking statements related to the impact of our new business model and our future financial performance. You can identify forward-looking statements by use of forward-looking terminology such as "believes," "anticipates," "expects," "plans," "may," "will," "intends" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Such forward-looking statements have known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any 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. Factors that may cause actual results to differ materially include delays in development, competitive service offerings and lack of market acceptance, as well as the "Factors That May Affect Future Operating Results" and other risks detailed in our Annual Report on Form 10-K for the period ended December 31, 2000, our Transition Report on Form 10-K for the period ended January 31, 2001, our Quarterly Report on Form 10-Q for the period ended April 30, 2001 and our Quarterly Report on Form 10-Q for the period ended July 31, 2001, filed with the Securities and Exchange Commission. We caution you not to place undue reliance on forward-looking statements, which reflect an analysis only and speak only as of the date of this Current Report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized,

TIVO INC.

Date: November 26, 2001

By: /s/ David H. Courtney

David H. Courtney
Chief Financial Officer and
Executive Vice President, Worldwide
Operations and Administration
(Principal Financial and Accounting
Officer)