TELENAV, INC.

FORM 10-K
(Annual Report)

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Address	1130 KIFER ROAD SUNNYVALE, CA 94086
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Industry	Communications Services
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Fiscal Year	06/30

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended June 30, 2011

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number: 001-34720

TELENAV, INC.

(Exact name of registrant as specified in its charter)

Delaware	**77-0521800**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

1130 Kifer Road
Sunnyvale, California 94086
(Address of principal executive offices) (Zip Code)
(408) 245-3800
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, $.001 Par Value per Share	The NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933, as amended. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ 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 the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant as of December 31, 2010, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $121 million (based on a closing sale price of $7.28 per share as reported for the NASDAQ Global Market on December 31, 2010). For purposes of this calculation, shares of common stock held by officers and directors and shares of common stock held by persons who hold more than 10% of the outstanding common stock of the registrant have been excluded from this calculation because such persons may be deemed to be affiliates. This determination of executive officer or affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of the registrant's Common Stock, $.001 par value per share, outstanding as of August 31, 2011 was 41,265,865.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2011 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K where indicated.

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Special Note Regarding Forward-looking Statements and Industry Data

This Form 10-K contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. The forward-looking statements are contained principally in the sections entitled "Risk factors," "Management's discussion and analysis of financial condition and results of operations," and "Business." Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities and the effects of competition. Forward-looking statements include statements that are not historical facts and can be identified by terms such as "anticipates," "believes," "could," "seeks," "estimates," "expects," "intends," "may," "plans," "potential," "predicts, "projects," "should," "will," "would" or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We discuss these risks in greater detail in "Risk factors" and elsewhere in this Form 10-K. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this Form 10-K.

Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. You should read this Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect.

Corporate information

Our predecessor company, TeleNav, Inc., incorporated in the State of Delaware in 1999 and we incorporated in the State of Delaware in 2009 as TNAV Holdings, Inc. Pursuant to stockholder approvals received in December 2009, our predecessor company merged with and into us on April 15, 2010. As the entity surviving the merger, upon completion of the merger, we changed our name to TeleNav, Inc. Our executive offices are located at 1130 Kifer Road, Sunnyvale, California 94086, and our telephone number is (408) 245-3800. Our website address is www.telenav.com. The information on, or that can be accessed through, our website is not part of this Form10-K.

We file or furnish periodic reports, including our annual reports on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K, our proxy statements and other information with the Securities and Exchange Commission, or the SEC. Such reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 or by sending an electronic message to the SEC at publicinfo@sec.gov. In addition, the SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically. Our reports, proxy statements and other information are also made available, free of charge, on our investor relations website at http://investor.telenav.com/financials.cfm as soon as reasonably practicable after we electronically file such information with the SEC. The information posted on our website is not incorporated into this Form 10-K.

In this Form 10-K, "we," "us" and "our" refer to TeleNav, Inc. and its subsidiaries.

The names "TeleNav ®," "TeleNav GPS Navigator™", "GPS Navigator™", "TeleNav Track™", "TeleNav Vehicle Tracker™", "TeleNav Asset Tracker™", "TeleNav Shotgun™", "TeleNav Vehicle Manager™", "ONMYWAY ®", "OMW™", "Sipity™", "Always Find Your Way™", "Whereboutz ®", "Smart Planner™", "My Mileage™", "TeleNav Navigator™", "Evie™", "Jungle™", "MyTies™" and "TeleNav LocalAdvantage™" and our logo are our trademarks. All other trademarks and trade names appearing in this Form 10-K are the property of their respective owners.

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PART I

ITEM 1. BUSINESS

Overview

Our mission is to help people be more productive, be less stressed, and have more fun when they're on the go. Our personalized navigation services "get you and get you there" and help on-the-go people make daily decisions about "where to go, how to get there, what to do, and even when to go"—and we make it possible across mobile devices, mobile applications, wireless carriers, automobiles, and enterprises, both domestically and abroad. In the three months ended June 30, 2011, we had a monthly average of 24.6 million paying end users.

As a leading provider of personalized navigation and location based services, or LBS, we are well-positioned to capitalize on growing market opportunities to reach new customers and serve more people in more places with features such as location based search and voice-guided navigation. By using the most integral tools of the daily lives of people on the go, their mobile phones and vehicles, people can access our personalized navigation and location based services almost anytime and anywhere to help them quickly decide where to go, how to get there, what to do, and even when to go—in both personal and professional settings.

Consumers, wireless carriers, enterprises and automobile manufacturers and original equipment manufacturers, or OEMs, are our customers. We generate revenue from recurring service subscriptions, software licenses, premium services and mobile advertising and commerce. End users with recurring subscriptions for our services are generally billed for our services through their wireless carrier. Our wireless carrier customers pay us based on several different revenue models, including (1) a monthly subscription fee per end user, (2) a fixed annual fee for any number of subscribers (up to specified thresholds) receiving our services as part of bundles with other voice and data services, or (3) a revenue sharing arrangement that may include a minimum fee per end user, (4) based on usage or other basis. We also derive revenue from the delivery of customized software and royalties from the distribution of this customized software in automotive navigation applications, as well as through premium services and mobile commerce sold to consumers and mobile advertising sold to advertisers and advertising agencies.

Through our hosted service delivery model, we provide our solutions to end users and customers through the networks of leading wireless carriers in the United States, including AT&T Mobility LLC, or AT&T, Sprint Nextel Corporation, or Sprint, T-Mobile USA, Inc., or T-Mobile, and U.S. Cellular Corporation, or U.S. Cellular, as well as through certain wireless carriers in other countries. Our flexible and proprietary platform enables us to efficiently reach and retain tens of millions of end users, across more than 600 types of mobile phones, all major mobile phone operating systems and a broad range of wireless network protocols. This platform provides data and analytics to create more personalized experiences for mobile applications, location based advertising and customer lifecycle management.

Our fiscal year ends June 30. In this Form 10-K, we refer to the fiscal year ended June 30, 2009, 2010 and 2011 as fiscal 2009, fiscal 2010 and fiscal 2011, respectively. Our total revenue grew from $110.9 million in fiscal 2009 to $171.2 million in fiscal 2010 and to $210.5 million in fiscal 2011. Our net income also increased from $29.6 million in fiscal 2009 to $41.4 million in fiscal 2010 and to $42.6 million in fiscal 2011.

Industry background

The mobile phone is the most widely used portable communication device in the world and continues to play an increasingly prominent role in consumers' and business professionals' lives. Significant improvements in device technologies and the deployment of advanced mobile wireless networks have not only enhanced mobile phones' performance, but also made possible the integration of features and functions such as email, instant messaging, Internet browsing and various forms of multimedia. Historically, these features and functions were only available on Internet connected PCs. The inclusion of location determination technologies, such as the

satellite based Global Positioning System, or GPS, in mobile phones has allowed location data to be used to enhance and expand the services that can be delivered to mobile phone users and contributed to the emergence of the LBS market.

The LBS market consists of advanced mobile Internet and data applications that leverage location information to provide mobile phone users with location specific and personalized features and functions. LBS that incorporate location information include turn by turn navigation, route planning, real time traffic alerts and points of interest, or POI, searches. Beyond these navigation specific services, new mobile LBS, such as location based advertising, commerce and social networking, have emerged. Heightened consumer awareness of the scope and benefits of these services are leading to increased demand. These dynamics result, in part, from the availability of advanced GPS enabled mobile phones and wireless networks as well as wireless carriers' strong marketing efforts as they seek to increase revenue from data-centric applications, such as LBS.

Advanced, GPS enabled mobile phones and wireless networks are proliferating . In an effort to remain competitive, mobile phone manufacturers and wireless carriers are rapidly introducing mobile phones with enhanced features and functions, including GPS. Mobile phones that incorporate GPS technology are typically capable of supporting advanced mobile phone operating systems and rich data applications because of other enhancements, such as faster processors, increased memory and larger high resolution screens. Wireless carriers continue to invest hundreds of billions of dollars deploying 3G and 4G wireless networks worldwide. In combination, these advancements and investments have changed the way consumers access and interact with Internet based content and services, effectively bringing the richness of the PC based Internet experience to the mobile phone and enabling the emergence of LBS.

The LBS market offers multiple opportunities for expansion . The enhanced convenience and utility associated with LBS is driving rapid adoption and growth of the LBS market. For example, mobile navigation, the most popular LBS application today, makes it easier for consumers to find their way, including driving from one location to another. LBS are not limited to mobile phone based navigation services. LBS enable consumers to enjoy benefits of an enhanced mobile Internet experience, such as location based advertising, commerce and social networking on their mobile phones and on other mobile devices. LBS also enables consumers to enjoy an enriched navigation experience in their cars. Similarly, services such as mobile resource management, or MRM, enable enterprises to leverage the benefits of LBS to more effectively and efficiently manage their mobile resources.

In response to consumer demand for affordable and easy to use LBS, LBS providers are developing and introducing new applications that integrate location information in innovative ways. For example, a consumer can use a mobile phone almost anytime and anywhere to help them quickly decide where to go, how to get there, what to do, and even when to go. As LBS applications increasingly incorporate consumers' locations and preferences, targeted mobile advertising and commerce will become more compelling and valuable to advertisers and marketers.

In a similar response to consumer demand, automobile manufacturers are introducing affordable navigation units as a central component of on-board entertainment and information systems. These integrated units extend beyond traditional navigation units by combining audio and voice capabilities with wireless network connectivity to deliver real time LBS, such as traffic, weather information and other connected data.

Enterprises are seeking solutions that enable them to cost effectively and efficiently manage their mobile resources, as well as their company data, communications and work flow. Historically, these solutions required the deployment of costly applications and hardware, primarily limiting the use of these solutions to large enterprises. The development and widespread availability of LBS provides enterprises of all sizes with a viable alternative, MRM. Enterprise grade LBS solutions can help increase the adoption of mobile business applications. MRM solutions give business customers visibility over their mobile assets while enabling the movement of real time information like work orders and proof of service processes.

Industry challenges

Technological advancements have led consumers to expect immediate access to the latest, most accurate information, real time responses and greater convenience at lower cost in both their personal and professional lives. At the same time, wireless carriers are facing pressure to increase revenue and increase subscriber loyalty. As a result, wireless carriers are investing heavily in wireless network infrastructure and partnering with handset OEMs, application providers and mobile operating system providers, to keep pace with end user demand and the latest technologies.

Challenges facing end users . Historically, consumers relied on paper maps for navigation and paper directories for limited information about POIs. More recently, many consumers began to rely on directions they could download and print from the Internet. However, these solutions often require advanced planning, are cumbersome and dangerous to use while driving and cannot provide updated directions based on route conditions or reroute a driver when he or she is lost. The increased use of GPS technology in various consumer applications addressed many of the shortcomings of these traditional navigation solutions. Personal navigation devices, or PNDs, require dedicated navigation only hardware. Most GPS based solutions also rely on mapping and POI information that is static, requiring consumers to expend time, effort and money to periodically refresh the content and software. Due to the general lack of upgradeability, these solutions become obsolete very quickly, requiring consumers to replace the device if they want to take advantage of many of the latest features and functions.

Enterprises also face the challenge of managing the complexity of their organizations and increasing the productivity of their workforces and assets in a cost effective manner. Addressing basic needs such as locating, tracking and dispatching workforces, as well as delivering time sensitive information to and from the field, is often difficult and expensive. Developing solutions that securely link enterprises' information technology infrastructure with diverse mobile devices in the field typically requires costly, time consuming implementations that rely largely on customized components.

Challenges facing automobile manufacturers. The automobile industry is experiencing significant consumer demands resulting from the distributed internet. Current on-board navigation systems are limited to the vehicle in which they are installed and the mapping and POI data is static, requiring time, cost and effort to update. They are also considered expensive and as a result suffer from relatively low rates of adoption by consumers. Manufacturers that can enhance the in-car experience with mobile connectivity and improved infotainment capabilities are finding greater acceptance from consumers, but the delivery of these capabilities is technically challenging and not a traditional part of the auto manufacturer's capabilities. This challenge is driving auto manufacturers to seek new partners to create differentiated in-car experiences.

Challenges facing wireless carriers . Wireless carriers are under pressure to increase revenue and enhance subscriber loyalty. Their core voice businesses are threatened by several key factors, including strong competition in a heavily penetrated market, a lack of subscriber loyalty due to phone number portability and potential competition from free voice service providers. Compounding these issues, wireless carriers are under increasing pressure to invest in infrastructure to keep pace with consumer expectations and the demand for low cost, reliable and increasingly faster network service. Additionally, some mobile phone manufacturers and mobile phone operating system providers are seeking to develop direct relationships with consumers, which could weaken the existing relationship wireless carriers share with their subscribers. For example, Google, Inc., or Google, offers free voice driven, turn by turn, mobile navigation software on Android phones, along with access to the Android Marketplace with tens of thousands of additional LBS applications, including local search, traffic information and events offerings. Nokia Corporation, or Nokia, provides a download for its latest version Nokia Maps on its smart phone products to consumers free of charge. Microsoft Corporation, or Microsoft, also provides free turn by turn navigation software on its Windows Mobile operating system. Although wireless carriers receive revenue from data networks used to provide these services, these services may cause wireless carriers to reduce the monthly fees to subscribers for these services in order to compete for advertising revenue. These dynamics are driving wireless carriers to seek innovative ways to differentiate themselves by delivering more compelling applications and services.

Our competitive strengths

We are one of the early pioneers in LBS and have a 12-year history of developing and delivering advanced mobile navigation and other LBS solutions. The breadth and depth of our technical and market expertise has enabled us to develop robust LBS, attract a large end user base and establish deep relationships with wireless carriers and other members of the LBS value chain, including mobile phone manufacturers and content, applications and technology providers.

Large and growing end user base . In the three months ended June 30, 2011, we had a monthly average of 24.6 million paying end users. Our large and growing end user base, and our experience supporting a broad range of mobile phones, mobile phone operating systems and wireless network protocols, enables us to realize economies of scale and deliver incremental value to existing and future end users and our wireless carrier and other customers, such as third party content and advertising providers. By delivering our services to millions of end users, we can leverage our product development costs and expertise more effectively and efficiently. The potential returns to third party content and advertising providers are higher across a larger end user base, which makes them more inclined to partner with us.

Strong and deep partnerships with key members of the LBS value chain . Our LBS are deployed by 14 wireless carriers in 29 countries, including leading wireless carriers in the United States. Our wireless carrier customers continue to make investments that foster our long term relationships because our LBS assist them in increasing their data average revenue per user, or ARPU, and strengthen their subscriber relationships. We work closely with our wireless carrier customers during their product development and testing cycles and undergo a comprehensive certification process. Our back-end systems are tightly integrated with those of our wireless carrier customers, which enables the seamless delivery of our services from product launch to billing. We also collaborate closely with mobile phone manufacturer and wireless carrier customers so that our services work in many countries and on a wide range of mobile phones and wireless network protocols.

We also have strong and deep relationships with key players across the LBS value chain, including application developers, map and other content providers and voice recognition platform providers. These relationships allow us to develop and deliver high quality, robust LBS to our end users.

Leveraged distribution channels to expand user base and promote distribution capability. Our hosted delivery model enables our wireless carrier customers the option to brand and market a customized version of our LBS and leverage our infrastructure, partnerships and expertise. Our offerings enhance subscriber loyalty and can increase revenue for our wireless carrier customers while helping us to drive adoption of our LBS without incurring significant sales and marketing costs. Traditionally, we have relied on the substantial resources of our wireless carrier customers for our marketing and sales efforts. We also use our wireless carrier customers' infrastructure to assist in validation and provisioning of and to bill for our services. Our wireless carrier customers may offer our services on a standalone basis or bundled with other voice and data services. We also offer our services under our own TeleNav brand and have been increasing the use of our brand more recently. We believe whether under our own brand or the carriers brand, the provision of our services to end users results in an alignment of mutual interests with our carrier customers to attract and retain subscribers. In addition, with the continuing industry shift to more open platform distribution of applications, TeleNav's expansion of its own brand may provide for better positioning and name recognition for capturing new end users in the future.

Our services and products

We provide a range of LBS for consumers, enterprises, automobile manufacturers and OEM customers. Our core LBS include mobile navigation for consumers and MRM for enterprises. We are also extending our core LBS to new device platforms, such as tablet devices, as well as developing new LBS for mobile phones, including location based mobile advertising, commerce and social networking.

Mobile navigation . We deliver our solutions through our location based technology, applications and service delivery platform, or SDP, which are tightly integrated with a broad range of mobile phones, mobile phone operating systems and wireless network protocols. GPS Navigator is our flagship voice guided, real time, turn by turn, mobile navigation service that helps consumers quickly decide what to do, where to go and how to get there. Accessed primarily through mobile phones, this service delivers many innovative features and functions and is available to end users both on a white label basis, such as Sprint Navigation and AT&T Navigator, and under the TeleNav brand. GPS Navigator utilizes accurate, updated information to provide end users with an enhanced mobile navigation experience.

Core functions:

- voice guided, turn by turn directions with updated maps;
- 3D moving maps;
- automatic rerouting for missed turns;
- over 20 million searchable POIs in North America, including restaurants, hotels, ATMs, Wi-Fi hotspots and gas stations;
- search along route; and
- integration with contacts.

Enhanced connected features:

- multi-route capability;
- one-box search;
- real time traffic, gas prices and weather information;
- voice recognition for address input and local business and POI searches;
- traffic optimized routing, intelligent one-click navigation rerouting and updated estimated time of arrival based on current traffic flow;
- POI reviews, including end user generated reviews and POI review sharing;
- real time traffic alerts specific to a chosen route;
- preplanned routes through our website that can be saved, downloaded to mobile phones and accessed with a one-click routing function; and
- address sharing.

We offer our mobile navigation services to customers in a number of ways. We distribute our services through our wireless carrier partners and directly to consumers through mobile application stores and marketplaces. We provide our services for a monthly fee and more recently have begun to provide some of our services to consumers for free, the opportunities to purchase premium versions of the product. The type of distribution from free to premium is referred to by us as the “freemium” model of distribution. This ability to serve the customer advertising is also included in our free products. Success with this freemium model depends upon our ability to generate a substantial active user base and to generate revenues from advertising and conversion of users from free to premium subscription.

Mobile Resource Management . We offer enterprises an integrated suite of MRM solutions to better manage mobile workforces and fleets and improve productivity. Depending on their specific needs and requirements, enterprises may use one or all of our MRM solutions. Our TeleNav Enterprise Solutions include our flagship TeleNav Track service, as well as TeleNav Vehicle Manager, TeleNav Vehicle Tracker and TeleNav Asset Tracker.

Our MRM solutions allow enterprises to monitor and manage mobile workforces and assets by using our LBS platform to track job status and the location of workers, field assets and equipment. TeleNav Track enables two-way data communications between an enterprise’s back-end systems and its mobile workforces, providing more effective and efficient management of assignments. Workers in the field using TeleNav Track can easily

transmit information wirelessly to the enterprise's back-end systems via our customizable workflow and flexible forms from their mobile phones. Key features and functions of our MRM solutions include:

- voice guided, turn by turn directions to efficiently navigate workers to their destinations;
- real time and historical reports of the location of the mobile workforce and routes taken and transit times as compared to optimal routes and ideal transit times;
- updated job status information to improve efficiency and productivity in connection with assignments;
- automatic alerts when workers or vehicles enter or exit a specific area, have stopped or are speeding;
- customizable wireless forms to capture field information and improve communication, including job details, signatures and barcode scans;
- wireless timecards to improve payroll accuracy and workforce time and attendance; and
- integration with an enterprise's back-end systems and applications, such as accounting, billing and dispatching applications that together support business process mobilization through the movement of real time information.

Automotive on-board and connected navigation . We have been working with certain automobile manufacturers and OEM customers to provide our mobile navigation services through on-board and connected systems. Our technology powers automotive navigation services that provide accurate, easy to use and connected LBS to drivers at a low cost. Our first automotive navigation service became available as a premium option in the 2010 Ford Focus and Taurus models sold in North America, and it continues to expand to other Ford and Lincoln vehicles today. By combining Microsoft's SYNC and other connected technologies with our GPS technologies in these vehicles, drivers are able to utilize their car's existing radio screen and speaker system in conjunction with their mobile phone to utilize our LBS. In addition, Ford has utilized our on-board automotive navigation product in the next generation Ford SYNC platform, which includes MyFord Touch and MyLincoln Touch. Ford began shipping this product in certain North American vehicles with the 2011 model year, with planned availability in selected international markets thereafter.

Location based mobile advertising . In fiscal 2010, we launched mobile location based advertising services that deliver location based and time sensitive mobile advertising with features such as location specific sponsored listings, content, coupons and dining menus. We currently provide mobile search based advertising for our key wireless carrier customers, including AT&T, Sprint, T-Mobile and U.S. Cellular. We have access to over 800,000 advertisers through a network of providers and we have created unique ad units for the mobile space, including the "drive to" advertising unit. This is an ad unit for which advertisers pay when users, in response to an advertisement, click a "drive to" button that provides the user a GPS navigation session that takes them directly to the advertised location.

End user billing and support

End user billing . End users are generally billed for our services through their wireless carrier, which may offer our services on a standalone basis or bundled with other voice and data services. The wireless carriers bill subscribers monthly. We and our wireless carrier customers may offer subscribers a 30-day free trial for our service. We believe that the wireless carrier billing makes our services more appealing to consumers and enterprises as they are not required to pay a separate monthly charge to a different vendor. For a small minority of end users who purchase our LBS through our website or in application stores, we bill their credit cards directly on a monthly basis, or utilize the application store billing process.

End user support . Our wireless carrier customers generally provide first level support to their subscribers if the wireless carrier provides our services on a white label basis. We provide secondary support for issues that cannot be resolved by our wireless carrier customers. If the service is provided under the TeleNav brand, we

generally provide all support to end users. For our GPS Navigator support functions, we utilize a third party customer support service provider located in the Philippines that provides live customer support 24 hours a day, seven days a week. We provide training and technical management to their employees and assist with problem resolution. We also maintain our own call center available during business hours that generally focuses on support escalations for all our services and products.

Platform and architecture

Our hosted SDP and client software enable us to deliver our end user interface as well as the features and functions of our LBS on GPS enabled mobile phones and other GPS enabled devices.

Service delivery platform . Our hosted SDP is a modular and scalable platform that enables us to bring different types of information together to respond to voice or data requests by our end users. Our SDP manages different engines, such as mapping, routing, converting addresses into geographic coordinates (known as geocoding), local searches, location specific alerts, traffic alerts, searches along the route, gas prices and weather, as well as our proprietary account authentication system and other functionalities. Our SDP communicates with our client software in mobile phones or other devices over our wireless carrier customers' networks. Our SDP is designed to easily add capacity for our rapidly expanding end user base through the addition of individual service elements, such as application servers or database nodes. We have developed many proprietary technologies to differentiate our LBS offerings. For example, our routing engine produces fast and accurate results, our content search engine and address capture engine to provide end users with accurate and relevant results, and we provide voice activated search and address input that is customized for street names.

In addition, our SDP has the following advantages that further strengthen our position in the LBS industry:

Tight integration with many wireless carrier networks . Our SDP allows us to operate effectively with the networks of our wireless carrier customers, minimize downtime and achieve efficient server load balancing. Our SDP is integrated with our wireless carrier customers' back-end systems, such as billing and authentication, permitting rapid end user verification and improved response times. For example, we maintain a dedicated connection from our data center to one of our wireless carrier customers' data centers, which enables a faster, superior service.

Integration with a large number of third party content providers . Our SDP is integrated with many third party content providers through our proprietary applications. This integration facilitates a high quality end user experience by enabling the delivery of rich local information and more accurate search results by removing duplicate and conflicting data, and providing the flexibility to incorporate a wide array of content, including POI, traffic, gas prices and weather information. The flexibility of our SDP enables us to quickly add new content providers and meet evolving market demands.

Scalability to other applications and business models . Our SDP is scalable, which allows us to address rapid growth in our end user base. For example, our SDP is able to support different applications and business models such as our GPS Navigator, our wireless carrier customers' white label navigation services, TeleNav Track, and location based mobile advertising.

Client software

Client application approach . Our client application approach is to deliver a flexible client application environment, which enables us to quickly and effectively support different mobile phones and integrate with the continually evolving feature sets they include to create a better user experience. Our client software interfaces with our SDP to access updated information and data, routing and other services without using device memory for data intensive functions such as map and POI storage. Our client software conducts core navigation functions such as GPS data noise filtering, 3D moving map generation, and user friendly audio and graphical guidance generation. Our client software also enables our user interface to capture end user requests.

Intuitive user interface . Our LBS provide one-button access to local information, an intuitive user interface and consistent features and functions regardless of the mobile phone, mobile phone operating system or wireless network protocol the end user is utilizing. For many mobile phones, we also offer customized user interfaces and features and functions based on the feature preferences of our wireless carrier customers, including the ability to obtain directions from the end user's contact data on the mobile phone without having to retype the address.

Easy feature and functions upgrades . We can automatically provide over the air updates of enhanced versions of our service to mobile phones that use our recent client applications, without the need to upload new client software.

Cached data for operation with limited connectivity . Our client applications are also built to address the realities of wireless networks. Our client applications allow us to provide simplified navigation services even if users enter an area of no or limited network connectivity by caching the route and navigation information along the route at the beginning of the trip.

Technology

Our proprietary technologies enable us to provide our LBS to millions of end users, across hundreds of mobile phones as well as all major mobile phone operating systems and wireless network protocols. Our scalable LBS includes technologies that are deployed on the client and in the back-end to deliver an integrated service. Our client technologies include a navigation and guidance engine and tools allowing us to efficiently develop and deploy new applications to mobile phones. In addition, we have developed a cross platform framework and proprietary markup language that allow us to extend our LBS applications across different mobile phone operating systems more efficiently, eliminating the need for costly and time consuming redesign and development. In Europe and Canada, end users can select a language and our client software interface and related services will be delivered in that language over the wireless network.

Our client application development processes, which include design, porting and publication processes, allow us to extend our services effectively and efficiently to different mobile phones across multiple mobile phone operating systems, wireless network protocols, languages and countries. Our processes also allow us to tailor our services to different mobile phone operating systems and address different feature preferences of our wireless carrier customers. We work with our wireless carrier customers and mobile phone manufacturers prior to launch of new devices to ensure our end users have an easy to discover intuitive product experience.

Our back-end technologies include our geographic information system, or GIS, engines for local search, mobile voice recognition, geo alert and advanced geo data aggregation, traffic and a local advertising platform. We have developed customized voice recognition technology built upon a third party voice recognition engine to serve the specific needs of navigation services and LBS customers. We are continuing to leverage our existing back-end technologies for deployment to the automobile manufacturer and OEM solution opportunities. We are also adapting existing technology in new ways to expand the connectivity and service offerings for in-car experiences, including interaction between end users mobile devices and automobile hardware such as displays, sensors and audio systems.

We have developed a mobile search technology that focuses on information with localized relevance and accuracy to address the needs of mobile phone users and the relatively small screens of mobile phones. We have developed a proprietary GIS which provides fast route and map generation while optimizing the route based on current traffic conditions. Because our proprietary GIS uses less computing resources, these efficiencies enable us to scale our servers more economically.

We have developed an application hosting and provisioning system that we integrate with the billing systems of our wireless carrier customers. Our application hosting and provisioning system provides a range of billing options designed to maximize the attractiveness of our services to end users with different payment

preferences. We believe that this system allows us to deepen our relationships with our wireless carrier customers. This system is also integrated with third party verification services to allow us to bill our end users' credit cards if a wireless carrier customer is not involved.

Infrastructure and operations

Our end users rely on our services while on the road. As a result, we strive to ensure the continuous availability of our services through our high quality hosting platform and operational excellence.

Data center facilities . We have developed our infrastructure with the goal of maximizing the availability of our applications, which are hosted on a highly scalable and available network located in two secure third party facilities in Santa Clara and Sunnyvale, California. We have a disaster recovery facility in Sacramento, California that is currently able to deploy our services to end users in the case of a prolonged outage.

We have entered into service agreements with Internap Network Services Corporation, CenturyLink, formerly known as Qwest Communication Corporation, RagingWire Enterprise Solutions, Inc., and Equinix, Inc., in connection with our data center facilities in Santa Clara, Sunnyvale and Sacramento, California, respectively. Pursuant to the service agreements, we have leased facility space, power, cooling and Internet connectivity for a term of one, two and three years, respectively, with an annual option to renew for additional one year terms.

Hosting infrastructure . Our hosting operations incorporate industry standard hardware and software, including the Apache Tomcat open source operating system and Oracle and MySQL databases, into a flexible, scalable architecture. Elements of our infrastructure can be replaced or added with no interruption in service, helping to ensure that any single hardware failure will not cause a broad service outage. Our architecture enables us to host multiple wireless carriers and millions of end users on a single server farm and is designed to use inexpensive, industry standard hardware. Our infrastructure is also designed to support the varying needs of different wireless carriers.

Service level commitment . The combination of our hosting infrastructure and flexible architecture enables us to offer our wireless carrier customers at least 99.9% uptime every month, excluding designated periods of maintenance. We target achieving an even higher level of service availability. However, we have in the past and may in the future experience service outages.

Performance monitoring . We continuously monitor and optimize the performance of our SDP. We have built a custom application common logging infrastructure that continuously records the transactional behavior of the system, which can be reviewed to address any anomalies or issues. We have also built or licensed centralized performance consoles, automated load distribution tools and various self-diagnostic tools and programs. We have live performance monitoring 24 hours a day, seven days a week, to promptly identify and address any technical issues.

Research and development

Our research and development organization is responsible for the design, development and testing of our services and products. Our engineering team has deep expertise and experience in GPS and wireless and connected services and we have a number of personnel with longstanding experience with LBS applications and scaling hosted service models.

Our current research and development efforts are focused on:

- improving and expanding features, functionality and performance of our existing services;
- developing applications, services and products for new mobile phones, mobile phone operating systems and emerging wireless network technologies, and developing our technology for automobiles; and
- developing key technology and content to reduce third party costs.

Our development strategy is to identify features, services and products that are, or are expected to be, needed or desired by our end users. We also work closely with our wireless carrier customers to develop and offer service features that are attractive to their subscriber base, which are complementary to their other offered applications, and strategies to address their need to increase subscribers and revenue.

As of June 30, 2011, our research and development team consisted of 750 people, 213 of whom are located in Sunnyvale, California and 537 of whom are located in Beijing, Shanghai and Xi'an, China. We have been successful in creating cross border capabilities in the United States and China for high value engineering at lower cost. Our U.S. and China research and development operations function together on service and product development and extension of our existing services to new mobile phones. Our research and development expenses were $23.5 million, $41.6 million and $56.5 million for fiscal 2009, fiscal 2010 and fiscal 2011, respectively. We expect that the number of our research and development personnel will continue to increase over time and that the absolute dollar amount of our research and development expenses will also increase.

Marketing and sales

We rely on the extensive distribution channels of our wireless carrier customers to expand the adoption of our LBS. In addition, we sell our LBS to end users through our website and mobile phone application stores, such as Apple's App Store. We focus the majority of our marketing efforts on supporting our wireless carrier customers' marketing programs to promote our LBS to their subscribers through either our wireless carrier customers' white label or our own branded version of our solution. This strategy enables us to leverage the marketing resources of our wireless carrier customers and reduce our sales and marketing costs.

Marketing . Our wireless carrier customers are our primary source of marketing to end users. They employ a variety of marketing programs to sell our LBS, including promotion in retail stores and through their sales forces, and through various media and Internet advertising. We also implement selected public relations activities to support the launch of our LBS on new devices or the release of new LBS.

We typically provide original marketing and promotion materials, as well as electronic sales tools, to the wireless carrier customers with which we work closely to drive the adoption of our LBS. We also provide a limited number of demonstration subscriptions for use by our wireless carrier customers' sales and marketing personnel. Our wireless carrier customers generally determine the distribution channels to be used and ensure that the marketing materials are accessible to their direct and indirect sales forces, which may include third party distribution vendors. We often assist our wireless carrier customers with trade shows and other events at their request. We also provide our wireless carrier customers with access to application demonstrations and self-guided training.

In addition, we have begun to focus certain marketing efforts for our services on distribution in the Apple, Android and Blackberry application marketplaces. These efforts are focused on building our direct relationship with consumers and the TeleNav brand generally.

Sales . Our wireless carrier customers are primarily responsible for obtaining our end users through their sales and marketing efforts to their existing and potential subscribers. For example, mobile phones enabled with our LBS are sold in AT&T's direct channels, such as retail stores, and through the AT&T website and indirect channels, such as national retail partners and indirect dealers. Certain of our wireless carrier customers offer our LBS as part of a bundle of services, such as Sprint's Simply Everything plans. Bundling of our LBS with voice and/or data packages has led to substantial increases in the number of our new end users. At June 30, 2011, we had a sales team consisting of 30 employees that focus on selling our MRM products and services to enterprise customers in conjunction with certain of our wireless carrier customers. In connection with sales efforts directed primarily at enterprises, we work closely with representatives of our wireless carrier customers, often participating in sales calls and other aspects of the selling process. In connection with sales efforts directed at auto manufacturers, we have a sales team that focuses on targeted customers and responds to requests for proposal and related sales opportunities.

Customers

We primarily derive our revenue from our partnerships with wireless carriers who sell our LBS to their subscribers either as a standalone service or in a bundle with other data or voice services. We also derive revenue from Ford for the delivery of customized software and royalties from the distribution of this customized software in automotive navigation applications. End users may also subscribe to our services directly from our website, but these customers represent a small minority of our end users. We currently provide our LBS to customers in North America, Asia, Europe and South America.

As of June 30, 2011, we had entered into agreements with 14 wireless carriers to provide our LBS in 29 countries. Our revenue from the United States constituted 96%, 97% and 96% of our total revenue for fiscal 2009, fiscal 2010 and fiscal 2011, respectively.

We are substantially dependent on Sprint and AT&T for our revenue. For fiscal 2009, 2010 and fiscal 2011, Sprint represented 61%, 55% and 42% of our revenue, respectively, and AT&T represented 29%, 34% and 37% of our revenue, respectively. We expect Sprint and AT&T to represent a significant portion of our revenue for the foreseeable future.

Effective September 1, 2010, we amended our agreement with Sprint to, among other things, extend the expiration of our agreement from December 31, 2011 to December 31, 2012. Pursuant to the terms of our agreement with Sprint, we are Sprint's preferred supplier of navigation applications until December 31, 2012 and Sprint is required to use commercially reasonable efforts to feature our navigation services more prominently than other navigation applications on handsets and to preload certain of our products on handsets. Sprint is entitled to expand the number of bundles in which our navigation services are offered. For bundled navigation services, Sprint will pay us a fixed annual fee, regardless of the number of subscribers (up to specified thresholds). In connection with our amended agreement with Sprint, we and Sprint have agreed to transition Sprint Navigation branded services to TeleNav branded navigation services. Other than with respect to the fixed fee arrangement for bundled navigation services, our agreement with Sprint will automatically renew on January 1, 2013 for successive 12-month periods unless either party provides notice of termination at least 90 days prior to the expiration of the applicable term. Our agreement with Sprint also allows either party to terminate the agreement if the other party materially breaches its obligations and fails to cure such breach. Additionally, Sprint may terminate the agreement if we effect a change in control transaction or become insolvent and, beginning June 30, 2012, Sprint may terminate our agreement for any reason by providing notice at least 30 business days prior to termination.

As amended in January 2011, our agreement with AT&T expires in March 2013 and during the term of our agreement, we are the exclusive provider of white label GPS navigation services to AT&T. AT&T is not required to offer our LBS. The agreement with AT&T will automatically renew at the end of the initial term for successive one year periods unless either party provides notice of termination at least 60 days prior to the expiration of the applicable term. Our agreement with AT&T also allows either party to terminate the agreement if the other party is insolvent or materially breaches its obligations and fails to cure such breach. We are also required to give AT&T preferred pricing during the term of our agreement.

Under our agreements with Sprint and AT&T, we have obligations to indemnify Sprint and AT&T against, among other things, losses arising out of or in connection with any claim that our technology or services infringe third party proprietary or intellectual property rights. Our agreements with Sprint and AT&T may be terminated in the event an infringement claim is made against us and it is reasonably determined that there is a possibility our technology or service infringed upon a third party's rights.

We employ administrative, physical and technical safeguards to prevent unauthorized collection, access, use and disclosure of our end users' private data and to comply with applicable federal, state and local laws, rules and regulations. We do not use any end user data for direct marketing or promotions without the consent of the

user and do not store any user location information that is specifically identifiable with an end user except to deliver and support our services. We are also required to comply with our wireless carrier customers' stringent privacy policies and standards.

Intellectual property

We rely on a combination of patent, copyright, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights. These laws, procedures and restrictions provide only limited protection and the legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain and still evolving. Furthermore, effective patent, trademark, copyright and trade secret protection may not be available in every country in which our services and products are available.

We seek to patent key concepts, components, protocols, processes and other inventions. As of August 15, 2011, we held eight U.S. patents and 16 foreign patents expiring between April 11, 2020 and February 7, 2027, and have 89 U.S. and 116 foreign patent applications pending. Of the pending 89 U.S. patent applications, 86 are nonprovisional patent applications, which are patent applications that are examined on their merits by the U.S. Patent and Trademark Office, and three are provisional patent applications, which are filed for purposes of establishing priority but cannot result in an issued U.S. patent unless they are first converted to nonprovisional patents. These patents and patent applications cover claims associated with features and functions of our LBS and the technology platform we use to provide them. We have filed, and will continue to file, patent applications in the United States and other countries where there exists a strategic technological or business reason to do so. Any future patents issued to us may be challenged, invalidated or circumvented. Any patents that may issue in the future with respect to pending or future patent applications may not provide sufficiently broad protection or may not prove to be enforceable in actions against alleged infringers.

As of June 30, 2011, we owned the TeleNav and Whereboutz trademarks, registered with the U.S. Patent and Trademark Office. We also own the TeleNav and design logo registered trademark in the United Kingdom and European Union. We have several unregistered trademarks, including TeleNav GPS Navigator, TeleNav Track, TeleNav Vehicle Tracker, TeleNav Asset Tracker, TeleNav Vehicle Manager, ONMYWAY, OMW, Sipity, TeleNav LocalAdvantage, Always Find Your Way, Smart Planner, My Mileage, Evie, Jungle and MyTies.

We endeavor to enter into agreements with our employees and contractors and with parties with which we do business in order to limit access to and disclosure of our proprietary information. We cannot be certain that the steps we have taken will prevent unauthorized use or reverse engineering of our technology. Moreover, others may independently develop technologies that are competitive with ours or that infringe our intellectual property. The enforcement of our intellectual property rights also depends on the success of our legal actions against these infringers, but these actions may not be successful, even when our rights have been infringed.

We also enter into various types of licensing agreements to obtain access to technology or data that end users utilize in connection with our LBS. Our contracts with certain licensors include minimum guaranteed royalty payments, which are payable regardless of the ultimate volume of revenue derived from the number of paying end users. Our most important agreements are with the providers of maps pursuant to which we generally pay a monthly fee per end user, a per transaction fee or a revenue sharing percentage for data provided based in each case upon a multi-tiered fee structure. We obtain map data pursuant to an agreement with Tele Atlas North America, Inc., now known as TomTom Maps, dated July 1, 2009, as amended. Our agreement with TomTom Maps has an initial term of five years (except for off-board applications sold on Apple's App Store and selected vehicle navigation system applications) and will automatically renew for each supported application for successive one year periods thereafter, unless either party provides written notice of termination at least 90 days prior to the expiration of the then-current term for each supported application. In September 2010, we amended our agreement with TomTom Maps, effective August 1, 2010, to change the fee structure for map and POI data

we use to provide our services for Sprint's bundled offerings. Pursuant to the amended agreement, we will pay TomTom Maps a percentage of fees we collect from Sprint for basic navigation services and our gross advertising and mobile commerce revenue and a flat monthly fee per subscriber for premium navigation services. We also agreed to pay TomTom Maps certain guaranteed minimum payments for such services. The expiration of the license period for navigation services provided for Sprint's bundled offerings has been changed from July 1, 2014 to the earlier of December 31, 2012 or termination of our agreement with Sprint with respect to the those bundled services. We also obtain map data from Navigation Technologies Corporation, or NAVTEQ, pursuant to an agreement dated December 1, 2002. Our agreement with NAVTEQ had an initial term of one year which has been extended until January 31, 2012 and will automatically renew for successive one year periods thereafter unless either party provides written notice of termination at least 180 days prior to the expiration of the then current term. Our agreements with TomTom Maps and NAVTEQ also allow a party to terminate the agreement if the other party materially breaches its obligations and fails to cure such breach. In addition, we obtain other data such as weather updates, gas prices, POI and traffic information from additional providers.

Competition

The market for development, distribution and sale of LBS is highly competitive. Many of our competitors have greater name recognition, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources than we do.

Competitors are offering LBS navigation services that have similar functionality to ours for free. For example, Google offers free voice guided, turn by turn navigation as part of its release of Google Maps Navigation for mobile devices based on the Android 1.6 and higher operating system platform and Nokia provides a download for its latest version of Nokia Maps on its smartphones which also provides turn by turn navigation functions. Microsoft also provides a free turn by turn navigation solution with its Windows Mobile operating system. Competition from these free offerings may reduce our revenue and harm our business. If our wireless carrier customers can offer these LBS to their subscribers for free, they may elect to cease their relationships with us, alter or reduce the manner or extent to which they market or offer our services or require us to substantially reduce our subscription fees or pursue other business strategies that may not prove successful.

We compete in the LBS market and our primary competitors include providers of LBS such as Google, Microsoft, Navigon AG, or Navigon, Nokia, TeleCommunication Systems, or TCS, through its acquisition of Networks in Motion, or NIM, Telmap Ltd., or Telmap, and TomTom Maps; PND providers such as Garmin Ltd., or Garmin, and TomTom Maps; integrated navigation mobile phone providers such as Garmin and Nokia; providers of Internet and mobile based maps and directions such as AOL Corporation, or AOL, Mapquest, Inc., or Mapquest, Google, Microsoft and Yahoo!, Inc., or Yahoo.

We compete in the automotive navigation market with established automobile manufacturers and OEMs and providers of on-board navigation services such as Bosch, Garmin, TomTom Maps and NNG, or Nav N Go, as well as other competitors such as Google, Microsoft and TCS.

Competition in our market is based primarily on product performance which includes features, functions, reliability, flexibility, scalability and interoperability; wireless carrier relationships; technological expertise, capabilities and innovation; price of services and products and total cost of ownership; brand recognition; and size and financial stability of operations. We believe we compete favorably with respect to these factors based upon the performance, reliability and breadth of our services and products and our technical experience.

Some of our competitors and potential competitors enjoy advantages over us, either globally or in particular geographic markets, including with respect to the following:

- significantly greater revenue and financial resources;
- stronger brand and consumer recognition in a particular market segment, geographic region or worldwide;

- the capacity to leverage their marketing expenditures across a broader portfolio of products;
- access to core technology and intellectual property, including more extensive patent portfolios;
- access to custom or proprietary content;
- quicker pace of innovation;
- stronger wireless carrier and handset manufacturer relationships;
- more financial flexibility and experience to make acquisitions;
- lower labor and development costs; and
- broader global distribution and presence.

Our competitors' and potential competitors' advantages over us could make it more difficult for us to sell our LBS, and could result in increased pricing pressures, reduced profit margins, increased sales and marketing expenses and failure to increase, or the loss of, market share or expected market share, any of which would likely cause harm to our business, operating results and financial condition.

Employees

As of August 31, 2011, we employed 1,039 people, including 775 in research and development, 131 in sales and marketing, 58 in customer support and data center operations and 75 in a general and administrative capacity. As of that date, we had 392 employees in the United States, 639 in China, 6 in the United Kingdom and 2 in Brazil. We also engage a number of temporary employees and consultants. None of our employees is represented by a labor union or is a party to a collective bargaining agreement.

Executive Officers of the Registrant

The following table sets forth the names, ages (as of June 30, 2011) and positions of our executive officers:

Name	Age	Position
Dr. HP Jin	47	President, Chief Executive Officer and Chairman of the Board of Directors
Douglas Miller	53	Chief Financial Officer and Treasurer
Y.C. Chao	46	Vice President, Research and Development
Salman Dhanani	38	Vice President, Products
Loren Hillberg	53	General Counsel and Secretary
Dariusz Paczuski	45	Vice President, Marketing
Robert Rennard	66	Chief Technical Officer
Hassan Wahla	39	Vice President, Business Development and Carrier Sales

Dr. HP Jin is a cofounder of our company and has served as our president and a member of our board of directors since October 1999. Dr. Jin has also served as our chief executive officer and chairman of our board of directors from October 1999 to May 2001 and since December 2001. Prior to TeleNav, Dr. Jin served as a senior strategy consultant at the McKenna Group, a strategy consulting firm. Prior to that time, Dr. Jin was a business strategy and management consultant at McKinsey & Company, a management consulting firm. Dr. Jin was also previously a technical director at Loral Integrated Navigation Communication Satellite Systems, or LINCSS, a division of Loral Space & Communications, Inc., a GPS service and engineering company. Dr. Jin holds a B.S. and M.S. in Mechanical Engineering from Harbin Institute of Technology in China and a Ph.D. in Guidance, Navigation and Control, with a Ph.D. minor in Electrical Engineering, from Stanford University.

Douglas Miller has served as our chief financial officer since May 2006. From July 2005 to May 2006, Mr. Miller served as vice president and chief financial officer of Longboard, Inc., a privately held provider of telecommunications software. From October 1998 to July 2005, Mr. Miller held various management positions at

Synplicity, Inc., a publicly traded electronic design automation company acquired by Synopsys, Inc., including senior vice president of finance and chief financial officer. Prior to that time, Mr. Miller also served as chief financial officer of 3DLabs, Inc., a publicly held graphics semiconductor company, and as a partner at Ernst & Young LLP, a professional services organization. Mr. Miller is a certified public accountant (inactive). He holds a B.S.C. in Accounting from Santa Clara University.

Y.C. Chao is a cofounder of our company and has served as our vice president, research and development, since March 2006. From October 1999 to March 2006, Dr. Chao served as our senior director of technology. From June 1998 to October 1999, Dr. Chao was a GPS software engineer at Snaptrack, an assisted GPS technology company and a subsidiary of Qualcomm Incorporated. Prior to that, Dr. Chao was a GPS receiver engineer at Trimble Navigation, a positioning products solutions company. Dr. Chao holds a B.S. in Mechanical Engineering from National Taiwan University, an M.S. in Aerospace Engineering from the University of Texas Aerospace Engineering, Center for Space Research and a Ph.D. in Aeronautics and Astronautics from Stanford University.

Salman Dhanani is a cofounder of our company and was promoted to vice president, products and marketing, in August 2009, and became vice president, products in August 2010. Mr. Dhanani served as our executive director of marketing from March 2009 to July 2009 and as our senior director of marketing from November 1999 to February 2009. From January 1999 to November 1999, Mr. Dhanani served as a consultant at the McKenna Group, a strategy consulting firm. From July 1996 to December 1998, Mr. Dhanani served as an application engineer at Schlumberger Ltd., a technology consulting services company. Mr. Dhanani holds a B.S. in Electrical Engineering from the University of Washington.

Loren Hillberg has served as our general counsel since April 2009. From September 2007 to September 2008, Mr. Hillberg served as vice president and general counsel at Force10 Networks, a privately held communications and networks company. From April 2005 to May 2007, Mr. Hillberg held various management positions, including executive vice president and general counsel at Macrovision Corporation (now Rovi Corporation), a publicly traded digital entertainment company. From May 1998 to March 2005, Mr. Hillberg served as senior vice president and general counsel at Macromedia, Inc., a provider of web publishing products and solutions that was acquired by Adobe Systems Incorporated. Mr. Hillberg holds a B.A. in Economics from Stanford University and a J.D. from the University of California, Hastings College of Law.

Dariusz Paczuksi has served as our vice president, marketing since July 2010. From December 2007 to July 2010, Mr. Paczuski held various positions, including senior director of Bing Carrier Strategy and senior director of Tellme Consumer Services, at Microsoft Corporation. From 2002 to 2007, Mr. Paczuski held various positions, including vice president, Search Products and vice president, Product Marketing, at AOL Inc. Prior to that time, Mr. Paczuski held positions at Netscape Communications Corporation and General Electric Company. Mr. Paczuski holds a B.S. in Marketing from California State University in Long Beach.

Robert Rennard is a cofounder of our company and has served as our chief technical officer since February 2002. From December 1999 to February 2002, Dr. Rennard served as our vice president of engineering. From March 1998 to November 1999, Dr. Rennard served as director of product development at Cyberstar/Loral, a division of Loral Space & Communications, Inc. From April 1997 to February 1998, Dr. Rennard served as director of systems engineering at Cyberstar/Loral. From July 1996 to April 1997, Dr. Rennard served as vice president of engineering at LINCSS/Loral. Prior to that time, Dr. Rennard was a vice president of GPS Navigation Systems at Stanford Telecom, a telecommunications company acquired by ITT and Newbridge Networks Corporation, and an acquisition program manager for the U.S. Air Force. Dr. Rennard holds a B.S. in Electrical Engineering from the University of Wyoming, an M.S. in Electrical Engineering from Ohio State University and a Ph.D. in Aerospace Science from the Air Force Institute of Technology.

Hassan Wahla was promoted to vice president, business development and carrier sales, in August 2009 and served as our executive director of business development from May 2005 to August 2009. From April 2003 to May 2005, Mr. Wahla served as a senior product manager at Nextel Communications, a wireless communications company that merged with Sprint. From February 2002 to April 2003, Mr. Wahla served as vice president of business development of Wireless Multimedia Solutions, a privately held wireless software platform company. From September 1999 to February 2002, Mr. Wahla served as director of business development at MicroStrategy, Inc., a business intelligence software company. Prior to that time, Mr. Wahla served as a senior consultant at Maritime Power, a maritime equipment company. Mr. Wahla holds a B.S. in Industrial Engineering from Virginia Tech, an M.S. in Management from Stevens Institute of Technology and a Masters of International Affairs from Columbia University.

ITEM 1A. RISK FACTORS

We operate in a rapidly changing environment that involves numerous uncertainties and risks. The following risks and uncertainties may have a material and adverse effect on our business, financial condition or results of operations. You should consider these risks and uncertainties carefully, together with all of the other information included or incorporated by reference in this Form 10-K before you decide whether to purchase any of our securities. If any of the risks or uncertainties we face were to occur, the trading price of our securities could decline, and you may lose all or part of your investment.

Risk related to our business

We are substantially dependent on two wireless carrier customers for a large portion of our revenue and if these wireless carrier customers were to limit or terminate our relationships with them or to offer LBS directly or from other vendors, our revenue and net income would be adversely affected.

We are substantially dependent on two wireless carrier customers for a large portion of our revenue. In fiscal 2009, 2010 and 2011, Sprint represented 61%, 55% and 42% of our revenue, respectively. Effective September 1, 2010, we amended our agreement with Sprint to, among other things, extend the term of our agreement from December 31, 2011 to December 31, 2012. Pursuant to the terms of our agreement with Sprint, we are Sprint's preferred supplier of navigation applications until December 31, 2012 and Sprint is required to use commercially reasonable efforts to feature our navigation services more prominently than other navigation applications on handsets and to preload certain of our products on handsets. Sprint is entitled to expand the number of bundles in which our navigation services are offered. For bundled navigation services, Sprint will pay us a fixed annual fee regardless of the number of subscribers (up to specified thresholds). Sprint may terminate our agreement for any reason, beginning June 30, 2012, by providing notice at least 30 business days prior to termination. Our amended agreement with Sprint will result in declines in ARPU compared to the quarters prior to implementation of the amendment due to increasing numbers of Sprint bundle subscribers with access to our services and fixed revenue from Sprint for bundled basic navigation services. Although we are entitled to receive more revenue from enterprise LBS, mobile commerce and premium navigation services than we previously were, we may not be able to realize these benefits in the near term or at all. Our failure to renew or renegotiate this agreement on or after June 30, 2012 on favorable terms or at all, a termination of our agreement by Sprint or our failure to otherwise maintain our relationship with Sprint would substantially reduce our revenue and significantly harm our business, operating results and financial condition.

In connection with our amended agreement with Sprint, we and Sprint have agreed to transition Sprint Navigation branded services to TeleNav branded navigation services. The branding transition may not increase end user recognition of our brand and may result in confusion that results in reduced or more limited adoption of our services by Sprint's subscribers.

In March 2008, Sprint began offering the Simply Everything plans which currently include our LBS. As a result, we have experienced a significant increase in end users and benefitted from increased marketing exposure since the Simply Everything plans' introduction. If Sprint reduces its expenditures for marketing our LBS, changes its Simply Everything plans to eliminate our services, prices our LBS at a level that makes them less attractive or offers and promotes competing LBS, in lieu of, or to a greater degree than, our LBS, our revenue would be materially reduced and our business, operating results and financial condition would be materially and adversely affected.

In fiscal 2009, 2010 and 2011, AT&T represented 29%, 34% and 37% of our total revenue, respectively. AT&T is not required to offer our LBS. As amended in January 2011, our agreement with AT&T expires in March 2013 and during the term of our agreement, we are the exclusive provider of white label GPS navigation services to AT&T. If AT&T were to terminate its agreement with us or fail to renew or renegotiate the agreement on favorable terms when it expires, we would lose a substantial portion of our revenue and our business operating results and financial condition could be harmed. Furthermore, our failure to otherwise maintain our relationship with AT&T would substantially harm our business.

We operate in a highly competitive market, including competitors that offer their services for free, which could make it difficult for us to acquire and retain wireless carrier customers and end users.

The market for development, distribution and sale of LBS is highly competitive. Many of our competitors have greater name recognition, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources than we do. Competitors may offer LBS that have at least equivalent functionality to ours for free. For example, Google offers free voice guided, turn by turn navigation as part of its Google Maps product for mobile devices based on the Android 1.6 and higher operating system platform and Nokia, provides a download for its latest version of Nokia Maps on its smartphones which also provides turn by turn navigation functions. Microsoft also provides a free turn by turn navigation solution with its Windows Mobile operating system via their Bing for Mobile application. Competition from these free offerings may reduce our revenue and harm our business. If our wireless carrier customers can offer these LBS to their subscribers for free, they may elect to cease their relationships with us, alter or reduce the manner or extent to which they market or offer our services or require us to substantially reduce our fees or pursue other business strategies that may not prove successful.

Our primary competitors include providers of LBS such as Google, Microsoft, Nokia, TCS, through its acquisition of NIM, Telmap and TomTom Maps; PND providers such as Garmin and TomTom Maps; integrated navigation mobile phone providers such as Garmin and Nokia; providers of Internet and mobile based maps and directions such as AOL, Mapquest, Google, Microsoft and Yahoo!; and wireless carriers and communication solutions providers developing their own LBS. Some of our competitors' and our potential competitors' advantages over us, either globally or in particular geographic markets, include the following:

- the provision of their services at no or low cost to consumers;
- significantly greater revenue and financial resources;
- stronger brand and consumer recognition regionally or worldwide;
- the capacity to leverage their marketing expenditures across a broader portfolio of mobile and nonmobile products;
- access to core technology and intellectual property, including more extensive patent portfolios;
- access to custom or proprietary content;
- quicker pace of innovation;
- stronger wireless carrier and handset manufacturer relationships;
- greater resources to make and integrate acquisitions;
- lower labor and development costs; and
- broader global distribution and presence.

Our competitors' and potential competitors' advantages over us could make it more difficult for us to sell our LBS, and could result in increased pricing pressures, reduced profit margins, increased sales and marketing expenses and failure to increase, or the loss of, market share or expected market share, any of which would likely cause harm to our business, operating results and financial condition.

Our wireless carrier customers may change the pricing and other terms by which they offer our LBS, which could result in increased end user turnover, lower revenue and adverse effects on our business.

Certain of our wireless carrier customers sell unlimited data service plans, which include our LBS. As a result, end users do not have to pay a separate monthly fee to use our services. If our wireless carrier customers were to eliminate our services from their unlimited data service plans, such as the Sprint Simply Everything plans, we could lose end users as they would be required to pay a separate monthly fee to continue to use our

services. In addition, we could be required to change our fee structure to retain end users, which could negatively affect our gross margins. For example, effective September 1, 2010, we amended our agreement with Sprint to, among other things, provide bundled navigation services for a fixed annual fee from Sprint regardless of the number of subscribers (up to specified thresholds), rather than the per subscriber per month fee structure we and Sprint had previously employed. We anticipate that our future revenue from Sprint and our ARPU and gross margins will be negatively affected as a result of the shift to a fixed fee model for services we provide to bundled subscribers. Our wireless carrier customers may also seek to reduce the monthly fees per subscriber that they pay us if their subscribers do not use our services as often as the wireless carriers expect or for any other reason in order to reduce their costs. Our wireless carrier customers may also decide to raise prices, impose usage caps or discontinue unlimited data service plans, which could cause our end users who receive our services through those plans to move to a less expensive plan that does not include our services or terminate their relationship with the wireless carrier. If imposed, these pricing changes or usage restrictions could make our LBS less attractive and could result in current end users abandoning our LBS. If end user turnover increased, the number of our end users and our revenue would decrease and our business would be harmed. We are also required to give AT&T certain most favored customer pricing on specified products and in certain markets. In certain circumstances this may require us to reduce the price per end user under the AT&T contract, which may adversely impact our revenue.

We are substantially dependent on our wireless carrier customers to market and distribute our LBS to end users and our business may be harmed if our wireless carrier customers elect not to broadly offer our services.

We rely on our wireless carrier customers to introduce, market and promote our LBS to end users. Only one of our wireless carrier customers is contractually obligated to continue to do so. If wireless carrier customers do not introduce, market and promote mobile phones that are GPS enabled and on which our client software is preloaded and do not actively market our LBS, our LBS will not achieve broader acceptance and our revenue may not grow as fast as anticipated, or may decline.

Wireless carriers, including those with which we have existing relationships, may decide not to offer our services and may enter into exclusive relationships with one or more of our competitors. While our LBS may still be available to customers of those wireless carriers as downloads from application stores or our website, sales of our LBS would likely be much more limited than if our LBS were preloaded as a white label service actively marketed by the carrier or were included as part of a bundle of services. Our inability to offer our LBS through a white label offering or as part of a bundle on popular mobile phones would harm our operating results and financial condition.

New entrants and the introduction of other distribution models, particularly free to premium options, in the LBS market may harm our competitive position.

The markets for development, distribution and sale of LBS are evolving rapidly. New entrants seeking to gain market share by introducing new technology and new products may make it more difficult for us to sell our LBS, and could create increased pricing pressure, reduced profit margins, increased sales and marketing expenses or the loss of market share or expected market share, any of which may significantly harm our business, operating results and financial condition.

Although historically wireless carriers controlled provisioning and access to the applications that could be used on mobile phones connected to their networks, in recent years consumers have been able to download and provision applications from individual provider websites and to select from a menu of applications through the Apple App Store, Android Marketplace, the Blackberry App World and other application aggregators. In these marketplaces there is a high premium on being noticed. In order to achieve high market rankings many vendors, including ourselves, provide free versions of products that then provide opportunities for end users to upgrade to premium versions for a charge. This distribution model may not be sustainable if the cost of providing free services is greater than the revenue opportunity associated with the premium services and any related revenue opportunity for free services, such as advertising.

In addition, other new entrants may seek to have their products preloaded on mobile devices by OEMs or offered by OEMs directly. Increased competition from providers of LBS which do not rely on a wireless carrier may result in fewer wireless carrier subscribers electing to purchase their wireless carrier's branded LBS, which could harm our business and revenue. In addition, these LBS may be offered for free or on a one time fee basis, which could force us to reduce monthly subscription fees, migrate to a one time fee model or offer free versions of our products that allow for upgrades to more premium versions for a fee to remain competitive. We may also lose end users or face erosion in ARPU if these competitors deliver their products without charge to the consumer by generating revenue from advertising or as part of other applications or services. Finally, we may not be successful at generating revenue from premium navigation services if end users believe that free services are comparable or adequate.

Our success depends on significantly increasing the number of end users that purchase our LBS from our wireless carrier customers.

Our revenue is derived almost exclusively from subscription fees that we receive from our wireless carrier customers for end users who subscribe to our services on a standalone basis or in a bundle with other services. Depending on the wireless carrier contracts, we receive revenue as (1) a monthly subscription fee per end user, (2) a fixed annual fee for any number of subscribers (up to specified thresholds) receiving our services as part of bundles with other voice and data services, or (3) a revenue sharing arrangement that may include a minimum fee per end user, or (4) based on usage or other basis. To date, a relatively small number of end users have subscribed for our services in connection with their wireless plans compared to the total number of mobile phone users. Our near term success depends heavily on achieving significantly increased subscriber adoption of our LBS either through standalone subscriptions to our services or as part of bundles from our existing wireless carrier customers. Our success also depends on achieving widespread deployment of our LBS by attracting and retaining additional wireless carrier customers. The use of our LBS will depend on the pricing and quality of those services, subscriber demand for those services, which may vary by market, as well as the level of subscriber turnover experienced by our wireless carrier customers. If subscriber turnover increases more than we anticipate, our financial results could be adversely affected.

If our current and future wireless carrier customers do not successfully market our LBS, particularly GPS Navigator, to their customers or if we are not successful in maintaining and expanding our relationships with our wireless carrier customers, we will not be able to maintain or increase the number of end users that use our LBS and our business, operating results and financial condition will be materially adversely affected.

If our wireless carrier customers lose net subscribers, such as the losses Sprint previously experienced, or if their subscribers do not continue to purchase service plans that include our LBS and we are unable to develop relationships with other significant wireless carriers, we may lose end users and our revenue and operating results may be adversely affected.

Wireless carriers' relationships with subscribers have been threatened by several factors, including strong competition, lack of subscriber loyalty and the development of direct relationships between mobile phone manufacturers and mobile phone operating system providers and consumers. A loss of net subscribers by one or more of our wireless carrier customers could harm our business as we rely on our wireless carrier customers to market our products. For example, one of our key wireless carrier customers, Sprint, has experienced losses in net subscribers in the past. Although Sprint has recently experienced gains in net subscribers, if these gains in subscribers are not sustained or if Sprint subscribers do not continue to purchase service plans that include our LBS, we may also lose end users and experience a decline in revenue to the extent we are unable to develop similar relationships with other significant wireless carriers which include our services in attractive bundled or other LBS offerings that generate comparable revenue. A significant decrease in the number of our end users will adversely affect our revenue and operating results.

Our ability to increase or maintain our end user base and revenue will be impaired if mobile phone manufacturers do not allow us to customize our services for their new devices.

We typically deliver our services through client software that has been customized to work with a given mobile phone's operating system, features and form factors. Wireless carrier customers often insist that mobile phone manufacturers permit us to customize our client software for their devices in order to provide the end user with a positive experience. Wireless carriers or mobile phone manufacturers may enter into agreements with other providers of LBS for new or popular mobile phones. For this reason or others, some mobile phone manufacturers may refuse to permit us to access preproduction models of their mobile phones or the mobile phone manufacturers may offer a competing service. If mobile phone manufacturers do not permit us to customize our client software and preload it on their devices, we may have difficulty attracting end users because of poor user experiences or an inconvenient provisioning process. If we are unable to provide seamless provisioning or end users cancel their subscriptions to our services because they have poor experiences, our revenue may be harmed.

Our operating income and net income could decline as a percentage of revenue as we make further expenditures to enhance and expand our operations in order to support additional growth in our business.

As a percentage of revenue, our operating income was 38%, 40% and 33% and our net income was 27%, 24% and 20% in fiscal 2009, 2010 and 2011, respectively. Since June 30, 2008, we have made significant investments in new operating and information systems and additional data centers, hired substantial numbers of new research and development, sales and marketing and general and administrative personnel and expanded our operations outside the United States. Efforts to develop new services and products and attract new wireless carrier customers require investments in anticipation of longer term revenue. We intend to make additional investments in systems and personnel and continue to expand our operations to support anticipated growth in our business. As a result of these factors, we believe our operating income and net income may decline as a percentage of revenue at least through fiscal 2012. Furthermore, our investments and expenditures may not result in the growth that we anticipate. We also will not be able to reduce our expenditures on a timely basis, if at all, if we do not generate anticipated revenue.

We are substantially dependent on revenue from our GPS Navigator service, our flagship LBS, and, if we fail to generate significant revenue from other services, our operating results may be harmed if revenue from GPS Navigator declines.

Although revenue in absolute dollars from sources other than GPS Navigator rose in all periods presented, revenue from our GPS Navigator service represented 92%, 94% and 88% of our revenue in fiscal 2009, 2010 and 2011, respectively. If we were unable to be the exclusive provider of white label navigation services to our major wireless carrier customers or the number of end users for GPS Navigator were to decline, our revenue would be substantially harmed. We have experienced a reduction of ARPU from GPS Navigator over time as our wireless carrier customers implement white label and more bundled offerings, for which we typically receive a lower monthly subscription fee or a fixed annual fee regardless of the number of end users (subject to specified thresholds) to which we provide our services. We may be unable to increase our revenue from our enterprise LBS, automotive navigation, mobile advertising and commerce and premium LBS. If we were unable to offset declining ARPU from GPS Navigator by increasing the amount of revenue that our other services and products represent, our business, operating results and financial condition would be harmed.

We rely on our wireless carrier customers for timely and accurate subscriber information. A failure or disruption in the provisioning of this data to us would materially and adversely affect our ability to manage our business effectively.

We rely on our wireless carrier customers to bill subscribers and collect monthly fees for our LBS, either directly or through third party service providers. If our wireless carrier customers or their third party service providers provide us with inaccurate data or experience errors or outages in their own billing and provisioning

systems when performing these services, our revenue may be less than anticipated or may be subject to adjustment with the wireless carrier. In the past, we have experienced errors in wireless carrier reporting. If we are unable to identify and resolve discrepancies in a timely manner, our revenue may vary more than anticipated from period to period and this could harm our business, operating results and financial condition.

We rely on a proprietary provisioning and reporting system to track end user activation, deactivation and usage data and any material failures in this system could harm our revenue, affect our costs and impair our ability to manage our business effectively.

Our provisioning and reporting system that authenticates end users and tracks the number of end users and their use of our services is a proprietary and customized system that we developed internally. Although we believe that the flexibility of this service to integrate tightly with wireless carriers' reporting and provisioning systems gives us a competitive advantage, we might lose revenue and the ability to manage our business effectively if the system were to experience material failures or be unable to scale as our business grows. In addition, we may not be able to report our financial results on a timely basis if our wireless carrier customers question the accuracy of our records or we experience significant discrepancies between the data generated by our provisioning and reporting systems and data generated by the wireless carriers' systems, or if our systems fail or we are unable to report timely and accurate information to our third party data providers. The inability to timely report our financial results would impair the quality of our financial reporting and could result in the delisting of our common stock.

Our profitability may decline as we expand into other service and product areas and we may be unable to recoup our investments.

We receive a substantial majority of our revenue from monthly subscription fees paid by wireless carrier customers who bill their subscribers for our services on a standalone or bundled basis. As we expand our LBS offerings to enable end users to purchase our services from application stores outside of wireless carriers' sales platforms, we may have to adapt our revenue model to a one time fee for services. In addition, as we expand into the automotive navigation market, mobile advertising and commerce and premium LBS or other markets for LBS, we may be required to adopt pricing models other than monthly subscription fees and may incur cost of revenue substantially different than that which we have experienced historically due in part to third party content costs. These different pricing models and increased costs of revenue may result in declines in our gross margins.

We have limited experience in selling our services and products outside of the wireless carrier application platform. As we expand into new service and product areas, such as automotive navigation systems, we may not be able to compete effectively with existing market participants and may not be able to realize a positive return on the investment we have made in these products or services. If our introduction of a new product or service is not successful or we are not able to achieve the revenue or margins we expect, our operating results may be harmed and we may not recover our product development and marketing expenditures.

Our automotive navigation products are an important part of our effort to expand outside of mobile device navigation to other platforms and we may not be successful in our efforts to attract and retain automobile manufacturers and OEMs, implement high quality products or achieve end customer acceptance of our services and fee model.

We began to offer our first automotive off-board navigation service as an option to certain 2010 model year Ford vehicles in certain 2011 model year Ford vehicles. These navigation solutions represent our first significant activities in the automotive market and we may not be successful at achieving manufacturer and end customer acceptance of these navigation solutions.

As we expand into the automotive navigation market, we will be competing with established automotive OEMs and providers of on-board navigation services such as Bosch, Garmin, TomTom Maps and NNG, or

Nav N Go, as well as other competitors such as Google, Microsoft and TCS. Certain of the on-board solutions that we offer may not satisfy automotive manufacturers' or end customers' expectations for those solutions. To the extent that we charge service fees beyond an initial fee at the time the vehicle is purchased, we may not be successful in gaining traction with customers to provide services and charge ongoing fees outside of the traditional on-board navigation service model.

As we have limited experience in the on-board navigation market, we also may not price our solutions in such a way that is profitable for us and enables us to recoup the development expenses we incurred to provide such solutions in the time we expect or at all. Development schedules for automotive navigation products are difficult to predict, and there can be no assurance that we will achieve timely delivery of these products to our customers. Furthermore, we are actively pursuing and have yet to be successful with connected automotive navigation solutions, but believe this will be an important market. If we fail to achieve profitability in any of our automotive navigation solutions (whether on-board, connected or other), we may be unable to achieve the benefits of revenue diversification.

We will also be dependent on our automobile manufacturer or OEM customer to report on vehicles sold and to remit fees due at the time of sale. If our automobile manufacturer or OEM customers do not report promptly or correctly, our revenue, cost of revenue and net income may be affected.

The success of our automotive navigation products may be affected by overall automotive industry dynamics and customer issues.

Our ability to succeed long term in the automotive industry depends on our ability to enter into contracts for future year vehicles with our current automobile manufacturers in addition to broadening out to other automobile manufacturers and OEMs. For automobile manufacturers with whom we have established relationships such as Ford, our success depends on continued production of vehicles with and adoption by automobile buyers of our products offered by such automobile manufacturers. As we move forward, Ford may not include our solutions in future year vehicles or territories, which would negatively affect our revenue from these products.

We may also not be successful in attracting and retaining other automobile manufacturers and OEMs due to intense competitive pressures affecting vehicle sales on a global basis, the economic restructuring among certain domestic automobile manufacturers and OEMs and severe financial-related shocks upon the automotive markets and supply chain.

If our end users increase their usage of our services, our net operating income may decline because the fees we receive from our wireless carrier customers generally do not depend on usage.

With limited exceptions, our wireless carrier customers pay us fees that do not vary depending on whether or how often an end user uses our services. Historically, end users using certain mobile phones or under certain service plans tended to use our services more than other end users. We budget and operate our services by making certain assumptions about usage patterns. If our end users were to further increase their usage of our services substantially or were to be permitted to use basic versions of our service for a fee, we would incur additional expenses to expand our server capacity, operate additional data centers and pay additional third party content fees. These additional costs would harm our operating results and financial condition.

We may not be able to enhance our LBS to keep pace with technological and market developments, or develop new LBS in a timely manner or at competitive prices.

The market for LBS is emerging and is characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. To keep pace with technological developments, satisfy increasing customer requirements and achieve product acceptance, our future success depends upon our ability to enhance our current LBS platform and to continue to develop and introduce new LBS

offerings and enhanced performance features and functionality on a timely basis at competitive prices. Our inability, for technological or other reasons, to enhance, develop, introduce or deliver compelling LBS in a timely manner, or at all, in response to changing market conditions, technologies or consumer expectations could have a material adverse effect on our operating results or could result in our LBS becoming obsolete. Our ability to compete successfully will depend in large measure on our ability to maintain a technically skilled development and engineering team and to adapt to technological changes and advances in the industry, including providing for the continued compatibility of our LBS platform with evolving industry standards and protocols and competitive network operating environments.

Development and delivery schedules for LBS are difficult to predict. We have in the past and may in the future fail to deliver new versions of our services in a timely fashion. If new releases of our LBS are delayed or our services are not preloaded on mobile phones upon their initial commercial release, our wireless carrier customers may curtail their efforts to market and promote our LBS and end users may switch to competing services, any of which would result in a delay or loss of revenue and could harm our business. In addition, we cannot assure you that the technologies and related LBS that we develop will be brought to market by our wireless carrier customers as quickly as anticipated or that they will achieve broad acceptance among wireless carriers or consumers.

We rely on third party data and content to provide our services and if we were unable to obtain content at reasonable prices, or at all, our gross margins and our ability to provide our services would be harmed.

We rely on third party data and content to provide our services, including map data, POI, traffic information, gas prices and weather information. If our suppliers of this data or content were to enter into exclusive relationships with other providers of LBS or were to discontinue providing such information and we were unable to replace them cost effectively, or at all, our ability to provide our services would be harmed. Our gross margins may also be affected if the cost of third party data and content increases substantially.

We obtain map data from TomTom Maps and NAVTEQ, which are companies owned by our current and potential competitors TomTom Maps and Nokia, respectively. Accordingly, these third party data and content providers may act in a manner that is not in our best interest. For example, they may cease to offer their map data to us.

We may not be able to upgrade our LBS platform to support certain advanced features and functionality without obtaining technology licenses from third parties. Obtaining these licenses may be costly and may delay the introduction of such features and functionality, and these licenses may not be available on commercially favorable terms, or at all. The inability to offer advanced features or functionality, or a delay in our ability to upgrade our LBS platform, may adversely affect consumer demand for our LBS and, consequently, harm our business.

We have experienced rapid growth in recent periods. If we fail to manage our growth effectively, our financial performance may suffer.

We have substantially expanded our overall business, end user base, headcount and operations in recent periods. We increased our total number of full time employees from 438 at June 30, 2008 to 1,011 at June 30, 2011. During this same period, we made substantial investments in our information systems and significantly expanded our operations outside the United States, including an expansion of our research and development activities in China. Our expansion has placed, and our expected future growth will continue to place, a significant strain on our managerial, administrative, operational, financial and other resources. If we are unable to manage our growth successfully, our operating results will suffer. In addition, due to the large number of employees located outside of the United States, we have exposure to changes in foreign currency rates which could result in higher labor and related operating costs.

Network failures, disruptions or capacity constraints in our third party data center facilities or in our servers could affect the performance of our LBS and harm our reputation and our revenue.

Our LBS are provided through a combination of our servers, which we house at third party data centers, the public Internet and the private and wireless networks of our wireless carrier customers. Our operations rely to a significant degree on the efficient and uninterrupted operation of the third party data centers we use. Our hosted data centers are currently located in third party facilities located in the San Francisco Bay Area. We have recently added third party data center facilities in the Sacramento, California area to provide for disaster recovery and, which we expect, in the long term, to accommodate the anticipated growth of our LBS. Depending on the growth rate in the number of our end users and their usage of our services, if we do not timely complete and open additional data centers, we may experience capacity issues, which could lead to service failures and disruptions. In addition, if we are unable to secure data center space with appropriate power, cooling and bandwidth capacity, we may be unable to efficiently and effectively scale our business to manage the addition of new wireless carrier customers, increases in the number of our end users or increases in data traffic.

Our data centers are potentially vulnerable to damage or interruption from a variety of sources, including fire, flood, earthquake, power loss, telecommunications or computer systems failure, human error, terrorist acts or other events. We have not yet completed a comprehensive business continuity plan and there can be no assurance that the measures implemented by us to date, or measures implemented by us in the future, to manage risks related to network failures or disruptions in our data centers will be adequate, or that the redundancies built into our servers will work as planned in the event of network failures or other disruptions. In particular, if we experienced damage or interruptions to our data centers in the San Francisco Bay Area, or were unable to commence recovery operations in our new data center in Sacramento, California, our ability to provide efficient and uninterrupted operation of our services would be significantly impaired.

We could also experience failures of our data centers or interruptions of our services, or other problems in connection with our operations, as a result of:

- damage to or failure of our computer software or hardware or our connections and outsourced service arrangements with third parties;
- errors in the processing of data by our servers;
- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism and similar events; or
- errors by our employees or third party service providers.

Poor performance in or disruptions of our services could harm our reputation, delay market acceptance of our services and subject us to liabilities. Our wireless carrier agreements require us to meet at least 99.9% operational uptime requirements, excluding scheduled maintenance periods, or be subjected to penalties.

In addition, if our end user base continues to grow, additional strain will be placed on our technology systems and networks, which may increase the risk of a network disruption. Any outage in a network or system, or other unanticipated problem that leads to an interruption or disruption of our LBS, could have a material adverse effect on our operating results and financial condition.

If our LBS platform does not scale as anticipated, or we are unable to grow data center capacity as needed, our business will be harmed.

Despite frequent testing of the scalability of our LBS platform in a test environment, the ability of our LBS platform to scale to support a substantial increase in the use of our services or number of users in an actual commercial environment is unproven. If our LBS platform does not efficiently and effectively scale to support and manage a substantial increase in the use of our services or number of users while maintaining a high level of performance, our business will be seriously harmed.

Our quarterly revenue and operating results have fluctuated in the past and may fluctuate in the future due to a number of factors. As a result, we may fail to meet or exceed the expectations of securities analysts or investors, which could cause our stock price to decline.

Our quarterly revenue and operating results may vary significantly in the future. Therefore, you should not rely on the results achieved in any one quarter as an indication of future performance. Period to period comparisons of our revenue and operating results may not be meaningful. Our quarterly results of operations may fluctuate as a result of a variety of factors, including, but not limited to, those listed below, many of which are outside of our control:

- changes in the pricing of our services or products or those of our competitors and changes in the pricing and content of bundled LBS offerings of our wireless carrier customers, such as the revenue model changes resulting from our recent contract amendment with Sprint;
- impact of results of the offering of a premium upgrade on a basic version of our service that is offered for free included in a wireless carrier customer's bundled offerings;
- changes made to an existing contractual obligations with a customer that may affect the nature and timing of revenue recognition;
- loss of subscribers by our wireless carrier customers or a reduction in the number of subscribers to plans that include our services;
- the timing and quality of information we receive from our wireless carrier customers and automobile manufacturers and OEMs;
- our inability to attract new end users;
- the timing and success of new service introductions by us or our competitors;
- the timing and success of new mobile phone introductions by our wireless carrier customers;
- the loss of our relationship with any particular wireless carrier customer;
- the timing and success of wireless carrier customers' marketing expenditures;
- the seasonality of new vehicle model introductions and consumer buying patterns;
- the extent of any interruption in our services;
- the amount and timing of operating costs and capital expenditures related to the expansion of our operations and infrastructure;
- the timing of expenses related to the development or acquisition of technologies, products or businesses;
- potential foreign currency exchange gains and losses associated with expenses and sales denominated in currencies other than the U.S. dollar;
- general economic, industry and market conditions that impact expenditures for smartphones and LBS in the United States and other countries where we sell our services and products;
- changes in interest rates and our mix of investments, which would impact our return on our investments in cash and marketable securities;
- changes in our effective tax rates; and
- the impact of new accounting pronouncements.

Fluctuations in our quarterly operating results might lead analysts to change their models for valuing our common stock. As a result, our stock price could decline rapidly and we could face costly securities class action lawsuits or other unanticipated issues.

If a substantial number of end users change mobile phones or if our wireless carrier customers switch to subscription plans that require active monthly renewal by end users, our revenue could suffer.

Subscription fees represent the vast majority of our revenue. As mobile phone development continues and new mobile phones are offered at subsidized rates to subscribers in connection with plan renewals, an increasing percentage of end users who already subscribe to our services will likely upgrade from their existing mobile phones. With some wireless carriers, subscribers are unable to automatically transfer their existing subscriptions from one mobile phone to another, or may choose to discontinue our services if their new device has an alternative application pre-installed.

In addition, wireless carriers may switch to subscription billing systems that require subscribers to actively renew, or opt-in, each month from current systems that passively renew unless subscribers take some action to opt-out of their subscriptions. In either case, unless we or our wireless carrier customers are able to resell subscriptions to these subscribers or replace these subscribers with other subscribers, our revenue would suffer and this could harm our business, operating results and financial condition.

If we are unable to attract new wireless carrier customers, our revenue growth may be adversely affected and our net income could decline.

If we do not add new wireless carrier customers and increase the number of end users who receive our services through those new wireless carrier customers, we may not be able to increase our revenue in the longer term. Our sales and marketing efforts may not be successful in establishing relationships with new wireless carrier customers. We will not be successful in expanding into new geographic markets without developing relationships with successful wireless carriers in those markets. We expect to incur significant additional expenses in hiring additional personnel and expanding our international operations in order to attract new wireless carrier customers in different geographic markets to achieve revenue growth. If we fail to attract new successful wireless carrier customers and their subscribers or our new service introductions are not successful, we may be unable to increase our revenue and our operating results may be adversely affected.

Our lengthy sales cycle makes it difficult for us to predict when we will generate revenue from wireless carrier and automobile manufacturer and OEM customers.

We have a lengthy and complex sales process. The integration and testing of our LBS platform with a prospective wireless carrier requires substantial time and expense before launching our LBS with that wireless carrier. In new geographic markets, our sales cycles are typically longer and may involve more challenges such as language or government regulation/compliance requirements. Even after a wireless carrier decides to launch our LBS, the integration of our LBS platform with a wireless carrier's network and billing systems generally requires several months to complete. Moreover, launch of our LBS by a wireless carrier typically may be timed to coincide with a new mobile phone launch, over which we have no control. In addition, being selected to participate and designed into new vehicle models is a lengthy and time consuming process and our LBS platform may not be included for factors beyond our control if we are participating in the vehicle with an OEM. Because of these lengthy cycles, we may experience delays from the time we begin the sales process and incur increased costs and expenses to obtain a partner as a customer and integrate our LBS platform until the time we generate revenue from such wireless carrier, OEM or automobile manufacturers. These delays may make it difficult to predict when we will generate revenue from new customers.

The failure of mobile phone providers selected by our wireless carrier customers to keep pace with technological and market developments in mobile phone design and the rapid transition in the industry from feature phones to smartphones may negatively affect the demand for our LBS.

Wireless carriers select various mobile phones to run on their wireless networks. Our future success will depend on these mobile phone providers' ability to design and manufacture mobile phones that meet the demands of wireless carriers and their subscribers. In order to continue their relationships with the wireless carriers, these

mobile phone providers will have to continue to invest in developing mobile phones that are compatible with the advanced network technology that wireless carriers are deploying to increase network capacity and speed. If our wireless carrier customers fail to select mobile phone providers whose products have superior GPS capabilities or fail to adopt other advanced technologies, our ability to sell our LBS may suffer. If we do not extend our client software to these devices in a timely and efficient manner before the initial commercial launch of the mobile phone, our adoption rates will suffer. In addition, if our wireless carrier customers select mobile phones that are incompatible with our LBS client software, we will incur additional time and expenses to extend our services to those devices, which may cause us to incur unanticipated operating expenses and miss product launch windows. Because of short product life cycles in the wireless communications industry, if we fail to integrate our software on a mobile phone prior to its commercial launch or if it is preloaded with another provider's LBS, we may lose a substantial opportunity to gain end users who purchase that device and our revenue may suffer.

The rapid transition occurring in the market for mobile phones from feature phones to smartphones creates opportunities for competitors to enter the market for our LBS services with wireless carriers that traditionally provided a single option for their platform. This shift in consumer hardware choice may result in more competitors targeting the smartphone opportunities at lower prices without having to cooperate with the wireless carrier. We traditionally benefited in our relationship with wireless carriers through their distribution of our application for their devices as the pre-loaded option for end users. As end users become accustomed to searching out their own applications generally they may also seek out more alternatives for their LBS application.

Successful sales of our LBS depend on our wireless carrier customers keeping pace with changing consumer preferences for mobile phones and our ability to appeal to smartphone users with more application options. If our wireless carrier customers do not select mobile phones with the design attributes attractive to consumers, such as thin form factors, high resolution screens and desired functionality, customers may select wireless carriers with whom we do not have a relationship and subscriptions for our LBS may decline and, consequently, our business may be harmed.

A large percentage of our research and development operations are conducted in China and our ability to introduce new services and support our existing services cost effectively depends on our ability to manage those remote development sites successfully.

Our success depends on our ability to enhance our current services and develop new services and products rapidly and cost effectively. We opened two research and development centers in China, in addition to our existing facility, for the purpose of conducting more fundamental product development in those locations. We currently have a majority of our research and development personnel in China. As we do not have substantial experience managing core product development operations that are remote from our U.S. headquarters, we may not be able to manage these remote centers successfully. We could incur unexpected costs or delays in product development that could impair our ability to meet market windows or cause us to forego certain new product opportunities.

Because our long term success depends on our ability to increase the number of end users located outside of the United States, our business will be susceptible to risks associated with international operations.

As of June 30, 2011, we had international operations in China, the United Kingdom and Brazil. Our experience with wireless carriers and automobile manufacturers and OEMs outside the United States is limited. Although we have entered into agreements with 14 wireless carriers to provide our LBS in 29 countries and in absolute dollars our revenue from international operations increased in each of the periods presented, our revenue from the United States comprised 96%, 97% and 96% of our total revenue for fiscal 2009, 2010 and 2011, respectively. Our limited experience in operating our business outside the United States increases the risk that our current and future international expansion efforts may not be successful. In particular, our business model

may not be successful in particular countries or regions outside the United States for reasons that we currently do not anticipate. In addition, conducting international operations subjects us to risks that we have not generally faced in the United States. These include:

- fluctuations in currency exchange rates;
- unexpected changes in foreign regulatory requirements
- difficulties in managing the staffing of remote operations;
- potentially adverse tax consequences, including the complexities of foreign value added tax systems, restrictions on the repatriation of earnings and changes in tax rates;
- dependence on foreign wireless carriers with different pricing models;
- roaming charges to end users;
- availability of reliable 2G, 3G and 4G mobile networks in those countries;
- requirements that we comply with local telecommunication regulations in those countries;
- the burdens of complying with a wide variety of foreign laws and different legal standards;
- increased financial accounting and reporting burdens and complexities;
- political, social and economic instability in some jurisdictions;
- terrorist attacks and security concerns in general; and
- reduced or varied protection for intellectual property rights in some countries.

The occurrence of any one of these risks could negatively affect our international business and, consequently, our operating results. Additionally, operating in international markets requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required to establish, acquire or integrate operations in other countries will produce desired levels of revenue or profitability.

We rely on our management team and need additional personnel to grow our business, and the loss of one or more key employees or our inability to attract and retain qualified personnel could harm our business.

Our success and future growth depend on the skills, working relationships and continued services of our management team and in particular, our founders, Y.C. Chao, HP Jin and Robert Rennard. Our future performance will depend on our ability to continue to retain our senior management.

Our future success also will depend on our ability to attract, retain and motivate highly skilled personnel in the United States and internationally. All of our employees work for us on an at will basis. Competition for highly skilled personnel is intense, particularly in the software industry and for persons with experience with GPS and LBS. The high degree of competition for personnel we experience has resulted in and may also continue to result in the incurrence of significantly higher compensation costs to attract, hire and retain employees. We have from time to time experienced, and we expect to continue to experience, difficulty in attracting, hiring and retaining highly skilled employees with appropriate qualifications. In addition, existing employees often consider the value of the stock awards they receive in connection with their employment. If our stock price performs poorly, it may adversely affect our ability to retain highly skilled employees. Our inability to attract and retain the necessary personnel could adversely affect our business and future growth prospects.

If we are unable to integrate future acquisitions successfully, our operating results and prospects could be harmed.

We have not made any acquisitions to date. In the future, we may make acquisitions to improve our LBS offerings or expand to new markets. Our future acquisition strategy will depend on our ability to identify,

negotiate, complete and integrate acquisitions and, if necessary, to obtain satisfactory debt or equity financing to fund those acquisitions. Mergers and acquisitions are inherently risky, and any mergers and acquisitions we complete may not be successful. Any mergers and acquisitions we may pursue would involve numerous risks, including the following:

- difficulties in integrating and managing the operations, technologies and products of the companies we acquire;
- diversion of our management's attention from normal daily operation of our business;
- our inability to maintain the key business relationships and the reputations of the businesses we acquire;
- our inability to retain key personnel of the acquired company;
- uncertainty of entry into markets in which we have limited or no prior experience and in which competitors have stronger market positions;
- our dependence on unfamiliar affiliates and customers of the companies we acquire;
- insufficient revenue to offset our increased expenses associated with acquisitions;
- our responsibility for the liabilities of the businesses we acquire, including those which we may not anticipate; and
- our inability to maintain internal standards, controls, procedures and policies.

We may be unable to secure the equity or debt funding necessary to finance future acquisitions on terms that are acceptable to us. If we finance acquisitions by issuing equity or convertible debt securities, our existing stockholders will likely experience dilution, and if we finance future acquisitions with debt funding, we will incur interest expense and may have to comply with financial covenants and secure that debt obligation with our assets.

We may be required to incur unanticipated capital expenditures.

Circumstances may arise that require us to make unanticipated capital expenditures, including:

- the implementation of our equipment at new data centers and expansion of our operations at data centers;
- the replacement of outdated or failing equipment; and
- the acquisition of key technologies to support or expand our LBS.

We rely on network infrastructures provided by our wireless carrier customers and mobile phones for the delivery of our LBS to end users.

We generally provide our services from our own servers, which require close integration with the wireless carriers' networks. We may be unable to provide high quality services if the wireless carriers' networks perform poorly or experience delayed response times. Our future success will depend on the availability and quality of our wireless carrier customers' networks in the United States and abroad to run our LBS. This includes deployment and maintenance of reliable 2G, 3G and 4G networks with the speed, data capacity and security necessary to provide reliable wireless communications services. We do not establish or maintain these wireless networks and have no control over interruptions or failures in the deployment and maintenance by wireless carrier customers of their network infrastructure. In addition, these wireless network infrastructures may be unable to support the demands placed on them if the number of subscribers increases, or if existing or future subscribers increase their use of limited bandwidth. Market acceptance of our LBS will depend in part on the quality of these wireless networks and the ability of our wireless carrier customers to effectively manage their subscribers' expectations.

Wireless communications have experienced a variety of outages and other delays as a result of infrastructure and equipment failures and could face outages and delays in the future. These outages and delays could affect our ability to provide our LBS successfully. In addition, changes by a wireless carrier to network infrastructure may interfere with the integration of our servers with their network and delivery of our LBS and may cause end users to lose functionality for services they have already purchased. Any of the foregoing could harm our business, operating results and financial condition.

We cannot control the quality standards of our wireless carrier customers, their mobile phone providers and other technology customers. We cannot guarantee that the mobile phones are free from errors or defects. If errors or defects occur in mobile phones or services offered by our wireless carrier customers, it could result in consumers terminating our services, damage to our reputation, increased customer service and support costs, warranty claims, lost revenue and diverted development resources, any of which could adversely affect our business, results of operations and financial condition.

Mergers, consolidations or other strategic transactions in the wireless communications industry could weaken our competitive position, reduce the number of our wireless carrier customers and adversely affect our business.

The wireless communications industry continues to experience consolidation and an increased formation of alliances among wireless carriers and between wireless carriers and other entities. Should one of our wireless carrier customers consolidate or enter into an alliance with another carrier, this could have a material adverse impact on our business. For example, our wireless carrier customer Alltel was acquired by Verizon in early 2009. Although we had an agreement with Alltel to be the exclusive white label provider of navigation services, Verizon elected to discontinue selling mobile phones preloaded with our LBS. We have experienced a decline in our revenue from the combined entity as a result of this decision, and expect this decline to continue. Such a consolidation or alliance may cause us to lose a wireless carrier customer or require us to reduce prices as a result of enhanced customer leverage, which would have a negative effect on our business. We may not be able to expand our base of wireless carrier customers to offset revenue declines if we lose a wireless carrier customer or if the number of end users for our services declines.

In addition, if two or more of our competitors or wireless carrier customers were to merge or partner, the change in the competitive landscape could adversely affect our ability to compete effectively. We have agreements with both AT&T and T-Mobile, and if the proposed acquisition by AT&T of T-Mobile is completed, our arrangements with AT&T and/or T-Mobile may be adversely affected. Our competitors may also establish or strengthen cooperative relationships with their wireless carrier customers, sales channel partners or other parties with whom we have strategic relationships, thereby limiting our ability to promote our LBS. These events could reduce our revenue and adversely affect our operating results.

Reduced expenditures for mobile phones or wireless services due to adverse or uncertain economic conditions may negatively affect our business and results of operations.

Recent adverse economic conditions and future uncertainties may directly affect the marketing and distribution of mobile phones and our LBS by our wireless carrier customers. As current and future conditions in the domestic and global economies remain uncertain, it is difficult to estimate the level of economic growth, which may cause some wireless carriers to emphasize marketing basic voice services rather than data services, such as LBS. In addition, subscribers may try to reduce their monthly expenses by reducing spending on discretionary wireless services, such as ours. Accordingly, the future direction of the overall domestic and global economies will have an impact on our overall performance. Economic conditions are beyond our control. If these economic conditions worsen or fail to improve, we may experience reduced demand for and pricing pressure on our LBS, which could harm our operating results.

Changes in business direction and market conditions could lead to charges related to structural reorganization and discontinuation of certain products or services, which may adversely affect our financial results.

In response to changing market conditions and the desire to focus on new and more potentially attractive opportunities, we may be required to strategically realign our resources and consider restructuring, eliminating, or otherwise exiting certain business activities. Any decision to reduce investment in or dispose of or otherwise exit business activities may result in the recording of special charges, such as workforce reduction and excessive facility space costs.

Risks related to our intellectual property and regulation

We operate in an industry with extensive intellectual property litigation. Claims of infringement against us or our wireless carrier customers may cause our business, operating results and financial condition to suffer.

Our commercial success depends in part upon us and our customers not infringing intellectual property rights owned by others and being able to resolve claims of intellectual property infringement without major financial expenditures. We operate in an industry with extensive intellectual property litigation and it is not uncommon for our wireless carrier customers and competitors to be involved in infringement lawsuits by or against third parties. Many industry participants that own, or claim to own, intellectual property aggressively assert their rights, and our wireless carrier customers, which we agree in certain circumstances to indemnify for intellectual property infringement claims related to our services, are often targets of such assertions. We cannot determine with certainty whether any existing or future third party intellectual property rights would require us to alter our technologies, obtain licenses or cease certain activities.

We have received, and may in the future receive, claims from third parties asserting infringement and other related claims. As of the date of this Annual Report on Form 10-K, we were named as a defendant in certain cases alleging that our services infringe other parties' patents, as well as other matters. See Part I, Item 3, "Legal Proceedings," for a description of these matters. These cases and future litigation may make it necessary to defend ourselves and our wireless carrier customers by determining the scope, enforceability and validity of third party proprietary rights or to establish our proprietary rights. Some of our competitors may have substantially greater resources than we do and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. In addition, patent holding companies that focus solely on extracting royalties and settlements by enforcing patent rights may target us or our wireless carrier customers. These companies typically have little or no product revenue and therefore our patents may provide little or no deterrence against such companies filing patent infringement lawsuits against us. Regardless of whether claims that we are infringing patents or other intellectual property rights have any merit, these claims are time consuming and costly to evaluate and defend and could:

- adversely affect our relationships with our current or future wireless carrier customers;
- cause delays or stoppages in the shipment of TeleNav enabled mobile phones, or cause us to modify or suspend the provision of our LBS;
- cause us to incur significant expenses in defending claims brought against our wireless carrier customers or us;
- divert management's attention and resources;
- subject us to significant damages or settlements;
- require us to enter into settlements, royalty or licensing agreements on unfavorable terms; or
- require us to cease certain activities.

In addition to liability for monetary damages against us or, in certain circumstances, our wireless carrier customers, we may be prohibited from developing, commercializing or continuing to provide certain of our LBS

unless we obtain licenses from the holders of the patents or other intellectual property rights. We cannot assure you that we will be able to obtain any such licenses on commercially reasonable terms, or at all. If we do not obtain such licenses, our business, operating results and financial condition could be materially adversely affected and we could, for example, be required to cease offering our LBS or be required to materially alter our LBS, which could involve substantial costs and time to develop.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, damages caused by defective software and other losses.

Our agreements with our wireless carrier and automobile manufacturer and OEM customers include indemnification provisions. We agree to indemnify them for losses suffered or incurred in connection with our LBS or navigation products, including as a result of intellectual property infringement, damages caused by defects and damages caused by viruses, worms and other malicious software. The term of these indemnity provisions is generally perpetual after execution of the corresponding agreement, and the maximum potential amount of future payments we could be required to make under these indemnification provisions is generally substantial and may be unlimited. In addition, some of these agreements permit our indemnitees to terminate their agreements with us if they determine that the use of our LBS or navigation products infringes third party intellectual property.

We have received, and expect to receive in the future, demands for indemnification under these agreements. These demands can be very expensive to settle or defend, and we have in the past incurred substantial legal fees in connection with certain of these indemnity demands. For example, we have been notified by several wireless carriers that they have been named as defendants in certain patent infringement cases for which they may seek indemnification from us. See the section entitled “Legal Proceedings.” These indemnity demands relate to pending litigation and remain outstanding and unresolved as of the date of this Form 10-K. Large future indemnity payments and associated legal fees and expenses, including potential indemnity payments and legal fees and expenses relating to the current or future notifications, could materially harm our business, operating results and financial condition.

We may in the future agree to defend and indemnify our wireless carrier or automobile manufacturer and OEM customers in connection with the pending notifications or future demands, irrespective of whether we believe that we have an obligation to indemnify them or whether we believe that our services and products infringe the asserted intellectual property rights. Alternatively, we may reject certain of our wireless carrier customers’ or automotive suppliers’ and manufacturers’ indemnity demands, which may lead to disputes with our wireless carrier or automobile manufacturer and OEM customers and may negatively impact our relationships with them or result in litigation against us. Our wireless carrier or automobile manufacturer and OEM customers may also claim that any rejection of their indemnity demands constitutes a material breach of our agreements with them, allowing them to terminate such agreements. Our agreements with Sprint and AT&T may be terminated in the event an infringement claim is made against us and it is reasonably determined that there is a possibility our technology or services infringed upon a third party’s rights. If, as a result of indemnity demands, we make substantial payments, our relationships with our wireless carrier customers are negatively impacted or if any of our wireless carrier agreements is terminated, our business, operating results and financial condition could be materially adversely affected. See the section entitled “Legal Proceedings.”

The occurrence or perception of a security breach or disclosure of confidential information could harm our business.

Our LBS include the transmission and storage of personal, private and confidential information primarily related to the location of our end users. If there is a security breach or if there is an inappropriate disclosure of any of these types of information, we could be exposed to investigations, litigation, fines and penalties. Remediation of and liability for loss or misappropriation of end user or employee personal information could have a material adverse effect on our business and financial results. Even if we were not held liable for such

event, a security breach or inappropriate disclosure of personal, private or confidential information could harm our reputation and our relationships with current and potential end users. Even the perception of a security risk could inhibit market acceptance of our LBS. In addition, we may be required to invest additional resources to protect against damages caused by any actual or perceived disruptions of our LBS or security breaches. We may also be required to provide information about the location of an end user's mobile phone (or vehicle, with respect to certain of our enterprise LBS) to government authorities, which could result in public perception that we are providing the government with intelligence information and deter some end users from using our services. Any of these developments could harm our business.

Changes in government regulation of the wireless communications industry and the automobile industry may adversely affect our business.

It is possible that a number of laws and regulations may be adopted in the United States and elsewhere that could restrict the wireless communications industry or further regulate the automobile industry, including laws and regulations regarding lawful interception of personal data, use of mobile phones or navigation services within autos or the control of such use, privacy, taxation, content suitability, copyright and antitrust. Furthermore, the growth and development of electronic storage of personal information may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies such as ours that store personal information. We anticipate that regulation of our industry will increase and that we will be required to devote legal and other resources to address this regulation. Changes in current laws or regulations or the imposition of new laws and regulations in the United States or elsewhere regarding the wireless communications or automobile industries may lessen the growth of wireless communications or automobile industry services and make operation more costly, and may materially reduce our ability to increase or maintain sales of our LBS.

We may become subject to significant product liability costs.

If our LBS or products contain defects, there are errors in the maps supplied by third party map providers or if our end users do not heed our warnings about the proper use of these products, collisions or accidents could occur resulting in property damage, personal injury or death. If any of these events occurs, we could be subject to significant liability for personal injury and property damage and under certain circumstances could be subject to a judgment for punitive damages. We maintain limited insurance against accident related risks involving our products. However, we cannot assure you that this insurance would be sufficient to cover the cost of damages to others or will continue to be available at commercially reasonable rates. In addition, we may be named as a defendant in litigation by consumers individually or on behalf of a class if their handsets or automobiles suffer problems from software downloads from our wireless carrier customers or automobile manufacturer and OEM customers. If we are unable to obtain indemnification from our customer for any damages or legal fees we may incur in connection with such complaints, our financial position may be adversely impacted. In addition, insurance coverage generally will not cover awards of punitive damages and may not cover the cost of associated legal fees and defense costs. If we are unable to maintain sufficient insurance to cover product liability costs or if our insurance coverage does not cover an award, our business, financial condition and results of operations could be adversely affected.

Government regulation designed to protect end user privacy may make it difficult for us to provide our services or adopt advertising based revenue models.

We transmit and store a large volume of personal information in the course of providing our LBS. This information is increasingly subject to legislation and regulations in numerous jurisdictions around the world. This government action is typically intended to protect the privacy and security of personal information that is collected, stored and transmitted in or from the governing jurisdiction.

Legislation may also be adopted in various jurisdictions that prohibits use of personal information and search histories to target end users with tailored advertising, or provide advertising at all. Although our advertising revenue to date is not significant, we anticipate we will continue to grow advertising revenue in the future to improve ARPU in certain markets.

We could be adversely affected if domestic or international legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business. For example, the USA PATRIOT Act provides certain rights to U.S. law enforcement authorities to obtain personal information in the control of U.S. persons and entities without notifying the affected individuals. If we are required to allocate significant resources to modify the delivery of our services to enable enhanced legal interception of the personal information that we transmit and store, our results of operations and financial condition may be adversely affected.

In addition, because various foreign jurisdictions have different laws and regulations concerning the storage and transmission of personal information, we may face unknown requirements that pose compliance challenges in new international markets that we seek to enter. Such variation could subject us to costs, delayed service launches, liabilities or negative publicity that could impair our ability to expand our operations into some countries and therefore limit our future growth.

As privacy and data protection have become more sensitive issues, we may also become exposed to potential liabilities as a result of differing views on the privacy of personal information. These and other privacy concerns could adversely impact our business, results of operations and financial condition.

If we are unable to protect our intellectual property and proprietary rights, our competitive position and our business could be harmed.

We rely primarily on a combination of patent laws, trademark laws, copyright laws, trade secrets, confidentiality procedures and contractual provisions to protect our proprietary technology. However, our issued patents and any future patents that may issue may not survive a legal challenge to their scope, validity or enforceability, or provide significant protection for us. The failure of our patents to adequately protect our technology might make it easier for our competitors to offer similar products or technologies. In addition, patents may not issue from any of our current or any future applications.

Monitoring unauthorized use of our intellectual property is difficult and costly. The steps we have taken to protect our proprietary rights may not be adequate to prevent misappropriation of our intellectual property. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Our competitors may also independently develop similar technology. In addition, the laws of many countries do not protect our proprietary rights to as great an extent as do the laws of the United States. Any failure by us to meaningfully protect our intellectual property could result in competitors offering products that incorporate our most technologically advanced features, which could seriously reduce demand for our LBS. In addition, we may in the future need to initiate infringement claims or litigation. Litigation, whether we are a plaintiff or a defendant, can be expensive, time consuming and may divert the efforts of our technical staff and managerial personnel, which could harm our business, whether or not such litigation results in a determination favorable to us.

Confidentiality agreements with employees and others may not adequately prevent disclosure of our trade secrets and other proprietary information.

We have devoted substantial resources to the development of our proprietary technology, including the proprietary software components of our LBS and related processes. In order to protect our proprietary technology and processes, we rely in part on confidentiality agreements with our employees, licensees, independent contractors and other advisors. These agreements may not effectively prevent disclosure of our confidential

information and may not provide an adequate remedy in the event of unauthorized disclosure of our confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties. Costly and time consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

We use open source software in our LBS platform and client applications that may subject our LBS platform and client applications to general release or require us to re-engineer our LBS platform and client applications, which may cause harm to our business. We use open source software in our LBS platform and client applications and may use more open source software in the future. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their products. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the open source software and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. If we combine our proprietary software products with open source software in a certain manner, we could, under certain of the open source licenses, be required to release our proprietary source code. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. Open source license terms may be ambiguous and many of the risks associated with usage of open source cannot be eliminated, and could, if not properly addressed, negatively affect our business. If we were found to have inappropriately used open source software, we may be required to release our proprietary source code, re-engineer our LBS platform and client applications, discontinue the sale of our service in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business, operating results and financial condition.

Risks related to being a publicly traded company and holding our common stock

As a public company, we are obligated to develop and maintain effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

The Sarbanes-Oxley Act requires that we test our internal controls over financial reporting and disclosure controls and procedures. In particular, for the fiscal year ended June 30, 2011, we performed system and process evaluation and testing of our internal controls over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Our compliance with Section 404 requires that we incur substantial expense and expend significant management time on compliance-related issues. Moreover, if we are not able to comply with the requirements of Section 404 in the future, or if we or our independent registered public accounting firm identify deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses, the market price of our stock may decline and we could be subject to sanctions or investigations by the NASDAQ Stock Market's Global Market, the SEC or other regulatory authorities, which would require significant additional financial and management resources.

We have in the past been subject to securities class action litigation and may be subject to similar litigation in the future. If the outcome of this litigation is unfavorable, it could have a material adverse effect on our financial condition, results of operations and cash flows.

On September 2, 2010, a purported stockholder class action was filed by David Smith in the United States District Court for the Northern District of California (Case No. 3:10-CV-03942-SC) against us, certain of our officers and directors, and certain of our underwriters for our May 13, 2010 initial public offering or IPO, alleging violations of Sections 11 and 15 of the Securities Act. A hearing to approve settlement of the case will be held in November 2011. The settlement will include a payment of $3.8 million to resolve all claims as to all defendants to the litigation. The entire settlement amount will be paid by our insurance carrier. We do not anticipate any liability as a result of this matter.

In the future, especially following periods of volatility in the market price of our shares, other purported class action or derivative complaints may be filed against us. The outcome of potential future litigation is difficult to predict and quantify and the defense of such claims or actions can be costly. In addition to diverting financial and management resources and general business disruption, we may suffer from adverse publicity that could harm our brand or reputation, regardless of whether the allegations are valid or whether we are ultimately held liable. A judgment or settlement that is not covered by or is significantly in excess of our insurance coverage for any claims, or our obligations to indemnify the underwriters and the individual defendants, could materially and adversely affect our financial condition, results of operations and cash flows.

We will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could harm our operating results.

As a public company, we will incur significant legal, accounting, investor relations and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with current corporate governance requirements, including requirements under Section 404 and other provisions of the Sarbanes-Oxley Act, as well as rules implemented by the SEC and the stock exchange on which our common stock is traded. The expenses incurred by public companies for reporting and corporate governance purposes have increased dramatically over the past several years. We expect these rules and regulations to increase our legal and financial compliance costs substantially and to make some activities more time consuming and costly. We are unable currently to estimate these costs with any degree of certainty. We also expect that, as a public company, it will be more expensive for us to obtain director and officer liability insurance. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as our executive officers.

Regulations relating to offshore investment activities by residents of China may limit our ability to acquire Chinese companies and could adversely affect our business.

In October 2005, SAFE, a Chinese government agency, promulgated “Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles,” or Circular 75, that states that if Chinese residents use assets or equity interests in their Chinese entities as capital contributions to establish offshore companies or inject assets or equity interests of their Chinese entities into offshore companies to raise capital overseas, they must register with local SAFE branches with respect to their overseas investments in offshore companies. They must also file amendments to their registrations if their offshore companies experience material events involving capital variation, such as changes in share capital, share transfers, mergers and acquisitions, spinoff transactions, long term equity or debt investments or uses of assets in China to guarantee offshore obligations. Under this regulation, their failure to comply with the registration procedures set forth in such regulation may result in restrictions being imposed on the foreign exchange activities of the relevant Chinese entity, including restrictions on the payment of dividends and other distributions to its offshore parent, as well as restrictions on the capital inflow from the offshore entity to the Chinese entity.

We attempt to comply, and attempt to ensure that our stockholders who are subject to Circular 75 and other related rules comply, with the relevant requirements. However, we cannot provide any assurances that all of our stockholders who are Chinese residents have complied or will comply with our request to make or obtain any applicable registrations or comply with other requirements required by Circular 75 or other related rules. Any future failure by any of our stockholders who is a Chinese resident, or controlled by a Chinese resident, to comply with relevant requirements under this regulation could subject us to fines or sanctions imposed by the Chinese government, including restrictions on our Chinese subsidiary's ability to pay dividends or make distributions to us.

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock could decline.

We expect that the trading price for our common stock will be affected by any research or reports that industry or financial analysts publish about us or our business. If one or more of the analysts who may elect to cover us downgrade their evaluations of our stock, the price of our stock could decline. For example, in late July 2011, following our earnings release for the three months and fiscal year ended June 30, 2011, several financial analysts published research reports lowering their price targets of our stock. After our announcement and the publication of these reports, our stock price fell more than 40%. If one or more of these analysts cease coverage of our company, our stock may lose visibility in the market, which in turn could cause its price to decline. If our stock were to trade at prices below $5.00 per share in the future as a result of an announcement, financial analysts may terminate coverage of our company due to internal policies within their investment banks, which could result in further stock price declines.

Our stock price has fluctuated and declined significantly since our IPO in May 2010, and may continue to fluctuate or decline in the future.

Our common stock was sold in our IPO at $8.00 per share. Although our common stock traded at prices as high as $22.07 per share, it has also traded at prices as low as $4.65 and has tended to have significant downward and upward price movements in a relative short time period. Future fluctuations or declines in the trading price of our common stock may result from a number of events or factors, including those discussed in the preceding risk factors relating to our operations, as well as:

- actual or anticipated fluctuations in our operating results;
- changes in the financial projections we may provide to the public or our failure to meet these projections;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, capital raising activities or capital commitments;
- the public's response to our press releases or other public announcements, including our filings with the SEC; and
- lawsuits threatened or filed against us.

General market conditions and domestic or international macroeconomic factors unrelated to our performance, such as the continuing unprecedented volatility in the financial markets, may also affect our stock price. For these reasons, investors should not rely on recent trends to predict future stock prices or financial results. Investors in our common stock may not be able to dispose of the shares they purchased at prices above the IPO price, or, depending on market conditions, at all.

The concentration of ownership of our capital stock limits your ability to influence corporate matters.

Our executive officers, directors, current 5% or greater stockholders and entities affiliated with them beneficially owned (as determined in accordance with the rules of the SEC) approximately 65.1% of our common

stock outstanding as of June 30, 2011. This significant concentration of share ownership may adversely affect the trading price for our common stock because investors often perceive disadvantages in owning stock in companies with controlling stockholders. Also, these stockholders, acting together, will be able to control our management and affairs and matters requiring stockholder approval, including the election of directors and the approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. Consequently, this concentration of ownership may have the effect of delaying or preventing a change of control, including a merger, consolidation or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change of control would benefit our other stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Facilities

Our corporate headquarters are located at 1130 Kifer Road, Sunnyvale, California in an office consisting of approximately 46,500 square feet pursuant to a lease that expires in January 2012. We sublease additional office space in Sunnyvale, California of approximately 23,000 square feet pursuant to a sublease that expires in December 2011. In June 2011, we entered into an agreement to lease approximately 175,000 square feet of office and research and development space for our corporate headquarters in Sunnyvale, California, for an eight year period expected to begin December 1, 2011. We lease approximately 48,500 square feet of space in Shanghai, China for our research and development, sales and support operations pursuant to leases expiring in September 2014, as well as approximately 17,000 square feet and approximately 9,500 square feet in Beijing and Xi'an, China, respectively, for research and development operations pursuant to leases expiring in May 2012 and October 2011, respectively. We also lease office space of less than 2,500 square feet each in Kirkland, Washington; Ashburn, Virginia; Southfield, Michigan; São Paulo, Brazil; and Chelmsford, England for our sales, marketing and business development personnel located in those areas. In addition to our headquarters and other offices, we lease data center space in Sunnyvale, Sacramento and Santa Clara, California. We believe our current facilities will be adequate or that additional space will be available on commercially reasonable terms for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business. We have received, and may in the future continue to receive, claims from third parties asserting infringement of their intellectual property rights. Future litigation may be necessary to defend ourselves and our wireless carrier customers by determining the scope, enforceability and validity of third party proprietary rights or to establish our proprietary rights. There can be no assurance with respect to the outcome of any current or future litigation brought against us or pursuant to which we have indemnification obligations and the outcome could have a material adverse impact on our business, operating results and financial condition.

On November 17, 2009, WRE-Hol, LLC, or WRE-Hol, filed a complaint against us in the U.S. District Court for the Western District of Washington (Case No. 2:09-cv-01642-MJP). The lawsuit alleges that certain of our products and/or services infringe U.S. Patent No. 7,149,625, and that we induce infringement and contribute to the infringement of U.S. Patent No. 7,149,625 by others. According to the patent, the invention generally relates to a system and method for providing navigation and automated guidance to a mobile user. The complaint seeks unspecified monetary damages, fees and expenses and injunctive relief against us. On November 27, 2009, WRE-Hol served the complaint on us. On January 25, 2010, we answered the WRE-Hol complaint asserting that the patent-in-suit is not infringed and is invalid and unenforceable. On March 11, 2010, WRE-Hol amended its

complaint to add a new defendant, and we subsequently answered, repeating our assertions that the patent-in-suit is not infringed and is invalid and unenforceable. On April 27, 2010, we filed a reexamination request for all of the claims of the asserted patent before the U.S. Patent and Trademark Office. On April 29, 2010, we filed a motion to stay the litigation pending the reexamination. On May 3, 2010, WRE-Hol filed a motion for leave to amend the complaint against us, seeking to add claims for misappropriation of trade secrets against us and our founders, Y.C. Chao, HP Jin and Robert Rennard. WRE-Hol's motion for leave to amend also seeks to add a breach of contract claim against us and a claim for wrongful inventorship involving two of our patents, requesting a declaratory judgment that a WRE-Hol inventor be named as an inventor on these patents. On July 19, 2010, the U.S. Patent and Trademark Office issued an order granting inter partes reexamination of all 51 claims of the WRE-Hol '625 patent. On July 23, 2010, the district court issued an order granting WRE-Hol's motion for leave to amend its complaint, but at the same time stayed the entire litigation pending completion of the reexamination. The stay of the litigation extends to the new claims the court allowed. On September 13, 2010, the U.S. Patent and Trademark Office rejected 44 of the 51 WRE-Hol patent claims in a non-final first office action and confirmed seven of the 51 claims. On November 15, 2010, WRE-Hol responded to the office action, canceling some claims and adding others. On December 15, 2010, TeleNav responded to the office action and WRE-Hol's response. On April 4, 2011, the U.S. Patent and Trademark Office rejected WRE-Hol's November 15, 2010 office action response, and gave WRE-Hol 30 days to file a corrected response. WRE-Hol filed its corrected response on May 4, 2011. TeleNav responded to WRE-Hol's filing on June 2, 2011. The next step will be a second office action from the Patent Office, which is expected within the next four months. Due to the preliminary status of the lawsuit and uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this lawsuit on our financial condition, results of operations, or cash flows.

On December 31, 2009, Vehicle IP, LLC, or Vehicle IP, filed a complaint against us in the U.S. District Court for the District of Delaware (Case No. 1:09-cv-01007-JJF). The plaintiff alleges that certain of our services, including our GPS Navigator and TeleNav Track, infringe U.S. Patent No. 5,987,377, and that we induce infringement and contribute to the infringement of U.S. Patent No. 5,987,377 by others. According to the patent, the invention generally relates to a navigation system that determines an expected time of arrival. The complaint seeks unspecified monetary damages, fees and expenses and injunctive relief against us. Verizon Wireless was named as a co-defendant in the Vehicle IP litigation based on the VZ Navigator product and has demanded that we indemnify and defend Verizon against Vehicle IP. AT&T was also named as a co-defendant in the Vehicle IP litigation based on the AT&T Navigator product. AT&T has tendered the defense of the litigation to us and we are defending the case on behalf of AT&T. The court conducted a scheduling conference for the litigation on February 7, 2011 and set a jury trial date for November 5, 2012. The parties are engaged in fact discovery, which has a cutoff date of April 5, 2012. The court will hold a claim construction hearing on October 24, 2011. We are developing our non-infringement and invalidity defenses in preparation for the case dispositive motions. The parties are to submit case dispositive motions by May 18, 2012. Due to the uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this lawsuit on our financial condition, results of operations, or cash flows.

On April 30, 2010, Traffic Information, LLC filed a complaint against us in the U.S. District Court for the Eastern District of Texas (Case No. 2:10-cv-00145-TJW). The lawsuit alleges that certain of our products and/or services infringe U.S. Patent No. 6,785,606, and that we induce infringement and contribute to the infringement of U.S. Patent No. 6,785,606 by others. According to the patent, the invention generally relates to a system for providing traffic information to a plurality of mobile users connected to a network. The complaint seeks unspecified monetary damages, fees and expenses and injunctive relief against us. On May 28, 2010, Traffic Information, LLC filed an amended complaint, adding a new claim that certain of our products and/or services infringe U.S. Patent No. 6,466,862, and that we induce infringement and contribute to the infringement of U.S. Patent No. 6,466,862 by others. According to the patent, the invention generally relates to a system for providing

traffic information to a plurality of mobile users connected to a network. The amended complaint seeks unspecified monetary damages, fees and expenses and injunctive relief against us. On March 14, 2011, we answered the Traffic Information complaint asserting that the patent-in-suit is not infringed and is invalid and unenforceable. Due to the preliminary status of the lawsuit and uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this complaint on our financial condition, results of operations or cash flows.

On April 11, 2011, Walker Digital, LLC, or Walker Digital, filed a complaint against us and 13 other defendants in the United States District Court for the District of Delaware (Case No. 1:11-CV-00309-SLR), alleging infringement of U.S. Patent No. 6,199,014, and seeking a permanent injunction, damages and attorneys' fees should judgment be found in favor of Walker Digital. On May 10, 2011, we filed an answer denying the allegations. On June 30, 2011, Walker Digital dismissed its complaint against us without prejudice.

On September 2, 2010, a purported stockholder class action was filed by David Smith in the United States District Court for the Northern District of California (Case No. 3:10-CV-03942-SC) against us, certain of our officers and directors, and certain of our underwriters for our May 13, 2010 IPO, alleging violations of Sections 11 and 15 of the Securities Act. On March 21, 2011, plaintiff filed an amended complaint purporting to be brought on behalf of all persons who acquired shares of our common stock pursuant to our IPO and alleging that we, certain of our officers and directors, and certain of our underwriters for the IPO violated the Securities Act by issuing the Registration Statement and Prospectus, which the plaintiff alleges contained material misstatements and omissions in violation of Sections 11, 12(a)(2) and 15 of the Securities Act. The amended complaint sought class certification, compensatory damages, attorneys' fees and costs, rescission or a rescissory measure of damages, equitable and/or injunctive relief, and such other relief as the court may deem proper. We filed a motion to dismiss plaintiff's amended complaint on May 4, 2011. On June 2, 2011, following a successful mediation between the parties, the Court entered a stipulation and order regarding settlement and staying all proceedings. A hearing to approve of the settlement of the case will be held in November 2011. The settlement will include a payment of $3.8 million to resolve all claims as to all defendants to the litigation. The entire settlement amount will be paid by our insurance carrier. We do not anticipate any liability as a result of this matter.

On June 6, 2011, Qaxaz, LLC, or Qaxaz, filed a complaint against us and nine other defendants in the United States District Court for the District of Delaware (Case No. 1:11-cv-00492-LPS), alleging infringement of U.S. Patent No. 7,917,285, and seeking a permanent injunction, damages and attorneys' fees should judgment be found in favor of Qaxaz. On July 29, 2011, we answered the Qaxaz complaint asserting that the patent-in-suit is not infringed and is invalid and unenforceable. Due to the preliminary status of the lawsuit and uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this complaint on our financial condition, results of operations or cash flows.

In addition, we have received, and expect to continue to receive, demands for indemnification from our wireless carrier customers, which demands can be very expensive to settle or defend, and we have in the past offered to contribute to settlement amounts and incurred legal fees in connection with certain of these indemnity demands. A number of these indemnity demands, including demands relating to pending litigation, remain outstanding and unresolved as of the date of this Form 10-K. Furthermore, in response to these demands we may be required to assume control of and bear all costs associated with the defense of our wireless carrier customers in compliance with our contractual commitments. We are not a party to the following cases; however our wireless carrier customers have requested that we indemnify them in connection with such cases:

In 2008, Alltel, AT&T, Sprint and T-Mobile each demanded that we indemnify and defend them against lawsuits brought by patent holding companies EMSAT Advanced Geo-Location Technology LLC and Location

Based Services LLC (collectively, "EMSAT"), in the Northern District of Ohio (Case Nos. 4:08-cv-822, 4:08-cv-821, 4:08-cv- 817, 4:08-cv-818). The lawsuits allege that the delivery of wireless telephone services infringes U.S. Patents Nos. 5,946,611, 6,324,404, 6,847,822 and 7,289,763 and seek unspecified damages. In 2009, after T-Mobile also sought indemnification and defense from Google, Google intervened in the T-Mobile litigation. After claim construction and related motion practice, EMSAT agreed to dismiss all claims against Google in at least the T-Mobile suit, and in March 2011, EMSAT and AT&T settled their claims. By March 2011, all the EMSAT cases were either dismissed or stayed until the U.S. Patent & Trademark Office completes its reexamination of the validity of the patents at issue. Due to uncertainties related to litigation, we are unable at this time to evaluate the likelihood of either a favorable or unfavorable outcome. We have arbitrated with and compensated one carrier for our defense obligations, without a negative effect on our financial condition, results of operations, or cash flows. We have not yet determined the extent of our defense obligations to the other wireless carriers, and we cannot currently estimate a range of other possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the overall effects of these cases on our financial condition, results of operations, or cash flows.

In March and May 2009, AT&T and Sprint demanded that we indemnify and defend them against a lawsuit brought by Tendler Cellular of Texas LLC in the Eastern District of Texas (Case No. 6:09-cv-0115) alleging that the wireless carriers infringe U.S. Patent No. 7,447,508 in connection with the delivery of certain LBS as part of their wireless telephone services and seeking unspecified damages. Tendler Cellular of Texas is a patent holding company. In May 2009, AT&T responded to the allegations, filing an answer that the patent-in-suit is not infringed, is invalid and unenforceable. In June 2009, Sprint did the same. In June 2010, AT&T settled its claims with Tendler and we came to an agreement with AT&T as to the extent of our contribution towards AT&T's settlement; however, there continues to be a disagreement as to any additional amounts that might be provided to AT&T as it relates to legal fees and expenses related to the defense of the matter. We do not believe these additional amounts will have a material effect on our financial condition, results of operations, or cash flows.

In February 2010, Sprint demanded that we indemnify and defend it against a lawsuit brought by Alfred P. Levine, an individual, in the Eastern District of Texas (Case No. 2:09-cv-00372) alleging that Sprint and Samsung infringe U.S. Patent Nos. 6,243,030 and 6,140,943 in connection with providing wireless navigation systems, products and services. In March 2010, Sprint responded to the allegations, filing an answer that the patents-in-suit are not infringed, are invalid and unenforceable. Alfred Levine subsequently denied these counterclaims and requested that they be dismissed. At an initial scheduling conference held on August 30, 2010, the court set a claim construction hearing date of December 21, 2011 and a trial date of May 7, 2012. We agreed to indemnify and defend Sprint against the lawsuit, and we are presently defending Sprint as a result. On October 28, 2010, Levine filed an amended complaint, adding groups of defendants from AT&T, T-Mobile, Verizon, HTC, Intermec, Kyocera, LG Electronics, Motorola, Palm, Research In Motion, or RIM, and Sanyo. In January 2011, AT&T demanded that we indemnify and defend it in the lawsuit. We offered to indemnify and defend AT&T against the lawsuit, with certain limitations, and are presently negotiating the scope of our indemnification obligations with AT&T. In February 2011, T-Mobile demanded that we indemnify and defend it in the lawsuit. We have agreed to indemnify and defend T-Mobile against the lawsuit, with certain limitations, and are presently defending T-Mobile as a result. We cannot reasonably estimate to what extent we will indemnify Sprint or T-Mobile or AT&T or the potential losses they and we may experience in connection with such litigation. On January 10, 2011, the Court held a status conference. On January 14, 2011, the defendants filed a motion to modify the schedule to move the claim construction hearing and trial date to June 2012 and November 2012, respectively. On April 11, 2011, the Court granted-in-part the defendants' motion, keeping the claim construction hearing in December 2011 but moving the trial date to August 6, 2012. On June 27, 2011, RIM was dismissed from the case based on a confidential license and settlement agreement. On June 16, 2011, we moved to intervene in the Levine litigation in the Eastern District of Texas. On June 29, 2011, the Court granted our motion to intervene. On July 6, 2011, the judge assigned to the case, Magistrate Judge Charles Everingham, announced his retirement from the bench effective September 30, 2011. At this time, we cannot reasonably determine whether Judge Everingham's departure will affect the schedule for claim construction and trial. On July 14, 2011, Levine filed an answer and counterclaim to our declaratory judgment complaint in

intervention, asserting patent infringement claims against us based on Levine's previous allegations against Sprint, T-Mobile and AT&T. On August 4, 2011, we answered Levine's counterclaims of patent infringement. We share the same claim construction hearing and trial date as the defendants in the case. Due to the uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this complaint on our financial condition, results of operations or cash flows.

In February 2011, SourceProse, Inc. filed Case No. 1:11-cv-117 in the Western District of Texas, alleging that AT&T, MetroPCS, Sprint, T-Mobile and Verizon each infringe U.S. Patents Nos. 7,142,217 and 7,161,604, both titled "system and method for synchronizing raster and vector map images." Although the complaint accuses "smart phone devices manufactured by Apple, RIM, Google, HTC, LG, Motorola, Nokia, Palm, Samsung and others," it does not identify any particular map software or services provided by us or others, and we have received nothing that suggests that the plaintiff believes that the patents at issue read on our products or services. Nonetheless, Sprint and T-Mobile have both demanded that we indemnify and defend them against SourceProse. Due to the preliminary status of the lawsuit and uncertainties related to litigation, we are unable to evaluate the likelihood that our products or services will be accused, or of either a favorable or unfavorable outcome if they are, and cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this complaint on our financial condition, results of operations or cash flows.

Large future indemnity payments and associated legal fees and expenses, including potential indemnity payments and legal fees and expenses relating to wireless carriers' indemnity demands with respect to pending litigation, could materially harm our business, operating results and financial condition. When we believe a loss or a cost of indemnification is probable and can be reasonably estimated, we accrue the estimated loss or cost of indemnification in our consolidated financial statements. Where the outcome of these matters is not determinable, we do not make a provision in our financial statements until the loss or cost of indemnification, if any, is probable and can be reasonably estimated or the outcome becomes known. Although to date we have not agreed to defend or indemnify our wireless carrier customers for outstanding and unresolved indemnity demands where we do not believe our solution infringes on asserted intellectual property rights, we may in the future agree to defend and indemnify our wireless carrier or other customers in connection with demands for indemnification, irrespective of whether we believe that we have an obligation to indemnify them or whether we believe our solution infringes the asserted intellectual property rights. Alternatively, we may reject certain of our wireless carriers' or other customers' indemnity demands, including the outstanding demands, which may lead to disputes with our wireless carrier or other customers, negatively impact our relationships with them or result in litigation against us. Our wireless carrier or other customers may also claim that any rejection of their indemnity demands constitutes a material breach of our agreements with them, allowing them to terminate such agreements. If we make substantial payments as a result of indemnity demands, our relationships with our wireless carrier or other customers are negatively impacted, or any of our wireless carrier or customer agreements is terminated, our business, operating results and financial condition could be materially harmed.

ITEM 4. (REMOVED AND RESERVED)

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PART II

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

Our common stock began trading on the NASDAQ Global Market under the symbol "TNAV" on May 13, 2010. The following table sets forth the range of high and low closing sales prices of our common stock for the periods indicated:

Year ended June 30, 2011	High	Low
First Quarter	$ 9.17	$ 4.68
Second Quarter	$ 7.55	$ 4.88
Third Quarter	$11.96	$ 7.22
Fourth Quarter	$18.20	$10.16

Year ended June 30, 2010	High	Low
May 13, 2010 through June 30, 2010	$ 9.80	$ 7.85

We had approximately 92 stockholders of record as of August 31, 2011. We have never declared or paid dividends on our common stock and do not expect to pay dividends on our common stock for the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be used for the operation and growth of our business.

Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs (1)
April 1 – April 30, 2011	—	$ —	—	$ 10,265,741
May 1 – May 31, 2011	98,543	$ 14.44	98,543	$ 8,843,164
June 1 – June 30, 2011	59,600	$ 14.56	59,600	$ 7,975,639
Total	158,143	$ 14.48	158,143	$ 7,975,639

(1) The purchases of our shares of common stock by us are made pursuant to a stock repurchase plan announced by us on November 15, 2010. Our board of directors authorized us to purchase shares of our common stock up to an aggregate of $20.0 million. This stock repurchase plan will expire on November 15, 2011.

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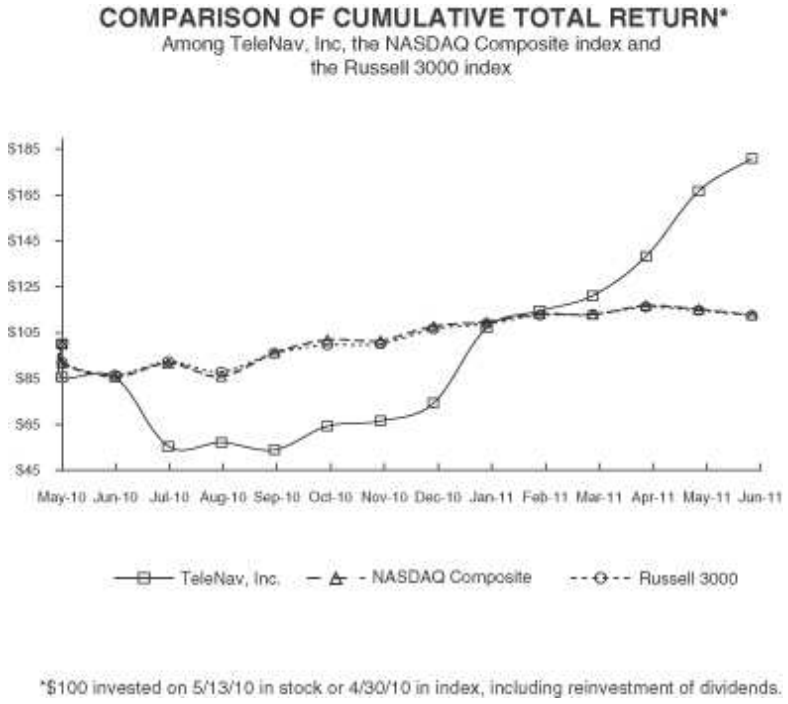
STOCK PERFORMANCE GRAPH

This performance graph shall not be deemed "soliciting material" or to be "filed" with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of TeleNav, Inc. under the Securities Act or the Exchange Act.

The following graph shows a comparison from May 13, 2010 (the date our common stock commenced trading on The NASDAQ Global Market) through June 30, 2011 of cumulative total return for our common stock, the NASDAQ Composite Index and the Russell 3000 Index. Such returns are based on historical results and are not intended to suggest future performance. Data for the NASDAQ Composite Index and the Russell 3000 Index assume reinvestment of dividends.



ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with the consolidated financial statements and related notes thereto appearing elsewhere in this Form 10-K. We have derived the statement of income data for fiscal years ended June 30, 2011, 2010 and 2009 and the balance sheet data as of June 30, 2011 and 2010 from the audited consolidated financial statements included elsewhere in this Form 10-K. The statement of income data for the fiscal years ended June 30, 2008 and 2007 and the balance sheet data as of June 30, 2009, 2008 and 2007 were derived from the audited consolidated financial statements that are not included in this Form 10-K. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. We have not declared or distributed any cash dividends on our common stock. Historical results are not necessarily indicative of results to be expected for future periods.

Consolidated Statements of Income Data:	**Fiscal Year Ended June 30,**				
(in thousands, except per share data)	**2011**	**2010**	**2009**	**2008**	**2007**
Revenue	$210,491	$171,162	$110,880	$48,065	$ 27,716
Cost of revenue	40,720	29,481	20,250	11,359	7,965
Gross profit	169,771	141,681	90,630	36,706	19,751
Operating expenses:					
Research and development(1)	56,534	41,556	23,500	13,687	10,923
Sales and marketing	24,886	17,197	16,536	13,245	14,506
General and administrative(2)	19,757	14,518	8,302	4,993	4,677
Total operating expenses	101,177	73,271	48,338	31,925	30,106
Income (loss) from operations	68,594	68,410	42,292	4,781	(10,355)
Other income (expense), net	1,173	(407)	(776)	10	710
Income (loss) before provision for income taxes	69,767	68,003	41,516	4,791	(9,645)
Provision for income taxes	27,193	26,593	11,898	184	1
Net income (loss)	$ 42,574	$ 41,410	$ 29,618	$ 4,607	$ (9,646)
Net income (loss) applicable to common stockholders	$ 42,574	$ 25,560	$ 15,719	$ 1,875	$(10,852)
Net income (loss) per share applicable to common stockholders:					
Basic	$ 1.01	$ 1.64	$ 1.39	$ 0.17	$ (1.00)
Diluted	$ 0.94	$ 0.83	$ 0.57	$ 0.07	$ (1.00)
Weighted average shares used in computing net income (loss) per share applicable to common stockholders:					
Basic	41,975	15,569	11,273	11,173	10,840
Diluted	45,086	30,833	27,724	26,872	10,840

(1) Fiscal 2010 includes $1.5 million of stock compensation expense associated with certain stock option grants that vested upon the closing of our IPO.

(2) Fiscal 2010 includes $1.3 million of stock compensation expense associated with a stock option grant that vested upon the closing of our IPO.

Consolidated Balance Sheets Data:	**June 30,**				
(in thousands)	**2011**	**2010**	**2009**	**2008**	**2007**
Cash, cash equivalents and short-term investments	$203,310	$112,862	$33,128	$ 16,850	$ 18,733
Working capital	178,602	134,878	44,899	22,676	17,599
Total assets	260,627	173,720	72,210	36,029	26,582
Preferred stock warrant liability	—	—	2,511	1,668	1,016
Convertible preferred stock	—	—	51,368	50,160	47,196
Common stock and additional paid-in capital	115,106	109,729	3,501	2,926	2,543
Total stockholders' equity (deficit)	188,466	149,037	3,376	(25,765)	(27,877)

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

The following discussion and analysis should be read together with our consolidated financial statements and the notes to those statements included elsewhere in this Form 10-K. This discussion contains forward-looking statements based on our current expectations, assumptions, estimates and projections about TeleNav and our industry. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those indicated in these forward-looking statements as a result of certain factors, as more fully described in "Risk factors" in Item 1A of this Form 10-K, Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this Form 10-K. We undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Overview

Our mission is to help people be more productive, be less stressed, and have more fun when they're on the go. Our personalized navigation services "get you and get you there" and help on-the-go people make daily decisions about "where to go, how to get there, what to do, and even when to go"—and we make it possible across mobile devices, mobile applications, wireless carriers, automobiles, and mobile enterprises, both domestically and abroad. In the three months ended June 30, 2011, we had a monthly average of 24.6 million paying end users.

As a leading provider of personalized navigation and location based services, we are well-positioned to capitalize on growing market opportunities to reach new customers and serve more people in more places with features such as location based search and voice-guided navigation. By using the most integral tools of their daily lives, their mobile phones and vehicles, people can access our personalized navigation and location based services almost anytime and anywhere to help them quickly decide where to go, how to get there, what to do, and even when to go—in both personal and professional settings.

Consumers, wireless carriers, enterprises and automobile manufacturers and OEMs are our customers. We generate revenue from recurring service subscriptions, software licenses, premium services and mobile advertising and commerce. End users through recurring subscriptions for our services are generally billed for our services through their wireless carrier. Our wireless carrier customers pay us based on several different revenue models, including (1) a monthly subscription fee per end user, (2) a fixed annual fee for any number of subscribers (up to specified thresholds) receiving our services as part of bundles with other voice and data services, or (3) a revenue sharing arrangement that may include a minimum fee per end user, or (4) based on usage or other basis. We also derive revenue from the delivery of customized software and royalties from the distribution of this customized software in automotive navigation applications, as well as through premium services sold to consumers and mobile advertising sold to advertisers and advertising agencies.

Through our hosted service delivery model, we provide our solutions to end users and customers through the networks of leading wireless carriers in the United States, including AT&T, Sprint, T-Mobile and U.S. Cellular as well as through certain carriers in other countries. Our flexible and proprietary platform enables us to efficiently reach and retain tens of millions of end users, across more than 600 types of mobile phones, all major mobile phone operating systems and a broad range of wireless network protocols. This platform provides data and analytics to create more personalized experiences for mobile applications, location based advertising and customer lifecycle management

In September 2010, we and our largest customer, Sprint, entered into an amendment to our agreement that results in us receiving a fixed annual fee from Sprint for their bundled service subscribers' use of our navigation services which is not dependent upon the number of subscribers participating in those bundles until such time as a specified threshold is reached. This amendment affected our results of operations when it became effective in September 2010; however, the full effect of this amendment is evident beginning with the three months ended

December 31, 2010 as the amendment was in effect for the entire quarter. Over time, we anticipate that our amended agreement with Sprint will result in further declines in ARPU due to anticipated increases in the number of Sprint bundle subscribers with access to our services and the significant reduction in revenue from Sprint for bundled basic navigation services compared to the quarters prior to implementation of the amendment. Although we are entitled to receive a greater share of revenue from enterprise LBS, mobile commerce and premium navigation services than we were previously, we may not be able to realize these benefits in the short term or at all. We cannot predict the ultimate financial impact of our amended agreement with Sprint. As a result of this amendment to our agreement with Sprint providing for a fixed annual fee, we believe that future ARPU will no longer provide a meaningful indicator of our financial performance. Accordingly, we do not intend to use the ARPU metric beginning in fiscal 2012, but will continue to report the number of paying end users for our services.

In September 2010, we also amended our agreement with TomTom Maps, to change the fee structure for map and POI data we provide as part of our navigation services in Sprint's bundled offerings. The material impact of the amendment is to align the manner in which we pay fees to TomTom Maps with the manner in which we receive revenue from Sprint. Pursuant to the amended agreement, we will pay TomTom Maps a percentage of fees we collect from Sprint for basic navigation services and our gross advertising and mobile commerce revenue, as well as a flat monthly fee per subscriber for premium navigation services. We also agreed to certain guaranteed minimum payments to TomTom Maps for such services. These amendments affected our results of operations commencing in fiscal 2011. Although we have taken action to increase the predictability of certain of our third party map and POI data costs for services that we provide on an annual fixed fee basis that are not dependent on the number of subscribers, we may not have adequately aligned our fee structure for map and POI data with revenue from Sprint's bundled offerings, and may not be successful in reducing the impact of the recent Sprint amendment on our gross margin.

In January 2011, we entered into an amendment to our agreement with AT&T, one of our wireless carrier customers whose payments to us represent a substantial portion of our revenue. This amendment extended our existing agreement with AT&T through March 2013 and provided that we will continue to be the exclusive provider of white label GPS navigation services to AT&T. The amendment did not impact our revenue for fiscal 2011 and our amended agreement with AT&T retained the prior terms, including the fee per subscriber per month model. For fiscal 2010 and 2011, AT&T represented 34% and 37% of our total revenue, respectively. AT&T is not required to offer our LBS. We anticipate that we will continue to depend on AT&T for a material portion of our revenue for the foreseeable future .

In March 2011, we entered into amendments to our agreement with Ford, to which we provide an on-board navigation solution. The amendments modified the nature of certain of our obligations under our original agreement, and provided for additional payments to us. As a result of these modifications, we now recognize revenue from customized software upon delivery to, and acceptance by, Ford of our on-board navigation solutions, and we recognize royalty revenue earned from the distribution of our customized software in vehicles as the vehicles are produced. In addition, we recognize third party content and related costs of revenue when revenue is recognized.

Our total revenue grew from $110.9 million in fiscal 2009 to $171.2 million in fiscal 2010 and to $210.5 million in fiscal 2011. Our net income also increased from $29.6 million in fiscal 2009 to $41.4 million in fiscal 2010 and to $42.6 million in fiscal 2011.

Key components of our results of operations

Sources of revenue

We primarily derive our revenue from our wireless carrier customers for their customers' subscriptions to our LBS, as well as from activation fees for certain of our services. Our wireless carrier customers pay us based on several different revenue models, including (1) a monthly subscription fee per end user, (2) a fixed annual fee

for any number of subscribers (up to specified thresholds) receiving our services as part of bundles with other voice and data services or (3) a revenue sharing arrangement that may include a minimum fee per end user, or (4) based on usage or other basis. Certain of our contracts provide our wireless carrier customers with discounts based on the number of end users paying for our services in a given month. In general, our wireless carrier customers pay us a lower monthly fee per end user if an end user subscribes to our LBS as part of a bundle of mobile data or voice services than if an end user subscribes to our LBS on a standalone basis. We also offer our applications directly to end users through application stores such as Apple's or Google's Android. In addition, we derive revenue from the delivery of customized software and royalties from the distribution of this customized software in certain automotive navigation applications. In the future, we may have other revenue models. For example, we recently implemented revenue models, including fees for advertising supported arrangements, and versions of our services that allow for upgrades to more premium versions for a fee.

Our wireless carrier customers are responsible for billing and collecting the fees they charge their subscribers for the right to use our LBS. When we are paid on a revenue sharing basis with our wireless carrier customers, the amount we receive varies depending on several factors, including the revenue share rate negotiated with the wireless carrier customer, the price charged to the subscriber by the wireless carrier customer, the specific sales channel of the wireless carrier customer in which the service is offered and the features and capability of the service. As a result of these factors, the amount we receive for any subscriber may vary considerably, and is subject to change over time.

In addition, the amount we are paid per end user may also vary depending upon the metric used to determine the amount of the payment, including the number of end users at any time during a month, the average monthly paying end users, the number and timing of end user billing cycles and end user activity. Although our wireless carrier customers generally have sole discretion about how to price our LBS to their subscribers, our revenue sharing arrangements generally include monthly minimum fees per end user. To a much lesser extent, we also sell our services directly to consumers through our website and through application stores.

Subscription fees from our wireless carrier customers represented a substantial majority of our revenue for fiscal 2011. In fiscal 2011, Sprint and AT&T represented 42% and 37% of our revenue, respectively. Subscription fees from our GPS Navigator service represented 94% and 88% of our revenue in fiscal 2010 and 2011, respectively. Revenue from our automotive navigation solutions, enterprise LBS (sometimes referred to as MRM), mobile advertising and commerce and premium LBS represented 6% and 13% of our revenue in fiscal 2010 and 2011, respectively. GPS Navigator is our flagship voice guided real time, turn by turn, mobile navigation service. Our technology also powers automotive navigation services that provide accurate, easy to use LBS to drivers, including search, POI and traffic functionality. Our enterprise LBS solutions allow enterprises to monitor and manage mobile workforces and assets by using our LBS platform to track job status and the location of workers, field assets and equipment. We are developing other LBS solutions with new business models and distribution channels in our current LBS market and adjacent markets. These solutions include tablet devices, location based mobile advertising and commerce services and premium LBS. While we have already introduced certain components or initial versions of several of these LBS solutions, the scope and timing of broader and more commercially viable offerings is uncertain. The ultimate scope and timing of any future releases are dependent on many factors, including adoption by wireless carrier customers and automobile manufacturers and OEMs of the LBS solutions; end user adoption and preferences; the quality, features and timing of our product offerings; the impact of competition; and market acceptance of mobile advertising and social networking. See the section entitled "Business—Our services and products" for additional information relating to our GPS Navigator, on-board navigation, enterprise LBS and other LBS solutions. We believe our cash, cash equivalents and short-term investments and anticipated cash flows from operations will be sufficient to cover the costs of these development efforts.

In fiscal 2010 and 2011, we generated 97% and 96% of our revenue, respectively, in the United States. In absolute dollars, revenue from our international operations increased in fiscal 2011. We are pursuing expansion opportunities with wireless carriers in other countries and therefore expect international revenue to increase in absolute dollars over the longer term.

Cost of revenue

Our cost of revenue consists primarily of the cost of the third party content, such as map, POI, traffic, gas price and weather data and voice recognition technology that we use in providing our LBS. Our cost of revenue also includes expenses associated with data center operations, customer support, the amortization of capitalized software and stock-based compensation. The largest component of our cost of revenue is the fees we pay to providers of map and POI data, TomTom Maps and NAVTEQ. We have long term agreements with TomTom Maps and NAVTEQ pursuant to which we pay royalties according to a variety of different fee schedules, including on a per use basis, on a per end user per month basis and commencing in fiscal 2011, on a fixed fee basis for certain navigation offerings.

We primarily provide customer support through a third party provider to whom we provide training and assistance with problem resolution. We use three outsourced, hosted data centers to provide our services and industry standard hardware to provide our LBS. We generally offer to our wireless carrier customers and generally maintain at least 99.9% uptime every month, excluding designated periods of maintenance. Our internal targets for service uptime are even higher. We have in the past, and may in the future, not achieve our targets for service availability and may incur penalties for failure to meet contractual service availability requirements, including loss of a portion of subscriber fees for the month or termination of our wireless carrier customer agreement. We expect that our cost of revenue will increase in both absolute dollars and as a percentage of revenue as the number of our end users increases, including those through bundled or free offerings, average use of our services by end users increases and additional operating costs and depreciation associated with our planned data center capacity and redundancy increases, as well as increased amortization of capitalized software development costs. In addition, we anticipate that cost of revenue will increase over time as we continue to enhance the richness of the content offered by our products and if we increase the level of our revenue from automotive navigation solutions.

Operating expenses

We classify our operating expenses into three categories: research and development, sales and marketing and general and administrative. Our operating expenses consist primarily of personnel costs, which include salaries, bonuses, payroll taxes, employee benefit costs and stock-based compensation expense. Other expenses include marketing program costs, facilities, legal, audit and tax consulting and other professional service fees. We allocate stock-based compensation expense resulting from the amortization of the fair value of options granted, based on the department in which the option holder works. We allocate overhead, such as rent and depreciation, to each expense category based on headcount. Our operating expenses increased in absolute dollars in fiscal 2010 and fiscal 2011 as we became a public company and built our infrastructure and added employees across all categories to support our growth, develop new services and products, and expand into international markets. We expect our operating expenses to continue to increase in fiscal 2012 as we continue in these endeavors.

Research and development . Research and development expenses consist primarily of personnel costs for our development employees and use of outside consultants. We have focused our research and development efforts on improving the ease of use and functionality of our existing services, as well as developing new service and product offerings in our existing markets and in new markets. The majority of our research and development employees are located in our development centers in China and, as a result, a substantial portion of our research and development expense is subject to changes in foreign exchange rates, notably the Chinese renminbi, or RMB.

Sales and marketing . Sales and marketing expenses consist primarily of personnel costs for our sales and marketing staff, commissions earned by our sales personnel and the cost of marketing programs and advertising. As we primarily rely on our wireless carrier customers to market and promote our services to their subscribers, our sales and marketing expenses consist primarily of the cost of supporting our wireless carrier customers and attracting new wireless carrier customers to offer our LBS. We cooperate with our wireless carrier customers in

marketing our LBS solutions to their subscribers by preparing marketing materials and working with them on promotional campaigns. We also promote our service offerings through a variety of other programs and online advertisements.

General and administrative . General and administrative expenses consist primarily of personnel costs for our executive, finance, legal, human resources and administrative personnel, legal, audit and tax consulting and other professional services and corporate expenses.

Other income (expense), net . Other income (expense), net consists primarily of interest we earn on our cash and cash equivalents and short-term investments. During fiscal 2009 and 2010, other income (expense), net also included the expense resulting from the change in fair value of our outstanding Series E preferred stock warrants. We classified these warrants as liabilities on our balance sheets and recorded changes in their fair value from period to period in other income (expense), net on our consolidated statements of income. As of December 31, 2009, all remaining outstanding Series E preferred stock warrants had been exercised and the warrant liability was reclassified to preferred stock. The preferred shares converted to common stock upon the closing of our IPO and were reclassified as common stock and additional paid in capital.

Provision for income taxes . Our provision for income taxes primarily consists of corporate income taxes related to profits earned from our LBS in the United States. We expect our income tax expense for fiscal 2012 to be approximately 38% of pretax income because of the concentration of earnings in the United States. Our effective tax rate could be reduced if our international revenue substantially increases as a percentage of revenue, due to the lower corporate tax rates available in certain countries outside the United States and the availability of net operating loss carryforwards in those countries.

Critical accounting policies and estimates

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States, or GAAP. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require our judgment in its application. In other cases, our judgment is required in selecting among available alternative accounting policies that allow different accounting treatment for similar transactions. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and various other assumptions that we believe are reasonable under the circumstances. In many instances, we could reasonably use different accounting estimates, and in some instances changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving our judgments and estimates.

Revenue recognition . We recognize revenue when persuasive evidence of an arrangement exists, delivery of those services has occurred, the fee is fixed or determinable and collectability is reasonably assured. We primarily derive our revenue from subscriptions to access our LBS, which are generally provided through our wireless carrier customers that offer our services to their subscribers. Our wireless carrier customers pay us based on several different revenue models, including (1) a monthly subscription fee per end user, (2) a fixed annual fee for any number of subscribers (up to specified thresholds) receiving our services as part of bundles with other voice and data services or (3) a revenue sharing arrangement that may include a minimum fee per end user, or (4) based on usage or other basis.

We recognize monthly fees related to our services in the month we provide the services. We defer amounts received in advance of the service being provided and recognize the deferred amounts when the monthly service

has been provided. We recognize revenue for fixed annual fees for any number of subscribers receiving our services as part of bundles monthly on a straight-line basis over the term of the agreement. Our agreements do not contain general rights of refund once the service has been provided. We also establish allowances for estimated credits subsequently issued to end users by our wireless carrier customers. We defer activation fees received upon the initiation of certain services and recognize the deferred amounts over the estimated average length of subscription to the service, historically 16 months.

We recognize as revenue the amount our wireless carrier customers report to us as we provide our services, which are net of any revenue sharing or other fees earned and deducted by our wireless carrier customers. We are not the principal provider when selling access to our LBS through our wireless carrier customers as the subscribers directly contract with our wireless carrier customers. In addition, we earn a fixed fee or fixed percentage of fees charged by our wireless carrier customers and our wireless carrier customers have the sole ability to set the price charged to their subscribers for our service. Our wireless carrier customers have direct responsibility for billing and collecting those fees from their subscribers and we and our wireless carrier customers may offer subscribers a 30-day free trial for our service.

We also derive revenue from the delivery of customized software and royalties earned from the distribution of this customized software in certain automotive navigation applications. We generally recognize software customization revenue using the completed contract method of contract accounting under which revenue is recognized upon delivery to, and acceptance by, the automobile manufacturer of our on-board navigation solutions. We generally recognize royalty revenue as the vehicles are produced, assuming all other conditions for revenue recognition have been met.

In certain instances, due to the nature and timing of monthly revenue and subscriber reporting from our wireless carrier customers, we may be required to make estimates of the amount of LBS revenue to recognize from a wireless carrier customer for the current period. For example, certain of our wireless carrier customers do not provide us with sufficient monthly individual subscriber billing period details to allow us to compute the allocation of monthly service fees to the individual end user’s service period, and in such cases we make estimates of any required service period revenue cutoff. In addition, if we fail to receive an accurate revenue report from a wireless carrier customer for the month, we will need to estimate the amount of revenue that should be recorded for that month. These estimates may require judgment, and we consider certain factors and information in making these estimates such as:

- subscriber data supplied by our wireless carrier customers;
- wireless carrier customer specific historical subscription and revenue reporting trends;
- end user subscription data from our internal systems; and
- data from comparable distribution channels of our other wireless carrier customers.

If we are unable to reasonably estimate recognizable revenue from a wireless carrier customer for a given period, we defer recognition of revenue to the period in which we receive and validate the wireless carrier customer’s revenue report and all of our revenue recognition criteria have been met. If we have recorded an estimated revenue amount, we record any difference between the estimated revenue and actual revenue in the period when we receive the final revenue reports from our wireless carrier customer, which typically occurs within the following month.

Software development costs . We account for the costs of computer software we develop for internal use by capitalizing qualifying costs, which are incurred during the application development stage, and amortizing those costs over the application’s estimated useful life, which generally ranges from 18 to 24 months depending on the type of application. Costs incurred and capitalized during the application development stage generally include the costs of software configuration, coding, installation and testing. Such costs primarily include payroll and payroll related expenses for employees directly involved in the application development, as well as third party developer

fees. We expense preliminary evaluation costs as they are incurred before the application development stage, as well as post development implementation and operation costs, such as training, maintenance and minor upgrades. We begin amortizing capitalized costs when a project is ready for its intended use, and we periodically reassess the estimated useful life of a project considering the effects of obsolescence, technology, competition and other economic factors which may result in a shorter remaining life.

We capitalized $1.6 million, $2.4 million and $1.2 million of software development costs during fiscal 2009, 2010 and 2011, respectively. Amortization expense related to these costs, which was recorded in cost of revenue, totaled $418,000, $939,000 and $2.0 million for fiscal 2009, 2010 and 2011, respectively.

We also account for the costs of computer software we develop for customers requiring significant modification or customization by deferring qualifying costs under the completed contract method. All such development costs incurred are deferred until the related revenue is recognized. We deferred $800,000, $1.3 million and $2.1 million of software development costs during fiscal 2009, 2010 and 2011, respectively. Upon delivery of certain customized software in fiscal 2011, we recognized in cost of revenue $1.8 million of previously deferred costs.

Impairment of long-lived assets . We evaluate long-lived assets held and used for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. We continually evaluate whether events and circumstances have occurred that indicate the balance of our property and equipment and intangible assets with definite lives may not be recoverable. Our evaluation is significantly impacted by our estimates and assumptions of future revenue, costs, and expenses and other factors. If an event occurs that would cause us to revise our estimates and assumptions used in analyzing the value of our property and equipment, that revision could result in a non-cash impairment charge that could have a material impact on our financial results. When these factors and circumstances exist, we compare the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. We base the impairment, if any, on the excess of the carrying amount over the fair value, based on market value when available, or discounted expected cash flows of those assets, and record it in the period in which we make the determination.

Stock-based compensation expense . We account for stock-based employee compensation arrangements under the fair value recognition method, which requires us to measure the stock-based compensation costs of share-based compensation arrangements based on the grant date fair value, and recognize the costs in the financial statements over the employees' requisite service period. We recognize compensation expense for the fair value of these awards with time based vesting on a straight-line basis over an employee's requisite service period of each of these awards, net of estimated forfeitures.

Our stock-based compensation expense was as follows:

	Fiscal Year Ended June 30,		
	2011	2010	2009
		(in thousands)	
Cost of revenue	$ 97	$ 18	$ 4
Research and development	1,965	2,604	237
Selling and marketing	1,003	516	155
General and administrative	1,072	1,789	111
Total stock-based compensation expense	$4,137	$4,927	$507

As of June 30, 2011, there was $11.6 million of unrecognized stock-based compensation expense related to unvested stock option awards, net of estimated forfeitures, that we expect to be recognized over a weighted average period of 2.9 years.

We utilize the Black-Scholes option-pricing model to determine the fair value of our stock option awards, which requires a number of estimates and assumptions. In valuing share-based awards under the fair value accounting method, significant judgment is required in determining the expected volatility of our common stock and the expected term individuals will hold their share-based awards prior to exercising. The expected volatility of our stock is based on the historical volatility of various comparable companies, as we do not have sufficient historical data with regards to the volatility of our own stock. The expected term of options granted represents the period of time that options granted are expected to be outstanding. The expected term was based on an analysis of our historical exercise and cancellation activity. In the future, as we gain historical data for volatility in our own stock, the expected volatility and expected term may change which could substantially change the grant date fair value of future awards of stock options and ultimately the expense we record. In addition, the estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results differ from our estimates, such amounts will be recorded as an adjustment in the period estimates are revised.

For fiscal 2009, 2010 and 2011, we calculated the fair value of options granted to employees using the Black-Scholes pricing model with the following weighted average assumptions:

	Fiscal Year Ended June 30,		
	2011	2010	2009
Dividend yield	—	—	—
Expected volatility	56%	74%	72%
Expected term (in years)	4.50	4.85	4.76
Risk-free interest rate	1.61%	2.36%	2.46%

Preferred stock warrants . In January 2006, we issued warrants to purchase 272,684 shares of our Series E convertible preferred stock. Warrants to purchase 261,323 shares of our Series E convertible preferred stock were outstanding at June 30, 2009 and were classified as a liability on the consolidated balance sheets. The warrants are subject to remeasurement at each balance sheet date and any change in fair value is recognized as a component of other income (expense), net. As of December 31, 2009, all remaining outstanding Series E preferred stock warrants had been exercised and the warrant liability was reclassified to preferred stock.

We recorded charges of $843,000 and $346,000 to other income (expense), net for fiscal 2009 and 2010, respectively, to reflect an increase in the fair value of these warrants. We estimated the fair value using the Black-Scholes model, which requires the input of highly subjective assumptions.

Provision for income taxes . We use the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for the expected future tax effect of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. We must make assumptions, judgments and estimates to determine our current provision for income taxes and also our deferred tax assets and liabilities and any valuation allowance to be recorded against a deferred tax asset.

Our assumptions, judgments and estimates relative to the current provision for income taxes take into account current tax laws, our interpretation of current tax laws and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. We have established reserves for income taxes to address potential exposures involving tax positions that could be challenged by tax authorities. In addition, we are subject to the continual examination of our income tax returns by the Internal Revenue Service, or IRS, and other domestic and foreign tax authorities, including an examination by IRS for our fiscal 2008, 2009 and 2010 tax returns. Although we believe our assumptions, judgments and estimates are reasonable, changes in tax laws or our interpretation of tax laws and the resolution of the current and any future tax audits could significantly impact the amounts provided for income taxes in our consolidated financial statements.

Our assumptions, judgments and estimates relative to the value of a deferred tax asset take into account predictions of the amount and category of future taxable income, such as income from operations or capital gains income. In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets, on a jurisdiction by jurisdiction basis, will be realized. Actual operating results and the underlying amount and category of income in future years could render our current assumptions, judgments and estimates of recoverable net deferred taxes inaccurate. Any of the assumptions, judgments and estimates mentioned above could cause our actual income tax obligations to differ from our estimates, thus materially impacting our financial position and results of operations.

Results of operations

The following tables set forth our results of operations for fiscal 2011, 2010 and 2009, as well as a percentage that each line item represents of our revenue for those periods. The additional key metrics presented are used in addition to the financial measures reflected in the consolidated statements of income data to help us evaluate growth trends, establish budgets and measure the effectiveness of our sales and marketing efforts. The period to period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

	Fiscal Year Ended June 30,		
	2011	2010	2009
		(in thousands)	
Consolidated Statements of Income Data			
Revenue	$210,491	$171,162	$110,880
Cost of revenue	40,720	29,481	20,250
Gross profit	169,771	141,681	90,630
Operating expenses:			
Research and development	56,534	41,556	23,500
Sales and marketing	24,886	17,197	16,536
General and administrative	19,757	14,518	8,302
Total operating expenses	101,177	73,271	48,338
Income from operations	68,594	68,410	42,292
Other income (expense), net	1,173	(407)	(776)
Income before provision for income taxes	69,767	68,003	41,516
Provision for income taxes	27,193	26,593	11,898
Net income	$ 42,574	$ 41,410	$ 29,618

	Fiscal Year Ended June 30,		
	2011	2010	2009
	(as a percentage of revenue)		
Revenue	100%	100%	100%
Cost of revenue	19	17	18
Gross profit	81	83	82
Operating expenses:			
Research and development	27	24	21
Sales and marketing	12	10	15
General and administrative	9	9	8
Total operating expenses	48	43	44
Income from operations	33	40	38
Other income (expense), net	—	—	(1)
Income before provision for income taxes	33	40	37
Provision for income taxes	13	16	10
Net income	20%	24%	27%

	Fiscal Year Ended June 30,		
	2011	2010	2009
	(in millions, except per user data)		
Additional Key Metrics			
Average monthly revenue per user (ARPU)	$ 0.76	$ 1.04	$ 1.28
Average monthly paying end users	21.1	13.5	7.1

Comparison of the fiscal years ended June 30, 2011 and 2010

Revenue. Revenue increased 23% from $171.2 million in fiscal 2010 to $210.5 million in fiscal 2011. The increase was due to growth in the average monthly paying end users from 13.5 million in fiscal 2010 to 21.1 million in fiscal 2011, primarily resulting from the continued adoption of Sprint's Simply Everything and Any Mobile, Anytime plans which include our LBS, as well as an increase in end users of AT&T Navigator and growth through new carrier relationships, including T-Mobile and U.S. Cellular. We also experienced significant revenue growth from our automotive navigation partnership with Ford during fiscal 2011, with the launch of Ford MyTouch on certain models in North America.

We calculate average monthly paying end users for a period by averaging the number of paying end users for each month in the period, and exclude any users that subscribe under daily or annual plans. Generally, we consider a paying end user to be a wireless carrier subscriber for whom we are paid and for which such subscriber's mobile device has the capability to access our LBS. Average monthly revenue is calculated by dividing revenue for the period associated with paying end users by the number of months in the period. ARPU is calculated by dividing average monthly revenue by average monthly paying end users. We exclude from our ARPU calculation users and revenue associated with our automotive navigation solutions and advertising. Although our end users increased substantially, our ARPU declined 27% to $0.76 in fiscal 2011 from $1.04 in fiscal 2010. The decline in ARPU was due in large part to the September 2010 amendment to our agreement with Sprint as discussed below, whereby we now receive a fixed fee from Sprint to provide our services to subscribers to Sprint's service bundles (up to certain thresholds) and we no longer receive additional revenue for additional Sprint bundle subscribers using our services. As a result of the changes to our agreement with Sprint, and our plans to introduce various paid and free service plans through wireless carriers and open marketplaces, ARPU will no longer provide a meaningful indicator of the health of our business. We do not intend to use this metric beginning in fiscal 2012, but will continue to report the number of subscribers for our services.

In September 2010, we amended our agreement with Sprint, which changed the way in which we receive revenue from the majority of the services we provide to Sprint's subscribers. Rather than receiving a fee per subscriber per month, we agreed to receive a guaranteed annual fixed fee from Sprint for navigation applications provided to subscribers in bundles with other Sprint services. The annual fee will change from year to year over the contract period and limits the maximum number of subscribers covered under such fee in a given year. Sprint will generally pay us these annual fees in advance. In return, Sprint agreed that our right to be Sprint's preferred supplier of navigation applications would be broadened and our preferred supplier rights are extended from December 31, 2010 to December 31, 2012. Sprint may terminate our agreement for any reason, beginning June 30, 2012, by providing notice at least 30 business days prior to termination. We and Sprint also agreed that Sprint branded navigation services offered as part of a bundled offering will transition to TeleNav branded navigation services over time. In addition, bundle opportunities are expanded and may include Sprint's prepaid subscriber base in the future. We recognize revenue for the aggregate annual fees monthly on a straight-line basis over the term of the agreement. Our portion of the revenue sharing arrangements for monthly recurring charge navigation subscribers, enterprise LBS subscribers and revenue generated from mobile commerce services was increased under the amendment and will also apply to revenue generated from other premium services we may provide to bundled and other subscribers during the term of the agreement.

Growth in the number of end users in fiscal 2011 primarily reflects Sprint's decision to continue to offer and promote certain bundles in which all end users under those plans receive the right to use our LBS without additional charge. Because a substantial majority of our end users are able to access our LBS through bundled offerings, our ARPU has declined.

As a result of these pricing strategies, ARPU declined by $0.28 from $1.04 in fiscal 2010 to $0.76 in fiscal 2011; however, the average monthly paying end users of our LBS increased by 56% and our revenue increased 23% during the same period. The impact of this $0.28 decline in ARPU for our 13.5 million average monthly paying end users during fiscal 2010 was a reduction in revenue based on these end users of $44.9 million for fiscal 2011. The impact of this lower ARPU was more than offset by the 7.6 million increase in average monthly paying end users, from 13.5 million for fiscal 2010 to 21.1 million for fiscal 2011, resulting in a net revenue increase of $24.1 million for fiscal 2011. We believe we would not have achieved the $24.1 million increase in revenue had we not adopted these pricing strategies.

In fiscal 2010 and 2011, revenue from Sprint represented 55% and 42% of our revenue, respectively, and revenue from AT&T represented 34% and 37% of our revenue, respectively. No other customer represented more than 10% of our revenue in either period.

Subscription fees from our GPS Navigator service represented 94% and 88% of our revenue in fiscal 2010 and 2011, respectively.

We primarily sell our services in the United States. In fiscal 2010 and 2011, revenue derived from U.S. sources represented 97% and 96% of our revenue, respectively.

Cost of revenue . Our cost of revenue increased 38% from $29.5 million in fiscal 2010 to $40.7 million in fiscal 2011. As a percentage of revenue, cost of revenue increased from 17% in fiscal 2010 to 19% in fiscal 2011. The substantial majority of our cost of revenue related to costs of third party content and technology that we use in providing our LBS such as map, POI, traffic, gas price and weather data and voice recognition technology. The remaining portion of our cost of revenue included expenses associated with data center operations, customer support, the amortization of capitalized software and stock-based compensation. In addition, we expensed certain capitalized software development costs associated with revenue recognized from Ford during fiscal 2011. Cost of revenue increased at a higher rate than the 23% increase in revenue for the comparable period primarily as a result of the third party content and related costs associated with the on-board navigation revenue from Ford and, to a lesser extent, the effect of our fixed fee arrangement with Sprint, which resulted in a lower rate of revenue per end user in fiscal 2011 without an equivalent decrease in the respective costs related to such end users. The

increase in cost of revenue in absolute dollars was primarily driven by the increase in our number of end users. The majority of the increase in cost of revenue in absolute dollars in fiscal 2011 was due to a 27% increase in third party content costs, as well as increased software amortization costs, including deferred software development costs expensed in connection with revenue from Ford, and increased customer support costs.

In September 2010, we entered into an amendment to the TomTom Maps agreement, or the TomTom Maps Amendment. The terms of the TomTom Maps Amendment were retroactively effective as of August 1, 2010 and change the fee structure for map and POI data we use to provide its services for Sprint's bundled offerings. The material impact of the TomTom Maps Amendment is to better align the manner in which we pay fees to TomTom Maps with the manner in which we receive revenue from Sprint. Pursuant to the TomTom Maps Amendment, we will pay TomTom Maps a percentage of the fees earned from Sprint for basic navigation services and gross advertising and mobile commerce revenue and a flat monthly fee per subscriber for premium navigation services. We also will pay TomTom Maps certain guaranteed minimum payments for such services. Previously, we paid TomTom Maps a specific fee per subscriber or a per transaction fee for our Sprint bundled offerings. The expiration of the license period for navigation services provided by TomTom Maps for Sprint's bundled offerings has been changed from July 1, 2014 to the earlier of December 31, 2012 or the date of termination of our agreement with Sprint with respect to those bundled services.

We anticipate these changes to our TomTom Maps agreement will reduce in part the impact on our cost of revenue of the anticipated increase in the number of Sprint bundle subscribers without offsetting increases in revenue. However, we expect that our cost of revenue will increase in both absolute dollars and as a percentage of revenue as the number of our end users increases, average usage of our services by end users increases and from amortization and depreciation expense associated with planned data center capacity and redundancy increases, as well as increased amortization of capitalized software development costs. In addition, we anticipate that cost of revenue will increase over time as we continue to enhance the richness of the content offered by our products and if we increase the level of our revenue from automotive navigation solutions.

Gross profit . Our gross profit increased 20% from $141.7 million in fiscal 2010 to $169.8 million in fiscal 2011 primarily due to an increase in the number of our end users. Our gross margin decreased from 83% in fiscal 2010 to 81% in fiscal 2011. The decrease in gross margin was due to the increased proportion of revenue contributed from our on-board navigation solutions, which generally have higher associated content costs and resulting lower gross margins than our LBS services provided to our wireless carrier customers. We expect our gross margin to decline due to slowing revenue growth as a result of the new fixed fee arrangement with Sprint and higher anticipated usage of third party content by our end users. We also anticipate we will earn lower gross margins on certain other product offerings, such as on-board navigation products. Changes in product mix may also cause gross margins to decline over time.

Research and development . Our research and development expenses increased 36% from $41.6 million in fiscal 2010 to $56.5 million in fiscal 2011. The increase was primarily due to the costs associated with increased headcount to enhance the functionality of our services and develop new offerings and increased compensation and benefits for our existing employees, as well as an increase in costs related to the use of consultants. As a percentage of revenue, research and development expenses increased from 24% in fiscal 2010 to 27% in fiscal 2011. The total number of research and development personnel increased 9%, from 686 at June 30, 2010 to 750 at June 30, 2011. We believe that as we continue to invest in expanding the LBS we offer, establish relationships with new wireless carrier customers and develop new services and products, revenue from those investments and development efforts will lag the related research and development expenses. We expect that research and development expenses will increase in absolute dollars as we continue to enhance and expand the services and products we offer.

Sales and marketing . Our sales and marketing expenses increased 45% from $17.2 million in fiscal 2010 to $24.9 million in fiscal 2011. As a percentage of revenue, sales and marketing expenses increased from 10% in fiscal 2010 to 12% in fiscal 2011. The increase in sales and marketing expenses as a percentage of revenue in

fiscal 2011 was the result of increased investment in our marketing and business development organizations, including the hiring of additional and more experienced personnel, including two vice presidents. We expect that our sales and marketing expenses will continue to increase in absolute dollars as we expand our relationships with wireless carrier customers and engage in programs to market our services to their subscribers.

General and administrative . Our general and administrative expenses increased 36% from $14.5 million in fiscal 2010 to $19.8 million in fiscal 2011. The increase was primarily due to added personnel, consultants utilized for our preparations for compliance with the Sarbanes-Oxley Act of 2002, legal costs, and audit and tax professional services. Legal costs included settlement of certain intellectual property litigation and increased legal fees for litigation, intellectual property protection and immigration. The total number of general and administrative personnel increased 25%, from 60 at June 30, 2010 to 75 at June 30, 2011. As a percentage of revenue, general and administrative expenses were 9% in fiscal 2010 and fiscal 2011. We expect our general and administrative expenses to increase in absolute dollars in fiscal 2012 as we incur legal fees and potentially other costs in connection with litigation in which we are named defendants or our wireless carrier customers are named defendants and for which they have notified us that they are seeking or may seek indemnification from us. We also expect to incur additional general and administration expenses in fiscal 2012 and beyond associated with being a public company, including higher legal, corporate insurance, audit and tax and financial reporting expenses as well as the costs of maintaining compliance with Section 404 of the Sarbanes-Oxley Act.

Other income (expense), net . Our other income (expense), net was $(407,000) in fiscal 2010 and $1.2 million in fiscal 2011. The change was primarily due to increased interest income due to higher cash and cash equivalents and short-term investments balances and, to a lesser extent, elimination of the expense related to the increase in fair value of our Series E preferred stock warrants.

Provision for income taxes . Our provision for income taxes increased 2% from $26.6 million in fiscal 2010 to $27.2 million in fiscal 2011. Our effective tax rate was 39% in fiscal 2010 and fiscal 2011.

The usage of our remaining U.S. federal loss carryforwards is substantially limited each fiscal year by Section 382 of the Internal Revenue Code. In addition, on September 30, 2008, the State of California enacted Assembly Bill 1452 into law which among other provisions, suspended net operating loss deductions for our fiscal 2009 and 2010, extends for two years the carryforward period of any net operating losses not utilized due to such suspension, and limits the utilization of research and development credit carryforwards to no more than 50% of the tax liability before credits. We expect that for fiscal 2012 our effective tax rate will be approximately 38% and reflects favorable changes in California tax law regarding apportioning income to the state, which results in an expected reduction in our California state taxes.

We adopted the Financial Accounting Standards Board, or FASB, standard for accounting for uncertainty in income taxes at the beginning of fiscal 2010. As of June 30, 2011, our cumulative unrecognized tax benefit was $4.5 million, of which $647,000 was netted against deferred tax assets. Upon adoption, we recognized no adjustment in the liability for unrecognized income tax benefits.

We file income tax returns in the U.S. federal jurisdiction, California, various states, and foreign tax jurisdictions in which we have subsidiaries. The statute of limitations remain open for fiscal 2000 through 2010 in U.S. and state jurisdictions, and for fiscal 2005 through 2010 in foreign jurisdictions. Fiscal years outside the normal statute of limitation remain open to audit by tax authorities due to tax attributes generated in those early years which have been carried forward and may be audited in subsequent years when utilized. The IRS is conducting an examination of our U.S. federal income tax returns for fiscal 2009 and 2010. As of June 30, 2011, the IRS has concluded the audit for our fiscal 2008 U.S. federal income tax return which resulted in no adjustments that have a material impact to our consolidated financial statements.

We believe it was reasonably possible that, as of June 30, 2011, the gross unrecognized tax benefits, could decrease (whether by payment, release, or a combination of both) by as much as $1.1 million in the next

12 months. We recognize interest and penalties related to unrecognized tax benefits as part of our provision for income taxes. We had $157,000 and $47,000 accrued for the payment of interest and penalties at June 30, 2011 and 2010, respectively.

Comparison of the fiscal years ended June 30, 2010 and 2009

Revenue . Revenue increased 54% from $110.9 million in fiscal 2009 to $171.2 million in fiscal 2010. The increase was due to growth in the average monthly paying end users from 7.1 million in fiscal 2009 to 13.5 million in fiscal 2010, primarily due to adoption of Sprint's Simply Everything plans which include our LBS (Sprint Navigation), as well as an increase in end users of AT&T Navigator. Although our end users increased substantially, our ARPU declined 19% from $1.28 in fiscal 2009 to $1.04 in fiscal 2010. This decline in ARPU was due in part to the increasing proportion of end users accessing our services through our wireless carrier customers' white label offerings, for which we receive lower monthly fees per end user when compared to our branded offerings. The contractual terms of our bundled offerings with certain wireless carrier customers also provide us a lower per end user fee as the absolute number of subscriptions to those bundled offerings increases, thereby reducing ARPU. In addition, ARPU also declined as a result of the July 1, 2009 reduction of our monthly fees per end user for a majority of our LBS that are bundled with other Sprint services.

Growth in revenue and number of end users for the periods presented primarily reflect Sprint's decision to offer and promote certain bundles in which all end users under those plans receive the right to use our LBS without additional charge. To benefit from increased numbers of end users, we agreed to provide Sprint with lower monthly per end user fees for these bundles compared to other plans with Sprint. In fiscal 2010, we further lowered pricing on bundled offerings to Sprint, as discussed below. Because a substantial majority of our end users are able to access our LBS through bundled offerings, our ARPU has declined; however, the substantial increase in number of end users has resulted in an increase in revenue. In addition, AT&T's decision to provide our GPS Navigator as a white label offering to its end users, for which we are paid a lower monthly fee per end user compared to TeleNav branded offerings, also contributed to the decline in our ARPU. Although the migration of AT&T to a white label offering reduced our ARPU, the number of end users subscribing to our services through AT&T has increased.

As a result of these pricing strategies, ARPU declined by $0.24 from $1.28 in fiscal 2009 to $1.04 in fiscal 2010; however, the average monthly paying end users of our LBS increased by 91% and our revenue increased 54% during the same period. The impact of this $0.24 decline in ARPU for our 7.1 million average monthly paying end users during fiscal 2009 was a reduction in revenue based on these end users of $20.1 million for fiscal 2010. The impact of this lower ARPU was more than offset by the 6.4 million increase in average monthly paying end users, from 7.1 million for fiscal 2009 to 13.5 million for fiscal 2010, resulting in a net revenue increase of $60.3 million for fiscal 2010. We believe we would not have achieved the $60.3 million increase in revenue had we not adopted these pricing strategies.

In fiscal 2009 and 2010, revenue from Sprint represented 61% and 55% of our revenue, respectively, and revenue from AT&T represented 29% and 34% of our revenue, respectively. No other wireless carrier or other customer represented more than 10% of our revenue in either period.

Effective July 1, 2009, we amended our agreement with Sprint and agreed to receive a reduced monthly fee per end user for a majority of our LBS that are bundled with Sprint services. We also agreed to provide certain activity based discount incentives to Sprint for the remainder of calendar 2009. In return, Sprint agreed to extend our right to be its exclusive provider of Sprint Navigation, agreed not to terminate our agreement without cause prior to December 31, 2010, agreed to increase the share of any future advertising revenue we are entitled to receive and modified certain other terms. In September 2010, we further amended our agreement with Sprint, which changed the way in which we receive revenue from the majority of the services we provide to Sprint's subscribers. See "—Overview".

Subscription fees from our GPS Navigator service represented 92% and 94% of our revenue in fiscal 2009 and 2010, respectively.

We primarily sell our services in the United States. In fiscal 2009 and 2010, revenue derived from U.S. sources represented 96% and 97% of our revenue, respectively.

Cost of revenue . Our cost of revenue increased 46% from $20.2 million in fiscal 2009 to $29.5 million in fiscal 2010. As a percentage of revenue, cost of revenue decreased from 18% in fiscal 2009 to 17% in fiscal 2010. The substantial majority of our cost of revenue related to costs of third party content and technology that we use in providing our LBS such as map, POI, traffic, gas price and weather data and voice recognition technology. The remaining portion of our cost of revenue included expenses associated with data center operations, customer support, the amortization of capitalized software and stock-based compensation. Cost of revenue increased at a slightly lower rate than the 54% increase in revenue for the comparable period as a result of the use of lower cost content and lower customer support costs per end user resulting from an increased portion of customer support provided by our wireless carrier customers and our greater use of outsourcing. However, these factors were partially offset by the decrease in ARPU and higher usage rates of third party content by our end users who purchase our services as part of a bundle. The increase in cost of revenue in absolute dollars was primarily driven by the increase in our number of end users. The majority of the increase in cost of revenue in absolute dollars was due to a 38% increase in third party content costs and, to a lesser extent, from a 43% increase in customer support costs as well as increased costs of data center operations.

Gross profit . Our gross profit increased 56% from $90.6 million in fiscal 2009 to $141.7 million in fiscal 2010 primarily due to an increase in the number of our end users. Our gross margin increased from 82% in fiscal 2009 to 83% in fiscal 2010.

Research and development . Our research and development expenses increased 77% from $23.5 million in fiscal 2009 to $41.6 million in fiscal 2010. The increase was primarily due to the costs associated with increased headcount to enhance the functionality of our services and develop new offerings, increased compensation and benefits for our existing employees, as well as $1.5 million of stock compensation expense associated with certain outstanding stock option grants that vested upon the closing of our IPO. As a percentage of revenue, research and development expenses increased from 21% in fiscal 2009 to 24% in fiscal 2010. The total number of research and development personnel increased 31%, from 524 at June 30, 2009 to 686 at June 30, 2010.

Sales and marketing . Our sales and marketing expenses increased 4% from $16.5 million in fiscal 2009 to $17.2 million in fiscal 2010. As a percentage of revenue, sales and marketing expenses decreased from 15% in fiscal 2009 to 10% in fiscal 2010. The decline in sales and marketing expenses as a percentage of revenue in fiscal 2010 was the result of leveraging our investment in sales and marketing across a higher revenue base.

General and administrative . Our general and administrative expenses increased 75% from $8.3 million in fiscal 2009 to $14.5 million in fiscal 2010. The increase was primarily due to added personnel, consultants, audit and tax professional fees and legal expenses, as well as $1.3 million of stock compensation expense associated with an outstanding stock option grant that vested upon the closing of our IPO. The total number of general and administrative personnel increased 43%, from 42 at June 30, 2009 to 60 at June 30, 2010. As a percentage of revenue, general and administrative expenses increased from 8% in fiscal 2009 to 9% in fiscal 2010.

Other income (expense), net . Our other income (expense), net was $(776,000) in fiscal 2009 and $(407,000) in fiscal 2010. The change was primarily due to decreases in the expense related to the increase in fair value of our Series E preferred stock warrants, partially offset by lower interest income due to reductions in the interest rates paid on our cash and cash equivalent balances. As of December 31, 2009, all remaining Series E preferred stock warrants had been exercised and the warrant liability was reclassified to preferred stock. The preferred stock converted upon the closing of our IPO and the preferred stock was reclassified as common stock and additional paid in capital.

Provision for income taxes . Our provision for income taxes increased 124% from $11.9 million in fiscal 2009 to $26.6 million in fiscal 2010. Our effective tax rate increased from 29% in fiscal 2009 to 39% in fiscal 2010. The increase in the effective tax rate was primarily attributable to a tax benefit in fiscal 2009 related to the release of a portion of our valuation allowance against U.S. federal and state deferred tax assets and a reduction in the forecasted federal research credit for fiscal 2010 due to the expiration of the federal research and development tax credit effective December 31, 2009. The increase was partially offset by a tax benefit recognized in fiscal 2010 for a tax deduction related to Qualified Domestic Production Activities under Section 199 of the Internal Revenue Code and by the release of the remaining valuation allowance related to U.S. federal and state deferred tax assets.

We recognize interest and penalties related to unrecognized tax benefits as part of our provision for income taxes. We had $47,000 and $0 accrued for the payment of interest and penalties at June 30, 2010 and 2009, respectively.

Liquidity and capital resources

The following table sets forth the major sources and uses of cash for each of the periods set forth below:

	Fiscal Year Ended June 30,		
	2011	2010	2009
		(in thousands)	
Net cash provided by operating activities	$ 106,680	$44,450	$23,040
Net cash used in investing activities	(187,698)	(9,815)	(6,994)
Net cash provided by (used in) financing activities	(7,735)	45,104	68
Effect of exchange rate changes on cash and cash equivalents	(56)	(5)	164
Net increase (decrease) in cash	$ (88,809)	$79,734	$16,278

At June 30, 2011, we had cash and cash equivalents and short-term investments of $203.3 million, which primarily consisted of money market mutual funds, municipal securities, corporate bonds and commercial paper held by well-capitalized financial institutions. From inception until fiscal 2010, we financed our operations primarily through private sales of equity. On May 18, 2010, we completed our IPO of 6,550,000 shares of common stock. We raised net proceeds from the offering of $44.6 million after deducting the underwriter’s discount and offering expenses payable by us, based on an IPO price of $8.00 per share, including 1,050,000 shares of common stock purchased by the underwriters in connection with the exercise of their over-allotment option.

Our accounts receivable are heavily concentrated in a small number of customers. As of June 30, 2011, our accounts receivable balance was $30.7 million, of which AT&T, Ford and T-Mobile represented 50%, 17% and 11%, respectively. Our accounts receivable balance due from Sprint represented less than 10% of total accounts receivable as of June 30, 2011 and will fluctuate based upon the timing of invoicing and payment under Sprint’s fixed annual fee arrangement.

Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of expenditures to support development efforts, the expansion of research and development and sales and marketing activities and headcount, the introduction of our new and enhanced service and product offerings and the growth in our end user base. We believe our cash and cash equivalents and anticipated cash flows from operations will be sufficient to satisfy our financial obligations through at least the next 12 months. However, we may experience lower than expected cash generated from operating activities, revenue that is lower than we anticipate, or greater than expected cost of revenue or operating expenses. Our revenue and operating results could be lower than we anticipate if, among other reasons, our wireless carrier customers, two of which we are substantially dependent upon for a large portion of our revenue, were to limit or terminate our relationships with them; we were to fail to successfully compete in our highly competitive market, including against competitors

who offer their services for free; our wireless carrier customers were to elect not to market and distribute our LBS to end users; or our wireless carrier customers were to elect to lower the prices charged to their subscribers for our service;. In the future, we may acquire businesses or technologies or license technologies from third parties, and we may decide to raise additional capital through debt or equity financing to the extent we believe this is necessary to successfully complete these acquisitions or license these technologies. However, additional financing may not be available to us on favorable terms, if at all, at the time we make such determinations, which could have a material adverse affect on our business, operating results, financial condition and liquidity and cash position.

Net cash provided by operating activities . Net cash provided by operating activities was $23.0 million, $44.5 million and $106.7 million in fiscal 2009, 2010 and 2011, respectively. The improvement in cash provided by operating activities was primarily due to the increased number of end users of our services and related revenue generated from those end users, offset to a lesser extent by increases in our operating costs. Cash provided by or used in operating activities has historically been affected by growth in our end user base and increases in our operating costs, which are primarily due to increased headcount and royalty payments for portions of the content provided in our services. In fiscal 2011, cash provided by operating activities was provided principally by net income of $42.6 million, non-cash charges for depreciation and amortization of $7.7 million and stock-based compensation of $4.1 million, and $50.6 million from changes in our operating assets and liabilities. In fiscal 2010, cash provided by operating activities was provided principally by net income of $41.4 million, non-cash charges for depreciation and amortization of $5.1 million and stock-based compensation of $4.9 million offset by $7.0 million from changes in our operating assets and liabilities. In fiscal 2009, cash provided by operating activities was provided principally by net income of $29.6 million, non-cash charges for depreciation and amortization of $2.5 million, stock-based compensation of $500,000, and revaluation of preferred stock warrants of $800,000 offset by $10.4 million from changes in our operating assets and liabilities.

Net cash used in investing activities . We used net cash in investing activities of $7.0 million, $9.8 million and $187.7 million during fiscal 2009, 2010 and 2011, respectively. In fiscal 2011, the cash was used primarily for purchases of property and equipment of $4.9 million and internal software development costs of $1.2 million net purchases of $181.6 million of short-term investments. In fiscal 2010, the cash was used primarily for purchases of property and equipment of $7.4 million and internal software development costs of $2.4 million. In fiscal 2009, the cash was used primarily for purchases of property and equipment of $5.4 million and internal software development costs of $1.6 million. We expect to increase our capital expenditures in future periods as we continue to invest in the infrastructure needed to operate our services for an increasing end user base, as well as in equipment and facilities for our growing worldwide employee base as we expand our business.

Net cash provided by (used in) financing activities . During fiscal 2009, 2010 and 2011, we generated (used) cash in our financing activities of $68,000, $45.1 million and $(7.7 million), respectively. In fiscal 2011, proceeds from the exercise of options for our common stock was offset by repurchases of our outstanding stock under our stock repurchase program. Cash generated in fiscal 2010 included net proceeds of $44.6 million as a result of the completion of our IPO in May 2010. In fiscal 2009, cash generated was due to the proceeds of exercise of options for our common stock.

Contractual obligations, commitments and contingencies

We generally do not enter into long term minimum purchase commitments. However, we have agreed to pay minimum annual license fees to certain of our third party content providers. Our principal commitments, in addition to those related to our third party content providers, consist of obligations under facility leases for office space in Sunnyvale, California; Kirkland, Washington; Ashburn, Virginia; Southfield, Michigan; Shanghai, China; Beijing, China; Xi’an, China; and Chelmsford, England.

The following table summarizes our outstanding noncancelable contractual obligations as of June 30, 2011:

	Payments due by period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			(in thousands)		
Operating lease obligations(1)	$33,031	$ 2,456	$ 8,013	$8,123	$ 14,439
Purchase obligations(2)	22,356	15,140	7,216	—	—
Total contractual obligations	$55,387	$17,596	$15,229	$8,123	$ 14,439

(1) Consists of contractual obligations for office space under noncancelable operating leases.
(2) Consists of minimum noncancelable financial commitments primarily related to fees owed to certain third party content providers, regardless of usage level.

At June 30, 2011, we had a liability for unrecognized tax benefits and an accrual for the payment of related interest totaling $4.5 million. Due to uncertainties related to these tax matters, we are unable to make a reasonably reliable estimate of when cash settlements with the taxing authority will occur.

Warranties and indemnifications

Our agreements with our wireless carrier customers that offer our LBS generally include certain provisions for indemnifying them against liabilities if our LBS infringe a third party's intellectual property rights or for other specified reasons. We have in the past received indemnification requests or notices of their intent to seek indemnification in the future from our wireless carrier customers with respect to litigation in which our wireless carrier customers have been named as defendants. See the section entitled "Legal Proceedings." As it relates to past indemnification requests or notices, in certain situations we have agreed to defend or indemnify our wireless carriers for the indemnity demands. For those notices where we have not agreed to provide indemnity or defense to date, or future demands for indemnity, we may in the future agree to defend and indemnify our wireless carriers or other customers, irrespective of whether we believe that we have an obligation to indemnify them or whether we believe our LBS infringe the asserted intellectual property rights. Alternatively, we may reject certain of our wireless carrier or other customers' indemnity demands, including the outstanding demands, which may lead to disputes with our wireless carrier or other customers, negatively impact our relationships with them or result in litigation against us. Our wireless carrier or other customers may also claim that any rejection of their indemnity demands constitutes a material breach of our agreements with them, allowing them to terminate such agreements. If we make substantial payments as a result of indemnity demands, our relationships with our wireless carrier or other customers are negatively impacted or any of our wireless carrier or customer agreements is terminated, our business, operating results and financial condition could be materially harmed. To date, we have not incurred material costs and do not have material liabilities related to such obligations recorded in our consolidated financial statements.

We have agreed to indemnify our directors, officers and certain other employees for certain events or occurrences, subject to certain limits, while such persons are or were serving at our request in such capacity. We may terminate the indemnification agreements with these persons upon the termination of their services with us, but termination will not affect claims for indemnification related to events occurring prior to the effective date of termination. The maximum amount of potential future indemnification is unlimited. We have a director and officer insurance policy that limits our potential exposure. We believe the fair value of these indemnification agreements is minimal. We have not recorded any liabilities for these agreements as of June 30, 2010 and 2011.

Based upon our historical experience and information known as of June 30, 2011, we do not believe it is likely that we will have significant liability for the above indemnities at June 30, 2011.

Off-balance sheet arrangements

During fiscal 2009, 2010 and 2011, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Recent accounting pronouncements

In January 2010, the FASB issued revised guidance intended to improve disclosures related to fair value measurements. This guidance requires new disclosures as well as clarifies certain existing disclosure requirements. New disclosures under this guidance require separate information about significant transfers in and out of Level 1 and Level 2 of the fair value hierarchy and the reason for such transfers, and also require purchases, sales, issuances, and settlements information for Level 3 measurement to be included in the rollforward of activity on a gross basis. The guidance also clarifies the requirement to determine the level of disaggregation for fair value measurement disclosures and the requirement to disclose valuation techniques and inputs used for both recurring and nonrecurring fair value measurements in either Level 2 or Level 3. The revised guidance was effective for interim and annual fiscal years beginning after December 15, 2009, except for disclosure requirements related to Level 3 measurement. We adopted the revised guidance during fiscal 2010 and the adoption did not have a material impact on our consolidated financial statements. The revised accounting guidance for the rollforward of activity on a gross basis for Level 3 fair value measurement will be effective for us in the first quarter of our fiscal 2012, which commences on July 1, 2011. We do not expect the revised guidance to have a material impact on our consolidated financial statements.

In May 2011, the FASB amended fair value measurement and disclosure guidance to achieve convergence with International Financial Reporting Standards or IFRS. The amended guidance clarified existing fair value measurement guidance, revised certain measurement guidance and expanded the disclosure requirements concerning Level 3 fair value measurements. The guidance is effective for interim and annual periods beginning after December 15, 2011. Adoption of this guidance is not expected to have a material effect on our consolidated financial statements.

In fiscal 2011, we adopted revised guidance which supersedes certain guidance with respect to accounting for revenue arrangements with multiple deliverables. The revised guidance changes the determination of when individual deliverables in a multiple element arrangement may be treated as separate units of accounting and modifies the manner in which the transaction consideration is allocated across separately identifiable deliveries. The revised guidance was effective for our fiscal year beginning July 1, 2010. The adoption of the revised guidance did not have a material impact on our consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate sensitivity . The primary objectives of our investment activities are to preserve principal, provide liquidity and maximize income without significantly increasing risk. By policy, we do not enter into investments for trading or speculative purposes. Some of the securities we invest in are subject to market risk. This means that a change in prevailing interest rates may cause the fair value of the investment to fluctuate. To minimize this risk, we invest in a variety of securities, which primarily consist of money market funds, commercial paper, municipal securities and other debt securities of domestic corporations. Due to the nature of these investments and relatively short duration of the underlying securities, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. Declines in interest rates, however, will reduce future interest income. A 10% appreciation or depreciation in interest rates in fiscal 2010 and 2011 would not have had a material impact on our interest income or the fair value of our marketable securities.

Foreign currency risk . Substantially all of our revenue has been generated to date from our end users in the United States and, as such, our revenue has not been substantially exposed to fluctuations in currency exchange

rates. However, most of our contracts with our wireless carrier customers outside of the United States are denominated in currencies other than the U.S. dollar and therefore expose us to foreign currency risk. Should the revenue generated outside of the United States grow in absolute amounts and as a percentage of our revenue, we will increasingly be exposed to foreign currency exchange risks. In addition, a substantial portion of our operating expenses are incurred outside the United States, are denominated in foreign currencies and are subject to changes in foreign currency exchange rates, particularly the Chinese RMB. Additionally, changes in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statement of operations. An immediate 10% adverse change in exchange rates on foreign denominated receivables as of June 30, 2010 and June 30, 2011 would not have resulted in a material loss.

To date, we have not used any foreign exchange forward contracts or similar instruments to attempt to mitigate our exposure to changes in foreign currency rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is submitted as a separate section of this Form 10-K. See Part IV, Item 15.

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

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2011. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15 (e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2011, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management’s Report on Internal Control Over Financial Reporting

The SEC, as required by Section 404 of the Sarbanes-Oxley Act, adopted rules requiring every company that files reports with the SEC to include a management report on such company’s internal control over financial reporting in its annual report. In addition, our independent registered public accounting firm must attest to the effectiveness of our internal control over financial reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management assessed our internal control over financial reporting as of June 30, 2011. Management based its assessment on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, management has concluded that our internal control over financial reporting was effective as of June 30, 2011. The certifications of our principal executive officer and principal financial officer attached as Exhibits 31.1 and 31.2 to this report include, in paragraph 4 of such certifications, information concerning our disclosure controls and procedures and internal controls over financial reporting.

Ernst & Young LLP, an independent registered public accounting firm, has issued a report on our internal control over financial reporting, which is included below.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Control systems, no matter how well conceived and operated, are designed to provide a reasonable, but not an absolute, level of assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Because of the inherent limitations in any control system, misstatements due to error or fraud may occur and not be detected.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of TeleNav, Inc.

We have audited TeleNav, Inc.'s internal control over financial reporting as of June 30, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). TeleNav, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, TeleNav, Inc. maintained, in all material respects, effective internal control over financial reporting as of June 30, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of TeleNav Inc. as of June 30, 2011 and 2010, and the related consolidated statements of income, convertible preferred stock and stockholders' equity (deficit), and cash flows for each of the three years in the period ended June 30, 2011 of TeleNav, Inc., and our report dated September 8, 2011, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Redwood City, California
September 9, 2011

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Pursuant to General Instruction G(3) of Form 10-K, the information required by this Item 10 relating to our executive officers is included under the caption “Executive Officers of the Registrant” in Part I of this Form 10-K.

The other information required by this Item 10 is incorporated by reference to our Proxy Statement for the 2011 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission within 120 days of our June 30, 2011 fiscal year end) under the headings “Election of Directors,” “Corporate Governance,” and “Section 16(a) Beneficial Ownership Reporting Compliance.”

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated by reference to our Proxy Statement for the 2011 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission within 120 days of our June 30, 2011 fiscal year end) under the headings “Corporate Governance,” “Executive Compensation,” and “Compensation Committee Report.”

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

The information required by this Item 12 is incorporated by reference to our Proxy Statement for the 2011 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission within 120 days of our June 30, 2011 fiscal year end) under the headings “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information.”

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

The information required by this Item 13 is incorporated by reference to our Proxy Statement for the 2011 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission within 120 days of our June 30, 2011 fiscal year end) under the headings “Corporate Governance” and “Certain Relationships and Related Party Transactions.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 is incorporated by reference to our Proxy Statement for the 2011 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission within 120 days of our June 30, 2011 fiscal year end) under the heading “Ratification of Appointment of Independent Registered Public Accounting Firm.”

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

The following financial statements are filed as part of this report and set forth on the page indicated:

2. Financial Statement Schedule

Schedule II—Valuation and Qualifying Accounts is set forth on page 98 of this Form 10-K. All other schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements and the Notes thereto.

3. Exhibits

See Item 15(b) below.

(b) Exhibits

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the U.S. Securities and Exchange Commission.

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
3.1	Second Amended and Restated Certificate of Incorporation of TeleNav, Inc. filed on May 18, 2010.	10-K	3.1	9/24/10
3.2	Amended and Restated Bylaws of TeleNav, Inc. effective as of May 18, 2010.	10-K	3.2	9/24/09
4.1	Specimen Common Stock Certificate of TeleNav, Inc.	S-1/A	4.1	1/5/10
4.2	Fifth Amended and Restated Investors' Rights Agreement, dated April 14, 2009, between TeleNav, Inc. and certain holders of TeleNav, Inc.'s capital stock named therein.	S-1	4.2	10/30/09
10.1	Form of Indemnification Agreement between Registrant and its directors and officers.	S-1	10.1	10/30/09
10.2#	1999 Stock Option Plan and forms of agreement thereunder.	S-1	10.2	10/30/09
10.3#	2002 Executive Stock Option Plan and forms of agreement thereunder.	S-1	10.3	10/30/09

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.4#	2009 Equity Incentive Plan and forms of agreement thereunder to be in effect upon the closing of this offering.	S-1	10.4	10/30/09
10.5#	Employment Agreement, dated as of April 20, 2006, between TeleNav, Inc. and Douglas Miller.	S-1	10.5	10/30/09
10.5.1#	Amended and Restated Employment Agreement, dated as of October 28, 2009, between TeleNav, Inc. and Douglas Miller.	S-1	10.5.1	10/30/09
10.6#	Employment Agreement, dated as of April 7, 2009, between TeleNav, Inc. and Loren Hillberg.	S-1	10.6	10/30/09
10.6.1#	Amended and Restated Employment Agreement, dated as of October 28, 2009, between TeleNav, Inc. and Loren Hillberg.	S-1	10.6.1	10/30/09
10.7#	Employment Agreement, dated as of May 4, 2005, between TeleNav, Inc. and Hassan Wahla.	S-1	10.7	10/30/09
10.8#	Employment Agreement, dated October 28, 2009, between TeleNav, Inc. and H.P. Jin.	S-1	10.8	10/30/09
10.9#	Form of Employment Agreement between TeleNav, Inc. and each of Y.C. Chao, Salman Dhanani, Robert Rennard and Hassan Wahla.	S-1	10.9	10/30/09
10.10#	Severance Agreement and General Release, dated as of January 29, 2009, between TeleNav, Inc. and William Bettencourt.	S-1	10.10	10/30/09
10.10.1#	Amendment dated July 8, 2009 to the Severance Agreement and General Release, dated as of January 29, 2009, between TeleNav, Inc. and William Bettencourt.	S-1	10.10.1	10/30/09
10.11	Industrial/R&D Lease, dated as of October 9, 2006, by and between TeleNav, Inc. and Roeder Family Trust B.	S-1	10.11	10/30/09
10.11.1	First Amendment dated October 27, 2006 to the Industrial/R&D Lease, dated as of October 9, 2006, by and between TeleNav, Inc. and Roeder Family Trust B.	S-1	10.11.1	10/30/09
10.12	Shanghai Real Estate Lease Agreement, dated as of April 28, 2009, by and between TeleNav Shanghai Inc. and Shanghai Dongfang Weijing Culture Development Co.	S-1/A	10.12	12/8/09
10.13†	Sprint Master Application and Services Agreement, dated as of January 30, 2009, by and between TeleNav, Inc. and Sprint United Management Company.	S-1/A	10.13	2/2/10
10.13.1†	Amendment No. 1 effective as of July 1, 2009 to the Sprint Master Application and Services Agreement, dated as of January 30, 2009, by and between TeleNav, Inc. and Sprint United Management Company.	S-1/A	10.13.1	2/2/10

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.13.2†	Amendment No. 2 effective as of December 16, 2009 to the Sprint Master Application and Services Agreement, dated as of January 30, 2009, by and between TeleNav, Inc. and Sprint United Management Company.	S-1/A	10.13.2	1/5/10
10.13.3†	Addendum effective as of March 12, 2010 to the Sprint Master Application and Services Agreement, dated as of January 30, 2009, by and between TeleNav, Inc. and Sprint United Management Company.	S-1/A	10.13.3	4/26/10
10.13.4†	Amendment No. 3 effective as of December 16, 2009 to the Sprint Master Application and Services Agreement, dated as of January 30, 2009, as amended, by and between TeleNav, Inc. and Sprint United Management Company, effective as of September 1, 2010.	10-Q	10.13.4	11/15/10
10.14†	License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1/A	10.14	2/2/10
10.14.1†	First Amendment effective as of November 13, 2008 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1	10.14.1	10/30/09
10.14.2†	Second Amendment effective as of November 20, 2008 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1	10.14.2	10/30/09
10.14.3†	Fourth Amendment effective as of June 16, 2009 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1	10.14.3	10/30/09
10.14.4†	Sixth Amendment effective as of October 13, 2009 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1	10.14.4	10/30/09
10.14.5†	Seventh Amendment effective as of October 27, 2009 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1/A	10.14.5	12/8/09
10.14.6†	Eighth Amendment effective as of November 16, 2009 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1/A	10.14.6	1/5/10
10.14.7†	Ninth Amendment effective as of April 13, 2010 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	10-K	10.14.7	9/24/10

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.14.8†	Tenth Amendment effective as of January 18, 2011 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	10-Q	10.14.8	5/10/11
10.15†	License Agreement effective as of July 1, 2009, by and between TeleNav, Inc. and Tele Atlas North America, Inc.	S-1/A	10.15	12/8/09
10.15.1†	Amendment No.1 effective as of March 1, 2010 to the License Agreement, dated as of July 1, 2009, by and between TeleNav, Inc. and Tele Atlas North America, Inc.	S-1/A	10.15.1	4/26/10
10.15.2†	Amendment No. 2 effective as of August 1, 2010 to the License Agreement, dated as of July 1, 2009, by and between TeleNav, Inc. and Tele Atlas North America, Inc.	10-Q	10.15.2	11/15/10
10.16†	Data License Agreement, dated as of December 1, 2002, by and between Televigation, Inc. and Navigation Technologies Corporation.	S-1/A	10.16	2/2/10
10.16.1†	Third Amendment dated December 22, 2004 to the Data License Agreement, dated as of December 1, 2002, by and between Televigation, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.1	4/26/10
10.16.2†	Fourth Amendment dated May 18, 2007 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.2	2/2/10
10.16.3†	Fifth Amendment dated January 15, 2008 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.3	2/2/10
10.16.4†	Seventh Amendment dated December 16, 2008 to the Data License Agreement, dated as of December 1, 2002, by and among TeleNav, Inc., NAVTEQ Europe B.V. and NAVTEQ North America, LLC.	S-1/A	10.16.4	4/26/10
10.16.5	Eighth Amendment dated December 15, 2008 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1	10.16.5	10/30/09
10.16.6†	Territory License No. 1, dated as of December 1, 2002, by and between Televigation, Inc. and Navigation Technologies Corporation.	S-1/A	10.16.6	4/26/10
10.16.7†	Territory License No. 2, dated as of June 30, 2003, by and between Televigation, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.7	4/26/10
10.16.8†	Territory License No. 3, dated as of February 7, 2006, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.8	4/26/10
10.16.9†	Territory License No. 5, dated as of March 6, 2006, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.9	4/26/10

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.16.10†	Territory License No. 6, dated as of May 18, 2007, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.10	4/26/10
10.16.11†	Territory License No. 7, dated as of May 18, 2007, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.11	4/26/10
10.16.12†	Ninth Amendment dated February 25, 2010 to the Data License Agreement, dated as of December 1, 2002 by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.12	4/26/10
10.17#	Employment Offer Letter executed on June 28, 2010 from TeleNav, Inc. to Dariusz Paczuski.	10-K	10.17	9/24/10
10.18#	First Year Executive Employment Agreement dated June 28, 2010 by and between TeleNav, Inc. and Dariusz Paczuski.	10-K	10.18	9/24/10
10.19*	Office Lease, dated as of June 28, 2011 and executed on June 30, 2011, by and between TeleNav, Inc. and CA-Sunnyvale Business Center Limited Partnership.	Filed herewith		
21.1	Subsidiaries of the registrant.	Filed herewith		
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith		
24.1	Power of Attorney (contained in the signature page to this Form 10-K).	Filed herewith		
31.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer.	Filed herewith		
31.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer.	Filed herewith		
32.1~	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer.	Filed herewith		
32.2~	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer.	Filed herewith		

Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.

† Portions of the exhibit have been omitted pursuant to an order granted by the Securities and Exchange Commission for confidential treatment.

* Portions of the exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission.

~ In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

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SIGNATURES

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

TELENAV, INC.

Dated: September 9, 2011

By: /s/ Dr. HP J IN
Dr. HP Jin
Chairman of the Board of Directors, President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints HP Jin and Douglas Miller, jointly and severally, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign this 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 full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, 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 by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Name and Signature	Title	Date
/s/ Dr. HP J IN **Dr. HP Jin**	Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)	September 9, 2011
/s/ D OUGLAS M ILLER **Douglas Miller**	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	September 9, 2011
/s/ S HAWN C AROLAN **Shawn Carolan**	Director	September 9, 2011
/s/ S AMUEL C HEN **Samuel Chen**	Director	September 9, 2011
/s/ H ON J ANE (J ASON) C HIU **Hon Jane (Jason) Chiu**	Director	September 9, 2011
/s/ S OO B OON K OH **Soo Boon Koh**	Director	September 9, 2011
/s/ J OSEPH M. Z AELIT **Joseph M. Zaelit**	Director	September 9, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of TeleNav, Inc.:

We have audited the accompanying consolidated balance sheets of TeleNav, Inc. as of June 30, 2011 and 2010, and the related consolidated statements of income, convertible preferred stock and stockholders' equity (deficit) and cash flows for each of the three years in the period ended June 30, 2011. Our audits also included the financial statement schedule listed in Part IV, Item 15.(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TeleNav, Inc. at June 30, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 10 to the consolidated financial statements, the Company changed its method of accounting for uncertain tax positions effective July 1, 2009.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Telenav, Inc.'s internal control over financial reporting as of June 30, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 9, 2011, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Redwood City, California
September 9, 2011

TELENAV, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	June 30, 2011	June 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 24,053	$112,862
Short-term investments	179,257	—
Accounts receivable; net of allowances of $356 and $246 at June 30, 2011 and 2010, respectively	30,711	37,322
Deferred income taxes, current	2,951	3,247
Prepaid expenses and other current assets	9,654	3,020
Total current assets	246,626	156,451
Property and equipment, net	9,079	9,637
Deferred income taxes	1,589	1,874
Deposits and other assets	3,333	5,758
Total assets	$260,627	$173,720
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 3,176	$ 2,507
Accrued compensation	7,847	5,583
Accrued royalties	4,154	2,988
Other accrued expenses	4,308	2,721
Deferred revenue	48,490	6,746
Income taxes payable	49	1,028
Total current liabilities	68,024	21,573
Other liabilities	4,137	3,110
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value: 50,000 shares authorized; no shares issued or outstanding	—	—
Common stock, $0.001 par value: 600,000 shares authorized; 42,984 shares issued and 41,823 shares outstanding at June 30, 2011; 42,140 shares issued and outstanding at June 30, 2010	42	42
Additional paid-in capital	115,064	109,687
Accumulated other comprehensive income	537	399
Retained earnings	72,823	38,909
Total stockholders' equity	188,466	149,037
Total liabilities and stockholders' equity	$260,627	$173,720

See Notes to Consolidated Financial Statements.

TELENAV, INC.

CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	Fiscal Year Ended June 30,		
	2011	2010	2009
Revenue	$210,491	$171,162	$110,880
Cost of revenue	40,720	29,481	20,250
Gross profit	169,771	141,681	90,630
Operating expenses:			
Research and development	56,534	41,556	23,500
Sales and marketing	24,886	17,197	16,536
General and administrative	19,757	14,518	8,302
Total operating expenses	101,177	73,271	48,338
Income from operations	68,594	68,410	42,292
Interest income	965	114	268
Other income (expense), net	208	(521)	(1,044)
Income before provision for income taxes	69,767	68,003	41,516
Provision for income taxes	27,193	26,593	11,898
Net income	$ 42,574	$ 41,410	$ 29,618
Net income applicable to common stockholders (see Note 2)	$ 42,574	$ 25,560	$ 15,719
Net income per share applicable to common stockholders:			
Basic	$ 1.01	$ 1.64	$ 1.39
Diluted	$ 0.94	$ 0.83	$ 0.57
Weighted average shares used in computing net income applicable to common stockholders:			
Basic	41,975	15,569	11,273
Diluted	45,086	30,833	27,724

See Notes to Consolidated Financial Statements.

TELENAV, INC.

CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings (deficit)	Total Stockholders' Equity (deficit)
	Shares	Amount	Shares	Amount				
Balance at June 30, 2008	23,084	$ 50,160	11,225	$ 11	$ 2,915	$ 248	$ (28,939)	$ (25,765)
Issuance of common stock upon exercise of stock options	—	—	85	—	68	—	—	68
Issuance of common stock upon grant of shares to nonemployee	—	—	10	—	25	—	—	25
Stock-based compensation expense	—	—	—	—	482	—	—	482
Accretion of Series E preferred stock dividend	—	1,208	—	—	—	—	(1,208)	(1,208)
Comprehensive income:								
Foreign currency translation adjustment	—	—	—	—	—	156	—	156
Net income	—	—	—	—	—	—	29,618	29,618
Comprehensive income	—	—	—	—	—	—	—	29,774
Balance at June 30, 2009	23,084	51,368	11,320	11	3,490	404	(529)	3,376
Issuance of Series E convertible preferred stock upon exercise of warrants and reclassification of warrant liability	261	3,719	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	478	—	457	—	—	457
Repurchase of common stock	—	—	(201)	—	(210)	—	(1,018)	(1,228)
Accretion of Series E preferred stock dividend	—	954	—	—	—	—	(954)	(954)
Conversion of convertible preferred stock to common stock	(23,345)	(50,952)	23,345	23	50,929	—	—	50,952
Issuance of common stock in the form of a stock dividend to Series E preferred stockholders	—	(5,089)	636	1	5,088	—	—	5,089
Issuance of common stock upon exercise of warrants	—	—	12	—	—	—	—	—
Issuance of common stock in initial public offering	—	—	6,550	7	44,631	—	—	44,638
Stock-based compensation expense	—	—	—	—	4,927	—	—	4,927
Excess tax benefit from employee stock option plans	—	—	—	—	375	—	—	375
Comprehensive income:								
Foreign currency translation adjustment	—	—	—	—	—	(5)	—	(5)
Net income	—	—	—	—	—	—	41,410	41,410
Comprehensive income	—	—	—	—	—	—	—	41,405
Balance at June 30, 2010	—	—	42,140	42	109,687	399	38,909	149,037
Issuance of common stock upon exercise of stock options	—	—	844	1	2,622	—	—	2,623
Repurchases of common stock	—	—	(1,161)	(1)	(3,363)	—	(8,660)	(12,024)
Stock-based compensation expense	—	—	—	—	4,137	—	—	4,137
Excess tax benefit from employee stock option plans	—	—	—	—	1,981	—	—	1,981
Comprehensive income:								
Foreign currency translation adjustment, net of taxes	—	—	—	—	—	(55)	—	(55)
Unrealized net gain on available-for-sale securities, net of taxes	—	—	—	—	—	193	—	193
Net income	—	—	—	—	—	—	42,574	42,574
Comprehensive income	—	—	—	—	—	—	—	42,712
Balance at June 30, 2011	—	$ —	41,823	$ 42	$ 115,064	$ 537	$ 72,823	$ 188,466

See Notes to Consolidated Financial Statements.

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TELENAV, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except per share data)

	Fiscal Year Ended June 30,		
	2011	2010	2009
Operating activities			
Net income	$ 42,574	$ 41,410	$29,618
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	7,709	5,098	2,453
Accretion of premium on short-term investments	2,630	—	—
Stock-based compensation expense	4,137	4,927	507
Write-off of capitalized software	714	—	—
Revaluation of preferred stock warrants	—	346	843
Excess tax benefit from employee stock option plans	(1,666)	(375)	—
Changes in operating assets and liabilities:			
Accounts receivable	6,602	(13,384)	(9,385)
Deferred income taxes	581	(2,645)	(2,476)
Prepaid expenses and other current assets	(6,634)	17	(2,196)
Other assets	964	(1,243)	(908)
Accounts payable	406	587	522
Accrued compensation	2,264	1,799	1,683
Accrued royalties	1,166	(347)	1,417
Accrued expenses and other liabilities	2,315	3,412	59
Income taxes payable	875	1,402	(183)
Deferred revenue	42,043	3,446	1,086
Net cash provided by operating activities	106,680	44,450	23,040
Investing activities			
Purchases of property and equipment	(4,898)	(7,375)	(5,368)
Additions to capitalized software	(1,234)	(2,440)	(1,626)
Purchases of short-term investments	(241,269)	—	—
Maturities of short-term investments	17,640	—	—
Proceeds from sales of short-term investments	42,063	—	—
Net cash used in investing activities	(187,698)	(9,815)	(6,994)
Financing activities			
Proceeds from exercise of stock options	2,623	457	68
Proceeds from initial public offering, net of costs	—	44,638	—
Proceeds from exercise of Series E preferred stock warrants	—	862	—
Repurchases of common stock	(12,024)	(1,228)	—
Excess tax benefit from employee stock option plans	1,666	375	—
Net cash provided by (used in) financing activities	(7,735)	45,104	68
Effect of exchange rate changes on cash and cash equivalents	(56)	(5)	164
Net increase (decrease) in cash and cash equivalents	(88,809)	79,734	16,278
Cash and cash equivalents, at beginning of period	112,862	33,128	16,850
Cash and cash equivalents, at end of period	$ 24,053	$112,862	$33,128
Supplemental disclosure of cash flow information			
Income taxes paid	$ 26,995	$ 23,737	$15,916
Non-cash financing activities			
Issuance of common stock in the form of a stock dividend to Series E preferred stockholders	$ —	$ 5,089	$ —

See Notes to Consolidated Financial Statements.

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and significant accounting policies

Description of business

TeleNav, Inc., also referred to in this report as “we,” “our” or “us,” and our predecessor company were incorporated in October 2009 and September 1999, respectively, in the State of Delaware. We are a leading provider of personalized navigation and location based services, or LBS, that help on-the-go people make daily decisions about “where to go, how to get there, what to do, and even when to go” —and we make it possible across mobile devices, mobile applications, wireless carriers, automobiles, and enterprises, both domestically and abroad. We operate in a single segment. We refer to the fiscal years ended June 30, 2011, 2010 and 2009 as fiscal 2011, fiscal 2010 and fiscal 2009, respectively.

Initial Public Offering

In May 2010, we completed our initial public offering, or IPO, whereby 8,050,000 shares of common stock were sold to the public at a price of $8.00 per share. We sold 6,550,000 shares of common stock and selling stockholders sold 1,500,000 common shares. We received $44.6 million in net proceeds, comprised of gross proceeds from shares issued by us in the IPO of $52.4 million, offset by underwriting discounts of $3.7 million and total offering costs of $4.1 million. Upon the closing of the IPO, all shares of convertible preferred stock outstanding automatically converted into 23,345,247 shares of common stock, and we issued a stock dividend of 636,139 shares of common stock to holders of our Series E convertible preferred stock upon the conversion of those preferred shares into common stock.

Basis of presentation

The consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The consolidated financial statements include the accounts of TeleNav, Inc. and our wholly owned subsidiaries in China, the United Kingdom and Brazil. All significant intercompany balances and transactions have been eliminated in consolidation. Certain prior year balances have been reclassified to conform to the current year presentation.

Our consolidated financial statements also include the financial results of Shanghai Jitu Software Development Ltd., or Jitu, located in China. Based on our contractual arrangements with the shareholders of Jitu, we have determined that Jitu is a variable interest entity, or VIE, for which we are the primary beneficiary and are required to consolidate in accordance with Accounting Standards Codification subtopic 810-10, or ASC 810-10, *Consolidation: Overall* . Despite our lack of technical ownership, there exists a parent-subsidiary relationship between TeleNav, Inc. and Jitu, whereby through contractual arrangement, the equity holders of Jitu have effectively assigned all of their voting rights underlying their equity interest in Jitu to us. In addition, through the aforementioned agreements, we demonstrate our ability and intention to continue to exercise the ability to absorb all of the expected losses and profits of Jitu.

The results of Jitu did not have a material impact on the Company’s overall operating results for fiscal 2011.

Use of estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant estimates and assumptions made by us are used for revenue recognition and deferred revenue, the fair value of certain warrants, the recoverability of accounts receivable, stock-based compensation, litigation, income taxes and deferred income tax assets and associated valuation allowances. Actual results could differ from those estimates.

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Revenue recognition

In October 2009, the Financial Accounting Standards Board, or FASB, issued its revised standard which supersedes certain guidance with respect to accounting for revenue arrangements with multiple deliverables. The revised standard changes the determination of when individual deliverables in a multiple element arrangement may be treated as separate units of accounting and modifies the manner in which the transaction consideration is allocated across separately identifiable deliverables. We adopted the revised standard prospectively for fiscal 2011 as of July 1, 2010. Adoption of this standard did not have a material impact on our financial position, cash flows or results of operations.

We recognize revenue when persuasive evidence of an arrangement exists, delivery of those services has occurred, the fee is fixed or determinable, and collectability is reasonably assured. We derive our revenue primarily from subscriptions to access our LBS, which are generally provided through wireless carrier customers that offer our services to their subscribers. Revenue is primarily comprised of subscription fees for the use of our LBS, as well as activation fees related to certain services. Our wireless carrier customers pay us based on several different revenue models, including (1) a monthly subscription fee per end user, (2) a fixed annual fee for any number of subscribers (up to specified thresholds) receiving our services as part of bundles with other voice and data services, or (3) a revenue sharing arrangement that may include a minimum fee per end user, or (4) based on usage or other basis.

We recognize monthly fees related to our services in the month we provide the services. We defer amounts received in advance of the service being provided and recognize the deferred amounts when the monthly service has been provided. We recognize revenue for fixed annual fees for any number of subscribers receiving our services as part of bundles monthly on a straight-line basis over the term of the agreement. Our agreements do not contain general rights of refund once the service has been provided. We also establish allowances for estimated credits subsequently issued to end users by our wireless carrier customers. We defer activation fees received upon the initiation of certain services and recognize the deferred amounts over the estimated average length of subscription to the service, historically 16 months.

We recognize as revenue the amount our wireless carrier customers report to us as we provide our services, which are net of any revenue sharing or other fees earned and deducted by our wireless carrier customers. We are not the principal provider when selling access to our LBS through our wireless carrier customers as the subscribers directly contract with our wireless carrier customers. In addition, we may earn a fixed fee or fixed percentage of fees charged by our wireless carrier customers and our wireless carrier customers have the sole ability to set the price charged to their subscribers for our service. Our wireless carrier customers have direct responsibility for billing and collecting those fees from their subscribers and we and our wireless carrier customers may offer subscribers a 30-day free trial for our service. We provide tiered pricing to certain of our wireless carrier customers based on the number of paying end users in a given month, which may result in a discounted fee per end user depending on the number of end users. Revenue recognized is based on the discounted fees earned for a given period.

We also derive revenue from the delivery of customized software and royalties earned from the distribution of this customized software in certain automotive navigation applications. We generally recognize software customization revenue using the completed contract method of contract accounting under which revenue is recognized upon delivery to, and acceptance by, the automobile manufacturer of our on-board navigation solutions. We generally recognize royalty revenue as the vehicles are produced, assuming all other conditions for revenue recognition have been met.

In certain instances, due to the nature and timing of monthly revenue and subscriber reporting from our wireless carrier customers, we may be required to make estimates of the amount of LBS revenue to recognize

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

from a wireless carrier customer for the current period. Estimates for revenue include our consideration of certain factors and information, including subscriber data, historical subscription and revenue reporting trends, end user subscription data from our internal systems, and data from comparable distribution channels of our other wireless carrier customers.

We may be required to make estimates of revenue for a given month if wireless carrier customers do not provide us with an LBS revenue report in a timely manner. We record any differences between estimated revenue and actual revenue in the reporting period when we determine the actual amounts. To date, actual amounts have not differed materially from our estimates.

Cost of revenue

Our cost of revenue consists primarily of the cost of third party royalty based data, such as map, points of interest, traffic, gas price and weather data, and voice recognition technology that we use in providing our LBS. Our cost of revenue also includes expenses associated with data center operations, customer support, the amortization of capitalized software development costs and stock-based compensation.

In connection with our usage of licensed third party content, our contracts with certain licensors include minimum guaranteed royalty payments, which are payable regardless of the ultimate volume of revenue derived from the number of paying end users. These contracts contain obligations for the licensor to provide ongoing services and, accordingly, we record any minimum guaranteed royalty payments as an asset when paid and amortize the amount to cost of revenue over the applicable period. Any additional royalties due based on actual usage are expensed monthly as incurred.

Foreign currency translation

The functional currency of our foreign subsidiaries is the local currency. Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are recorded as part of a separate component of comprehensive income in stockholders' equity. Foreign currency transaction gains and losses are included in our net income for each year. All assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the exchange rate on the balance sheet date. Revenue and expenses are translated at the average monthly exchange rates during the year. Equity transactions are translated using historical exchange rates. Foreign currency transaction gain (loss) was $(205,000), $(81,000) and $(223,000) for fiscal 2011, 2010 and 2009, respectively.

Cash equivalents and short-term investments

Cash equivalents consist of highly liquid fixed-income investments with original maturities of three months or less at the time of purchase, including money market funds. Short-term investments consist of readily marketable securities with a remaining maturity of more than three months from time of purchase. We classify all of our cash equivalents and short-term investments as "available for sale," as these investments are free of trading restrictions. These marketable securities are carried at fair value, with the unrealized gains and losses, net of tax, reported as accumulated other comprehensive income and included as a separate component of stockholders' equity. Gains and losses are recognized when realized. When we have determined that an other-than-temporary decline in fair value has occurred, the amount of the decline that is related to a credit loss is recognized in earnings. Gains and losses are determined using the specific identification method. We had no material realized gains or losses in fiscal 2011 and 2010.

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Concentrations of risk and significant customers

Financial instruments that subject us to significant concentrations of credit risk primarily consist of cash, cash equivalents, short-term investments and accounts receivable. We maintain our cash, cash equivalents and short-term investments with well-capitalized financial institutions. Cash equivalents consist primarily of money-market accounts. Our primary customers are wireless carriers and we do not require collateral for accounts receivable. To manage the credit risk associated with accounts receivable, we evaluate the creditworthiness of our wireless carrier customers. We evaluate our accounts receivable on an ongoing basis to determine those amounts not collectible. To date, we are not aware of circumstances that may impair a specific customer's ability to meet its financial obligations to us.

Revenue related to services provided through Sprint Nextel Corporation, or Sprint, comprised 42%, 55% and 61% of revenue for fiscal 2011, 2010 and 2009, respectively. Receivables due from Sprint were 6% and 49% of total accounts receivable at June 30, 2011 and 2010, respectively. Revenue related to services provided through AT&T Mobility LLC., or AT&T, comprised 37%, 34% and 29% of revenue for fiscal 2011, 2010 and 2009, respectively. Receivables due from AT&T were 50% and 38% of total accounts receivable at June 30, 2011 and 2010, respectively. As of June 30, 2011, receivables due from Ford Motor Company, or Ford and T-Mobile were 17% and 11%, respectively. No other customer represented 10% of our revenue or 10% of our receivables for any period presented.

Our map and points of interest data have been provided principally through Tele Atlas North America, Inc., now known as TomTom Maps and Navigation Technologies Corporation or NAVTEQ in fiscal 2011, 2010 and 2009. To date, we are not aware of circumstances that may impair either party's intent or ability to continue providing such services to us.

Fair value of financial instruments

The estimated fair market value of financial instruments, which include cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued expenses, approximates the carrying values of those instruments due to their relatively short maturities.

We measure certain financial instruments at fair value on a recurring basis. We have established a hierarchy, which consists of three levels, for disclosure of the inputs used to determine the fair value of our financial instruments.

Level 1 valuations are based on quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are based on inputs that are observable, either directly or indirectly, other than quoted prices included within Level 1. Such inputs used in determining fair value for Level 2 valuations include quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 valuations are based on information that is unobservable and significant to the overall fair value measurement.

As of June 30, 2011 and 2010, we did not have any Level 3 financial instruments.

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Computers, automobiles and equipment have useful lives of three years and fixtures and furniture have useful lives of five years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful lives of the assets or the term of the related lease.

We review our property and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If property and equipment are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair value. We have not recorded any impairment to our long-lived assets in any of the periods presented.

Comprehensive income

Comprehensive income consists of net income and other comprehensive income (loss), which includes cumulative foreign currency translation gains or losses, and unrealized gains and losses on available-for-sale securities. Foreign currency translation gains (losses) totaled $(55,000), $(5,000) and $156,000 for fiscal 2011, 2010 and 2009, respectively. Net unrealized gains on available-for-sale securities totaled $193,000 for fiscal 2011.

Stock-based compensation

We account for stock-based employee compensation arrangements under the fair value recognition method, which requires us to measure the stock-based compensation costs of share-based compensation arrangements based on the grant-date fair value, and recognize the costs in the financial statements over the employees' requisite service period. We recognize compensation expense for the fair value of these awards with time-based vesting on a straight-line basis over the employee's requisite service period of each of these awards, net of estimated forfeitures.

Equity instruments issued to nonemployees are recorded at their fair value on the measurement date and are subject to periodic adjustment as the underlying equity instruments vest.

Income taxes

We utilize the asset and liability method of accounting for income taxes, whereby deferred tax asset or liability account balances are calculated at the balance sheet date using current tax laws and rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount that will more likely than not be realized.

Research and software development costs

We expense research and development costs as incurred. We account for the costs of computer software we develop for internal use by capitalizing qualifying costs, which are incurred during the application development stage, and amortizing those costs over the application's estimated useful life which generally ranges from 18 to 24 months, depending on the type of application. We capitalized $1.2 million, $2.4 million and $1.6 million of software development costs during fiscal 2011, 2010 and 2009, respectively. Amortization expense related to

these costs, which has been recorded in cost of revenue, totaled $2.0 million, $939,000 and $418,000 for fiscal 2011, 2010 and 2009, respectively. In addition, we wrote off $714,000 of capitalized software development costs in fiscal 2011 due to impairment. As of June 30, 2011 and 2010 unamortized capitalized software development costs, which were included in deposits and other assets, were $1.8 million and $3.2 million, respectively.

We also account for the costs of computer software we develop for customers requiring significant modification or customization by deferring qualifying costs under the completed contract method. All such development costs incurred are deferred until the related revenue is recognized. We deferred $2.1 million, $1.3 million and $828,000 of software development costs during fiscal 2011, 2010 and 2009, respectively. Development costs expensed to cost of revenue totaled $1.8 million, $165,000 and $7,000 for fiscal 2011, 2010 and 2009, respectively. As of June 30, 2011 and 2010 deferred capitalized software development costs, which were included in prepaid expenses and other current assets, and deposits and other assets, were $2.2 million and $1.9 million, respectively.

Advertising expense

Advertising costs are expensed as incurred. Advertising expense was $526,000, $182,000 and $662,000 for fiscal 2011, 2010 and 2009, respectively.

Recent accounting pronouncements

In January 2010, the FASB issued revised guidance intended to improve disclosures related to fair value measurements. This guidance requires new disclosures as well as clarifies certain existing disclosure requirements. New disclosures under this guidance require separate information about significant transfers in and out of Level 1 and Level 2 of the fair value hierarchy and the reason for such transfers, and also require purchases, sales, issuances, and settlements information for Level 3 measurement to be included in the rollforward of activity on a gross basis. The guidance also clarifies the requirement to determine the level of disaggregation for fair value measurement disclosures and the requirement to disclose valuation techniques and inputs used for both recurring and nonrecurring fair value measurements in either Level 2 or Level 3. The revised guidance was effective for interim and annual fiscal years beginning after December 15, 2009, except for disclosure requirements related to Level 3 measurement. We adopted the revised guidance during fiscal 2010 and the adoption did not have a material impact on our consolidated financial statements. The revised accounting guidance for the rollforward of activity on a gross basis for Level 3 fair value measurement will be effective for us in the first quarter of our fiscal 2012, which commences on July 1, 2011. We do not expect the revised guidance to have a material impact on our consolidated financial statements.

In May 2011, the FASB amended fair value measurement and disclosure guidance to achieve convergence with International Financial Reporting Standards or IFRS. The amended guidance clarified existing fair value measurement guidance, revised certain measurement guidance and expanded the disclosure requirements concerning Level 3 fair value measurements. The guidance is effective for interim and annual periods beginning after December 15, 2011. Adoption of this guidance is not expected to have a material effect on our consolidated financial statements.

In fiscal 2011, we adopted revised standard which supersedes certain guidance with respect to accounting for revenue arrangements with multiple deliverables. The revised standard changes the determination of when individual deliverables in a multiple element arrangement may be treated as separate units of accounting and modifies the manner in which the transaction consideration is allocated across separately identifiable deliveries. The revised standard was effective for our fiscal year beginning July 1, 2010. The adoption of the revised guidance did not have a material impact on our consolidated financial statements.

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2. Net income per share

In May 2010, all of our outstanding convertible preferred stock converted into common stock in connection with our IPO. Prior to our IPO, basic and diluted net income per share applicable to common stockholders were presented in conformity with the two-class method required for participating securities. Our Series E convertible preferred stock was a participating security. Holders of Series E convertible preferred stock were each entitled to receive cumulative dividends, payable prior and in preference to any dividends on any other shares of our capital stock. In the event a dividend was paid on any share of common stock, Series E convertible preferred stockholders were entitled to a proportionate share of any such dividend as if they were holders of common stock (on an as if converted basis).

Under the two-class method, basic net income per share applicable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted average number of common shares outstanding during the period. Net income applicable to common stockholders is determined by allocating undistributed earnings, calculated as net income less current period Series E convertible preferred stock cumulative dividends, between common and Series E convertible preferred stockholders. Diluted net income per share applicable to common stockholders is computed by using the weighted average number of shares of common stock outstanding, including potential dilutive common shares assuming (i) the dilutive effect of outstanding stock options and warrants using the treasury stock method and (ii) the issuance of shares upon the conversion of outstanding Series A, Series B, Series B Prime, Series C, Series C Prime and Series D convertible preferred stock.

Subsequent to our IPO, basic net income per share is calculated by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted net income per share is computed by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period, including potential dilutive common shares assuming the dilutive effect of outstanding stock options and warrants using the treasury-stock method.

As a result of the completion of our IPO during the fourth quarter of fiscal 2010, we allocated income between the preferred and common stockholders on a pro-rata basis over the number of days of the respective periods presented for purposes of determining the income attributable to common stockholders under each of the methods noted above.

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents the calculation of basic and diluted net income per share applicable to common stockholders (in thousands, except per share amounts):

	Fiscal Year Ended June 30,		
	2011	2010	2009
Net income applicable to common stockholders:			
Net income	$42,574	$ 41,410	$ 29,618
Series E preferred cumulative dividends	—	(954)	(1,208)
Undistributed earnings allocated to Series E preferred stockholders	—	(14,896)	(12,691)
Net income applicable to common stockholders	$42,574	$ 25,560	$ 15,719
Shares used in computing net income per share applicable to common stockholders:			
Basic:			
Weighted average common shares used in computing basic net income per share	41,975	15,569	11,273
Diluted:			
Weighted average common shares used in computing basic net income per share	41,975	15,569	11,273
Add weighted average effect of dilutive securities:			
Stock options	3,111	3,115	2,468
Common stock warrants	—	10	—
Conversion of convertible preferred stock	—	12,139	13,983
Weighted average common shares used in computing diluted net income per share	45,086	30,833	27,724
Net income per share applicable to common stockholders:			
Basic	$ 1.01	$ 1.64	$ 1.39
Diluted	$ 0.94	$ 0.83	$ 0.57

The following outstanding shares subject to options, warrants and convertible preferred stock were excluded from the computation of diluted net income per common share for the periods presented because including them would have had an antidilutive effect (in thousands):

	Fiscal Year Ended June 30,		
	2011	2010	2009
Options to purchase common stock	1,200	574	296
Warrants to purchase common stock	—	—	21
Warrants to purchase Series E convertible preferred stock	—	—	261
	1,200	574	578

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

3. Cash and cash equivalents and short-term investments

Cash and cash equivalents and short-term investments consisted of the following as of June 30, 2011 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Cash	$ 18,900	$ —	$ —	$ 18,900
Cash equivalents:				
Money market mutual funds	5,153	—	—	5,153
Total cash equivalents	5,153	—	—	5,153
Total cash and cash equivalents	24,053	—	—	24,053
Short-term investments:				
Asset-backed security	1,032	—	(3)	1,029
Certificate of deposit	2,750	1	—	2,751
Municipal securities	140,705	244	—	140,949
Commercial paper	11,092	3	—	11,095
Corporate bonds	23,357	76	—	23,433
Total short-term investments	178,936	324	(3)	179,257
Cash and cash equivalents and short-term investments	$202,989	$ 324	$ (3)	$203,310

Cash and cash equivalents consisted of the following as of June 30, 2010 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Cash	$ 17,858	$ —	$ —	$ 17,858
Cash equivalents:				
Money market mutual funds	95,004	—	—	95,004
Total cash equivalents	95,004	—	—	95,004
Cash and cash equivalents	$112,862	$ —	$ —	$112,862

The following table summarizes the cost and estimated fair value of short-term fixed income securities classified as short-term investments based on stated maturities as of June 30, 2011 (in thousands):

	Amortized Cost	Estimated Fair Value
Due within one year	$ 93,315	$ 93,403
Due within two years	84,511	84,748
Due after two years	1,110	1,106
Total	$178,936	$179,257

As of June 30, 2011, we did not consider any of our investments to be other-than-temporarily impaired.

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. Fair value of financial instruments

All of our cash equivalents and short-term investments are classified within Level 1 or Level 2. The fair values of these financial instruments were determined using the following inputs at June 30, 2011 (in thousands):

	Fair Value Measurements at June 30, 2011 Using			
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents:				
Money market mutual funds	$ 5,153	$ 5,153	$ —	$ —
Total cash equivalents	5,153	5,153	—	—
Short-term investments:				
Asset-backed security	1,029	—	1,028	—
Certificate of deposit	2,751	—	2,751	—
Municipal securities	140,949	—	140,949	—
Commercial paper	11,095	—	11,095	—
Corporate bonds	23,433	—	23,433	—
Total short-term investments	179,257	—	179,257	—
Cash equivalents and short-term investments	$184,410	$ 5,153	$179,257	$ —

Where applicable, we use quoted prices in active markets for identical assets to determine fair value of Level 2 short-term investments. If quoted prices in active markets for identical assets are not available to determine fair value, we use quoted prices for similar assets and liabilities or inputs that are observable either directly or indirectly. If quoted prices for identical or similar assets are not available, we use third-party valuations utilizing underlying assets assumptions.

The fair values of our financial instruments were determined using the following inputs at June 30, 2010 (in thousands):

	Fair Value Measurements at June 30, 2010 Using			
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents:				
Money market mutual funds	$95,004	$ 95,004	$ —	$ —
Total cash equivalents	$95,004	$ 95,004	$ —	$ —

We did not have any financial liabilities to value as of June 30, 2011 or 2010.

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

5. Property and equipment

Property and equipment consist of the following (in thousands):

	June 30,	
	2011	2010
Computers and equipment	$ 16,988	$13,665
Computer software	3,040	1,749
Furniture and fixtures	713	620
Automobiles	297	193
Leasehold improvements	2,339	2,140
	23,377	18,367
Less accumulated depreciation and amortization	(14,298)	(8,730)
Property and equipment, net	$ 9,079	$ 9,637

Depreciation and amortization expense was $5.7 million, $4.1 million and $1.9 million for fiscal 2011, 2010 and 2009, respectively.

6. Commitments and contingencies

Our primary facilities are located in Sunnyvale, California, and Shanghai, Beijing and Xi'an, China, and are leased under noncancelable operating lease arrangements. Future minimum operating lease payments by fiscal year as of June 30, 2011 were as follows (in thousands):

2012	$ 2,456
2013	3,142
2014	4,871
2015	4,161
2016 and thereafter	18,401
Total minimum lease payments	$33,031

Rent expense was $2.4 million, $2.4 million and $1.7 million for fiscal 2011, 2010 and 2009, respectively.

Purchase obligations

As of June 30, 2011, we had an aggregate of $22.4 million of future minimum noncancelable financial commitments primarily related to license fees due to certain of our third party content providers over the next three fiscal years. The aggregate of $22.4 million of future minimum commitments were comprised of $15.2 million due in fiscal 2012, $6.1 million due in fiscal 2013 and $1.1 million due in fiscal 2014. The above commitment amounts exclude amounts already recorded on the Consolidated Balance Sheet.

Contingencies

From time to time, we may become involved in legal proceedings, claims and litigation arising in the ordinary course of business. When we believe a loss or a cost of indemnification is probable and can be reasonably estimated, we accrue the estimated loss or cost of indemnification in our consolidated financial statements. Where the outcome of these matters is not determinable, we do not make a provision in our financial statements until the loss or cost of indemnification, if any, is probable and can be reasonably estimated or the outcome becomes known.

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

On November 17, 2009, WRE-Hol, LLC, or WRE-Hol, filed a complaint against us in the U.S. District Court for the Western District of Washington (Case No. 2:09-cv-01642-MJP). The lawsuit alleges that certain of our products and/or services infringe U.S. Patent No. 7,149,625, and that we induce infringement and contribute to the infringement of U.S. Patent No. 7,149,625 by others. According to the patent, the invention generally relates to a system and method for providing navigation and automated guidance to a mobile user. The complaint seeks unspecified monetary damages, fees and expenses and injunctive relief against us. On November 27, 2009, WRE-Hol served the complaint on us. On January 25, 2010, we answered the WRE-Hol complaint asserting that the patent-in-suit is not infringed and is invalid and unenforceable. On March 11, 2010, WRE-Hol amended its complaint to add a new defendant, and we subsequently answered, repeating our assertions that the patent-in-suit is not infringed and is invalid and unenforceable. On April 27, 2010, we filed a reexamination request for all of the claims of the asserted patent before the U.S. Patent and Trademark Office. On April 29, 2010, we filed a motion to stay the litigation pending the reexamination. On May 3, 2010, WRE-Hol filed a motion for leave to amend the complaint against us, seeking to add claims for misappropriation of trade secrets against us and our founders, Y.C. Chao, HP Jin and Robert Rennard. WRE-Hol's motion for leave to amend also seeks to add a breach of contract claim against us and a claim for wrongful inventorship involving two of our patents, requesting a declaratory judgment that a WRE-Hol inventor be named as an inventor on these patents. On July 19, 2010, the U.S. Patent and Trademark Office issued an order granting inter partes reexamination of all 51 claims of the WRE-Hol '625 patent. On July 23, 2010, the district court issued an order granting WRE-Hol's motion for leave to amend its complaint, but at the same time stayed the entire litigation pending completion of the reexamination. The stay of the litigation extends to the new claims the court allowed. On September 13, 2010, the U.S. Patent and Trademark Office rejected 44 of the 51 WRE-Hol patent claims in a non-final first office action and confirmed seven of the 51 claims. On November 15, 2010, WRE-Hol responded to the office action, canceling some claims and adding others. On December 15, 2010, TeleNav responded to the office action and WRE-Hol's response. On April 4, 2011, the U.S. Patent and Trademark Office rejected WRE-Hol's November 15, 2010 office action response, and gave WRE-Hol 30 days to file a corrected response. WRE-Hol filed its corrected response on May 4, 2011. TeleNav responded to WRE-Hol's filing on June 2, 2011. The next step will be a second office action from the Patent Office, which is expected within the next four months. Due to the preliminary status of the lawsuit and uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this lawsuit on our financial condition, results of operations, or cash flows.

On December 31, 2009, Vehicle IP, LLC, or Vehicle IP, filed a complaint against us in the U.S. District Court for the District of Delaware (Case No. 1:09-cv-01007-JJF). The plaintiff alleges that certain of our services, including our GPS Navigator and TeleNav Track, infringe U.S. Patent No. 5,987,377, and that we induce infringement and contribute to the infringement of U.S. Patent No. 5,987,377 by others. According to the patent, the invention generally relates to a navigation system that determines an expected time of arrival. The complaint seeks unspecified monetary damages, fees and expenses and injunctive relief against us. Verizon Wireless was named as a co-defendant in the Vehicle IP litigation based on the VZ Navigator product and has demanded that we indemnify and defend Verizon against Vehicle IP. AT&T was also named as a co-defendant in the Vehicle IP litigation based on the AT&T Navigator product. AT&T has tendered the defense of the litigation to us and we are defending the case on behalf of AT&T. The court conducted a scheduling conference for the litigation on February 7, 2011 and set a jury trial date for November 5, 2012. The parties are engaged in fact discovery, which has a cutoff date of April 5, 2012. The court will hold a claim construction hearing on October 24, 2011. We are developing our non-infringement and invalidity defenses in preparation for the case dispositive motions. The parties are to submit case dispositive motions by May 18, 2012. Due to the uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this lawsuit on our financial condition, results of operations, or cash flows.

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On April 30, 2010, Traffic Information, LLC filed a complaint against us in the U.S. District Court for the Eastern District of Texas (Case No. 2:10-cv-00145-TJW). The lawsuit alleges that certain of our products and/or services infringe U.S. Patent No. 6,785,606, and that we induce infringement and contribute to the infringement of U.S. Patent No. 6,785,606 by others. According to the patent, the invention generally relates to a system for providing traffic information to a plurality of mobile users connected to a network. The complaint seeks unspecified monetary damages, fees and expenses and injunctive relief against us. On May 28, 2010, Traffic Information, LLC filed an amended complaint, adding a new claim that certain of our products and/or services infringe U.S. Patent No. 6,466,862, and that we induce infringement and contribute to the infringement of U.S. Patent No. 6,466,862 by others. According to the patent, the invention generally relates to a system for providing traffic information to a plurality of mobile users connected to a network. The amended complaint seeks unspecified monetary damages, fees and expenses and injunctive relief against us. On March 14, 2011, we answered the Traffic Information complaint asserting that the patent-in-suit is not infringed and is invalid and unenforceable. Due to the preliminary status of the lawsuit and uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this complaint on our financial condition, results of operations or cash flows.

On April 11, 2011, Walker Digital, LLC, or Walker Digital, filed a complaint against us and 13 other defendants in the United States District Court for the District of Delaware (Case No. 1:11-CV-00309-SLR), alleging infringement of U.S. Patent No. 6,199,014, and seeking a permanent injunction, damages and attorneys' fees should judgment be found in favor of Walker Digital. On May 10, 2011, we filed an answer denying the allegations. On June 30, 2011, Walker Digital dismissed its complaint against us without prejudice.

On September 2, 2010, a purported stockholder class action was filed by David Smith in the United States District Court for the Northern District of California (Case No. 3:10-CV-03942-SC) against us, certain of our officers and directors, and certain of our underwriters for our May 13, 2010 IPO, alleging violations of Sections 11 and 15 of the Securities Act. On March 21, 2011, plaintiff filed an amended complaint purporting to be brought on behalf of all persons who acquired shares of our common stock pursuant to our IPO and alleging that we, certain of our officers and directors, and certain of our underwriters for the IPO violated the Securities Act by issuing the Registration Statement and Prospectus, which the plaintiff alleges contained material misstatements and omissions in violation of Sections 11, 12(a)(2) and 15 of the Securities Act. The amended complaint sought class certification, compensatory damages, attorneys' fees and costs, rescission or a rescissory measure of damages, equitable and/or injunctive relief, and such other relief as the court may deem proper. We filed a motion to dismiss plaintiff's amended complaint on May 4, 2011. On June 2, 2011, following a successful mediation between the parties, the Court entered a stipulation and order regarding settlement and staying all proceedings. A hearing to approve settlement of the case will be held in November 2011. The settlement will include a payment of $3.8 million to resolve all claims as to all defendants to the litigation. The entire settlement amount will be paid by our insurance carrier. We do not anticipate any liability as a result of this matter.

On June 6, 2011, Qaxaz, LLC, or Qaxaz, filed a complaint against us and nine other defendants in the United States District Court for the District of Delaware, Case No. 1:11-cv-00492-LPS, alleging infringement of U.S. Patent No. 7,917,285, and seeking a permanent injunction, damages and attorneys' fees should judgment be found in favor of Qaxaz. On July 29, 2011, we answered the Qaxaz complaint asserting that the patent-in-suit is not infringed and is invalid and unenforceable. Due to the preliminary status of the lawsuit and uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this complaint on our financial condition, results of operations or cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In addition, we have received, and expect to continue to receive, demands for indemnification from our wireless carrier customers, which demands can be very expensive to settle or defend, and we have in the past offered to contribute to settlement amounts and incurred legal fees in connection with certain of these indemnity demands. A number of these indemnity demands, including demands relating to pending litigation, remain outstanding and unresolved as of the date of this Form 10-K. Furthermore, in response to these demands we may be required to assume control of and bear all costs associated with the defense of our wireless carrier customers in compliance with our contractual commitments. We are not a party to the following cases; however our wireless carrier customers have requested that we indemnify them in connection with such cases:

In 2008, Alltel, AT&T, Sprint and T-Mobile each demanded that we indemnify and defend them against lawsuits brought by patent holding companies EMSAT Advanced Geo-Location Technology LLC and Location Based Services LLC (collectively, "EMSAT"), in the Northern District of Ohio (Case Nos. 4:08-cv-822, 4:08-cv-821, 4:08-cv- 817, 4:08-cv-818). The lawsuits allege that the delivery of wireless telephone services infringes U.S. Patents Nos. 5,946,611, 6,324,404, 6,847,822 and 7,289,763 and seek unspecified damages. In 2009, after T-Mobile also sought indemnification and defense from Google, Inc., Google intervened in the T-Mobile litigation. After claim construction and related motion practice, EMSAT agreed to dismiss all claims against Google in at least the T-Mobile suit, and in March 2011, EMSAT and AT&T settled their claims. By March 2011, all the EMSAT cases were either dismissed or stayed until the U.S. Patent & Trademark Office completes its reexamination of the validity of the patents at issue. Due to uncertainties related to litigation, we are unable at this time to evaluate the likelihood of either a favorable or unfavorable outcome. We have arbitrated with and compensated one carrier for our defense obligations, without a negative effect on our financial condition, results of operations, or cash flows. We have not yet determined the extent of our defense obligations to the other wireless carriers, and we cannot currently estimate a range of other possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the overall effects of these cases on our financial condition, results of operations, or cash flows.

In March and May 2009, AT&T and Sprint demanded that we indemnify and defend them against a lawsuit brought by Tendler Cellular of Texas LLC in the Eastern District of Texas (Case No. 6:09-cv-0115) alleging that the wireless carriers infringe U.S. Patent No. 7,447,508 in connection with the delivery of certain LBS as part of their wireless telephone services and seeking unspecified damages. Tendler Cellular of Texas is a patent holding company. In May 2009, AT&T responded to the allegations, filing an answer that the patent-in-suit is not infringed, is invalid and unenforceable. In June 2009, Sprint did the same. In June 2010, AT&T settled its claims with Tendler and we came to an agreement with AT&T as to the extent of our contribution towards AT&T's settlement; however, there continues to be a disagreement as to any additional amounts that might be provided to AT&T as it relates to legal fees and expenses related to the defense of the matter. We do not believe these additional amounts will have a material effect on our financial condition, results of operations, or cash flows.

In February 2010, Sprint demanded that we indemnify and defend it against a lawsuit brought by Alfred P. Levine, an individual, in the Eastern District of Texas (Case No. 2:09-cv-00372) alleging that Sprint and Samsung infringe U.S. Patent Nos. 6,243,030 and 6,140,943 in connection with providing wireless navigation systems, products and services. In March 2010, Sprint responded to the allegations, filing an answer that the patents-in-suit are not infringed, are invalid and unenforceable. Alfred Levine subsequently denied these counterclaims and requested that they be dismissed. At an initial scheduling conference held on August 30, 2010, the court set a claim construction hearing date of December 21, 2011 and a trial date of May 7, 2012. We agreed to indemnify and defend Sprint against the lawsuit, and we are presently defending Sprint as a result. On October 28, 2010, Levine filed an amended complaint, adding groups of defendants from AT&T, T-Mobile, Verizon, HTC, Intermec, Kyocera, LG Electronics, Motorola, Palm, Research In Motion and Sanyo. In January 2011, AT&T demanded that we indemnify and defend it in the lawsuit. We offered to indemnify and defend AT&T against the lawsuit, with certain limitations, and are presently negotiating the scope of our indemnification obligations with AT&T. In February 2011, T-Mobile demanded that we indemnify and defend it

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

in the lawsuit. We have agreed to indemnify and defend T-Mobile against the lawsuit, with certain limitations, and are presently defending T-Mobile as a result. We cannot reasonably estimate to what extent we will indemnify Sprint or T-Mobile or AT&T or the potential losses they and we may experience in connection with such litigation. On January 10, 2011, the Court held a status conference. On January 14, 2011, the defendants filed a motion to modify the schedule to move the claim construction hearing and trial date to June 2012 and November 2012, respectively. On April 11, 2011, the Court granted-in-part the defendants' motion, keeping the claim construction hearing in December 2011 but moving the trial date to August 6, 2012. On June 27, 2011, Research In Motion was dismissed from the case based on a confidential license and settlement agreement. On June 16, 2011, TeleNav moved to intervene in the Levine litigation in the Eastern District of Texas. On June 29, 2011, the Court granted TeleNav's motion to intervene. On July 6, 2011, the judge assigned to the case, Magistrate Judge Charles Everingham, announced his retirement from the bench effective September 30, 2011. At this time, we cannot reasonably determine whether Judge Everingham's departure will affect the schedule for claim construction and trial. On July 14, 2011, Levine filed an answer and counterclaim to TeleNav's declaratory judgment complaint in intervention, asserting patent infringement claims against TeleNav based on Levine's previous allegations against Sprint, T-Mobile and AT&T. On August 4, 2011, TeleNav answered Levine's counterclaims of patent infringement. TeleNav shares the same claim construction hearing and trial date as the defendants in the case. Due to the uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this complaint on our financial condition, results of operations or cash flows.

In February 2011, SourceProse, Inc. filed Case No. 1:11-cv-117 in the Western District of Texas, alleging that AT&T, MetroPCS, Sprint, T-Mobile and Verizon each infringe U.S. Patents Nos. 7,142,217 and 7,161,604, both titled "system and method for synchronizing raster and vector map images." Although the complaint accuses "smart phone devices manufactured by Apple, RIM, Google, HTC, LG, Motorola, Nokia, Palm, Samsung and others," it does not identify any particular map software or services provided by us or others, and we have received nothing that suggests that the plaintiff believes that the patents at issue read on our products or services. Nonetheless, Sprint and T-Mobile have both demanded that we indemnify and defend them against SourceProse. Due to the preliminary status of the lawsuit and uncertainties related to litigation, we are unable to evaluate the likelihood that our products or services will be accused, or of either a favorable or unfavorable outcome if they are, and cannot currently estimate a range of any possible losses we may experience in connection with this case. Accordingly, we are unable at this time to estimate the effects of this complaint on our financial condition, results of operations or cash flows.

While we presently believe that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, cash flows or overall trends in results of operations, legal proceedings are subject to inherent uncertainties and unfavorable rulings could occur. Were unfavorable final outcomes to occur, there exists the possibility of a material adverse impact on our business, financial position, cash flows or overall trends in results of operations.

7. Guarantees and indemnifications

Our agreements with our wireless carrier and automobile manufacturer and OEM customers that offer our LBS generally include certain provisions for indemnifying them against liabilities if our LBS infringe a third party's intellectual property rights or for other specified matters. We have in the past received indemnification requests or notices of their intent to seek indemnification in the future from our wireless carrier customers with respect to specific litigation claims in which our wireless carrier customers have been named as defendants. To date, we have not incurred material costs and do not have material liabilities related to such obligations recorded in our consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We have agreed to indemnify our directors, officers and certain other employees for certain events or occurrences, subject to certain limits, while such persons are or were serving at our request in such capacity. We may terminate the indemnification agreements with these persons upon the termination of their services with us, but termination will not affect claims for indemnification related to events occurring prior to the effective date of termination. The maximum amount of potential future indemnification is unlimited. We have a directors and officers insurance policy that limits our potential exposure. We believe the fair value of these indemnification agreements is minimal. We had not recorded any liabilities for these agreements as of June 30, 2011 and 2010.

8. Preferred stock warrants

In January 2006, we issued warrants to purchase 272,684 shares of Series E convertible preferred stock at an exercise price of $3.300492 per share. The warrants, which expired in December 2009, were issued in connection with the December 2004 issuance of $6,000,000 in convertible notes payable. The fair value of the warrants was calculated using the Black-Scholes valuation model and was amortized to interest expense from the date of the issuance of the convertible notes payable in December 2004 through January 2006, the date the notes were converted to Series E convertible preferred stock. Warrants to purchase 11,361 shares were exercised in 2008, and warrants to purchase 261,323 shares were outstanding at June 30, 2009. All remaining outstanding warrants were exercised for cash consideration totaling $862,000 as of December 31, 2009.

The preferred stock warrants were classified as liabilities in our consolidated balance sheets and were subject to remeasurement at each balance sheet date, with the change in fair value recognized as a component of other income (expense), net. The following table summarizes the related charge to other income (expense), net and the assumptions used to determine the fair value of the warrants at each balance sheet date (dollars in thousands, except per share amounts):

		Black-Scholes pricing model				
	Total expense	Fair value per share	Remaining contractual term	Expected volatility	Risk-free interest rate	Assumed dividends
Fiscal 2010	$ 346	$ —	—	— %	— %	—
Fiscal 2009	$ 843	$ 9.61	0.5	75%	0.35%	—

During fiscal 2010 and 2009, we recognized total other expense of $346,000 and $843,000, respectively, to reflect the change in fair value of preferred stock warrants. As of December 31, 2009, all remaining outstanding warrants had been exercised and a total of $2.9 million was reclassified from warrant liability to preferred stock.

9. Convertible preferred stock and stockholders' equity (deficit)

Reverse Stock Split

In December 2009, our stockholders approved an amendment to our certificate of incorporation to effect a one for 12 reverse stock split of our common and preferred stock. The record date for the reverse stock split was April 15, 2010, the date the amendment to our certificate of incorporation was filed with the Delaware Secretary of State. The par value and the authorized shares of the common and convertible preferred stock were not adjusted as a result of the reverse stock split. The conversion ratios of each series of convertible preferred stock were adjusted accordingly. The reverse stock split is reflected in the accompanying consolidated financial statements and related notes on a retroactive basis for all periods presented.

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Convertible preferred stock

In connection with our IPO in May 2010, our previously authorized and outstanding convertible preferred stock was converted into common stock. All of our convertible preferred stock outstanding converted into 23,345,247 shares of common stock based on the shares of convertible preferred stock outstanding and we issued 636,139 shares of our common stock in the form of a stock dividend to the holders of our Series E convertible preferred stock upon the completion of the IPO. Holders of Series E convertible preferred stock were each entitled to receive cumulative dividends, payable in cash or stock at our option, at the rate of $0.13272 per share per annum. The cumulative dividend became a fixed amount without further cumulation as of April 15, 2010.

Undesignated preferred stock

In October and December 2009, we received approval from our board of directors and stockholders, respectively, to amend our certificate of incorporation upon the closing of our IPO to authorize 50,000,000 shares of undesignated preferred stock, par value $0.001 per share. In connection with the closing of our IPO, we filed an amended and restated certificate of incorporation that removed the previously authorized convertible preferred stock (after conversion of all such shares outstanding to common stock) and authorized 50,000,000 shares of undesignated preferred stock, par value $0.001 per share. The undesignated preferred stock may be issued from time to time at the discretion of our board of directors. As of June 30, 2011 and 2010, no shares of undesignated preferred stock were issued or outstanding.

Common stock

We are authorized to issue 600,000,000 shares of $0.001 par value stock. The holders of each share of common stock have the right to one vote.

Stock repurchase program

On November 15, 2010, we announced that our Board of Directors authorized a program for the repurchase of up to $20 million of our shares of common stock through open market purchases. The timing and amount of repurchase transactions under this program will depend on market conditions and other considerations. Under this program, we utilized $12.0 million of cash to repurchase 1,160,643 shares of our common stock at an average purchase price of $10.36 per share during fiscal 2011. The repurchased shares are being held as treasury shares. As of June 30, 2011, the remaining authorized amount of stock repurchases that may be made under this repurchase program was $8.0 million.

We use the par value method of accounting for our stock repurchases. Under the par value method, common stock is first charged with the par value of the shares involved. The excess of the cost of shares acquired over the par value is allocated to additional paid-in capital, or APIC, based on an estimated average sales price per issued share with the excess amounts charged to retained earnings. As a result of our stock repurchases during fiscal 2011, we reduced common stock and APIC by an aggregate of $3.4 million and charged $8.6 million to retained earnings.

In addition to our stock repurchase program, during fiscal 2010 we repurchased from two of our former employees a total of 200,590 shares of our common stock at the then current fair market value, for a total of $1.2 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Common stock warrants

In connection with our IPO in May 2010, an outstanding warrant to purchase 20,833 shares of common stock was net exercised for 12,239 shares of our common stock. No warrants to purchase common stock were outstanding as of June 30, 2011 and 2010.

Stock option plans

Under our 1999 Stock Option Plan, or 1999 Plan, 2002 Executive Stock Option Plan, or 2002 Plan, and 2009 Equity Incentive Plan, or 2009 Plan, eligible employees, directors, and consultants are able to participate in our future performance through awards of nonqualified stock options, incentive stock options and restricted stock units through the receipt of such awards as authorized by our board of directors. Incentive stock options may be granted only to employees to purchase our common stock at prices equal to or greater than the fair market value on the date of grant. Nonqualified stock options to purchase our common stock may be granted at prices not less than 85% of the fair market value on the date of grant. Options generally vest monthly over a four-year period beginning from the date of grant and generally expire 10 years from the date of grant. Prior to our IPO, we granted options outside of our stock option plans with terms substantially similar to the terms of options granted under our plans.

As of June 30, 2011, we had reserved 2,083,333 shares of common stock for issuance under the 2009 Plan. On the first day of each of our fiscal years, beginning with the 2012 fiscal year, the number of shares available and reserved for issuance under the 2009 Plan will be annually increased by an amount equal to the lesser of 1,666,666 shares of common stock; 4% of the outstanding shares of our common stock as of the last day of our immediately preceding fiscal year; or an amount determined by our board of directors.

A summary of our stock option activity is as follows (in thousands, except per share amounts):

	Options outstanding			
	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Balance as of June 30, 2010	5,863	$ 3.50		
Granted	2,651	7.52		
Exercised	(843)	3.11		
Canceled	(484)	6.87		
Balance as of June 30, 2011	7,187	$ 4.79	7.09	$ 92,969
As of June 30, 2011:				
Options vested and expected to vest	6,947	$ 4.68	7.01	$ 90,659
Options exercisable	3,664	$ 2.20	5.34	$ 56,904

During fiscal 2011, 2010 and 2009, the total cash received from the exercise of stock options was $2.6 million, $457,000 and $68,000, respectively. During fiscal 2011, 2010 and 2009, the total intrinsic value of stock options exercised was $7.0 million, $2.3 million and $169,000, respectively.

During fiscal 2011, we granted restricted stock units totaling 57,000 shares, which vest over three years. As of June 30, 2011, restricted stock units outstanding totaled 57,000 shares with a weighted average remaining contractual life of 1.29 years and an aggregate intrinsic value of $1.0 million. Restricted stock units vested and expected to vest totaled 52,677 shares with a weighted average remaining contractual life of 1.28 years and an aggregate intrinsic value of $934,000.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

As of June 30, 2011 and 2010, there were a total of approximately 402,000 and 2.6 million shares, respectively, available for grant under our stock option and equity incentive plans.

Stock-based compensation

The following table summarizes the stock-based compensation expense recorded for stock options issued to employees and nonemployees (in thousands):

	Fiscal Year Ended June 30,		
	2011	2010	2009
Cost of revenue	$ 97	$ 18	$ 4
Research and development	1,965	2,604	237
Selling and marketing	1,003	516	155
General and administrative	1,072	1,789	111
Total stock-based compensation expense	$4,137	$4,927	$507

In May 2010, we recorded a stock-based compensation charge in the amount of $2.8 million associated with options granted in 2006 to our founders which vested upon the closing of our IPO.

Commencing in December 2006 until our IPO, we generally obtained contemporaneous valuation analyses prepared by an unrelated third party valuation firm in order to assist us in determining the fair value of our common stock. Prior to the completion of our IPO, our board of directors considered these reports when determining the fair value of our common stock and related exercise prices of option awards on the date such awards were granted. We have also used these contemporaneous third party valuations for purposes of determining the Black-Scholes fair value of our stock option awards and related stock-based compensation expense.

We use the Black-Scholes pricing model to determine the fair value of stock options. The determination of the fair value of stock-based payment awards on the date of grant is affected by the stock price as well as assumptions regarding a number of complex and subjective variables. These variables include expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rates and expected dividends. The fair value of our stock options granted to employees was estimated using the following weighted-average assumptions:

	Fiscal Year Ended June 30,		
	2011	2010	2009
Dividend yield	—	—	—
Expected volatility	56%	74%	72%
Expected term (in years)	4.50	4.85	4.76
Risk-free interest rate	1.61%	2.36%	2.46%
Weighted average fair value per share at grant date	$3.51	$4.75	$2.04

Dividend yield . We have never declared or paid any cash dividends on our common stock and do not plan to pay cash dividends in the foreseeable future and, therefore, use an expected dividend yield of zero in the valuation model.

Expected volatility . Due to the limited historical public market trading data for our common stock, the expected volatility used is based on the historical volatility of various comparable companies. In evaluating similarity, we considered factors such as industry, stage of a company's life cycle, revenue and market capitalization.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Expected term . The expected term represents the period that our stock-based awards are expected to be outstanding. For options granted prior to fiscal 2008 the expected term was calculated as the average of the option vesting and contractual terms. For options granted beginning in fiscal 2008, the expected term was based on an analysis of our historical exercise and cancellation activity.

Risk-free interest rate . The risk-free rate is based on U.S. Treasury zero coupon issues with remaining terms similar to the expected term on the options.

At June 30, 2011, the total unrecognized stock-based compensation cost related to employee options was $11.3 million, net of estimated forfeitures and will be amortized over a weighted-average period of 2.9 years. The total fair value of stock options that vested during fiscal 2011, 2010 and 2009, was $4.2 million, $700,000 and $457,000, respectively. At June 30, 2011, the total unrecognized stock-based compensation cost related to restricted stock units was $287,000, net of estimated forfeitures and will be amortized over a weighted average period of 2.29 years. No restricted stock units vested during fiscal 2011.

Shares reserved for future issuance

Common stock reserved for future issuance was as follows (in thousands):

	June 30, 2011
Stock options outstanding	7,187
Restricted stock units outstanding	57
Available for future grants of stock options or restricted stock units	402
Total common shares reserved for future issuance	7,646

10. Income taxes

The domestic and foreign components of income (loss) before provisions for income taxes were as follows (in thousands):

	Fiscal Year Ended June 30,		
	2011	2010	2009
United States.	$69,233	$68,802	$44,211
Foreign	534	(799)	(2,695)
	$69,767	$68,003	$41,516

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The provision for income taxes consists of the following (in thousands):

	Fiscal Year Ended June 30,		
	2011	2010	2009
Current income taxes:			
Federal	$21,100	$23,228	$12,490
State	5,396	5,461	1,872
Foreign	245	18	12
Total current income taxes	26,741	28,707	14,374
Deferred income taxes:			
Federal	(599)	(1,822)	(1,966)
State	1,051	(292)	(510)
Total deferred income taxes	452	(2,114)	(2,476)
Total provision for income taxes	$27,193	$26,593	$11,898

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate as follows (in thousands):

	Fiscal Year Ended June 30,		
	2011	2010	2009
Tax at federal statutory tax rate	$24,418	$23,801	$14,531
State taxes—net of federal benefit	4,191	3,516	707
Non-deductible expenses	143	464	195
Research and development credits	(652)	(307)	(393)
Section 199 deduction	(1,252)	(1,084)	—
Foreign income taxed at different rates	58	298	955
Stock-based compensation expense	763	617	146
Other	(476)	(450)	120
Change in valuation allowance	—	(262)	(4,363)
Total provision for income taxes	$27,193	$26,593	$11,898

Our effective tax rate for fiscal 2011 and fiscal 2010 was 39%.

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our net deferred tax assets were as follows (in thousands):

	June 30,	
	2011	2010
Deferred tax assets:		
Federal, state and foreign net operating losses	$ 2,812	$ 3,451
Federal and state tax credits	256	309
Stock-based compensation	1,493	1,260
Accrued expenses and reserves	4,407	4,100
Total deferred tax assets:	8,968	9,120
Deferred tax liabilities:		
Property and equipment	(875)	(269)
Capitalized software	(1,486)	(2,061)
Unrealized gains	(117)	—
Total deferred tax liabilities:	(2,478)	(2,330)
Net deferred tax assets:	6,490	6,790
Valuation allowance	(1,950)	(1,669)
Net deferred tax assets:	$ 4,540	$ 5,121

During fiscal 2011, the net increase to the valuation allowance was $281,000 primarily for California net operating loss carryforwards that are not expected to be realized due to the expected effect of the California single sales factor apportionment election and the level of forecasted taxable income in the state. As of June 30, 2011, the valuation allowance is attributable to both state and foreign net operating losses.

As of June 30, 2011, we had federal and state net operating loss carryforwards for income tax purposes of $2.5 million and $9.7 million, respectively. These loss carryforwards will begin to expire in 2021 for federal purposes and 2013 for state purposes. In addition, we have federal research and development tax credit carryforwards of $384,000 as of June 30, 2011. The federal research credits will begin to expire in 2023. The carryforwards assets and certain credits are subject to annual limitation under Internal Revenue Code Section 382.

As of June 30, 2011, we also have foreign net operating loss carryforwards of $5.2 million, which expire in fiscal 2012. Due to uncertainty regarding our ability to utilize the foreign net operating loss carryforwards, we have continued to maintain a full valuation allowance for these deferred tax assets.

On September 30, 2008, the State of California enacted Assembly Bill 1452 into law which, among other provisions, suspended net operating loss deductions for our fiscal 2009 and 2010, extends for two years the carryforward period of any net operating losses not utilized due to such suspension, and limits the utilization of research and development credit carryforwards to no more than 50% of the tax liability before credits. The new tax law deferred the utilization of our California net operating loss carryforwards. On October 8, 2010, California enacted the Budget Act of 2010, which extends the suspension of net operating loss deductions to our fiscal 2011 and fiscal 2012.

We adopted the FASB standard for accounting for uncertainty in income taxes at the beginning of fiscal 2010. As of June 30, 2011, our cumulative unrecognized tax benefit was $4.5 million, of which $647,000 was

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

netted against deferred tax assets. Upon adoption, we recognized no adjustment in the liability for unrecognized income tax benefits. During fiscal 2011, the cumulative unrecognized tax benefit increased by $1.6 million. The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in thousands):

	June 30, 2011	June 30, 2010
Unrecognized tax benefit—Beginning	$ 2,924	$ 1,149
Increase in tax positions taken during the current period	1,578	1,308
Increase in tax positions taken during the prior period	96	467
Decrease in tax positions taken during the prior period	(78)	—
Unrecognized tax benefit—Ending	$ 4,520	$ 2,924

Included in the balance of unrecognized tax benefits at June 30, 2010 and 2011 were $2.3 million and $3.7 million, respectively, that, if recognized, would affect the effective tax rate.

We file income tax returns in the U.S. federal jurisdiction, California, various states, and foreign tax jurisdictions in which we have subsidiaries. The statute of limitations remain open for fiscal 2000 through 2011 in U.S. and state jurisdictions, and for fiscal 2005 through 2011 in foreign jurisdictions. Fiscal years outside the normal statute of limitation remain open to audit by tax authorities due to tax attributes generated in those early years which have been carried forward and may be audited in subsequent years when utilized. The Internal Revenue Service, or IRS, is conducting an examination of our U.S. federal income tax returns for fiscal 2009 and 2010. As of June 30, 2011, the IRS has concluded an audit of our fiscal 2008 U.S. federal income tax return which resulted in no adjustments that have a material impact to our financial statements.

We believe it was reasonably possible that, as of June 30, 2011, the gross unrecognized tax benefits, could decrease (whether by payment, release, or a combination of both) by as much as $1.1 million in the next 12 months. We recognize interest and penalties related to unrecognized tax positions as part of our provision for federal, state and foreign income taxes. We had accrued $157,000 and $47,000 for the payment of interest and penalties at June 30, 2011 and 2010, respectively.

11. Segment information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. Our chief operating decision maker is our chief executive officer. Our chief executive officer reviews financial information presented on a consolidated basis, accompanied by information about revenue by geographic region for purposes of allocating resources and evaluating financial performance. We have one business activity, the provision of LBS, and there are no segment managers who are held accountable for operations, operating results and plans for levels or components below the consolidated unit level. Accordingly, we operate in a single reporting segment and operating unit structure.

TELENAV, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Revenue by geographic region is based on the billing address of our wireless carrier customers. The following table sets forth revenue and property and equipment by geographic region (in thousands):

	Fiscal Year Ended June 30,		
	2011	2010	2009
Revenue			
United States	$201,414	$166,223	$106,902
International	9,077	4,939	3,978
Total revenue	$210,491	$171,162	$110,880
Property and equipment			
United States	$ 7,180	$ 7,735	$ 5,702
International	1,899	1,902	913
Total property and equipment, net	$ 9,079	$ 9,637	$ 6,615

12. Related party transactions

In February 2005, we granted a long-term and noninterest-bearing loan of $200,000 to the general manager of our China operations. The balance of the loan was $75,000 and $110,000 as of June 30, 2011 and 2010, respectively. The loan is secured by the employee's personal residence in China, as well as certain of the employee's shares of our common stock. The loan is due in February 2012, or upon the employee's termination of employment with us. The loan is repayable through a bonus to the employee of approximately $30,000 per year starting in the 2007 calendar year, contingent upon the employee's continued employment with us.

13. Employee savings and retirement plan

We sponsor a defined contribution plan under Internal Revenue Code Section 401(k), or the 401(k) Plan. Most of our U.S. employees are eligible to participate following the start of their employment, at the beginning of each calendar month. Employees may contribute up to the lesser of 100% of their current compensation to the 401(k) Plan or an amount up to a statutorily prescribed annual limit. We pay the direct expenses of the 401(k) Plan and beginning in July 2006, we began to match employee contributions up to 4% of an employee's salary. Contributions made by us are subject to certain vesting provisions. We made matching contributions and recorded expense of $1.3 million, $1.0 million and $720,000 for fiscal 2011, 2010 and 2009, respectively.

14. Quarterly financial data (unaudited)

Summarized quarterly financial information for fiscal 2011 and 2010 is as follows (in thousands):

	Three Months Ended							
Consolidated statements of income data (in thousands)	**Sept. 30, 2009**	**Dec. 31, 2009**	**Mar. 31, 2010**	**June 30, 2010**	**Sept. 30, 2010**	**Dec. 31, 2010**	**Mar. 31, 2011**	**June 30, 2011**
	(unaudited)							
Revenue	$36,048	$40,503	$45,101	$49,510	$51,100	$48,022	$57,110	$54,259
Gross profit	28,981	33,613	37,928	41,159	42,248	39,194	44,371	43,958
Net income	8,121	10,136	12,541	10,612	12,358	10,040	11,165	9,011
Net income per share applicable to common stockholders:								
Basic	$ 0.38	$ 0.47	$ 0.58	$ 0.32	$ 0.29	$ 0.24	$ 0.27	$ 0.22
Diluted	$ 0.15	$ 0.19	$ 0.23	$ 0.24	$ 0.27	$ 0.22	$ 0.25	$ 0.20

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SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Beginning Balance	Additions (Recoveries)	Write-off/ Reductions	Ending Balance
Trade Receivable Allowances:				
Year Ended June 30, 2009	$ 20	$ 239	$ (30)	$ 229
Year Ended June 30, 2010	$ 229	$ 1,685	$ (1,668)	$ 246
Year Ended June 30, 2011	$ 246	$ 3,982	$ (3,872)	$ 356

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INDEX TO EXHIBITS

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
3.1	Second Amended and Restated Certificate of Incorporation of TeleNav, Inc. filed on May 18, 2010.	10-K	3.1	9/24/10
3.2	Amended and Restated Bylaws of TeleNav, Inc. effective as of May 18, 2010.	10-K	3.2	9/24/09
4.1	Specimen Common Stock Certificate of TeleNav, Inc.	S-1/A	4.1	1/5/10
4.2	Fifth Amended and Restated Investors' Rights Agreement, dated April 14, 2009, between TeleNav, Inc. and certain holders of TeleNav, Inc.'s capital stock named therein.	S-1	4.2	10/30/09
10.1	Form of Indemnification Agreement between Registrant and its directors and officers.	S-1	10.1	10/30/09
10.2#	1999 Stock Option Plan and forms of agreement thereunder.	S-1	10.2	10/30/09
10.3#	2002 Executive Stock Option Plan and forms of agreement thereunder.	S-1	10.3	10/30/09
10.4#	2009 Equity Incentive Plan and forms of agreement thereunder to be in effect upon the closing of this offering.	S-1	10.4	10/30/09
10.5#	Employment Agreement, dated as of April 20, 2006, between TeleNav, Inc. and Douglas Miller.	S-1	10.5	10/30/09
10.5.1#	Amended and Restated Employment Agreement, dated as of October 28, 2009, between TeleNav, Inc. and Douglas Miller.	S-1	10.5.1	10/30/09
10.6#	Employment Agreement, dated as of April 7, 2009, between TeleNav, Inc. and Loren Hillberg.	S-1	10.6	10/30/09
10.6.1#	Amended and Restated Employment Agreement, dated as of October 28, 2009, between TeleNav, Inc. and Loren Hillberg.	S-1	10.6.1	10/30/09
10.7#	Employment Agreement, dated as of May 4, 2005, between TeleNav, Inc. and Hassan Wahla.	S-1	10.7	10/30/09
10.8#	Employment Agreement, dated October 28, 2009, between TeleNav, Inc. and H.P. Jin.	S-1	10.8	10/30/09
10.9#	Form of Employment Agreement between TeleNav, Inc. and each of Y.C. Chao, Salman Dhanani, Robert Rennard and Hassan Wahla.	S-1	10.9	10/30/09
10.10#	Severance Agreement and General Release, dated as of January 29, 2009, between TeleNav, Inc. and William Bettencourt.	S-1	10.10	10/30/09
10.10.1#	Amendment dated July 8, 2009 to the Severance Agreement and General Release, dated as of January 29, 2009, between TeleNav, Inc. and William Bettencourt.	S-1	10.10.1	10/30/09

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Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.11	Industrial/R&D Lease, dated as of October 9, 2006, by and between TeleNav, Inc. and Roeder Family Trust B.	S-1	10.11	10/30/09
10.11.1	First Amendment dated October 27, 2006 to the Industrial/R&D Lease, dated as of October 9, 2006, by and between TeleNav, Inc. and Roeder Family Trust B.	S-1	10.11.1	10/30/09
10.12	Shanghai Real Estate Lease Agreement, dated as of April 28, 2009, by and between TeleNav Shanghai Inc. and Shanghai Dongfang Weijing Culture Development Co.	S-1/A	10.12	12/8/09
10.13†	Sprint Master Application and Services Agreement, dated as of January 30, 2009, by and between TeleNav, Inc. and Sprint United Management Company.	S-1/A	10.13	2/2/10
10.13.1†	Amendment No. 1 effective as of July 1, 2009 to the Sprint Master Application and Services Agreement, dated as of January 30, 2009, by and between TeleNav, Inc. and Sprint United Management Company.	S-1/A	10.13.1	2/2/10
10.13.2†	Amendment No. 2 effective as of December 16, 2009 to the Sprint Master Application and Services Agreement, dated as of January 30, 2009, by and between TeleNav, Inc. and Sprint United Management Company.	S-1/A	10.13.2	1/5/10
10.13.3†	Addendum effective as of March 12, 2010 to the Sprint Master Application and Services Agreement, dated as of January 30, 2009, by and between TeleNav, Inc. and Sprint United Management Company.	S-1/A	10.13.3	4/26/10
10.13.4†	Amendment No. 3 effective as of December 16, 2009 to the Sprint Master Application and Services Agreement, dated as of January 30, 2009, as amended, by and between TeleNav, Inc. and Sprint United Management Company, effective as of September 1, 2010.	10-Q	10.13.4	11/15/10
10.14†	License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1/A	10.14	2/2/10
10.14.1†	First Amendment effective as of November 13, 2008 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1	10.14.1	10/30/09
10.14.2†	Second Amendment effective as of November 20, 2008 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1	10.14.2	10/30/09
10.14.3†	Fourth Amendment effective as of June 16, 2009 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1	10.14.3	10/30/09

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Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.14.4†	Sixth Amendment effective as of October 13, 2009 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1	10.14.4	10/30/09
10.14.5†	Seventh Amendment effective as of October 27, 2009 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1/A	10.14.5	12/8/09
10.14.6†	Eighth Amendment effective as of November 16, 2009 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	S-1/A	10.14.6	1/5/10
10.14.7†	Ninth Amendment effective as of April 13, 2010 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	10-K	10.14.7	9/24/10
10.14.8†	Tenth Amendment effective as of January 18, 2011 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	10-Q	10.14.8	5/10/11
10.15†	License Agreement effective as of July 1, 2009, by and between TeleNav, Inc. and Tele Atlas North America, Inc.	S-1/A	10.15	12/8/09
10.15.1†	Amendment No.1 effective as of March 1, 2010 to the License Agreement, dated as of July 1, 2009, by and between TeleNav, Inc. and Tele Atlas North America, Inc.	S-1/A	10.15.1	4/26/10
10.15.2†	Amendment No. 2 effective as of August 1, 2010 to the License Agreement, dated as of July 1, 2009, by and between TeleNav, Inc. and Tele Atlas North America, Inc.	10-Q	10.15.2	11/15/10
10.16†	Data License Agreement, dated as of December 1, 2002, by and between Televigation, Inc. and Navigation Technologies Corporation.	S-1/A	10.16	2/2/10
10.16.1†	Third Amendment dated December 22, 2004 to the Data License Agreement, dated as of December 1, 2002, by and between Televigation, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.1	4/26/10
10.16.2†	Fourth Amendment dated May 18, 2007 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.2	2/2/10
10.16.3†	Fifth Amendment dated January 15, 2008 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.3	2/2/10

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Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.16.4†	Seventh Amendment dated December 16, 2008 to the Data License Agreement, dated as of December 1, 2002, by and among TeleNav, Inc., NAVTEQ Europe B.V. and NAVTEQ North America, LLC.	S-1/A	10.16.4	4/26/10
10.16.5	Eighth Amendment dated December 15, 2008 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1	10.16.5	10/30/09
10.16.6†	Territory License No. 1, dated as of December 1, 2002, by and between Televigation, Inc. and Navigation Technologies Corporation.	S-1/A	10.16.6	4/26/10
10.16.7†	Territory License No. 2, dated as of June 30, 2003, by and between Televigation, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.7	4/26/10
10.16.8†	Territory License No. 3, dated as of February 7, 2006, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.8	4/26/10
10.16.9†	Territory License No. 5, dated as of March 6, 2006, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.9	4/26/10
10.16.10†	Territory License No. 6, dated as of May 18, 2007, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.10	4/26/10
10.16.11†	Territory License No. 7, dated as of May 18, 2007, by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.11	4/26/10
10.16.12†	Ninth Amendment dated February 25, 2010 to the Data License Agreement, dated as of December 1, 2002 by and between TeleNav, Inc. and NAVTEQ North America, LLC.	S-1/A	10.16.12	4/26/10
10.17#	Employment Offer Letter executed on June 28, 2010 from TeleNav, Inc. to Dariusz Paczuski.	10-K	10.17	9/24/10
10.18#	First Year Executive Employment Agreement dated June 28, 2010 by and between TeleNav, Inc. and Dariusz Paczuski.	10-K	10.18	9/24/10
10.19*	Office Lease, dated as of June 28, 2011 and executed on June 30, 2011, by and between TeleNav, Inc. and CA-Sunnyvale Business Center Limited Partnership.	Filed herewith		
21.1	Subsidiaries of the registrant.	Filed herewith		
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith		
24.1	Power of Attorney (contained in the signature page to this Form 10-K).	Filed herewith		

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Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
31.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer.	Filed herewith		
31.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer.	Filed herewith		
32.1~	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer.	Filed herewith		
32.2~	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer.	Filed herewith		

Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.
† Portions of the exhibit have been omitted pursuant to an order granted by the Securities and Exchange Commission for confidential treatment.
* Portions of the exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission.
~ In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

Exhibit 10.19

OFFICE LEASE

SUNNYVALE BUSINESS CENTER

Between

CA-SUNNYVALE BUSINESS CENTER LIMITED PARTNERSHIP,
a Delaware limited partnership

as Landlord,

and

TELENAV, INC.,
a Delaware corporation

as Tenant

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EXHIBITS

OFFICE LEASE

This Office Lease (this " **Lease** "), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the " **Summary** "), below, is made by and between **CA-S UNNYVALE B USINESS C ENTER L IMITED P ARTNERSHIP** , a Delaware limited partnership (" **Landlord** "), and **T ELE N AV , I NC .** , a Delaware corporation (" **Tenant** ").

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE		DESCRIPTION
1.	Date:	June 28, 2011
2.	Premises (Article 1).	
	2.1 " **Premises** " and " **Project** ":	The office/R&D buildings located at 920 DeGuigne Drive, 930 DeGuigne Drive and 950 DeGuigne Drive, Sunnyvale, California (collectively, the " **Buildings** " and each a " **Building"**), as set forth in **Exhibit A** to this Lease, containing approximately 175,009 rentable square feet of space in their entirety, and the Exterior Areas (as defined in Section 1.2 below), commonly known, collectively, as "Sunnyvale Business Center." The approximate rentable square footage of the Buildings are as follows:
		920 DeGuigne Drive — 58,169 rentable sq. ft.
		930 DeGuigne Drive — 45,724 rentable sq. ft.
		950 DeGuigne Drive — 71,116 rentable sq. ft.
3.	Lease Term (Article 2).	
	3.1 **Lease Term:**	The initial term of this Lease (the " **Initial Lease Term** ") shall commence on the Lease Commencement Date and end on the Lease Expiration Date (or any earlier date on which this Lease is terminated as provided herein). As used herein " **Term** " shall mean the Initial Lease Term and any extension of the Term pursuant to the provisions of this Lease.
	3.2 " **Lease Commencement Date** ":	December 1, 2011; provided, however, that the Lease Commencement Date shall be delayed day-for-day for each day of actual delay in the "Substantial Completion Date" (as defined in the Tenant Work Letter attached hereto as **Exhibit B** (" **Tenant Work Letter** ")) caused by "Excusable Delay" (as defined in the Tenant Work Letter).
	3.3 " **Lease Expiration Date** ":	The day immediately preceding the eighth (8 th) anniversary of the Lease Commencement Date.

4. " **Rent** " **Base** (Article 3):

Period During Lease Term	Monthly Base Rent Per Rentable Square Foot (rounded to the nearest 100th of a dollar)	Monthly Installment of Base Rent	Annual Base Rent
Lease Years 1 and 2*	$1.75	$ 306,265.75	$3,675,189.00
Lease Year 3	$1.80	$ 315,016.20	$3,780,194.40
Lease Year 4	$1.85	$ 324,466.69	$3,893,600.28
Lease Year 5	$1.91	$ 334,200.69	$4,010,408.28
Lease Year 6	$1.97	$ 344,226.71	$4,130,720.52
Lease Year 7	$2.03	$ 354,553.51	$4,254,642.12
Lease Year 8	$2.09	$ 365,190.11	$4,382,281.32

* Notwithstanding the foregoing, but subject to the provisions of Section 3.2 below, Tenant shall be entitled to an abatement of Base Rent in the total amount of Four Million Six Hundred Thirty-Five Thousand Three Hundred Ninety-Three Dollars ($4,635,393.00) (the " **Base Rent Abatement** "), which shall be applied as follows: (1) $306,265.75 per month, for the first Lease Year; and (2) $80,017.00 per month, for the second Lease Year; provided, however, that if Base Rent is abated pursuant to Section 6.2 , 11.3 , or 19.6 of this Lease or Section 5.1 of the Work Letter for any Building, then the Base Rent Abatement above shall apportioned among the Buildings in proportion to their relative square footage and the Base Rent Abatement above shall be suspended until all other abatements under Section 6.2 , 11.3 and 19.6 under Section 5.1 of the Work Letter have ended, so as to afford Tenant the full benefit of Rent abatement pursuant to said Section 6.2 , 11.3 , 19.6 and 5.1 before use of the Base Rent Abatement described above and the full Base Rent Abatement described above after cessation of any Rent Abatement under said Lease provisions.

5.	" **Tenant's Share** " (Article 4):	100%
6.	" **Permitted Use** " (Article 5):	General office, research and development and all other uses consistent with comparable office/R&D projects in the vicinity of the Project and in conformity with municipal zoning requirements of the City of Sunnyvale and other applicable Laws (as defined in Section 25.1 below)
7.	" **Security Deposit** " (Article 22):	$306,265.75, as more particularly described in Article 22 below. In lieu of a cash Security Deposit, Tenant may furnish a Letter of Credit (as defined in and pursuant to the terms of **Exhibit F**)
	Prepaid Base Rent (Article 3):	$226,248.75, as more particularly described in Article 3 below.
	Prepaid Additional Rent (Article 3):	$65,250.14, as more particularly described in Article 3 of this Lease.

8.	Address of Tenant (Section 30.16):	Before the Lease Commencement Date: 1130 Kifer Rd Sunnyvale, CA 94086 Attn: General Counsel From and after the Lease Commencement Date: The Premises Attn: General Counsel
9.	**Address of Landlord** (Section 30.16):	CA-S UNNYVALE B USINESS C ENTER L IMITED P ARTNERSHIP 2655 Campus Drive, Suite 100 San Mateo, CA 94403 Attn: Market Officer and Equity Office 2655 Campus Drive, Suite 100 San Mateo, CA 94403 Attn: Managing Counsel and Equity Office Two North Riverside Plaza Suite 2100 Chicago, IL 60606 Attn: Lease Administration
10.	**Broker** (Section 30.22):	Cornish & Carey Commercial Newmark Knight Frank
11.	" **Tenant Improvements** ":	Defined in the Tenant Work Letter.

ARTICLE 1

PREMISES AND EXTERIOR AREAS

1.1 **The Premises .**

1.1.1 Subject to the terms hereof, Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord. Landlord and Tenant acknowledge and agree that the rentable square footage of the Premises is as set forth in Section 2.2 of the Summary. The parties acknowledge that **Exhibit A** is intended only to show the approximate location of the Buildings in the Project, and not to constitute an agreement, representation or warranty as to the construction or precise area of the Premises or as to the specific location or elements of the Exterior Areas (defined in Section 1.2 below) or of the access ways to the Premises. For purposes of this Lease, the term " **Lease Year** " shall mean each consecutive twelve (12) month period during the Lease Term commencing on the Lease Commencement Date, provided that the last Lease Year shall end on the Lease Expiration Date.

1.1.2 Landlord shall deliver possession of the Premises to Tenant (the " **Premises Delivery Date** ") upon the mutual execution and delivery of this Lease by Landlord and Tenant and satisfaction of the conditions set forth in Section 2.2 below, and, except as specifically set forth in this Lease (including in the Tenant Work Letter), Tenant agrees to accept the Buildings and Exterior Areas in their condition and configuration existing on the date hereof, without any obligation of Landlord to provide or pay for any work or services related to the improvement of the Premises, and without any representation or warranty regarding the condition of the Buildings or Exterior Areas for their suitability or the conduct of Tenant's business; provided, however, that if, on or before the first anniversary of the Lease Commencement Date (or, as to any defects in Landlord's Work [as defined in Section 4.1 of the Tenant Work Letter], not later than ten (10) months following the Lease Commencement Date), Tenant notifies Landlord in writing that the rooftop HVAC units, or any of them, on the Buildings require repair or replacement, as evidenced by an audit or other report issued by a reputable and licensed service firm

reasonably acceptable to Landlord or of any other defect in Landlord's Work, then, except to the extent such repairs or replacements are necessitated by the negligence or willful misconduct of Tenant or any Tenant Party (as defined in Section 10.1. 2 below), Landlord shall perform such repairs or replacements at no cost to Tenant. If Tenant does not give Landlord written notice of any such deficiency on or before said date, correction of any such deficiency shall be governed by the provisions of Article 7 below and this sentence shall no longer apply. In addition, if any of the Buildings are not in the Required Delivery Condition (defined below) as of the Premises Delivery Date, then Landlord shall not be liable to Tenant for any damages, but Landlord, at no cost to Tenant, shall promptly perform such work or take such other action as may be necessary to place the same in the Required Delivery Condition; provided, however, that if Tenant does not give Landlord written notice of any such deficiency within six (6) months following the Lease Commencement Date, correction of such deficiency shall be governed by the provisions of Article 7 or Article 25 below, as applicable and this sentence shall no longer apply. As used in this Lease, the term " **Required Delivery Condition** " shall mean that the Premises are water tight, all of Landlord's Repair Obligations under Section 7.2 of the Lease have been performed, and the Premises is free of asbestos and asbestos-containing building materials (a) in violation of Environmental Laws as of the Premises Delivery Date or (b) that Tenant will disturb in the performance of the Tenant Improvement Work in accordance with the Approved Space Plan.

1.2 **Exterior Areas .** So long as the Premises includes all Buildings, the Premises shall include the exterior areas owned by Landlord that surround the Buildings (which are improved with landscaping, parking areas and other improvements), as shown on **Exhibit A** , subject to the rules and regulations referred to in Article 5 of this Lease and the Underlying Documents (such areas are, collectively, referred to herein as the " **Exterior Areas** "). If the Premises does not include all Buildings, then (A) Tenant shall only have the right to use the Exterior Areas in common with Landlord and its lessee(s) of the such unleased building, and (B) Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Exterior Areas, provided such changes do not materially adversely affect or materially interfere with Tenant's access to or use and enjoyment of the Premises.

ARTICLE 2

LEASE TERM

2.1 **Lease Term** . The Lease Term shall commence and, unless ended sooner or extended as herein provided, shall expire on the Lease Commencement Date and Lease Expiration Date, respectively, specified in Section 3 of the Summary of Basic Lease Information. At any time during the Lease Term, Landlord may deliver to Tenant a notice substantially in the form of **Exhibit C** attached hereto, as a confirmation of the information set forth therein, which Tenant shall execute and return to Landlord within five (5) days of receipt thereof. If Tenant fails to execute and return (or reasonably object in writing to) such notice within ten (10) business days after receiving a notice of such failure from Landlord, Tenant shall be deemed to have executed and returned it without exception. This Lease shall be a binding contractual obligation effective upon execution and delivery hereof by Landlord and Tenant, notwithstanding the later commencement of the Lease Term.

2.2 **Early Occupancy** . During the period commencing upon execution of this Lease and ending on the Lease Commencement Date (the " **Early Occupancy Period** "), Tenant shall be permitted to enter the Premises for the purpose of installing the Tenant Improvements and performing the Tenant Improvement Work, subject to the terms and conditions set forth in the Tenant Work Letter, provided that, prior to Tenant's entry in the Premises, Tenant shall furnish to Landlord certificates of insurance satisfactory to Landlord evidencing Tenant's compliance with the requirements of Section 10.3 below, and, if Tenant enters the Premises prior to the completion of Landlord's Work, a schedule, for Landlord's approval (which approval shall not be unreasonably withheld, conditioned or delayed), which schedule shall describe the coordination, if required, of the Tenant Improvement Work which may impact the Landlord's Work. Tenant's occupancy of the Premises during the Early Occupancy Period shall be subject to all of the terms, covenants and conditions of this Lease, including, without limitation, Tenant's indemnity obligations set forth in Section 10.1 below, except that Landlord agrees that Tenant's obligation to pay Base Rent and "Direct Expenses" (defined in Section 4.1 below) shall be waived. Tenant shall, however, pay the cost of all Utilities (as defined in Section 6.1 below) and other services provided to the Premises prior to the Lease Commencement Date that are reimbursable under the terms of this Lease and are required by reason of Tenant's construction of the Tenant Improvement Work, subject to reimbursement of the cost thereof as an Allowance Item pursuant to **Exhibit B** .

2.3 **Extension Options** .

2.3.1 **Option Terms** . Subject to the terms and conditions set forth below, Tenant shall have two (2) options (each, an " **Extension Option** " and, collectively, the " **Extension Options** "), for successive periods of five (5) years each (the " **First Option Term** " and the " **Second Option Term** "; and, each, an " **Option Term** "); provided, however, that the second Extension Option may be exercised only if

the first Extension Option has been duly exercised. If Tenant properly exercises an Extension Option hereunder, all of the terms, covenants and conditions of this Lease shall continue in full force and effect during the applicable Option Term, including provisions regarding payment of Additional Rent, which shall remain payable on the terms herein set forth, except that (a) the Base Rent payable by Tenant during the Option Term shall be as calculated in accordance with Section 2.3.3 and Section 2.3.4 below, (b) Tenant shall continue to possess and occupy the Premises in their existing condition, "as is" as of the commencement of such Option Term, and, except as otherwise expressly provided in this Lease, including without limitation Section 7.2 of this Lease, Landlord shall have no obligation to repair, remodel, improve or alter the Premises, to perform any other construction or other work of improvement upon the Premises, or to provide Tenant with any construction or refurbishing allowance whatsoever, and (c) Tenant shall have no further rights to extend the Term of this Lease after the expiration of the Second Option Term.

2.3.2 **Exercise .** The Extension Options contained in this Section 2.3 shall be exercised by Tenant only in the following manner: (a) Tenant shall deliver written notice (the " **Option Interest Notice** ") to Landlord not more than eighteen (18) months nor less than thirteen (13) months prior to the Lease Expiration Date (as the same may have been extended), stating that Tenant is interested in exercising its next succeeding Extension Option; (b) Landlord shall, not later than fifteen (15) days before the Option Exercise Date, deliver to Tenant a good faith written proposal of the Market Rate (" **Landlord's Initial Proposal** "); and (c) if Tenant wishes to exercise such Extension Option, Tenant must deliver an unconditional binding notice to Landlord (" **Exercise Notice** ") via certified mail, FedEx or hand delivery not later than twelve (12) months prior to the Lease Expiration Date (as the same may have been extended) (" **Option Exercise Date** "), the time of such exercise being of the essence; provided, however, that if Landlord fails to deliver Landlord's Initial Proposal at least fifteen (15) days before the Option Exercise Date as described above, then such Option Exercise Date shall be extended to the date that is fifteen (15) days following Landlord's delivery to Tenant of Landlord's Initial Proposal. If Tenant timely exercises the Extension Option as described above, then, upon, and concurrent with, such exercise, Tenant may, at its option, accept or reject Landlord's Initial Proposal. If Tenant exercises the Extension Option but fails to accept or reject Landlord's Initial Proposal, then Tenant shall be deemed to have rejected Landlord's Initial Proposal. If Tenant fails to timely give its Exercise Notice, Tenant will be deemed to have waived such Extension Option.

2.3.3 **Market Rate Calculation .** The Base Rent payable by Tenant for the Premises during the First Option Term shall be ninety-five percent (95%) of the Market Rate (as defined below) for the Premises, and the Base Rent payable by Tenant for the Premises during the Second Option Term shall be one hundred percent (100%) of the Market Rate for the Premises, valued as of the commencement of such Option Term, determined in the manner hereinafter provided; provided, however, that in the event that **T ELE N AV , I NC .** , a Delaware corporation (the " **Original Tenant** ") or a Permitted Assignee (as defined in Section 2.3. 5, below) assigns this Lease prior to the commencement of the First Option Term to any party (other than to a Permitted Assignee), then, notwithstanding the foregoing, the Base Rent payable by Tenant during the First Option Term shall be one hundred percent (100%) of the Market Rate for the Premises. As used herein, the term " **Market Rate** " shall mean the annual amount of Base Rent at which tenants, as of the commencement of the applicable Option Term, are leasing non-sublease, non-equity space under then prevailing ordinary rental market practices, at arm's length, that is comparable to the Premises in the submarket in which the Project is located (the " **Comparison Projects** "), based upon binding lease transactions for tenants in the Comparison Projects that, where possible, commence or are to commence within six (6) months prior to or within six (6) months after the commencement of such Option Term (" **Comparison Leases** "). Comparison Leases shall include renewal and new non-renewal tenancies, but shall exclude subleases and leases of space subject to another tenant's expansion rights. Rental rates payable under Comparison Leases shall be adjusted to account for variations between this Lease and the Comparison Leases with respect to: (a) the length of the applicable Option Term compared to the lease term of the Comparison Leases; (b) rental structure, including, without limitation, rental rates per rentable square foot (including type, gross or net, and if gross, adjusting for base year or expense stop), additional rental, escalation provisions, all other payments and escalations; (c) the size of the Premises compared to the size of the premises of the Comparison Leases; (d) free rent, moving expenses and other cash payments, allowances or other monetary concessions affecting the rental rate; (e) the age and quality of construction of the buildings (including compliance with applicable codes, but excluding Tenant's Property); and (f) leasehold improvements and/or allowances granted to the lessee, including the amounts thereof in renewal leases, and taking into account, in the case of renewal leases (including this Lease), the value of existing leasehold improvements (other than Tenant's Property) to the renewal tenant.

2.3.4 **Base Rent Determination .** The Base Rent payable by Tenant for the Premises during each Option Term shall be determined as follows:

(a) If Tenant timely exercises the Extension Option as described in Section 2.3.2 above, but rejects (or is deemed to have rejected) Landlord's Initial Proposal, then Landlord and Tenant shall negotiate in good faith in an attempt to determine the Market Rate for the Premises for

the applicable Option Term. If Landlord and Tenant are able to agree on the Market Rate on or before the date that is ninety (90) days prior to the commencement of the applicable Option Term (the " **Outside Agreement Date** "), then such agreement shall constitute a determination of Market Rate for purposes of this Section, and the parties shall immediately execute an amendment to this Lease stating the Base Rent for the applicable Option Term. If Landlord and Tenant are unable to agree on the Market Rate prior to the Outside Agreement Date, then within fifteen (15) days after the expiration of such negotiating period, the parties shall meet and concurrently deliver to each other in envelopes their respective good faith estimates of the Market Rate (set forth on a net effective rentable square foot per annum basis) (respectively, " **Landlord's Determination** " and " **Tenant's Determination** "). Landlord's Determination may not be more than Landlord's Initial Proposal, but may otherwise be more or less than any proposal made by Landlord during the negotiating period prior to the Outside Agreement Date, and, similarly, Tenant's Determination may be more or less than any proposal made by Tenant during such negotiating period. If the higher of such estimates is not more than one hundred five percent (105%) of the lower, then the Market Rate shall be the average of the two. Otherwise, the Market Rate shall be resolved by arbitration in accordance with Sections 2.3.4(c) and 2.3.4(d) below.

(c) Within fifteen (15) business days after the exchange of estimates, the parties shall select as an arbitrator an independent real estate broker with at least five (5) years of experience in leasing commercial office space in the metropolitan area in which the Project is located (a " **Qualified Appraiser** "). If the parties cannot agree on a Qualified Appraiser, then within a second period of seven (7) days, each shall select a Qualified Appraiser and within ten (10) days thereafter the two appointed Qualified Appraisers shall select an independent Qualified Appraiser and the independent Qualified Appraiser shall be the sole arbitrator. If one party shall fail to select a Qualified Appraiser within the second seven (7) day period, then the Qualified Appraiser chosen by the other party shall be the sole arbitrator.

(d) Within twenty-one (21) days after submission of the matter to the arbitrator, the arbitrator shall determine the Market Rate by choosing whichever of the Landlord's Determination or the Tenant's Determination the arbitrator judges to be more accurate. The arbitrator shall notify Landlord and Tenant of its decision, which shall be final and binding. If the arbitrator believes that expert advice would materially assist him, the arbitrator may retain one or more qualified persons to provide expert advice. The fees of the arbitrator and the expenses of the arbitration proceeding, including the fees of any expert witnesses retained by the arbitrator, shall be paid by the party whose estimate is not selected. Each party shall pay the fees of its respective counsel, the Qualified Appraiser it appointed to select the independent Qualified Appraiser (if applicable), and the fees of any witness called by that party.

(e) Until the matter is resolved by agreement between the parties or a decision is rendered in any arbitration commenced pursuant to this Section 2.3.4 , Tenant's monthly payments of Base Rent shall be in an amount equal to the average of Landlord's and Tenant's Determinations of the Market Rate delivered to each other pursuant to Section 2.3.4(b) above. Within ten (10) business days following the resolution of such dispute by the parties or the decision of the arbitrator, as applicable, Tenant shall pay to Landlord, or Landlord shall pay to Tenant, the amount of any deficiency or excess, as the case may be, in the Base Rent theretofore paid.

2.3.5 Rights Personal to Tenant . Tenant's right to exercise the Extension Options are personal to, and may be exercised only by, the Original Tenant or any assignee of this Lease either permitted without Landlord's consent pursuant to Section 14.8 below (a " **Permitted Assignee** ") or otherwise approved by Landlord pursuant to Article 14 (an " **Approved Assignee** "), and only if the Original Tenant, any Permitted Assignee or any Approved Assignee continues to occupy at least seventy-five percent (75%) of the rentable square footage of the Premises at the time of such exercise. No assignee (other than a Permitted Assignee and/or Approved Assignee) or subtenant shall have any right to exercise an Extension Option granted herein. In addition, if Tenant is in Default at the time it exercises an Extension Option, the exercise shall be void, and, if Tenant does not properly exercise an Extension Option at a time when it is not in Default, Landlord shall have, in addition to all of its other rights and remedies under this Lease, the right (but not the obligation) to terminate the remaining Extension Options and to unilaterally revoke Tenant's exercise of such Extension Option, in which case this Lease shall expire on the Lease Expiration Date, unless earlier terminated pursuant to the terms hereof, and Tenant shall have no further rights under this Lease to renew or extend the Lease Term.

ARTICLE 3

RENT

3.1 **Payment of Rent .** Tenant shall pay to Landlord or Landlord's agent, without prior notice or demand or any setoff or deduction, at the place Landlord may from time to time designate in writing, by a check for currency (or by wire transfer) which, at the time of payment, is legal tender for private or public debts in the United States of America, all Base Rent and Additional Rent (defined below)

(collectively, " **Rent** "). As used herein, " **Additional Rent** " means all amounts, other than Base Rent, that Tenant is required to pay Landlord hereunder. Monthly payments of Base Rent and monthly estimated payments of "Direct Expenses" (defined in Section 4.1 below) shall be paid in advance on or before the first day of each calendar month during the Lease Term; provided, however, that the installment of Base Rent for the first full calendar month for which Base Rent is payable hereunder and the installment of Direct Expenses for the first full calendar month for which such Additional Rent is payable hereunder shall be paid upon Tenant's execution and delivery of this Lease. Except as otherwise provided herein, all other items of Additional Rent shall be paid within 30 days after Landlord's written request for payment. Rent for any partial calendar month shall be prorated based on the actual number of days in the month.

3.2 **Additional Rent Upon Default by Tenant** . Landlord and Tenant acknowledge that to induce Tenant to enter into this Lease, and in consideration of Tenant's agreement to perform all of the terms, covenants and conditions to be performed by Tenant under this Lease, as and when performance is due during the Lease Term, Landlord has incurred (or will incur) significant costs, including, without limitation, the following: (i) payment of the Allowance (as described in the Tenant Work Letter), (ii) commissions to Landlord's and/or Tenant's real estate broker, (iii) attorneys' fees and related costs incurred and/or paid by Landlord in connection with the negotiation and preparation of this Lease and/or (iv) the Base Rent Abatement granted to Tenant as set forth in Item 4 of the Summary (collectively, the " **Inducements** "). Landlord and Tenant further acknowledge that Landlord would not have granted the Inducements to Tenant but for Tenant's agreement to perform all of the terms, covenants, conditions and agreements to be performed by it under this Lease for the entire initial Lease Term, and that Landlord's agreement to incur such expenditures and grant such concessions is, and shall remain, conditioned upon Tenant's faithful performance of all of the terms, covenants, conditions and agreements to be performed by Tenant under this Lease for the entire Lease Term. Accordingly, if this Lease is terminated prior to the expiration of the initial Lease Term because a Default by Tenant shall occur hereunder, Landlord shall be relieved of any unfulfilled obligation to grant Inducements hereunder, or to incur further expenses in connection therewith, and Tenant shall pay, as liquidated damages for Landlord's granting the Inducements and not as a penalty, within ten (10) days after the occurrence of such termination because of the Default, as Additional Rent, the unamortized amount of those Inducements (as defined below) incurred or granted prior to the date of the Default (the " **Pre-Default Inducements** "). Landlord may or, at Tenant's request, shall, after the occurrence of a Default that may lead to a termination, forward a statement to Tenant setting forth the amount of the unamortized Pre-Default Inducements, but the failure to deliver such a statement shall not be or be deemed to be a waiver of the right to collect the Pre-Default Inducements or to extend the date upon which such amount shall be due and payable. For purposes of this Section 3.2 , the unamortized amount of the Pre-Default Inducements shall equal the remaining principal component, measured on the date of the Default, of a straight-line amortization commencing on the first day of the twentieth (20 th) full calendar month of the Lease Term and continuing over the Initial Lease Term of a principal amount equal to the Pre-Default Inducements. Notwithstanding the foregoing, Landlord shall not be entitled to recover Pre-Default Inducements if, and to the extent that, Tenant proves that such recovery would be duplicative of amounts that Landlord is otherwise entitled to recover pursuant to California Civil Code Sections 1951.2 or 1951.4, as applicable.

ARTICLE 4

EXPENSES AND TAXES

4.1 **General Terms** . In addition to paying the Base Rent, Tenant shall pay, in accordance with Section 4.4 below, for each Expense Year (defined in Section 4.2.1 below), an amount equal to the sum of the following (collectively, the " **Direct Expenses** "): (a) Tenant's Share of Expenses for such Expense Year, plus (b) Tenant's Share of Taxes for such Expense Year, plus (c) a management fee equal to three percent (3%) of the Base Rent, Tenant's Share of Expenses and Tenant's Share of Taxes payable by Tenant for the applicable Expense Year (without regard to the Base Rent Abatement described in Item 4 of the Summary) (the " **Permitted Management Fee** "). The obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration or earlier termination of this Lease. If this Lease commences on a day other than the first day of an Expense Year or expires or terminates on a day other than the last day of an Expense Year, Tenant's payment of Direct Expenses for the Expense Year in which such commencement, expiration or termination occurs shall be prorated based on the ratio between (x) the number of days in such Expense Year that fall within the Lease Term, and (y) the number of days in such Expense Year. Notwithstanding the foregoing, Tenant shall have no obligation to pay Direct Expenses allocable to the 930 DeGuigne Building until the earlier to occur of (i) December 1, 2013 or (ii) the date that Tenant or a subtenant occupies the 930 DeGuigne Building or any portion thereof for the conduct of business.

4.2 **Definitions of Key Terms Relating to Additional Rent** . As used in this Lease, the following terms shall have the meanings hereinafter set forth:

4.2.1 " **Expense Year** " shall mean each calendar year in which any portion of the Lease Term falls, the parties acknowledging that, subject to Section 4.1 , Tenant's payment of Direct Expenses

shall begin on the Lease Commencement Date, notwithstanding the later commencement of the payment of Base Rent hereunder.

4.2.2 " **Expenses** " shall mean all expenses, costs and amounts that Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration or operation of the Project. Landlord shall act in a commercially reasonable manner in incurring Expenses. Without limiting the foregoing, Expenses shall include: (i) the cost of supplying all Utilities, the cost of operating, repairing, maintaining and renovating the utility, telephone, mechanical, sanitary, storm-drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections, the cost of contesting any Laws that may affect Expenses, and the costs of complying with any governmentally-mandated transportation-management or similar program; (iii) the cost of all insurance premiums and deductibles; (iv) the cost of landscaping and re-lamping; (v) the cost of parking-area operation, repair, restoration, and maintenance; (vi) fees and other costs, including management and/or incentive fees, consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance and repair of the Project; (vii) payments under any equipment-rental agreements; (viii) wages, salaries and other compensation, expenses and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project, and costs of training, uniforms, and employee enrichment for such persons; (ix) the costs of operation, repair, maintenance and replacement of all systems and equipment (and components thereof) of the Project; (x) the cost of janitorial, alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in common areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xi) rental or acquisition costs of supplies, tools, equipment, materials and personal property used in the maintenance, operation and repair of the Project; (xii) the cost of capital improvements or any other items that are (A) reasonably intended to effect economies in the operation or maintenance of the Project or reduce current or future Expenses (" **Cost Saving Expenditures** "), (B) reasonably intended to enhance the safety or security of the Project or its occupants, (C) replacements or modifications of the nonstructural portions of the Base Building (as defined in Section 7.2 below) or the Exterior Areas that are required to keep the Base Building or the Exterior Areas in good condition, or (D) required under any Law, excluding any such capital improvements or other items made to remedy a noncompliance with any Laws in effect as of the date of this Lease (based on the current interpretation of such Laws by applicable governmental authorities as of the date of this Lease), so long as any of the foregoing capital items in subparts (A) through (D) are amortized [including reasonable actual or imputed interest on the amortized cost] over a period of time that is the lesser of (1) the useful life of such item in accordance with GAAP (as defined below), as reasonably determined by Landlord) or (2) in the case of a Cost Saving Expenditure, the period of time that Landlord reasonably estimates will be required for any cost savings resulting from such capital item to equal the cost of such item; (xiii) except for costs and expenses which are the sole responsibility of Tenant pursuant to Section 7.2 below, all other costs paid or incurred by Landlord to perform Landlord's Repair Obligations (as defined in pursuant to Section 7.2.1 below); and (xiv) except to the extent already included in Expenses or otherwise expressly excluded from Expenses, payments under any reciprocal easement agreement, transportation management agreement, cost-sharing agreement or other covenant, condition, restriction or similar instrument affecting the Project on the date this Lease is signed which are identified in attached **Exhibit J** (collectively, the " **Underlying Documents** "). Any expenditures described in clauses (xi), (xii) or (xiii) above that constitute capital expenditures in accordance with GAAP (as defined below) are herein referred to as a " **Permitted Capital Expenditure** ".

Notwithstanding anything to the contrary in this Lease, Expenses shall not include the following, and Tenant shall not have any obligation whatsoever to pay, perform or incur any of the following costs, liabilities, maintenance, repairs, premiums, losses, or other expenses (collectively, " **Excluded Expenses** "):

(a) capital expenditures that do not constitute Permitted Capital Expenditures (in addition, any Permitted Capital Expenditures, except for Cost Saving Expenditures, shall be amortized [including reasonable actual or imputed interest on the amortized cost] over the useful life of such item in accordance with customary and generally accepted real estate management and accounting principles [" **GAAP** "], as reasonably determined by Landlord);

(b) depreciation or expense reserves;

(c) principal, interest (except as expressly provided in subpart (xi) and clause (a) of this Section 4.2.2) and other payments on mortgage and other non-operating debts of Landlord;

(d) costs for which Landlord receives reimbursement from a third party, including, without limitation, insurance or condemnation proceeds (other than through the payment by other tenants of the Project of their pro-rata share of Expenses), and Landlord shall use commercially

reasonable efforts to secure any reimbursements to which it is entitled and will credit any such recovery, whether during or after the Lease Term to Tenant;

(e) costs in connection with the marketing or leasing of space in the Project, including brokerage commissions, lease concessions, rental abatements and construction allowances; and costs incurred due to a violation of this Lease by Landlord;

(f) costs incurred in connection with the sale, ground leasing, financing or refinancing of the Project, or any portion thereof;

(g) fines, interest and penalties incurred due to the late payment of Taxes or Expenses, or any failure of Landlord to timely pay any obligation;

(h) organizational expenses associated with the creation and operation of the entity that constitutes Landlord;

(i) any penalties or damages that Landlord pays to Tenant under this Lease;

(j) costs to complete Landlord's Work or to place the Premises in the delivery condition required by the terms of this Lease;

(k) costs to maintain the Project in a structurally sound condition, (1) except to the extent the same constitute Expenses pursuant to clause (xii) above or (2) except in connection with a Casualty (as defined in Section 11.1.1 below) or a Taking (as defined in Article 13 below) and permitted by clauses (l) and (m) below;

(l) costs of repairs or restoration occasioned by a Casualty or Taking other than the amount of any deductibles under any insurance policy carried by Landlord, provided, however, that the amount of any such deductibles included among the Expenses shall be limited as provided in clause (m) below;

(m) [*****], provided, however, that if this Lease is not terminated as a consequence of the Casualty pursuant to Article 11 and if Landlord performs the [*****] pursuant to said Article 11 , Landlord may include the following amounts in Expenses [*****]:

(1) [*****] up to the amount (the " **Annual Limit** ") of [*****] (provided, however, that, notwithstanding any contrary provision hereof, if, for any occurrence, [*****] exceeds the Annual Limit, then, after such deductible is included (up to the Annual Limit) in Expenses for the applicable Expense Year, such excess may be included (up to the Annual Limit) in Expenses for the immediately succeeding Expense Year, and any portion of such excess that is not so included in Expenses for such immediately succeeding Expense Year may be included (up to the Annual Limit) in Expenses for the next succeeding Expense Year, and so on with respect to each subsequent Expense Year; provided further, however, that (A) no portion of such deductible shall be included in Expenses for any Expense Year that is not included, in whole or in part, in the Term existing on the date of the earthquake occurrence, and (B) in no event shall the portions of such deductible that are included in Expenses for any one or more Expense Years exceed, in the aggregate, [*****]. On the date of this Lease, [*****]

(2) deductibles from Landlord's property insurance policy (other than earthquake deductibles) up to $50,000.00 per occurrence;

(n) any fine, cost or expense (including reasonable legal expenses and consultants' fees) paid by Landlord in connection with the investigation or monitoring of Hazardous Substances, in connection with any "Remedial Work" (as defined in Section 25.2.3 below), or otherwise incurred by Landlord with respect to Hazardous Substances (other than Tenant's Hazardous Substances); provided, however, that the foregoing shall not modify the rights and obligations of the parties under Article 25 of this Lease;

(o) costs arising out of the gross negligence, willful misconduct, breach of lease, or violation of any applicable Laws by Landlord or any other Landlord Party;

(p) costs expressly made the sole obligation of Landlord under the terms of this Lease;

[*****] Certain portions denoted with an asterisk have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(q) costs and premiums for insurance not customarily carried by owners of commercial properties substantially similar to, and in the vicinity of, the Project and co-insurance payments;

(r) costs to acquire sculpture, paintings, fountains or other objects of art;

(s) charitable and political contributions;

(t) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Project (which shall specifically include, but not be limited to, accounting costs associated with the operation of the Project). Costs associated with the operation of the business of the partnership or entity which constitutes the Landlord include costs of partnership accounting and legal matters, and wages, salaries, fees or fringe benefits (" **Labor Costs** ") paid to personnel above the level of general manager (provided, however, that if such individuals provide services directly relating to the operation, maintenance or ownership of the Project that, if provided directly by a general manager or property manager or his or her general support staff, would normally be chargeable as an operating expense of a comparable office project, then the Labor Costs of such individuals may be included in Expenses to the extent of the percentage of their time that is spent providing such services to the Project);

(u) costs paid to affiliates of Landlord for services to the extent that such costs materially exceed the competitive cost for the services and materials rendered by unrelated persons or entities of similar skill, competence and experience in an arm's length transaction;

(v) advertising, marketing, and promotional costs; or

(w) Taxes or Excluded Taxes.

4.2.3 " **Taxes** " shall mean all federal, state, county or local governmental or municipal taxes, fees, charges, assessments, levies, licenses or other impositions, whether general, special, ordinary or extraordinary, that are paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing or operation of the Project. Taxes shall include (a) real estate taxes; (b) general and special assessments; (c) transit taxes; (d) leasehold taxes; (e) personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems, appurtenances, furniture and other personal property used in connection with the Project; (f) any tax on the rent, right to rent or other income from any portion of the Project or as against the business of leasing any portion of the Project; (g) any assessment, tax, fee, levy or charge imposed by any governmental agency, or by any non-governmental entity pursuant to any private cost-sharing agreement, in order to fund the provision or enhancement of any fire-protection, street-, sidewalk- or road-maintenance, refuse-removal or other service that is (or, before the enactment of Proposition 13, was) normally provided by governmental agencies to property owners or occupants without charge (other than through real property taxes); and (h) any assessment, tax, fee, levy or charge allocable or measured by the area of the Premises or by the Rent payable hereunder, including any business, gross income, gross receipts, sales or excise tax with respect to the receipt of such Rent. Any costs and expenses (including reasonable attorneys' and consultants' fees) reasonably incurred in attempting to protest, reduce or minimize Taxes shall be included in Taxes for the year in which they are incurred. Notwithstanding anything herein to the contrary, Taxes shall exclude (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, transfer taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any Expenses or governmental taxes or fees paid solely to maintain the Landlord entity in good standing under applicable Law, and (iii) any items required to be paid by Tenant under Section 4.5 below (collectively " **Excluded Taxes** "). During the Term, upon written request by Tenant to Landlord at least sixty (60) days before the expiration of any applicable appeal period, or if Landlord, in its good faith business judgment, deems the real property Taxes levied against the Project for any tax fiscal year to be excessive, then Landlord shall exercise commercially reasonable efforts to seek Proposition 8 and other available property tax relief for such fiscal year and any such relief shall accrue to the benefit of Tenant as and to the extent set forth in Section 4.4.3 below.

4.3 **Cost Sharing .** If Landlord incurs Expenses or Taxes for the Project together with one or more other buildings or properties, whether pursuant to a reciprocal easement agreement, common area agreement or otherwise or if the Premises does not include the entire Project and Landlord incurs Expenses or Taxes benefitting both the Premises or any other space in the Project, such shared amounts shall be equitably prorated and apportioned between the Project and such other buildings or properties or between the Premises and the other areas of the Project, as applicable, in Landlord's reasonable discretion.

4.4 **Calculation and Payment of Expenses and Taxes** .

4.4.1 **Statement of Actual Expenses and Taxes and Payment by Tenant** . Landlord shall give to Tenant, within 180 days after the end of each Expense Year a statement (the " **Statement** ") setting forth the actual amount of Direct Expenses for such Expense Year, including Tenant's Share of Expenses and Taxes for such Expense Year. If the amount paid by Tenant for such Expense Year pursuant to Section 4.4.2 below is less or more than the actual sum of Tenant's Direct Expenses for such Expense Year (as such amounts are set forth in such Statement), Tenant shall pay Landlord the amount of such underpayment, or receive a credit in the amount of such overpayment, with or against the Rent next due hereunder; provided, however, that if this Lease has expired or terminated and Tenant has vacated the Premises, Tenant shall pay Landlord the amount of such underpayment, or Landlord shall pay Tenant the amount of such overpayment (less any Rent due), within 30 days after delivery of such Statement. Any failure of Landlord to timely furnish the Statement for any Expense Year shall not preclude Landlord or Tenant from enforcing its rights under this Article 4. Notwithstanding the immediately preceding sentence, Tenant shall not be responsible for any Direct Expenses attributable to any Expense Year which are first billed to Tenant more than two (2) calendar years after the expiration of the applicable Expense Year, provided that in all events Tenant shall be responsible for Direct Expenses levied by any governmental authority or by any public utility companies at any time which are attributable to any Expense Year (provided that Landlord delivers Tenant a bill for such amounts within two (2) years following Landlord's receipt of the bill therefor).

4.4.2 **Statement of Estimated Expenses and Taxes** . Landlord shall endeavor to give to Tenant, for each Expense Year, a statement (the " **Estimate Statement** ") setting forth Landlord's reasonable estimates of the Direct Expenses (the " **Estimated Direct Expenses** ") for such Expense Year, including Tenant's Share of Expenses and Taxes for such Expense Year. Notwithstanding anything to the contrary in this Lease, the Estimated Direct Expenses for any portion of the term during 2011 shall be $0.50 per month per square foot of the Premises. Upon receiving an Estimate Statement, Tenant shall pay, with its next installment of Base Rent, an amount equal to the excess of (a) the amount obtained by multiplying (i) the sum of the Estimated Direct Expenses (as such amount is set forth in such Estimate Statement), by (ii) a fraction, the numerator of which is the number of months that have elapsed in the applicable Expense Year (including the month of such payment) and the denominator of which is 12, over (b) any amount previously paid by Tenant for such Expense Year pursuant to this Section 4.4.2 . Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the sum of the Estimated Direct Expenses, as such amount is set forth in the previous Estimate Statement delivered by Landlord to Tenant. Except as expressly provided in Section 4.4.1 , any failure of Landlord to timely furnish any Estimate Statement shall not preclude Landlord from enforcing its rights to receive payments and revise any previous Estimate Statement under this Article 4 .

4.4.3 **Retroactive Adjustment** . Notwithstanding anything herein to the contrary, but subject to Section 4.4. 1, if, after Landlord's delivery of any Statement, an increase or decrease in Direct Expenses occurs for the applicable Expense Year (whether, in the case of Taxes, by reason of reassessment or error, or, in the case of Expenses, by a third-party's reimbursement of costs or otherwise), Direct Expenses for such Expense Year shall be retroactively adjusted. If, as a result of such adjustment, it is determined that Tenant has under- or overpaid Tenant's Share of such Taxes or Expenses, Tenant shall pay Landlord the amount of such underpayment, or receive a credit in the amount of such overpayment, with or against the Rent then or next due hereunder; provided, however, that if this Lease has expired or terminated and Tenant has vacated the Premises, Tenant shall pay Landlord the amount of such underpayment, or Landlord shall pay Tenant the amount of such overpayment (less any Rent due), within 30 days after such adjustment is made.

4.5 **Taxes and Other Charges for Which Tenant Is Directly Responsible** .

4.5.1 Tenant shall pay, 10 days before delinquency, any taxes levied against Tenant's equipment, furniture, trade fixtures and other personal property located in or about the Premises (" **Tenant's Property** "). If any such taxes are levied against Landlord or its property (or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or other personal property of Tenant), and if Landlord pays such taxes (or such increased assessment), which Landlord shall have the right to do regardless of the validity thereof (unless the same is timely and successfully challenged by Tenant or, if requested by Tenant, the same is made by Landlord under protest as and to the extent permitted by Law), Tenant shall, upon demand, repay to Landlord the amount so paid.

4.5.2 Notwithstanding any contrary provision herein, Tenant shall pay, 10 days before delinquency, (i) any rent tax, sales tax, service tax, transfer tax or value added tax, or any other tax respecting the rent or services described herein or otherwise respecting this Lease; (ii) taxes assessed upon the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of any portion of the Project; and (iii) taxes assessed upon this transaction or any document to

which Tenant is a party creating or transferring an interest in the Premises; provided, however, that the foregoing shall not be interpreted to require Tenant to pay any Excluded Taxes.

4.6 **Tenant's Audit Rights .** Within ninety (90) days after Tenant's receipt of a Statement, Tenant may request all back up bills and evidence of expenses referenced in the Statement (the "back up data"), and then, if Tenant disputes the amount of Direct Expenses set forth in the Statement within thirty (30) days after Tenant's receipt of the back up data, Tenant or an agent designated by Tenant may, after reasonable notice to Landlord and at reasonable times subject to Landlord's reasonable scheduling requirements, inspect Landlord's records at Landlord's offices, provided that Tenant has paid the amounts claimed to be due under the applicable Statement, and Tenant agrees that any records of Landlord reviewed under this Section 4.6 shall constitute confidential information of Landlord, which Tenant shall not disclose, nor permit to be disclosed by Tenant or Tenant's accountant, except to its attorneys or as may be required by applicable Law. If Tenant retains an agent to review Landlord's records, the agent must be with a CPA firm licensed to do business in the State of California and such accountant must not be compensated on a contingency fee or similar basis related to the result of such audit. If after such inspection, Tenant still disputes such Direct Expenses included in the Statement, Landlord and Tenant shall work together in good faith to resolve Tenant's objections. If the parties are unable to resolve such objections within sixty (60) days following the completion of Tenant's inspection, then a determination as to the proper amount shall be made, at the expense of the parties as provided below, by a real estate professional experienced in lease audits who has not represented Landlord or Tenant in the preceding five (5) years (a " **Qualified Professional** ") selected by mutual agreement of Landlord and Tenant and if the parties are unable to agree upon a Qualified Professional, then such Qualified Professional shall be selected by application to the presiding judge of the Santa Clara County Superior Court. The Qualified Professional shall, in any event, be required to select and retain an independent certified public accountant to advise and assist such professional in his or her analysis and determination hereunder. Notwithstanding anything contained in this Section to the contrary, if the actual amount of Direct Expenses due for any Expense Year, as determined by the Qualified Professional, [*****], then Landlord shall pay the costs associated with such certification. In addition, if the determination by the Qualified Professional reveals that Landlord has overcharged or undercharged Tenant, then, within thirty (30) days after the results of such audit, Landlord shall reimburse Tenant the amount of the overcharge or Tenant shall pay the amount of the undercharge, as applicable. Tenant hereby acknowledges that Tenant's sole right to inspect Landlord's books and records and to contest the amount of Direct Expenses payable by Tenant shall be as set forth in this Section 4.6 , and Tenant hereby waives any and all other rights pursuant to applicable Laws to inspect such books and records and/or to contest the amount of Direct Expenses payable by Tenant.

ARTICLE 5

USE OF PREMISES

Tenant shall not (a) use the Premises for any purpose not permitted under Article 25 below, or for any purpose other than the Permitted Use; or (b) do anything in or about the Premises that (i) violates any of the Rules and Regulations or any provision of the Underlying Documents, or (ii) constitutes a nuisance. Tenant's rights and obligations under this Lease and Tenant's use of the Premises, including the Exterior Areas, shall be subject and subordinate to the Underlying Documents. Landlord agrees that, except as may be required by Law, it will neither amend the Underlying Documents existing as of the date of this Lease nor enter into any new Underlying Documents if the same shall materially adversely impact Tenant's use of or access to the Premises or subject Tenant to any material increased cost or expense.

ARTICLE 6

SERVICES

6.1 **Utilities Services .** Tenant shall promptly pay, as the same become due, all charges for water, gas, electricity, telephone, sewer service, waste pick-up and any other utilities, materials and services furnished directly to or used by Tenant on or about the Premises during the Term (collectively, " **Utilities** "), including, without limitation, (a) meter, use and/or connection fees, hook-up fees, or standby fees, and (b) penalties for discontinued or interrupted service, except to the extent of any Service Interruption (as defined below) caused by Landlord or a Landlord Party. Tenant shall provide janitorial service to the Buildings at its sole cost and expense, provided that Tenant shall be responsible for all acts of such persons. At no time shall use of electricity in the Premises exceed the capacity of existing feeders and risers to or wiring in the Premises, as the same may be modified or improved in accordance with this Lease.

[*****] Certain portions denoted with an asterisk have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

6.2 **Service Interruption** . Except as otherwise expressly provided in this Lease, any interruption or cessation of Utilities resulting from any causes, including, without limitation, any entry for repairs pursuant to this Lease, and any renovation, redecoration or rehabilitation of any area of the Project (each, a " **Service Interruption"**), shall not render Landlord liable for damages to either person or property or for interruption or loss to Tenant's business, nor be construed as an eviction of Tenant, nor work an abatement of any portion of Rent, nor relieve Tenant from fulfillment of any covenant or agreement hereof. Notwithstanding the foregoing, if the entirety of one or more Buildings, or a material portion of one or more Buildings is made untenantable for the Permitted Use being made of the Building or inaccessible for more than the Applicable Number (defined below) of consecutive business days after written notice from Tenant to Landlord as result of any Service Interruption that is not caused by Tenant or any Tenant Party, then Tenant, as its sole remedy, shall be entitled to receive an abatement of Monthly Rent (defined below) payable hereunder for the period beginning on the day immediately following such Applicable Number of consecutive business days and ending on the day such Service Interruption ends. If a Service Interruption renders less than the entire Premises untenantable for the conduct of the Permitted Uses being made of the Premises or inaccessible, the amount of Monthly Rent abated shall be prorated in proportion to the percentage of the rentable square footage of the Premises that is rendered untenantable for the conduct of the Permitted Uses being made of the Premises or inaccessible. As used in this Section 6.3 , " **Applicable Number** " means (i) [*****], if Landlord can correct the Service Interruption through reasonable efforts, or (ii) [*****], if Landlord cannot correct the Service Interruption through reasonable efforts. In addition, if (1) all or a material portion of the Premises is made untenantable for the conduct of the Permitted Uses being made of the Premises or inaccessible for [*****] consecutive days after written notice from Tenant to Landlord as a result of a Service Interruption that does not result from a casualty or other event covered by Article 11 and that Landlord can correct through reasonable efforts, and (2) Landlord is not diligently pursuing such correction, then, unless the Service Interruption is caused by the act or omission of Tenant or any Tenant Party, the same shall constitute a default by Landlord and the provisions of Section 19.5 below shall apply. As used herein, " **Monthly Rent** " means Base Rent and Tenant's monthly installment of Direct Expenses.

ARTICLE 7

REPAIRS

7.1 **Tenant's Obligations.**

7.1.1 Except to the extent expressly Landlord's obligation under this Lease (including, without limitation, under Sections 1.1.2, 7.1.4 , 7.1.5 , or 7.2 , Articles 11 , 13 , or 25 and the Tenant Work Letter), Tenant shall, at its expense, perform all maintenance and repairs (including replacement) to the Premises, to keep the Premises in good working order and in a condition reasonably consistent with Comparable Buildings (defined below), Casualties, Takings, Hazardous Substances (other than Tenant's Hazardous Substances), and reasonable wear and tear excepted (collectively, " **Tenant's Repair Obligations** "); provided, however, that, after completion of the Tenant Improvements in accordance with the Approved Working Drawings, Tenant shall not be required to (i) replace any portions of the Premises to comply with the foregoing obligation, unless and to the extent that such replacement is necessary to maintain such portion(s) of the Premises in a condition reasonably consistent with comparable professionally-maintained office/R&D buildings in the vicinity of the Premises (" **Comparable Buildings** ") or (ii) replace or upgrade any Buildings Systems or other improvements in the Premises if such Building Systems or improvements can otherwise be maintained in good working order and in a condition reasonably consistent with Comparable Buildings. In performing any such repair or replacement, Tenant shall comply with the requirements of Sections 8.2 , 8.3 and 8.4 below as if such repair or replacement were an Alteration (defined in Section 8.1 below), including that Tenant shall cause any such repair or replacement to be performed by approved contractors, in a good and workmanlike manner and in conformance with all applicable Laws; provided, however, that if the estimated cost of such repair or replacement is less than Seventy-Five Thousand Dollars ($75,000.00), then such repair or replacement shall, for purposes of the foregoing, constitute a Minor Alteration (as defined in Section 8.1 below). Except to the extent made the obligation of Landlord under this Lease, Tenant's Repair Obligations shall include: (a) floor coverings; (b) interior partitions; (c) doors; (d) the interior side of demising walls; (e) Alterations; and (f) the heating, ventilating and air conditioning (" **HVAC** ") systems and equipment, the plumbing, sewer, drainage, electrical, fire protection, elevator, escalator, life safety and security systems and equipment and other mechanical, electrical and communications systems and equipment (collectively, the " **Building Systems** ") that serve the Buildings or Exterior Areas, including, without limitation, (i) any specialty or supplemental Building Systems installed by or for Tenant, and (ii) all electrical facilities and equipment, including lighting fixtures, lamps, fans and any exhaust equipment and systems, electrical motors and all other appliances and equipment of every kind and nature, whether such items are located within or outside of any Building, and whether they are installed by or for the benefit of Tenant or exist as of the date hereof.

[*****] Certain portions denoted with an asterisk have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

7.1.2 Tenant shall also be responsible for all pest control within the Buildings, and for all trash removal and disposal from the Buildings. With respect to all HVAC systems and equipment serving the Buildings, Tenant shall obtain HVAC systems preventive maintenance contracts with bimonthly or monthly service in accordance with manufacturer recommendations, which shall be subject to the reasonable prior written approval of Landlord and paid for by Tenant, and which shall provide for and include replacement of filters, oiling and lubricating of machinery, parts replacement, adjustment of drive belts, oil changes and other preventive maintenance, including annual maintenance of duct work, interior unit drains and caulking of sheet metal, and recaulking of jacks and vents on an annual basis, and shall require that reasonably detailed written service reports be provided to Landlord and Tenant concurrently upon the completion of each bimonthly or monthly service. Tenant shall have the benefit of all warranties available to Landlord, including those regarding the HVAC systems and other equipment, relating to the portions of the Premises for which Tenant's Repair Obligations apply, or that would otherwise reduce the cost incurred by Tenant for performance of Tenant's Repair Obligations. Notwithstanding the foregoing provisions of this Section 7.1.2 , if Tenant breaches its foregoing obligation to carry HVAC preventive maintenance contracts for a period of 10 business days after notice of such failure by Landlord, Landlord may thereafter, at its option, obtain the required HVAC systems preventive maintenance contracts on Tenant's behalf, in which case Tenant shall pay Landlord, within ten (10) days after receipt of an invoice therefor, the cost of such work (without mark-up by Landlord).

7.1.3 Notwithstanding the foregoing provisions of this Section 7.1 , Tenant shall notify Landlord in writing at least fifteen (15) business days prior to performing any Tenant's Repair Obligation (a) that materially affects any Building Systems, the Base Building or the Exterior Areas, or (b) that constitutes a Capital Repair (as defined in Section 7.1.4 below), provided that in the event of an emergency, Tenant shall only be required to provide such notice as is reasonable under the circumstances. Upon receipt of such notice from Tenant, Landlord shall have the right to consult with Tenant prior to such work being performed by Tenant in order to ensure that such Tenant's Repair Obligation shall be performed in accordance with the requirements of this Lease and in a manner consistent with the standards followed by owners and property managers of office/R&D projects substantially similar to, and in the vicinity of, the Project, as reasonably determined by Landlord. If Tenant fails to commence any Tenant's Repair Obligation within a reasonable time period specified by Landlord (provided that Tenant shall have at least fifteen (15) business days to commence any such repair or replacement, except in the event of an emergency, in which event Tenant shall promptly commence such repair or replacement) or fails to thereafter diligently pursue the completion of such Tenant's Repair Obligation, then Landlord may, but need not, following delivery of notice to Tenant of such election and the continuance of such failure by Tenant beyond the applicable cure period, make or complete such Tenant's Repair Obligation, in which event Tenant shall pay Landlord the cost of such work, plus a reasonable percentage of the cost thereof (not to exceed 10%) sufficient to reimburse Landlord for all overhead, general conditions, fees and other costs or expenses arising from Landlord's involvement with such repairs and replacements, and Tenant shall pay Landlord the cost thereof within thirty (30) days after receipt of an invoice therefor.

7.1.4 Notwithstanding the provisions of Section 7.1.1 above to the contrary, if, at any time during the Lease Term, any capital repairs, replacements or improvements (as determined in accordance with GAAP) (" **Capital Repairs** ") are required to be made to the Building Systems (excluding any specialty or supplemental Building Systems or any other equipment or facilities relating to the particular use or manner of use of the Premises, including any equipment or facilities serving a computer server room, "clean room" or laboratory space) the cost of which shall exceed Seventy-Five Thousand Dollars ($75,000.00), then, upon request by Tenant, unless such repairs, replacements or improvements are required by the negligence or willful misconduct of Tenant or any Tenant Parties, or any Alterations to the Premises made by or on behalf of Tenant or any Transferee, (a) Landlord shall perform such repairs or replacements, (b) Tenant shall pay the first Seventy-Five Thousand Dollars ($75,000.00) of costs relating thereto, and (c) the remainder of such costs shall be paid by Landlord, subject, however, to the following: Tenant shall pay to Landlord, as Additional Rent, the portion of the cost of such repairs, replacements or improvements allocable to the remaining Term (including any Extension Term), which portion shall be determined by amortizing the cost of the repairs, replacements or improvements on a straight-line basis over the useful life thereof (as Landlord shall reasonably determine in accordance with GAAP), either (A) in cash upon demand or (B) in equal monthly installments with Base Rent over the remaining Term (including any Extension Term), together with interest on such amortized amount calculated at the lesser of (i) eight percent (8%) per annum or (ii) the maximum legal rate of interest allowed by the State of California.

7.1.5 Notwithstanding the foregoing provisions of this Section 7.1 to the contrary, and notwithstanding Section 10.5 below, Landlord shall perform, and Tenant shall have no responsibility to perform and Expenses shall not include, any repairs or replacements made necessary solely by the negligence or willful misconduct of Landlord or any Landlord Party; provided, however, that, if such work is covered by Tenant's insurance (or the insurance required to be carried by Tenant hereunder), Landlord shall only be obligated to pay any deductible in connection therewith and Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's property insurance required under Section 10.3 below attributable to such repairs.

7.2 **Landlord's Obligations** .

7.2.1 Landlord shall maintain, repair and replace the following items (together with the work to be performed by Landlord under S ections 1.1.2, 7.1.4 , 7.1.5 , or 7.2 , and Articles 11 , 13 , or 25 herein the " **Landlord's Repair Obligations** "): (a) the non-structural portions of the roofs of the Buildings, including the roof coverings in a water-tight condition, and otherwise reasonably consistent with Comparable Buildings; (b) the Exterior Areas of the Project, including, without limitation, the Parking Facilities, pavement, landscaping, sprinkler systems, sidewalks, driveways, curbs, lighting systems and other facilities, systems, equipment and improvements in or serving the Exterior Areas in a condition reasonably consistent with the exterior areas surrounding Comparable Buildings, and (c) routine repair and maintenance of the load bearing and exterior walls of the Buildings, including, without limitation, any painting, sealing, patching and waterproofing of such walls, in a condition reasonably consistent with Comparable Buildings.

7.2.2 Landlord, at its own cost and expense (except as expressly provided in this Lease to the contrary, including in Section 4.2.2 and Section 7.2.3), agrees to repair and maintain the structural portions of the roof (specifically excluding the roof coverings), the foundation, the footings, the floor slab and the load bearing walls and exterior walls of the Buildings (excluding any glass and any routine maintenance, such as painting, sealing, patching and waterproofing of such walls, which maintenance work shall be included in Landlord's Repair Obligations and recoverable as a Direct Expense) (collectively, the " **Base Building** ") in a condition reasonably consistent with Comparable Buildings.

7.2.3 Notwithstanding Section 10.5 below, to the extent any such maintenance, repair or replacement described in this Section 7.2 is made necessary by the negligence or willful misconduct of Tenant or any Tenant Party, Tenant shall pay to Landlord the reasonable cost of such work, including a percentage of the cost thereof (not to exceed 10%) sufficient to reimburse Landlord for all overhead, general conditions, fees and other costs or expenses arising from Landlord's involvement with such repairs and replacements, directly (and not as a Direct Expense) within ten (10) days after receipt of an invoice therefor; provided, however, that, if such work is covered by Landlord's insurance (or the insurance required to be carried by Landlord hereunder), Tenant shall only be obligated to pay any deductible in connection therewith.

7.3 **Waiver .** Tenant hereby waives any rights under subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar Law.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 **Landlord's Consent to Alterations** . Except for the Tenant Improvements (which shall be governed by the terms of the Tenant Work Letter), Tenant may not make any improvements, alterations, additions or changes to the Premises or to any mechanical, plumbing or HVAC facilities or other systems serving the Premises (collectively, " **Alterations** ") without Landlord's prior written consent, which consent shall be requested by Tenant not less than 30 days before commencement of work (except in the event of an emergency, in which case Tenant shall provide such advance notice of the need for the Alteration as is reasonable under the circumstances). Such Landlord consent shall not be unreasonably withheld, conditioned, or delayed, provided that it shall be deemed reasonable for Landlord to withhold its consent to any Alteration that would materially and adversely affect the Base Building or any Building Systems (" **Adverse Alterations** "). Notwithstanding the foregoing and any provisions of Section 8.1 to the contrary, Tenant shall be permitted to make interior, cosmetic or decorative, non-structural Alterations without Landlord's prior consent, provided that such Alterations (a) cost less than Two Hundred Thousand Dollars ($200,000.00) per project in any one Building, nor, in the case of any multi-Building project, more than Five Hundred Thousand Dollars ($500,000.00) in the aggregate, (b) do not constitute Adverse Alterations hereunder, and (c) prior to commencing any such Alterations, Tenant provides Landlord with not less than ten (10) business days' prior written notice thereof and a copy of any governmental permits required for such Alterations (" **Minor Alterations** ").

8.2 **Manner of Construction** . Landlord may impose reasonable conditions to its consent to any Alteration. Without limiting the foregoing, before commencing any Alteration (other than a Minor Alteration), Tenant shall deliver to Landlord, and obtain Landlord's written approval of, each of the following items (to the extent applicable): plans and specifications (including any changes thereto); names of contractors, and, if requested by Landlord, the names of material subcontractors, mechanics, laborers and materialmen; required building permits; and evidence of the insurance required under Section 8.4 below. Tenant shall perform any Alteration in a good and workmanlike manner, using materials of a quality reasonably approved by Landlord or comparable to existing improvements, and in conformance with all applicable Laws and the National Electrical Code and Landlord's contractor's rules and regulations attached hereto as **Exhibit B-3** (" **Landlord's Construction Rules** "). Without limiting the foregoing, if, as a result of Tenant's performance of any Alteration, Landlord becomes required under

applicable Law to perform any inspection or give any notice relating to the Premises or such Alteration, or to ensure that such Alteration is performed in any particular manner, Tenant shall comply with such requirement on Landlord's behalf and promptly thereafter provide Landlord with reasonable documentation of such compliance. Tenant shall ensure that no Alteration impairs any Building Systems or Landlord's ability to perform its obligations hereunder. Landlord may, in its discretion, require Tenant to obtain a lien and completion bond, or to provide alternate form of security or evidence of the ability to pay, reasonably satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of the work and, as appropriate, naming Landlord as a co-obligee. Before commencing any Alteration (except for Minor Alterations), Tenant shall meet with Landlord to discuss Landlord's design parameters and any code compliance issues. Upon completion of any Alteration (except for Minor Alterations), Tenant shall cause a Notice of Completion to be recorded in the office of the recorder of the county in which the Project is located in accordance with Section 3093 of the Civil Code of the State of California or any successor Law. Tenant shall deliver to Landlord reproducible copies of the "as built" drawings of each Alteration (in CAD format, if requested by Landlord), as well as all related governmental permits, approvals and other documents reasonably requested by Landlord.

8.3 **Payment for Alterations**. For any Alteration, Tenant shall pay Landlord within ten (10) days following demand (a) Landlord's reasonable out-of-pocket expenses incurred in reviewing such work; and (b) except for Minor Alterations, a fee for Landlord's oversight and coordination of such work equal to 1.5% of its cost. Tenant shall, to the extent reasonably required by Landlord, condition payment to its contractors for any Alterations upon receipt of final lien releases and waivers (or such other alternative protection from mechanics' liens as shall be reasonably acceptable to Landlord).

8.4 **Construction Insurance**. Tenant shall carry "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of any Alteration (exclusive of Minor Alterations). All Alterations shall be insured by Tenant pursuant to Article 10 below immediately upon completion thereof.

8.5 **Landlord's Property**. All improvements in and to the Premises, including any Tenant Improvements and Alterations, shall become the property of Landlord upon installation and without compensation to Tenant (subject to Tenant's right to use and depreciate [to the extent paid for by Tenant] the same during the Lease Term), except that Tenant may remove any Tenant's Property that Tenant can substantiate to Landlord have not been paid for with the Allowance provided to Tenant by Landlord, provided that Tenant repairs any damage caused by such removal and returns the affected portion of the Premises to, at Tenant's election either (a) the configuration shown on the Approved Construction Drawings or (b) a " **Standard Office/R&D Configuration** ", which, for purposes of this Lease, means a drop ceiling open-office environment with materials and finishes consistent, as reasonably determined by Landlord, with the general office improvements located in the remainder of the Building or, if there are no general office improvements located in the remainder of the Building, then such materials and finishes must be consistent with the general office improvements located in other buildings in the Project. Notwithstanding the foregoing, unless otherwise instructed by Landlord in writing before the expiration or earlier termination of this Lease, Tenant shall, at its expense, (a) remove any Tenant Specialized Improvements and Alterations (other than Alterations which Landlord has previously agreed in writing may be surrendered), (b) repair any damage to the Buildings or other portions of the Project caused by such removal, and (c) restore the affected portion of the Buildings to its condition existing before the installation of such Tenant Specialized Improvements or such Alterations; provided, however, that, except to the extent any Lines are shown as part of the Tenant Improvements on the Approved Space Plan attached hereto as **Exhibit B-2** (the removal of which shall be governed by Section 30.28 below), Tenant shall have no obligation to remove any of the Tenant Improvements shown on such Approved Space Plan; and provided, further, that with respect to any Tenant Specialized Improvements installed in the Premises pursuant to the Tenant Work Letter, Tenant shall restore the affected portion of the Premises to a Standard Office/R&D Configuration. If Tenant's request for Landlord's approval of any proposed Alterations contains a request (or if at any other time Tenant requests) that Landlord identify any portion of such Alterations that Landlord will require Tenant to remove as provided above, then Landlord will, at the time it approves such Alterations, or within 30 days after any other request, identify such portion of the Alterations, if any, that Landlord will require Tenant to so remove. If Tenant fails to complete the removal, repair or restoration required by this Section 8.5 before the expiration or earlier termination of this Lease, (i) Landlord may do so and may charge the reasonable cost thereof to Tenant, and (ii) for purposes of Article 16 below, Tenant shall be deemed to be in holdover of any affected portion of the Premises without Landlord's consent for the reasonable time required for Landlord to complete such work. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant contained in this Section 8.5 shall survive the expiration of the Lease Term or any earlier termination of this Lease. As used in this Lease, " **Tenant Specialized Improvements** " mean any modifications to the Tenant Improvements shown on **Exhibit B-2** or any Alterations that are not normal and customary general office improvements consistent with a Standard Office R&D Configuration. Landlord and Tenant agree that, without limitation, if installed, the following Alterations will constitute Tenant Specialized Improvements: any specialty or supplemental Building Systems or other equipment or facilities relating to the use of the Premises for purposes other than general office use, including any equipment or facilities serving a "clean room" or laboratory space; internal stairwells;

raised floors; meeting rooms (other than a customary number of conference rooms of customary size); classroom facilities; kitchens and cafeterias (as distinguished from customary kitchenette areas); and any areas requiring floor reinforcement or enhanced systems requirements (including library, file or computer rooms if they have any such requirements).

8.6 **Tenant Work Letter** . Except as expressly provided in Section 8.5 above, this Article 8 shall not apply to any Tenant Improvements constructed pursuant to the Tenant Work Letter.

ARTICLE 9

COVENANT AGAINST LIENS

Subject to Landlord's obligation to fund the Allowance in accordance with this Lease, Tenant shall keep the Premises free from any liens or encumbrances arising out of any work performed, materials furnished or obligations incurred by or on behalf of Tenant or any Tenant Party (exclusive of Landlord's Work). Tenant shall give Landlord written notice at least 20 days before commencing any such work on the Premises (or such additional time as may be necessary under applicable Laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise within 10 business days after notice by Landlord, and if Tenant fails to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without responsibility for investigating the validity thereof. The amount so paid by Landlord shall be reimbursed by Tenant, as Additional Rent, upon demand, without limiting other remedies available to Landlord under this Lease. Nothing in this Lease shall authorize Tenant to cause or permit any lien or encumbrance to affect Landlord's interest in the Project, and any lien or encumbrance created by, through or under Tenant shall attach to Tenant's interest only.

ARTICLE 10

INDEMNIFICATION; INSURANCE

10.1 **Indemnification and Waiver** .

10.1.1 Tenant agrees that Landlord, its partners, members and Security Holders (defined in Article 18 below), and their respective partners, members, directors, officers, agents, employees and independent contractors (including Landlord, collectively, the " **Landlord Parties** ") shall not be liable for, and are hereby released from any responsibility for, any damage to person or property (or resulting from the loss of use thereof) that is sustained by Tenant or any party claiming by, through or under Tenant, including any such damage caused by any active or passive act, omission or neglect of any Landlord Party or by any act or omission for which liability without fault or strict liability may be imposed, except only, (a) to the extent such damage is caused by the negligence or willful misconduct of any Landlord Party or by a breach of Landlord's obligations hereunder, whether occurring before, during, or after the expiration of the Lease Term, and, in any such event, is not covered by (e.g., exceeding the coverage limits) the insurance required to be carried by Tenant under Section 10.3 or (b) to the extent such limitation on liability is prohibited by applicable Laws. Nothing in this Section 10.1 shall limit the provisions of Section 10.5 or Article 21 below.

10.1.2 Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any obligations, losses, claims, actions, liabilities, penalties, damages, costs and expenses (including reasonable attorneys' and consultants' fees and expenses) (" **Claims** ") suffered or imposed upon or asserted against any Landlord Party in connection with or arising from (a) any cause in, on or about the Premises (including a slip and fall) covered (or required to be covered) by the insurance required of Tenant under Section 10.3 , (b) the negligence or willful misconduct of Tenant or of any person claiming by, through or under Tenant, or any of their members, partners, officers, contractors, agents, employees, invitees or licensees (each, a " **Tenant Party** " and, collectively, " **Tenant Parties** "), or (c) any breach by Tenant of any representation, covenant or other term contained in this Lease, whether occurring before, during, or after the expiration of the Lease Term. The foregoing indemnification shall apply regardless of any active or passive negligence of the Landlord Parties and regardless of whether liability without fault or strict liability may be imposed upon the Landlord Parties; provided, however, that Tenant's obligations under this Section shall be inapplicable (i) to the extent such Claims arise from the negligence or willful misconduct of any Landlord Party or from a breach of Landlord's obligations hereunder and, in any such event, are not covered by (e.g., exceeding the coverage limits) the insurance required to be carried by Tenant hereunder or (ii) to the extent such obligations are prohibited by applicable Laws.

10.1.3 Landlord shall indemnify, defend, protect and hold harmless Tenant and the other Tenant Parties from any Claims suffered or imposed upon or asserted against Tenant or such Tenant Party to the extent arising in connection with or from the negligence or willful misconduct of Landlord or other Landlord Party or from a breach of Landlord's obligations hereunder, whether occurring before, during, or after the expiration of the Lease Term and, in any such event, are not covered either by (e.g., exceeding

the coverage limits) the insurance required to be carried by Tenant hereunder or otherwise covered by Tenant's indemnity obligations set forth in Section 10.1.2 above.

10.1.4 The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any Claim relating to any event or condition occurring or existing before such expiration or termination.

10.2 **Tenant's Compliance With Landlord's Fire and Casualty Insurance** . Tenant, at its expense, shall comply with all insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies, Tenant shall reimburse Landlord for such increase. Tenant, at its expense, shall comply with all rules and requirements of the American Insurance Association and any similar body; provided, however, that the foregoing shall not release Landlord from its obligation to perform the Landlord's Work or any of Landlord's Repair Obligations.

10.3 **Tenant's Insurance** . Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities (covering the performance by Tenant of its indemnity agreements), including a Broad Form endorsement covering the insuring provisions of this Lease and Tenant's indemnity obligations under Section 10.1 above, for limits of liability not less than:

Bodily Injury and Property Damage Liability	$5,000,000 each occurrence $5,000,000 annual aggregate
Personal Injury Liability	$5,000,000 each occurrence $5,000,000 annual aggregate
Umbrella Liability Coverage	$5,000,000 each occurrence $5,000,000 annual aggregate The above limits may be met with any combination of primary and excess policies

10.3.2 Property Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's Property in or on the Premises, (ii) any Tenant-Specialized Improvements, and (iii) all Alterations made to the Premises. Such insurance shall be written on a "special causes of loss form" of physical loss or damage basis, for the full replacement cost value (subject to reasonable deductible amounts), and, except for Tenant's Property, new without deduction for depreciation of the covered items, and in amounts that meet any co-insurance clauses of the policies of insurance, and shall include coverage for damage or other loss caused by fire or other peril, including vandalism and malicious mischief, theft, water damage, including sprinkler leakage (but excluding damage from flood, tidal surge or similar events typically covered only by a "water exclusion endorsement"), bursting or stoppage of pipes, and explosion.

10.3.3 Worker's Compensation and Employer's Liability or other similar insurance to the extent required by applicable Laws.

10.4 **Form of Policies** . The minimum limits of insurance required to be carried by Tenant shall not limit Tenant's liability. Such insurance shall be issued by an insurance company that has an A.M. Best rating of not less than A-VIII and shall be in form and content reasonably acceptable to Landlord. Tenant's Commercial General Liability Insurance shall (a) name the Landlord Parties and any other party designated in writing by Landlord (" **Additional Insured Parties** ") as additional insureds; and (b) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and non-contributing with Tenant's insurance. Landlord shall be designated as a loss payee with respect to Tenant's Property Insurance on the Tenant-Specialized Improvements and Alterations which are not Tenant's Property (collectively, " **Tenant-Insured Improvements** "). Tenant shall deliver to Landlord, on or before the Premises Delivery Date and at least 15 days before the expiration dates thereof, certificates from Tenant's insurance company on the forms currently designated "ACORD 25-S" (Certificate of Liability Insurance) and "ACORD 28" (Evidence of Commercial Property Insurance) or the equivalent. Attached to the ACORD 25-S (or equivalent) there shall be an endorsement naming the Additional Insured Parties as additional insureds, and attached to the ACORD 28 (or equivalent) there shall be an endorsement designating Landlord as a loss payee with respect to Tenant's Property Insurance on any Tenant-Insured Improvements, and each such endorsement shall be binding on Tenant's insurance company. Upon Landlord's request, Tenant shall deliver to Landlord, in lieu of such certificates, copies of the policies of insurance required to be carried under Section 10.2 showing that the Additional Insured

Parties are named as additional insureds and that Landlord is designated as a loss payee with respect to Tenant's Property Insurance on any Tenant-Insured Improvements. If Tenant fails to deliver such policies or certificates, then Landlord may, at its option, procure such policies for the account of Tenant, in which event Tenant shall pay Landlord the cost thereof within five (5) days after written demand.

10.5 **Subrogation** . Notwithstanding anything to the contrary in this Lease, each party waives, and shall cause its insurance carrier to waive, any right of recovery against the other party, any of its (direct or indirect) owners, or any of their respective beneficiaries, trustees, officers, directors, employees or agents for any loss of or damage to property which loss or damage is (or, if the insurance required hereunder had been carried, would have been) covered by insurance. For purposes of this Section 10.5 only, (a) any deductible with respect to a party's insurance shall be deemed covered by, and recoverable by such party under, valid and collectable policies of insurance, and (b) any contractor retained by Landlord to install, maintain or monitor a fire or security alarm for the Buildings shall be deemed an agent of Landlord.

10.6 **Additional Insurance Obligations .** Tenant shall carry and maintain during the Lease Term, at its expense, the amounts of the insurance required to be carried by Tenant under this Article 10 , and such other types and amounts of insurance covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord, but not in excess of the amounts and types of insurance then being required by landlords of buildings comparable to and in the vicinity of the Buildings.

10.7 **Landlord's Insurance .** Subject to reimbursement as an Expense in accordance with the provisions of Article 4 hereof, Landlord shall procure and maintain in effect throughout the Lease Term commercial general liability insurance, property insurance and/or such other types of insurance as are normally carried by reasonably prudent owners of commercial properties substantially similar to, and in the vicinity of, the Project. Such coverages shall be in such amounts, from such companies and on such other terms and conditions as Landlord may from time to time reasonably determine, and Landlord shall have the right, but not the obligation, to change, cancel, decrease or increase any insurance coverages in respect of the Building, add additional forms of insurance as Landlord shall deem reasonably necessary, and/or obtain umbrella or other policies covering both the Building and other assets owned by or associated with Landlord or its affiliates, in which event the cost thereof shall be equitably allocated; provided, however, that Landlord shall, at all times during the Lease Term, maintain "special causes of loss" (or similar) property insurance coverage on the Base Building in the amount of the full replacement value thereof as reasonably estimated by Landlord (without deduction for depreciation), subject to reasonable deductible amounts (" **Landlord's Casualty Policy** "), and loss of rents coverage for a period of not less than twelve (12) months.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 **Completion Estimate; Termination Rights .**

11.1.1 Tenant shall promptly notify Landlord of any damage to the Premises resulting from any fire or other casualty (" **Casualty** ") of which Tenant is aware (" **Tenant's Casualty Notice** "). With reasonable promptness after discovering the Casualty, Landlord shall provide Tenant with written notice (the " **Completion Estimate** ") stating the reasonable estimate by an independent architect selected by Landlord with the approval of Tenant, which shall not be unreasonably withheld or delayed, of the date by which it is reasonably possible using standard working methods (without the payment of overtime or other premiums), to substantially complete the Landlord Casualty Repairs (the " **Landlord Restoration Date** ") and the date by which it is reasonably possible for Tenant to substantially complete any Tenant Casualty Repairs (the " **Final Restoration Date** ", and the difference between the Landlord Restoration Date and the Final Restoration Date is herein referred to as " **Tenant's Estimated Restoration Period** "). As used herein, (A) " **Tenant Casualty Repairs** " means the following, which work shall be performed by Tenant in accordance with the procedures for Alterations set forth in Article 8 of this Lease: (i) if Tenant so elects, the repair and restoration of any Tenant Specialized Improvements or Alterations made to the Premises by Tenant prior to the date of the Casualty; or (ii) subject to Landlord's rights pursuant to clause (B) below, if Tenant elects not to repair or restore any such Tenant Specialized Improvements or Alterations, then Tenant Casualty Repairs shall include repair and restoration of the affected portion of the Premises to a Standard Office/R&D Configuration; and (B) " **Landlord Casualty Repairs** " means the repair and restoration of the Premises, including any damaged Building and/or Exterior Areas, the Front Entrance Work (as defined in Section 4.1.2 of the Tenant Work Letter) and the Tenant Improvements performed pursuant to the Tenant Work Letter to the condition required by Section 11.2 , other than the Tenant Casualty Repairs; provided, however, that if Tenant elects not to repair or restore any Tenant Specialized Improvements or Alterations pursuant to clause (A) above, then Landlord Casualty Repairs shall, at Landlord's election, include the repair and restoration of any such Tenant Specialized Improvements or Alterations, or the repair and restoration of the affected portion of the Premises to a Standard Office/R&D Configuration.

11.1.2 If the Completion Estimate indicates that the Landlord Casualty Repairs and Tenant Casualty Repairs (together, the " **Required Casualty Repairs** ") cannot be " **substantially completed** " (i.e., completed with the exception of "Punch List Items", as defined in **Exhibit B**) within one (1) year after the date of Tenant's Casualty Notice (" **Substantial Destruction** ") (or, if the Casualty occurs during the last 12 months of the Lease Term [" **End of Term Casualty** "], and the Completion Estimate indicates that the Required Casualty Repairs cannot be substantially completed within the period of time beginning on the date of the Casualty and having a duration equal to 20% of the balance of the Term remaining on such date), then either party may terminate this Lease in its entirety or partially with respect only to any affected Building for which such Required Casualty Repairs cannot be substantially completed within one (1) year after the date of Tenant's Casualty Notice (or, in the case of an End of Term Casualty, within such shorter period described above), as the case may be; provided, however, that if Landlord terminates this Lease pursuant to the foregoing as a result of an End of Term Casualty, Landlord may only terminate this Lease with respect to any affected Building for which the Required Casualty Repairs cannot be substantially completed within the period of time beginning on the date of the Casualty and having a duration equal to 20% of the balance of the Term remaining on such date. Any such termination shall be delivered within 120 days after delivery of the Completion Estimate to Landlord and Tenant (or, in the case of an End of Term Casualty, within twenty (20) days after delivery of the Completion Estimate to Landlord and Tenant) and shall be effective on the later of 60 days after the date of such termination notice or such longer time as is reasonably required for Tenant to vacate the terminated Building(s) with due diligence, but subject to Force Majeure as it relates to Tenant's ability to surrender possession of the terminated Building(s) in accordance with Article 15 below, not later than 90 days after the date of such termination notice.

11.1.3 If the Lease is not terminated by Landlord or Tenant pursuant to Section 11.1.2 , but (A) Landlord does not substantially complete the Landlord Casualty Repairs on or before the Outside Landlord Restoration Date (defined below), then, provided that the Casualty was not caused by the negligence or intentional misconduct of Tenant or any Tenant Party, Tenant may terminate this Lease by notifying Landlord prior to the substantial completion of the Landlord Casualty Repairs. As used herein, " **Outside Landlord Restoration Date** " means the date occurring ninety (90) days after the later of (a) the expiration of the time set forth in the Completion Estimate for Landlord Casualty Repairs, or (b) the date occurring one (1) year after the date of Tenant's Casualty Notice (less the number of days set forth in the Completion Estimate as the Estimated Tenant's Restoration Period); provided, however, that the Outside Landlord Restoration Date shall be extended to the extent any delay in the substantial completion of the Landlord Casualty Repairs is caused by (x) Tenant's breach of its obligations under this Lease, which is not corrected within one (1) business day following delivery of email notice of such breach to Tenant, (y) Tenant's request for a change in any of the Landlord Casualty Repairs (any such change being subject to Landlord's approval in its reasonable discretion and, if approved, Tenant's payment of any net increase in the cost of the Landlord Casualty Repairs as a consequence of such change), and (z) interference by Tenant or any Tenant Party with the performance of such Landlord Casualty Repairs which continues for one (1) business day after delivery of email notice to Tenant. Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance and other proceeds payable to Tenant under Tenant's Property Insurance pursuant to Section 10.3 above and, if applicable, any Builder's All Risk insurance required under Section 8.4 above or the Tenant Work Letter, with respect to Landlord Casualty Repairs.

Notwithstanding the foregoing, if Landlord determines in good faith that it will be unable to substantially complete the Landlord Casualty Repairs with respect to any Building on or before the Outside Landlord Restoration Date, Landlord may cease its performance of the Landlord Casualty Repairs and notify Tenant (the " **Restoration Date Extension Notice** ") of such fact, which Restoration Date Extension Notice shall set forth the date on which Landlord reasonably believes such substantial completion of the Landlord Casualty Repairs will occur. Upon receiving the Restoration Date Extension Notice, Tenant may terminate this Lease in its entirety or partially as provided in Section 11.1.3 above with respect to the Building(s) for which Landlord has determined that it will be unable to substantially complete the Landlord Casualty Repairs on or before the Outside Landlord Restoration Date, by notifying Landlord within ten (10) business days after receiving the Restoration Date Extension Notice. If Tenant does not terminate this Lease within such ten (10) business day period, the Outside Landlord Restoration Date automatically shall be amended to be the date set forth in the Restoration Date Extension Notice.

11.1.4 In addition to the foregoing, Landlord may terminate this Lease in its entirety, if the reasonably expected cost of the Landlord Casualty Repairs (the " **Landlord's Expected Repair Cost** ") exceeds the Available Casualty Proceeds, as defined below (herein a " **Shortfall** "). As used herein " **Available Casualty Proceeds** " means the net amount of the following: (a) the proceeds of Landlord's Casualty Policy and the proceeds of any Builder's All Risk insurance required under Section 8.4 above or the Tenant Work Letter, plus (b) if Landlord fails to carry a Landlord's Casualty Policy in accordance with this Lease, the proceeds that would have been received by Landlord had Landlord properly carried such policy or policies, plus (c) if Tenant fails to carry Builder's All Risk insurance required under Section 8.4 above or the Tenant Work Letter, such amounts as would be covered by such policy and as are received by Landlord from Tenant, plus (d) any damages received by Landlord from any third party on account of damage to the Premises or the Tenant Improvements (herein with the amounts specified in

subparts (a), (b) and (c) of this sentence, the " **Casualty Receipts** "), plus (e) any applicable deductibles (other than deductibles with respect to earthquake damage), plus (f) in the case of an earthquake, any earthquake deductibles that Tenant is required to pay pursuant to Section 4.2.2(m)(1) (herein, with the amount specified in subpart (e) of this sentence, the " **Deductibles** ") plus (g) five percent (5%) of the insurable value of the Premises (" **Landlord's Casualty Responsibility** "), less (h) the amount of any Casualty Receipts received by Landlord, which a Security Holder is permitted to apply under the terms of its agreements with Landlord and, if applicable, with Tenant, and which the Security Holder does apply, to pay any mortgage debt (the " **Security Holder Application Amount** "). Notwithstanding the foregoing, any notice of termination of this Lease pursuant to the preceding sentence (a " **Shortfall Termination Notice** ") shall set forth the amount of the Shortfall, Casualty Receipts, Deductibles (with earthquake separately specified), Landlord's Casualty Responsibility, and the Security Holder Application Amount, and be ineffective if (x) Tenant, within 20 business days after receiving such Shortfall Termination Notice, notifies Landlord that Tenant agrees to pay, and provides Landlord with evidence reasonably satisfactory to Landlord of Tenant's ability to pay, the Shortfall. If any Shortfall Termination Notice becomes ineffective because Tenant agrees in writing to pay the Shortfall and this Lease is not otherwise terminated pursuant to this Section 11.1 , then (i) Tenant, within three (3) business days after Landlord's request (which shall not be made more frequently than once per calendar month), shall deliver to Landlord, as Additional Rent, in addition to any amounts required to be delivered to Landlord under Section 11.2 , cash in the amount of that portion of the Shortfall which is equal to (A) the total cost of the Landlord Casualty Repairs incurred by Landlord to date of such request, multiplied by a fraction, the numerator of which is the Shortfall and the denominator of which is the Landlord's Expected Repair Cost, less (B) the total amount of the payments previously made by Tenant to Landlord pursuant to this sentence and (ii) if Landlord's Expected Repair Cost is changed to reflect the actual cost of the Landlord Casualty Repairs, then the Shortfall and the amounts payable pursuant to this sentence shall be adjusted equitably.

11.1.5 Notwithstanding the foregoing, if the damage constitutes Substantial Destruction of one or more Buildings, but there is at least one Building that does not sustain Substantial Destruction, then Tenant shall have the right to override Landlord's election to terminate pursuant to this Section 11.1.4 by giving written notice to Landlord within thirty (30) days after receipt of Landlord's Casualty Termination Notice. In such event, this Lease shall be deemed terminated only with respect to the Building or Buildings that have sustained Substantial Destruction and this Lease shall remain in full force and effect with respect to any remaining Buildings. In such event, the Rent shall be equitably abated based on the ratio that the rentable square footage of the remaining Buildings bears to the total rentable square footage of all of the Buildings prior to the casualty.

11.1.6 In the event of any termination by Landlord or Tenant pursuant to this Article, neither party shall have any obligations to the other under this Lease, (a) except with respect to any Building(s) for which this Lease is not terminated, (b) except for obligations arising before such termination or obligations that survive the expiration or earlier termination of this Lease, and (c) except that Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's property insurance required under Section 10.3 above (and, if applicable, any Builder's All Risk insurance required under Section 8.4 above or the Tenant Work Letter) with respect to any Tenant Specialized Improvements and Alterations; provided, however, that, with respect to any Tenant Specialized Improvements that Tenant can substantiate to Landlord have not been paid for with the Allowance provided to Tenant by Landlord, Tenant shall be required to assign to Landlord only such portion of the proceeds as shall be necessary to restore the affected portion of the Premises to a Standard Office/R&D Configuration.

11.2 **Repair and Restoration** . So long as this Lease is not terminated pursuant to Section 11.1 above, Landlord shall promptly and diligently perform the Landlord Casualty Repairs, subject to reasonable delays for insurance adjustment or other events of Force Majeure (as defined in Section 30.15). Such repair and restoration shall be to substantially the same condition that existed before the Casualty, except for any modifications required by Law and except for any modifications to the Exterior Areas that are reasonably deemed desirable by Landlord, are consistent with the character of the Project, and do not materially impair access to any of the Buildings; provided, however, that, unless required by Law, such modifications shall be subject to Tenant's approval, which approval shall not be unreasonably withheld, conditioned or delayed. If this Lease is not terminated pursuant to Section 11.1 above, then (a) if the Landlord Casualty Repairs include the Alterations, Tenant Specialized Improvements and/or repair and restoration of the affected portion of the Premises to a Standard Office/R&D Configuration, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds applicable to such Landlord Casualty Repairs that are payable to Tenant under Tenant's insurance required under Section 8.4 , Section 10.3 or the Tenant Work Letter; and (b) if the estimated cost of repairing and restoring such improvements exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, Landlord shall not be required to spend more than the amount of such proceeds, provided that the foregoing shall not relieve Tenant from the obligation to carry the property insurance required to be carried by Tenant pursuant to Section 10.3.2 above and any Builder's All Risk insurance required under Section 8.4 above or the Tenant Work Letter, nor shall the

foregoing limit Tenant's liability if Tenant fails to perform such obligation. If this Lease is not terminated pursuant to Section 11.1 above, then, following substantial completion of such Landlord Casualty Repairs, Tenant, at its expense and in accordance with Sections 8.2 , 8.3 and 8.4 above, shall perform the Tenant Casualty Repairs; provided, however, that if the estimated cost of the Tenant Casualty Repairs exceeds the amount of insurance proceeds received by Tenant from Tenant's insurance carrier, Tenant shall not be required to spend more than the amount of such proceeds, provided that the foregoing shall not relieve Tenant from the obligation to carry the property insurance required to be carried by Tenant pursuant to Section 10.3.2 above and any Builder's All Risk insurance required under Section 8.4 above or the Tenant Work Letter, nor shall the foregoing limit Tenant's liability if Tenant fails to perform such obligation. If this Lease terminates with respect to any Buildings on account of a Casualty, then, except as otherwise expressly to be assigned to Landlord (or to any party designated by Landlord) in this Lease, Tenant shall be entitled to retain all insurance proceeds attributable to damage to the Tenant's Property and otherwise payable to Tenant under Tenant's insurance required under Section 8.4 , Section 10.3 or the Tenant Work Letter with respect to such Casualty.

11.3 **Rent Abatement .** Landlord shall not be required to repair any damage to Tenant's Property or be liable for any inconvenience or annoyance to Tenant or its invitees, or for any injury to Tenant's business, resulting from any Casualty or from any repair of damage resulting therefrom performed in accordance with this Lease; provided, however, that if any Casualty damages any Building or any Exterior Area necessary for Tenant's access to any Building, then, during any time that, as a result of such damage, any portion of a Building is untenantable for the conduct of the Permitted Uses being made of the Building or is inaccessible, the Monthly Rent shall be abated in proportion to the rentable square footage of such affected or inaccessible portion of such Building. If the Landlord Casualty Repairs exclude any Tenant Specialized Improvements or Alterations (or, in the event of a Casualty occurring before the Lease Commencement Date, for which Tenant shall be responsible for repair and restoration of the Tenant Improvements and Landlord's Work in accordance with the Tenant Work Letter), then, provided that Tenant is required to repair and restore the same as provided above or in the Tenant Work Letter, Tenant's right to rent abatement under the preceding sentence shall continue until the earlier to occur of (a) the date that Tenant Casualty Repairs are completed by Tenant, (b) the Final Restoration Date, or (c) the date that Tenant recommences business operations in the damaged portion of the Premises.

11.4 **Waiver of Statutory Provisions** . The provisions of this Lease, including this Article 11 , constitute an express agreement between Landlord and Tenant with respect to any damage to or destruction of any part of the Premises, and any Law, including Sections 1932(2) and 1933(4) of the California Civil Code, relating to rights or obligations concerning damage or destruction in the absence of an express agreement between the parties shall not apply.

ARTICLE 12

NONWAIVER

No provision of this Lease shall be deemed waived by either party hereto unless it is expressly waived by such party in writing, and no waiver of any breach of any provision hereof shall be deemed to be a waiver of any subsequent breach of such provision or any other provision hereof. Landlord's acceptance of Rent shall not be deemed to be a waiver of any preceding breach by Tenant of any provision hereof, other than Tenant's failure to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of such acceptance. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the giving of any notice or after the termination of this Lease shall affect such notice or reinstate or alter the length of the Lease Term or Tenant's right of possession hereunder. After the service of notice or the commencement of a suit, or after a final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of such Rent shall not waive or affect such notice, suit or judgment.

ARTICLE 13

CONDEMNATION

If any part of the Premises is permanently taken for any public or quasi-public use or purpose, by power of eminent domain or by private purchase in lieu thereof (a " **Taking** "), then this Lease shall terminate as to the portion of the Premises subject to the Taking, effective as of the date possession is required to be surrendered to the authority. In addition, if any part of the Premises is permanently subject to a Taking, which is so substantial that the Premises cannot reasonably be used by Tenant for the operation of its business, then Tenant may terminate this Lease in its entirety or with respect to any

Building affected by the Taking. Any such termination by Tenant shall be effective as of the date possession is required to be surrendered to the authority, and Tenant shall provide written notice of termination to Landlord within 90 days after Tenant first receives written notice of such surrender date. Except as provided above in this Article 13 , neither party may terminate this Lease as a result of a Taking. Tenant shall not assert any claim against Landlord or the authority for any compensation because of any Taking and Landlord shall be entitled to the entire award of compensation; provided, however, that Tenant shall have the right to file any separate claim available to Tenant for any Taking of Tenant's Property or any fixtures that Tenant has the right hereunder to remove upon the expiration hereof, and for moving expenses. If this Lease is terminated pursuant to this Article 13 , all Rent shall be apportioned as of the date of such termination. If a Taking occurs and this Lease is not so terminated, the Monthly Rent shall be abated, for the period of such Taking, in proportion to the percentage of the rentable square footage of the Premises, if any, that is subject to (or rendered inaccessible by) such Taking. Tenant hereby waives any rights it might have under Section 1265.130 of The California Code of Civil Procedure.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 **Transfers** . Tenant shall not, without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, assign, mortgage, pledge, hypothecate, encumber, permit any lien to attach to, or otherwise transfer this Lease or any interest hereunder, permit any assignment or other transfer of this Lease or any interest hereunder by operation of law, sublet any part of the Premises, enter into any license or concession agreement, or otherwise permit the occupancy or use of any part of the Premises by any persons other than Tenant and its employees and contractors (each, a " **Transfer** "). If Tenant desires Landlord's consent to any Transfer, Tenant shall provide Landlord with written notice (the " **Transfer Notice** ") of (i) the proposed effective date of the Transfer (the " **Contemplated Effective Date** "), which shall not be less than 30 days nor more than 180 days after the effective date of the Transfer Notice, and the contemplated length of the term of the proposed Transfer, (ii) a description of the portion of the Premises to be transferred (the " **Contemplated Transfer Space** "), (iii) all of the material terms of the proposed Transfer and the consideration therefor, including calculation of the Transfer Premium (defined in Section 14.3 below), the name and address of the proposed assignee, subtenant, licensee or other occupant (" **Transferee** "), and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, and (iv) current financial statements of the proposed Transferee (or, in the case of a Transfer described in Section 14.6 below, of the proposed new controlling party(ies)) certified by an officer, partner or owner thereof and any other information reasonably required by Landlord in order to evaluate the proposed Transfer. Within 30 days after receiving the Transfer Notice, Landlord shall notify Tenant in writing of (a) its consent to the proposed Transfer, (b) its refusal to consent to the proposed Transfer and its reasons therefor, or (c) its exercise of its rights under Section 14.4 below. Any Transfer made without Landlord's prior written consent (if so required by this Section) shall, at Landlord's option, be void and shall, at Landlord's option, constitute a Default (defined in Article 19 below). Tenant shall pay Landlord a fee of $1,500.00 for Landlord's review of any proposed Transfer, whether or not Landlord consents thereto, plus any reasonable legal fees incurred by Landlord in connection with any proposed Transfer.

14.2 **Landlord's Consent** . Subject to Section 14.4 below, Landlord shall not unreasonably withhold, condition or delay its consent to any proposed Transfer; and, if Landlord does not provide written notice to Tenant approving or disapproving any proposed Transfer within 30 days after receiving a Transfer Notice containing all of the information required by Section 14.1 above, then, if such failure by Landlord continues for five (5) business days after a second written demand from Tenant to Landlord (which demand shall specifically reference the consequences of Landlord's failure to so respond as provided in this Section), then the Transfer shall be deemed disapproved. Without limiting other reasonable grounds for withholding consent, it shall be deemed reasonable for Landlord to withhold consent to a proposed Transfer if:

14.2.1 The proposed Transferee has a character or reputation that is not consistent with the quality of the Project; or

14.2.2 The proposed Transferee intends to use the Contemplated Transfer Space for purposes that are not permitted under this Lease; or

14.2.3 The proposed Transferee is a governmental entity or a nonprofit organization; or

14.2.4 The proposed Transferee is not a party of reasonable financial strength in light of the responsibilities to be undertaken in connection with the Transfer on the effective date of the Transfer Notice; or

Notwithstanding anything else herein to the contrary, if Landlord consents to any Transfer pursuant to this Section 14.2 but Tenant does not enter into such Transfer within six (6) months thereafter, such consent shall no longer apply and such Transfer shall not be permitted unless Tenant again obtains Landlord's consent thereto pursuant and subject to the terms of this Article 14 . Notwithstanding anything to the contrary in this Lease, if Tenant claims that Landlord has unreasonably withheld its consent under this Section 14.2 or otherwise has breached or acted unreasonably under this Article 14 , its sole remedies shall be a suit for contract damages (subject to Article 21 below) or declaratory judgment and an injunction for the relief sought, and Tenant hereby waives all other remedies, including any rights under California Civil Code Section 1995.310 and any other right at law or equity to terminate this Lease. In addition, to the extent permitted under applicable Laws, Tenant hereby waives, on behalf of any proposed Transferee, any remedies against Landlord arising out of any unreasonable withholding of consent to a proposed Transfer or any breach of this Article 14 , except for any right to obtain a declaratory judgment or injunction for the relief sought.

14.3 **Transfer Premium** .

14.3.1 If Landlord consents to a Transfer, except as otherwise provided below, Tenant shall pay to Landlord fifty percent (50%) of any Transfer Premium (defined below); provided, however, that, if Tenant enters into any sublease(s) of all or any portion of the 930 DeGuigne Building that is effective prior to the later of the date Tenant first occupies such Building for the conduct of its business or the second anniversary of the Lease Commencement Date, this provision shall not apply to such sublease(s) and Tenant shall be entitled to retain one hundred percent (100%) of any Transfer Premium relating to such sublease(s) until November 30, 2013. Tenant agrees that the timing of rent payments under any such sublease for the 930 DeGuigne Building shall be determined by Tenant and the subtenant in good faith and not in a manner intended to minimize the Transfer Premium payable to Landlord during the period following November 30, 2013. As used herein, " **Transfer Premium** " means (i)(a) in the case of an assignment, any consideration (including payment for leasehold improvements) paid by the assignee in consideration of such assignment; and (b) in the case of a sublease, license, concession or other occupancy agreement, the amount by which all rent and other consideration paid by the Transferee to Tenant for use and occupancy of the Premises pursuant to such agreement (excluding any payments by the Transferee to Tenant of the fair market value for services rendered by Tenant to Transferee pursuant to the Transfer documents or for Tenant's Property transferred by Tenant to Transferee in connection with such Transfer and also excluding any "Transferee Liability Payments", as defined below) (in either such case, " **Tenant's Transfer Consideration** "), exceeds (ii) the sum of (x) the Monthly Rent payable by Tenant hereunder with respect to the Contemplated Transfer Space for the term of such agreement, plus (y) the amount of the Recoverable Expenses (as defined below) relating to such Transfer; provided, however, that, in the case of a sublease, license, concession or other occupancy agreement, Tenant's Improvement Expenses (as defined below) relating to any Transfer shall be amortized on a straight line basis, without interest, over the term of such agreement. For purposes hereof, " **Transferee Liability Payments** " means payments made by the Transferee to Tenant for repairs, replacements or improvements, or as a result of any Claims, arising from the negligence or willful misconduct of the Transferee or any sums paid by the Transferee to Tenant pursuant to the Transferee's indemnity obligations under the Transfer documentation, including any environmental indemnity obligations.

14.3.2 As used in this Lease, the " **Recoverable Expenses** " relating to any Transfer means, collectively, the following: (a) any brokerage commissions and reasonable attorneys' and professional fees paid by Tenant in connection with the Transfer (" **Leasing Expenses** "); (b) the cost of any Tenant Improvements or Alterations paid for by Tenant (*i.e.,* not funded by the Allowance in the Tenant Work Letter) made specifically to ready the Premises, or any portion thereof, for occupancy by the Transferee; and (c) in the case of the 930 DeGuigne Building, the cost of Tenant Improvements and Alterations made by Tenant in or for the 930 DeGuigne Building (" **930 DeGuigne Initial Improvements** ") not funded by the Allowance in the Tenant Work Letter. The Recoverable Expenses described in clauses (b) and (c) above for a particular Transfer are herein referred to as the " **Improvement Expenses** " and shall be amortized over the term of the Transfer.

14.3.3 In the case of a sublease, license, concession or other occupancy agreement, and notwithstanding the provisions of Section 14.3.1 to the contrary, commencing on the first day of the month during which (a) Tenant's Transfer Consideration from the particular Transfer exceeds (b) the Leasing Expenses relating to the Transfer, plus the then amortized amount of the Improvement Expenses relating to such Transfer (but, in the case of any sublease of the 930 DeGuigne Building, not sooner than the second anniversary of the Lease Commencement Date), and continuing on the first day of each succeeding month during the term of such agreement, Transferee shall pay directly to Landlord fifty percent (50%) of the amount by which (1) Tenant's Transfer Consideration received for such month exceeds (2) the sum of (i) the Monthly Rent payable by Tenant under this Lease with respect to the Contemplated Transfer Space for such month, plus (ii) the amortized amount of the Improvement Expenses relating to such Transfer that are allocated to such month, plus (iii) any other sums paid by Tenant to Landlord for the use and occupancy of the Contemplated Transfer Space pursuant to this Lease for such month, such as payments for Capital Repairs pursuant to Section 7.1.4 or payments for

Alterations to comply with Laws pursuant Section 25.1.2 (any such payments described in this clause (iii) are herein referred to as " **Additional Rent Payments** "), but Additional Rent Payments shall exclude any sums paid to Landlord pursuant to this Lease for repairs, replacements or improvements, or as a result of any Claims, to the extent arising from the negligence or willful misconduct of Tenant or any Tenant Parties (other than the Transferee, unless such sums are reasonably recoverable by Tenant from the Transferee) or any sums paid to Landlord pursuant to Tenant's indemnity obligations hereunder, including Tenant's Environmental Indemnity (except to the extent such indemnity obligations arise from the acts or omissions of the Transferee and such sums paid by Tenant are not reasonably recoverable by Tenant from the Transferee) (any such Additional Rent Payments shall be calculated, if such Additional Rent Payments also affect other space in the Building or Project, on a per rentable square foot or other equitable basis under the circumstances); provided, however, that if the foregoing formula (ignoring for this purpose only the amortized amount of the Improvement Expenses) results in a negative number for any month, any such negative amount shall be carried over and applied to reduce the amounts owing under the formula in successive months. In the case of an assignment, Tenant and the assignee shall be jointly and severally liable for payment of any Transfer Premium.

14.3.4 Upon Landlord's request, Tenant shall provide Landlord with reasonable documentation of Tenant's calculation of the Transfer Premium. Landlord or its authorized representatives shall have the right, at all reasonable times, to audit the books, records and papers of Tenant relating to a Transfer, and shall have the right to make copies thereof. If the Transfer Premium is found to be understated, Tenant shall pay the deficiency within 10 days after demand, and if the Transfer Premium is understated by more than 5%, Tenant shall pay Landlord's costs of such audit.

14.4 **Landlord's Option to Recapture** . Notwithstanding anything to the contrary in this Article 14 , except in the case of a Permitted Transfer (defined in Section 14.8 below), if Tenant proposes any Transfer affecting the entirety of the Premises for a term that is effective during the final twelve (12) months of the Lease Term, then Landlord shall have the option, in lieu of consenting to a proposed Transfer, to recapture the Premises by giving written notice to Tenant within 30 days after receiving the Transfer Notice. Such recapture shall automatically terminate this Lease as of the Contemplated Effective Date.

14.5 **Effect of Consent** . If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall not be deemed to have been waived or modified, (ii) such consent shall not be deemed a consent to any further Transfer by Tenant or any transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish, upon Landlord's request, a complete statement, certified by an independent certified public accountant or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium resulting from such Transfer; and (v) such consent shall, so long as the Transferee waives, for itself, its (direct or indirect) owners, the respective beneficiaries, trustees, officers, directors, employees or agents of the Transferee and such Transferee owners, and its Casualty insurance carrier, any right of recovery against Landlord, Landlord's (direct or indirect) owners, or any of the respective beneficiaries, trustees, officers, directors, employees or agents of Landlord and such landlord owners consistent with the waiver made by Tenant pursuant to Section 10.5 above, Landlord shall waive, and shall cause its insurance carrier to waive, any such right of recovery against the Transferee, and any of Transferee's (direct or indirect) owners, or any of their respective beneficiaries, trustees, officers, directors, employees or agents. In the case of an assignment, the assignee shall assume in writing, for Landlord's benefit, all obligations of Tenant under this Lease. No Transfer, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of this Lease from any liability under this Lease. If this Lease is guaranteed by a third party, Landlord's consent to any Transfer shall not be effective unless any guarantor of this Lease also consents to such Transfer in writing.

14.6 **Additional Transfers** . For purposes of this Lease, the term " **Transfer** " shall also include (a) if Tenant is a closely held professional service firm, the withdrawal (whether voluntary, involuntary or by operation of law) of equity owners holding 25% or more of the equity interests in the entity within a 12-month period; and (b) in all other cases, any transaction(s) (a " **Change of Control** ") resulting in the acquisition of a Controlling Interest (defined below) by one or more parties, none of which, alone or together with other parties, owned a Controlling Interest immediately before such transaction(s). As used herein, " **Controlling Interest** " means any direct or indirect equity or beneficial ownership interest in Tenant that confers upon its holder(s) the power to control Tenant. As used in this Article 14 , " **control** " means, with respect to any party, the direct or indirect power to direct the ordinary management and policies of such party, whether through the ownership of voting securities, by contract or otherwise (but not through the ownership of voting securities listed on a recognized securities exchange). Notwithstanding anything to the contrary in this Lease, neither a Transfer nor a "Change of Control" shall be deemed to have occurred as a consequence of any issuance or transfer of stock in a public exchange, or in connection with any public financing to Tenant.

14.7 **Occurrence of Default** . Any sublease, license, concession or other occupancy agreement entered into by Tenant shall be subordinate and subject to the provisions of this Lease, and if this Lease is terminated during the term of any such agreement, Landlord shall have the right to: (i) treat such agreement as cancelled and repossess the Contemplated Transfer Space by any lawful means, or (ii) require that the transferee attorn to and recognize Landlord as its landlord (or licensor, as applicable) under such agreement. If and so long as Tenant is in Default, Landlord is irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any transferee under any such agreement to make all payments under such agreement directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such Default is cured. Such transferee shall rely on any representation by Landlord that Tenant is in Default, without any need for confirmation thereof by Tenant. No collection or acceptance of rent by Landlord from any transferee shall be deemed a waiver of any provision of this Article 14 , an approval of any transferee, or a release of Tenant from any obligation under this Lease, whenever accruing (except for the obligation to make the payments so received by Landlord). In no event shall Landlord's enforcement of any provision of this Lease against any transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person.

14.8 **Permitted Transfers** . Notwithstanding anything to the contrary in this Article 14 , Tenant may, without Landlord's prior written consent pursuant to Section 14.1 above, (1) permit a Change of Control to occur, (2) sublet all or any portion of the Premises to an Affiliate of Tenant or assign this Lease to any of the following (a " **Permitted Transferee** "): (a) an Affiliate of Tenant, (b) a successor to Tenant by merger, non-bankruptcy reorganization, or consolidation, or (c) a successor to Tenant by purchase of all or substantially all of Tenant's assets or Tenant's capital stock (a " **Permitted Transfer** "), provided that (i) at least 10 business days before the Transfer (or if Tenant is bound to keep the transaction confidential within 3 business days after announcement of the Transfer), Tenant notifies Landlord of such Transfer and supplies Landlord with any documents or information reasonably requested by Landlord relating thereto, including reasonable documentation that the Transfer satisfies the requirements of this Section 14.8 , (ii) in the case of an assignment pursuant to clause (a) or (c) above, the assignee executes and delivers to Landlord a commercially reasonable instrument pursuant to which the assignee assumes, for Landlord's benefit, all of Tenant's obligations under this Lease; (iii) in the case of an assignment pursuant to clause (b) above or any Change of Control, (A) the successor entity (including Tenant, following a "reverse triangular merger" or other similar transaction), has a net worth (computed in accordance with generally accepted accounting principles) immediately after the Transfer that is not less than the Net Worth Requirement (as defined below), and (B) if Tenant before the Transfer is a closely held professional service firm, at least 75% of the equity interests in the entity immediately after the Transfer are held by persons who held at least 75% of the equity interests in the entity one year prior to the date of the Transfer; (iv) except in the case of a Change of Control, the Transferee is qualified to conduct business in the State of California immediately upon the Transfer, (v) in the case of a Change of Control, the Tenant under the Lease immediately after the Change of Control meets the Net Worth Requirement; (vi) any such proposed Transfer is made in good faith and not, whether in a single transaction or in a series of transactions, as a subterfuge to evade the obligations and restrictions relating to Transfers set forth in this Article 14 , and (vii) any Default by Tenant under this Lease is cured concurrently with the consummation of the closing of the Permitted Transfer. As used herein, " **Affiliate** " means, with respect to any party, a person or entity that controls, is under common control with, or is controlled by such party. For purposes hereof, the " **Net Worth Requirement** " shall be deemed satisfied if, as of the date immediately after the Transfer or Change of Control, the Tenant under this Lease meets one of the following criteria: (x) a Moody's credit rating of not less than Aa3 and a Standard & Poor's credit rating of not less than AA- (provided that the possession of one such agency rating shall be sufficient if there exists no applicable rating by the other agency); or (y) a Net Worth at least equal to the Net Worth of the Tenant immediately prior to the Transfer or Change of Control.

ARTICLE 15

SURRENDER OF PREMISES; REMOVAL OF PERSONAL PROPERTY AND TRADE FIXTURES

15.1 **Surrender of Premises .** No act or omission by any Landlord Party during the Lease Term, including acceptance of keys to the Premises, shall be deemed an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. Upon the expiration or earlier termination of this Lease, Tenant shall, subject to the provisions of Section 8.5 above and this Article 15 , quit and surrender possession of the Premises to Landlord with all of Tenant's Repair Obligations performed in accordance with the provisions of Section 7.1 above, all of "Tenant's Compliance Obligations" performed in accordance with the provisions of Section 25.1 below and otherwise in the condition required by Section 25.2.6 below (collectively, the " **Required Repair and Surrender Condition** "). Without limiting the generality of the foregoing, upon surrender of the Premises, Tenant shall, at Tenant's sole cost and expense, have performed (or caused to be performed) the following to Landlord's reasonable satisfaction: (a) all interior walls of the Buildings shall, if marked or damaged, be repaired to the Required Repair and Surrender Condition, (b) all carpets shall be shampooed

and cleaned, and all floors cleaned and waxed, (c) all broken, marred or nonconforming acoustical ceiling tiles shall be replaced so as to conform to the Required Repair and Surrender Condition, and (d) the Building Systems and lighting shall be in the Required Repair and Surrender Condition, including any burned out or broken light bulbs or ballasts replaced as required to place them in the Required Surrender Condition, and, unless and to the extent such obligations have then been assumed by Landlord pursuant to Section 7.1.2 above, Tenant shall have caused to be performed, at Tenant's sole cost and expense, all such Building Systems, including all HVAC equipment, to be audited by a reputable and licensed service firm reasonably acceptable to Landlord to confirm that it is in the Required Repair and Surrender Condition. If Tenant fails to surrender possession of the Premises to Landlord in accordance with this Section 15.1 , then, in addition to all of Landlord's other rights and remedies, Landlord may, but need not, perform the required repairs, replacements and other work in and to the Premises, and Tenant shall pay Landlord the cost thereof, including a fee for Landlord's oversight and coordination of such work equal to 10% of its cost, within twenty (20) days after receipt of an invoice therefor.

15.2 **Removal of Property** . Not later than the expiration or earlier termination of this Lease, Tenant shall, without expense to Landlord, (i) cause to be removed from the Premises all items that Tenant elects to remove and is permitted to remove and all other items that Tenant is required to remove under the terms of Section 8.5 , and all Lines (defined in Section 30.28 below), except for any Lines not required to be removed under Section 30.28 below), and (ii) repair all damage to the Premises resulting from such removal. If Tenant fails to timely perform such removal and repair, then (a) Landlord may do so and charge the costs thereof (including storage costs) to Tenant, and (b) for purposes of Article 16 below, Tenant shall be deemed to be in holdover of any Building not surrendered to Landlord in the Required Repair and Surrender Condition, until such removal and repair is complete. If Tenant fails to remove such property from the Premises, or from storage, within 30 days after notice from Landlord, Landlord may deem all or any part of such property to be, at Landlord's option, either (x) conveyed to Landlord without compensation, or (y) abandoned; provided, however, that if and so long as Tenant diligently commences to remove such property from the Premises, or from storage, within such 30-day period and thereafter diligently proceeds to complete such removal, then such 30-day period shall be extended for an additional ten (10) business days.

15.3 **Survival .** Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant contained in this Article 15 shall survive the expiration of the Lease Term or any earlier termination of this Lease.

ARTICLE 16

HOLDING OVER

If Tenant fails to surrender any Building, or portion of any Building, upon the expiration or earlier termination of this Lease, such tenancy shall be subject to all of the terms and conditions hereof; provided, however, that, at the election of Landlord, such tenancy shall be a tenancy at sufferance or a tenancy from month-to-month (terminable by either party by delivery of 15 days written notice), with respect to the entirety of such unsurrendered Building(s) only and shall not constitute a renewal hereof or an extension for any further term, and Tenant shall pay Base Rent for such unsurrendered Building(s) at a monthly rate equal to (a) for the [*****] of such holding over, [*****] applicable during the last calendar month of the Lease Term; and (b) [*****] applicable during the last calendar month of the Lease Term (or such other rate as Landlord and Tenant may mutually agree in their sole discretion). Nothing in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or earlier termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or waive any other rights or remedies of Landlord provided herein or at Law. If Landlord is unable to deliver possession of the Premises, or any portion thereof, to a new tenant or to perform improvements for a new tenant as a result of Tenant's holdover in any portion of the Premises, Tenant shall be liable for all damages, including lost profits, that Landlord incurs as a result of the holdover.

ARTICLE 17

ESTOPPEL CERTIFICATES; FINANCIAL STATEMENTS

Within 15 business days after Landlord's written request, Tenant shall execute and deliver to Landlord's prospective lenders and transferees, and within 15 business days after Tenant's written request, Landlord shall execute and deliver to Tenant's prospective lenders and transferees, a commercially reasonable estoppel certificate in favor of such third parties as the requesting party may reasonably designate, including current and prospective Security Holders and prospective purchasers. Such estoppel

[*****] Certain portions denoted with an asterisk have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

certificate may contain, without limitation, a statement (i) that this Lease, as amended to date, is in full force and effect; (ii) that Tenant is paying Rent on a current basis; (iii) as to the existence, to the responding party's knowledge, of any defaults by the other party, rights to offset against Rent, or claims against the other party; (iv) of the Lease Commencement Date and the Lease Expiration Date; (v) of the amount of Base Rent that is due and payable; (vi) of the amounts of Tenant's Estimated Direct Expenses; (vii) of the status of any improvements or repairs required to be completed by Landlord or Tenant in the Premises; and (viii) of the amount of any Security Deposit and/or any Letter of Credit. Upon delivery (or deemed delivery) of an estoppel certificate, the responding party shall be estopped from asserting a contrary fact or claim against the party (ies) to whom such estoppel certificate is addressed that is inconsistent with the matters addressed in the estoppel certificate, and such recipient party(ies) may rely upon the statements made in such estoppel certificate. Upon Landlord's request at any time during the Lease Term, if Tenant is not a public reporting company, Tenant shall provide to Landlord, for Tenant's current fiscal year and the two (2) preceding fiscal years, its best available financial statements and, if consistent with Tenant's normal practice, audited by an independent certified public accountant. Landlord shall exercise commercially reasonable efforts to keep all such financial statements confidential, provided that Landlord may disclose the same to existing or prospective lenders, investors, partners, purchasers or other persons reasonably having a need to review such financial statements who agree in writing to keep such statements confidential in accordance with this Section.

ARTICLE 18

SUBORDINATION

This Lease shall be subject and subordinate to all ground or underlying leases, mortgages, trust deeds and other encumbrances now or hereafter in force against the Buildings or Project, any loan document secured by any of the foregoing (a " **Loan Document** "), all renewals, extensions, modifications, supplements, consolidations and replacements thereof (each, a " **Security Agreement** "), and all advances made upon the security of such mortgages or trust deeds, unless in each case the holder of such Security Agreement (each, a " **Security Holder** ") requires in writing that this Lease be superior thereto; provided, however, that such subordination shall not be effective with respect to any future Security Agreement, unless and until the Security Holder of such Security Interest delivers a subordination, non-disturbance and attornment agreement (" **SNDA** ") from the applicable Security Holder, which SNDA shall provide commercially reasonable protections for Tenant comparable in all material respects to those set forth in the Initial SNDA. In the event of the enforcement by any Security Holder of any remedy under any Security Agreement or Loan Document, Tenant shall, attorn to the Security Holder or to such person or entity and shall recognize the Security Holder or such successor in the interest as Landlord under this Lease without change in the provisions hereof, provided that such party has delivered a SNDA to Tenant as provided above and agrees not to disturb Tenant's occupancy so long as Tenant timely pays the Rent and otherwise performs its obligations hereunder. In no event shall any such Security Holder or successor in interest be liable for or bound by (i) any payment of an installment of Rent or Additional Rent which may have been made more than thirty (30) days before the due date of such installment, (ii) any act or omission of or default by Landlord under the Lease (but the Security Holder, or such successor, shall be subject to the continuing obligations of Landlord to the extent arising from and after such succession to the extent of the Security Holder's, or such successor's, interest in the Project), or (iii) any credits, claims, setoffs or defenses which Tenant may exist against Landlord. Landlord's interest herein may be assigned as security at any time to any Security Holder. Tenant shall, within 10 days of request by Landlord, any Security Holder or other successor in interest, execute such further instruments as such party may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any Security Agreement, and/or any such attornment pursuant to this Section. Tenant hereby waives any right it may have under Law to terminate or otherwise adversely affect this Lease or Tenant's obligations hereunder in the event of any foreclosure.

The "Additional Provisions" attached hereto as **Exhibit F** are incorporated herein by this reference and made a part hereof.

ARTICLE 19

DEFAULTS; REMEDIES

19.1 **Events of Default .** The occurrence of any of the following shall constitute a " **Default** ":

19.1.1 Any failure by Tenant to pay any Rent when due unless such failure is cured within five (5) business days after written notice; or

19.1.2 Abandonment of the Premises by Tenant (as "abandonment" is defined in Section 1951.3 of the California Civil Code);

19.1.3 Except as otherwise provided in this Section 19.1 , any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease where such failure continues for 30 days after written notice from Landlord; provided that if such failure cannot reasonably be cured within such 30-day period, Tenant shall not be deemed to be in Default if it diligently commences such cure within such period, thereafter diligently pursues such cure, and completes such cure within a reasonable time after Landlord's written notice; or

19.1.4 Any failure by Tenant to observe or perform the provisions of Articles 5 , 14 , 17 or 18 above where such failure continues for more than two (2) business days after notice from Landlord; or

19.1.5 Tenant becomes in breach of Section 30.18.1.2 or 30.18.1.3 below.

The notice periods provided herein shall, at the election of Landlord, run concurrently with any notice periods provided by Law, and any notice delivered in order to be entitled to commence an unlawful detainer proceeding which identifies the alleged Tenant Default shall satisfy the notice condition for a Default pursuant to this Section.

19.2 **Remedies Upon Default** . Upon the occurrence of any Default, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (which shall be cumulative and nonexclusive), the option to pursue any one or more of the following remedies (which shall be cumulative and nonexclusive) without any notice or demand.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy it may have for possession or arrearages in Rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof in any manner permitted by Law, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(a) The worth at the time of award of the unpaid Rent which has been earned at the time of such termination; plus

(b) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(c) The worth at the time of award of the amount by which the unpaid Rent for the balance of the Lease Term after the time of award exceeds the amount of such Rent loss that Tenant proves could be reasonably avoided; plus

(d) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including unamortized brokerage commissions and advertising expenses, and expenses of placing the Premises in the Required Surrender Condition, ; and

(e) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Law.

As used in Sections 19.2.1(a) and (b) above, the " **worth at the time of award** " shall be computed by allowing interest at a rate per annum equal to the lesser of the following (the " **Default Rate** "): (i) the Prime Rate plus five percent (5%) per annum, or (ii) the highest rate permitted by Law. As used in Section 19.2.1(c) above, the " **worth at the time of award** " shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%. As used in this Lease, the term " **Prime Rate** " means the prime rate (or base rate) reported in the Money Rates column or section of The Wall Street Journal as being the base rate on corporate loans at large U.S. money center commercial banks (whether or not such rate has actually been charged by any such bank) on the first day on which The Wall Street Journal is published in the month preceding the month in which the subject sums are payable or incurred.

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover Rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all Rent as it becomes due.

19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2 , above, or any Law or other provision of this Lease), without prior demand or notice except as required by applicable Law or this Lease, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.3 **Subleases of Tenant** . If Landlord elects to terminate this Lease on account of any Default as set forth in this Article 19 , Landlord shall have the right to (a) terminate any sublease, license, concession or other occupancy agreement entered into by Tenant and affecting the Premises, or, in Landlord's sole and absolute discretion, or (b) succeed to Tenant's interest in such subleases, licenses, concessions or other agreements. If Landlord elects to succeed to Tenant's interest in any such subleases, licenses, concessions or other agreements, Tenant shall, as of the date of Landlord's notice of such election, have no further right to or interest in the Rent or other consideration receivable thereunder.

19.4 **Efforts to Relet** . Unless Landlord provides Tenant with express written notice to the contrary, no re-entry, repossession, repair, maintenance, change, alteration, addition, reletting, appointment of a receiver or other action or omission by Landlord shall (a) be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, or (b) operate to release Tenant from any of its obligations hereunder. Tenant hereby waives, for Tenant and for all those claiming by, through or under Tenant, the provisions of Section 3275 of the California Civil Code and Sections 1174(c) and 1179 of the California Code of Civil Procedure and any rights, now or hereafter existing, to redeem or reinstate, by order or judgment of any court or by any legal process or writ, this Lease or Tenant's right of occupancy of the Premises after any termination of this Lease; provided, however, that, not more than one time during the Lease Term, Tenant may assert its rights under such provisions in connection with a non-monetary Default by Tenant only, and only on the condition that (i) such Default not result in an emergency situation, with an imminent threat to the life or safety of any persons or material damage to property, or a situation that would materially and adversely affect the condition of any of the Buildings, the Building Systems or the Project generally, and (ii) concurrently with asserting such rights, Tenant pays all sums owing by Tenant pursuant to Section 19.2.1 with respect to such Default.

19.5 **Landlord Defaults** .

19.5.1 Landlord shall not be in default hereunder unless it fails to begin within 30 days after written notice from Tenant, or fails to pursue with reasonable diligence thereafter, the cure of any failure of Landlord to meet its obligations hereunder. If Landlord is in default, Tenant shall, except as otherwise specifically provided in this Lease to the contrary, have rights and remedies available at Law or in equity (which shall be cumulative with each other), including without limitation, the right to seek actual damages, declaratory, injunctive or other equitable relief, to specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.5.2 Without limiting Tenant's other rights provided in this Lease, if Landlord is in default of Landlord's maintenance or repair obligations under this Lease and has failed to perform such obligations within thirty (30) days after written notice from Tenant (provided that, if such default poses an immediate threat to person or property, then only such cure period as is reasonable under the circumstances shall be required), then, unless Landlord has commenced and is proceeding with due diligence to complete such work, Tenant may, if Landlord's failure continues for three (3) business days following a second written demand from Tenant to Landlord and Security Holder (which demand shall specifically reference Tenant's intent to exercise its remedies in this Section 19.5), perform such work and bill Landlord for the reasonable cost thereof; provided, however, that such three (3) business day second notice shall not be required if Landlord's default poses an immediate threat to person or property and if Tenant's initial default notice to Landlord specifically references Tenant's intent to exercise its remedies in this Section 19.5). Landlord shall pay for the reasonable cost of such work, together with interest thereon at the Default Rate from the date of Landlord's default, within thirty (30) days after receipt of written demand for payment from Tenant, together with reasonable supporting documentation for such costs. Any such maintenance or repair work performed by Tenant pursuant to this Section 19.5 shall be performed in accordance with the terms and conditions set forth in Section 7.1 above; provided, however, that if Landlord fails to timely respond to requests for approval or otherwise fails to timely cooperate in the maintenance or repair work performed by Tenant as required by Section 7.1 above (or the provisions of Article 8 incorporated therein), then Tenant shall be permitted to perform such work using qualified contractors which normally and regularly perform similar work in comparable office/R&D projects, in a good and workmanlike manner and in conformance with all applicable Laws. Tenant's and Landlord's rights and obligations under this Section 19.5.2 shall survive the expiration or any earlier termination of this Lease.

19.5.3 Notwithstanding any provision of this Lease to the contrary, Tenant hereby covenants that prior to the exercise of any remedies for a default or breach by Landlord (except for

Tenant's remedies set forth in Section 19.5.2 above or Section 19.6 below, which shall be governed by the express provisions of those Sections), Tenant shall give notice and a reasonable time to cure to any Security Holder of which Tenant has been given notice of its name and address for such purpose; provided, however, that, in the case of any emergency, Tenant shall be permitted to take such actions as are reasonably necessary and to provide the Security Holder with the required notice reasonably promptly under the circumstances.

19.6 **Abatement Event .** Without limiting Tenant's other rights provided in this Lease, if the entirety of one or more Buildings, or a material portion of one or more Buildings, is made untenantable for the conduct of a Permitted Use then being made of such Building or inaccessible as a result of (a) Landlord's failure to timely perform any of its obligations under this Lease, or (b) the presence of Hazardous Substances brought on the Premises by Landlord or a Landlord Party or (c) the presence of Hazardous Substances referenced in the Landlord Environmental Reports (defined below) (or any break-down products thereof) on or about the Premises that (i) violate Environmental Laws on the date of this Lease or (ii) causes any governmental authority to determine that the Premises or any portion thereof are not reasonably suitable for the conduct of the Permitted Use then being made of the Premises (such circumstances set forth in items (a), (b) or (c) above shall be an " **Abatement Event** "), then Tenant shall give notice of such Abatement Event to Landlord and any Security Holder of which Tenant has been given notice, and if such Abatement Event continues for [*****] the " **Abatement Eligibility Date** "), then Monthly Rent shall be abated for the period beginning on the day immediately following the Abatement Eligibility Date and ending on the day that the affected Building(s) are made tenantable for the conduct of Tenant's business and accessible; provided, however, that in the event of any Abatement Event described in clause (c) above, Monthly Rent shall be abated hereunder only to the extent that any Business Interruption and Extra Expense Insurance carried by Tenant does not cover such Monthly Rent obligation (or cover the monthly rent obligation in any premises to which Tenant relocates its business operations as a result of such Abatement Event). If an Abatement Event renders less than the entire Premises untenantable for the conduct of the Permitted Uses being made of the Premises or inaccessible, the amount of Monthly Rent abated shall be prorated in proportion to the percentage of the rentable square footage of the Premises that is rendered untenantable for the conduct of Tenant's business or inaccessible. To the extent an Abatement Event is caused by an event covered by Articles 11 or 13 of this Lease, then the terms of such Article 11 or 13 , as the case may be, shall govern Tenant's right to abate Rent and the terms of this Section 19.6 shall not be applicable thereto.

ARTICLE 20

RIGHTS RESERVED TO LANDLORD

In addition to any and all other rights reserved by Landlord hereunder, Landlord may exercise at any time any of the following rights respecting the operation of the Project without liability to Tenant of any kind; provided, however, that Landlord shall not, however, exercise any of the following rights if the same would constitute a breach of any of Landlord's obligations or other covenants contained in this Lease, or in such manner as (a) would unreasonably interfere with Tenant's use of, access to, or parking at the Premises or (b) materially increases the obligations or decreases the rights of Tenant under this Lease:

20.1 **Preparation for Reoccupancy .** To decorate, remodel, repair, alter or otherwise prepare the Premises (or any Building) for reoccupancy at any time after Tenant permanently vacates the Premises (or any Building), without relieving Tenant of any obligation to pay Rent.

20.2 **Use of Lockbox .** To designate a lockbox collection agent for collections of amounts due Landlord. In that case, the date of payment of Rent or other sums shall be the date of the agent's receipt of such payment or the date of actual collection if payment is made in the form of a negotiable instrument thereafter dishonored upon presentment. However, if the applicable payment is not payment in full for the corresponding obligation, Landlord may reject any payment for all purposes as of the date of receipt or actual collection by mailing to Tenant within a reasonable time after such receipt or collection a check equal to the amount sent by Tenant.

20.3 **Repairs and Alterations .** To perform the repairs of Landlord required pursuant to Section 7.2 or elsewhere in this Lease and, in doing so, to transport any required material through the Project, to temporarily close entrances or other facilities in the Project, or to temporarily suspend use of Exterior Areas as reasonably necessary for such repair work. Landlord may perform any such repairs during ordinary business hours, except that Tenant may require any work in the Buildings to be done after business hours if Tenant pays Landlord for overtime and any other expenses incurred. Landlord may do or permit any work on any nearby building, land, street, alley or way.

[*****] Certain portions denoted with an asterisk have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

20.4 **Other Actions .** To take any other action that is reasonable in connection with the operation, maintenance or preservation of the Buildings and the Project and not in violation of this Lease.

ARTICLE 21

LANDLORD EXCULPATION

The liability of the Landlord Parties to Tenant under or relating to this Lease, the Premises or Landlord's operation, management, leasing, repair, renovation or alteration of the Premises shall be limited to an amount equal to Landlord's interest in the Project or the rent, sales, insurance or condemnation proceeds received by Landlord in connection with the Project (" **Landlord's Proceeds** "). Tenant shall look solely to Landlord's interest in the Project and Landlord's Proceeds thereof for the recovery of any judgment or award against any Landlord Party. No Landlord Party shall have any personal liability for any judgment or deficiency, and Tenant hereby waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Article 21 shall inure to the benefit of the Landlord Parties' present and future partners, members, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner or member of Landlord (if Landlord is a partnership or limited liability company) or any trustee or beneficiary of Landlord (if Landlord or any partner or member of Landlord is a trust) have any personal liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, no Landlord Party shall be liable for any injury or damage to, or interference with, Tenant's business, including loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill, or loss of use, or for any form of special or consequential damage, in each case however occurring; provided, however, that if Landlord breaches the provisions of Article 14 above, Tenant's suit for contract damages may include loss of rents from the proposed Transfer and other direct damages suffered by Tenant as a result of Landlord's breach.

ARTICLE 22

SECURITY DEPOSIT

Concurrently with its execution and delivery of this Lease, Tenant shall deposit with Landlord the Security Deposit, if any, as security for Tenant's performance of its obligations under this Lease. If Tenant defaults under any provision of this Lease, Landlord may, at its option, without notice to Tenant, apply such portion of the Security Deposit as is required to pay any past-due Rent, cure any default by Tenant, or compensate Landlord for any other loss or damage caused by such default (including all Rent or other damages due upon termination of this Lease pursuant to Section 19.2.1 above). If Landlord so applies any portion of the Security Deposit, Tenant shall, within five (5) business days after written demand therefor, restore the Security Deposit to its original amount, and Tenant's failure to do so shall, at Landlord's option, be an incurable Default. The Security Deposit is not an advance payment of Rent or measure of damages. Any unapplied portion of the Security Deposit shall be returned to Tenant within 30 days after the latest to occur of (a) the expiration of the Lease Term, or (b) Tenant's vacation and surrender of possession of the Premises in accordance with the requirements of this Lease. Landlord may assign the Security Deposit to a successor Landlord under this Lease and thereafter shall have no further liability to Tenant for the return of the Security Deposit. Tenant shall not be entitled to any interest on the Security Deposit and Landlord shall not be required to keep the Security Deposit separate from its other accounts. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code and any other Law governing the manner of application or timing of the return of a security deposit. Notwithstanding the foregoing to the contrary, in lieu of a cash Security Deposit, Tenant may deposit with Landlord a Letter of Credit (as defined in and pursuant to the terms of **Exhibit F**).

ARTICLE 23

RESERVED

ARTICLE 24

SIGNS

24.1 **Signage Rights** . Subject to the terms and conditions of this Article 24 , Tenant may, at its sole cost and expense, place signage identifying the Original Tenant and, to the extent permitted below, a Transferee on the exterior of any Building (" **Building Signage** ") or on any Project monument (" **Monument Signage** " and collectively the " **Signage** "). The graphics, materials, size, color, design, lettering, lighting (if any), specifications and exact location of the Signage (collectively, the " **Signage Specifications** ") shall be subject to approval by Landlord, which shall not be unreasonably withheld or

delayed provided the same are consistent with Landlord's signage standards attached hereto as **Exhibit H** (" **Signage Standards** "). In addition, the Signage and all Signage Specifications therefor shall be subject to Tenant's receipt of all required governmental permits and approvals, and shall be subject to all applicable Laws, the Signage Standards and all Underlying Documents. Tenant hereby acknowledges that, notwithstanding Landlord's approval of the Signage and/or the Signage Specifications therefor, Landlord has made no representations or warranties to Tenant with respect to the probability of obtaining such approvals and permits. In the event Tenant does not receive the necessary permits and approvals for the Signage, Tenant's and Landlord's rights and obligations under the remaining provisions of this Lease shall not be affected. The cost of installation of the Signage, as well as all costs of design and construction of such Signage and all other costs associated with such Signage, including, without limitation, permits, maintenance and repair, shall be the sole responsibility of Tenant. Any approved Signage shall be installed and removed at Tenant's expense. Tenant, at its sole expense, shall maintain all Signage in good condition and repair during the Term. Prior to the expiration or earlier termination of this Lease, Tenant at its sole cost shall remove all of its Signage and repair any and all damage caused to the Buildings and/or Project (including any fading or discoloration) by such Signage and/or the removal of such Signage from the Buildings and/or Project.

24.2 **Rights Personal to Tenant; Occupancy Requirements** . Tenant's Signage Rights are personal to, and may be exercised only by the Original Tenant and not by any assignee, sublessee or Transferee of Tenant's interest in this Lease, except that Tenant may transfer rights to the Signage to a Permitted Assignee, provided that such Permitted Assignee occupies at least fifty percent (50%) of the rentable square footage of the Premises and the name of the Permitted Assignee is not an "Objectionable Name" as that term is defined below. Notwithstanding the foregoing, (a) Tenant's rights to Monument Signage relating to a particular Building, if any, may be transferred to a Transferee consented to by Landlord pursuant to Article 14 or to a Permitted Assignee, provided that such Transferee leases and occupies at least fifty percent (50%) of the rentable square footage of such Building and the name of the Transferee is not an "Objectionable Name"; and (b) as to each Building, Tenant's rights to Building Signage may be transferred to a Transferee consented to by Landlord pursuant to Article 14 or to a Permitted Assignee, provided that such Transferee leases and occupies one hundred percent (100%) of the rentable square footage of the particular Building and the name of the Transferee is not an "Objectionable Name". No other assignee, sublessee or Transferee of Tenant's interest in this Lease shall have the benefit of any of Tenant's Signage Rights. For purposes hereof, " **Objectionable Name** " means any name that in Landlord's commercially reasonable judgment, detracts from or adversely affects the reputation, marketability or value of the Project.

ARTICLE 25

COMPLIANCE WITH LAW; HAZARDOUS SUBSTANCES

25.1 **Compliance with Laws .**

25.1.1 **Tenant's Obligations .** Except as expressly made the obligation of Landlord under Section 25.1.2 , Tenant, at its expense, shall comply with all applicable Laws relating to (a) the operation of its business at the Project, or (b) the use, condition, configuration or occupancy of the Premises, including the Building Systems (collectively, " **Tenant's Compliance Obligations** "); provided, however, that Tenant's Compliance Obligations shall not include the performance of any Alterations to the Premises to comply with Laws if such Alterations would properly be classified as a capital expenditure under GAAP or would require structural modifications to the Building, unless such Alterations are related to or arise out of the following (" **Tenant's Specific Use** "): (i) any Alterations made by Tenant or any Tenant Party to the Premises, (ii) any Tenant Specialized Improvements or (iii) the use of the Premises for purposes other than general office use. If, in order to comply with any such Law, Tenant must obtain or deliver any permit, certificate or other document evidencing such compliance, upon request by Landlord, Tenant shall provide a copy of such document to Landlord promptly after request. In addition, if a change to any Building or Exterior Areas becomes required under any applicable Law as a result of Tenant's Specific Use, Tenant's Compliance Obligations shall include and Tenant, upon demand, shall (x) make such change at Tenant's cost or, (y) if Tenant so elects, pay Landlord the cost of making such change, and pay Landlord a fee for Landlord's oversight and coordination of such work equal to 1.5% of its cost. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated (or that, because of Tenant's Specific Use, a change to the Building or Exterior Areas has become required under) any of such applicable Laws shall be conclusive of that fact as between Landlord and Tenant. As used herein, " **Laws** " means the laws, ordinances, regulations and requirements, whether now or hereafter in effect, of the United States of America, the State of California, the local municipal or county governing body, and any other lawful authority having jurisdiction over the Project or the parties. Notwithstanding anything to the contrary in this Lease, this provision shall not apply to any express obligation of Landlord under Section 25.1.2 , any failure of the Premises to be in the Required Delivery Condition on the Premises Delivery Date, any failure of the Landlord's Work to comply with Laws or any obligation of the parties to comply with Environmental Laws (which shall be governed by

Section 25.2 below). Landlord shall promptly undertake and complete, at its cost, any change to the Premises or Landlord's Work required to correct any failure of Landlord's Work to comply with applicable Law.

25.1.2 **Landlord's Obligations .** Landlord shall comply with all applicable Laws relating to the Base Building, except to the extent related to or arising out of Tenant's Specific Use, and provided further that Landlord's failure to comply therewith would prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises, or would unreasonably and materially affect the safety of Tenant's employees or create a significant health hazard for Tenant's employees, or would otherwise materially and adversely affect Tenant's use of or access to the Premises or the Tenant's cost of performing its obligations under this Lease. Nothing contained herein, however, shall be deemed to prohibit Landlord from obtaining a variance or relying upon a grandfathered right in order to achieve compliance with applicable Laws so long as Landlord's failure to comply with current Applicable Laws does not prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises materially affect the safety of Tenant's employees or create a significant health hazard for Tenant's employees, or otherwise materially and adversely affect Tenant's use of or access to the Premises. Landlord shall be permitted to include in Expenses any costs or expenses incurred by Landlord under this Article 25 to the extent not prohibited by the terms of Section 4.2.2 above. In addition, upon Tenant's request, Landlord shall be responsible to make all Alterations to the Premises to comply with Laws if such Alterations would properly be classified as a capital expenditure under GAAP or would require structural modifications to the Buildings, unless such Alterations are related to or arise out of Tenant's Specific Use, subject, however, to the following: except to the extent excluded from Expenses by Section 4.2.2(k) , Tenant shall pay to Landlord, as Additional Rent, in equal monthly installments hereunder with Base Rent, the portion of the cost of such Alterations allocable to the remaining Term (including any Extension Term), which portion shall be determined by amortizing the cost of such Alterations on a straight line basis over the useful life thereof (as Landlord shall reasonably determine in accordance with GAAP), together with interest on such amortized amount calculated at the lesser of (i) eight percent (8%) per annum or (ii) the maximum legal rate of interest allowed by the State of California.

25.2 **Hazardous Substances; Mold Conditions .**

25.2.1 **Prohibition Against Hazardous Substances** .

(a) Tenant shall not cause or knowingly or negligently permit any Hazardous Substances (as defined below) to be brought upon, produced, treated, stored, used, discharged or disposed of in the Project (" **Tenant's Hazardous Substances** ") without Landlord's prior written consent, which Landlord may give or withhold in its sole discretion; provided, however, that (i) Tenant may handle, store, use or dispose of small quantities of customary office and cleaning supplies in the conduct of Tenant's business, (ii) those items disclosed in the Initial Disclosure Certificate, as defined in Section 25.2.4 below, are hereby approved by Landlord, and (iii) Landlord shall not unreasonably withhold, condition, or delay its consent to Hazardous Substance to be used in the conduct of Tenant's business in compliance with Applicable Law, so long as Tenant has provided to Landlord assurance reasonably satisfactory to Landlord that such Hazardous Substances will not contaminate the Premises or pose a threat or damages to the health or safety of the occupants or invitees of the Premises. Any handling, transportation, storage, treatment, disposal or use of any Hazardous Substances in or about the Project by Tenant and other Tenant Parties shall strictly comply with all applicable Laws. Tenant shall be solely responsible for obtaining and complying with all permits necessary for the maintenance and operation of its business, including, without limitation, all permits governing the use, handling, storage, treatment, transport, discharge and disposal of Hazardous Substances. Tenant shall indemnify, defend and hold Landlord and the Landlord Parties harmless from and against any Claims (including, without limitation, diminution in value of the Project, damages for the loss or restriction on use of leasable space or of any amenity of the Project, damages arising from any adverse impact on marketing of space in the Project, Remedial Work, and sums paid in settlement of claims) to the extent resulting from or arising out of the use, storage, treatment, transportation, release, or disposal of any Tenant's Hazardous Substances in, on or from the Buildings or the Project during the Term (" **Tenant's Environmental Indemnity** ").

(b) Landlord shall have the right, at any time, but not more than one (1) time in any calendar year (unless (x) Landlord has reasonable cause to believe that Tenant has failed to fully comply with the provisions of this Section 25.2 , or (y) required by any lender or governmental agency), to inspect the Premises and conduct tests and investigations to determine whether Tenant is in compliance with the provisions of this Section 25.2 . The costs of all such inspections, tests and investigations indicating a violation of this Section by Tenant shall be borne solely by Tenant if Tenant is in breach or violation of its obligations under this Article 25 or any subsection hereof. The foregoing rights granted to Landlord shall not, however, create (i) a duty on Landlord's part to inspect, test, investigate, monitor or otherwise observe the Premises or the activities of Tenant or any Tenant Party with respect to Hazardous Substances, including, but not limited to, Tenant's operation, use or remediation thereof, or (ii) liability on the part of Landlord or any Landlord Party for Tenant's use, storage, treatment, transportation, release, or

disposal of any Hazardous Substances, it being understood that Tenant shall be solely responsible for all liability in connection with Tenant's Hazardous Substances. Any such entry on the Premises by Landlord for inspection or testing shall comply with Article 28 .

25.2.2 **Landlord Notification .** Within a reasonable time following Tenant's knowledge of any unauthorized release, spill or discharge of Tenant's Hazardous Substances, in, on, or about the Premises, Tenant shall provide written notice to Landlord fully describing the event. Tenant shall also provide Landlord with a copy of any document or correspondence submitted by or on behalf of Tenant to any regulatory agency as a result of or in connection with any such unauthorized release, spill or discharge. Within a reasonable time (not more than five (5) business days) of receipt by Tenant of any warning, notice of violation, permit suspension or similar disciplinary measure by a governmental agency relating to Tenant's actual or alleged failure to comply with any environmental law, rule, regulation, ordinance or permit relating to Tenant's Hazardous Substances at the Premises, Tenant shall provide written notice to Landlord.

25.2.3 **Remedial Work .** If any investigation or monitoring of site conditions or any clean-up, containment, restoration, removal or remediation of Tenant's Hazardous Substances (collectively, " **Remedial Work** ") is required under any applicable Laws as a result of the handling, use, storage, treatment, transportation or disposal of any Tenant's Hazardous Substances, then Tenant shall perform or cause to be performed the Remedial Work in compliance with applicable Laws or, if Tenant Defaults in the performance of such Remedial Work, at Landlord's option, Landlord may cause such Remedial Work to be performed and Tenant shall reimburse Landlord for the reasonable costs thereof within thirty (30) days after demand therefor. All Remedial Work performed by Tenant shall be performed by one or more contractors, selected by Tenant and approved in advance in writing by Landlord, and under the supervision of a consulting engineer selected by Tenant and approved in advance in writing by Landlord, which approvals by Landlord shall not be unreasonably withheld, conditioned or delayed. All costs and expenses of such Remedial Work shall be paid by Tenant, including, without limitation, the reasonably incurred charges of such contractor (s) or the consulting engineer, and Landlord's reasonable attorneys' and experts' fees and costs incurred in connection with monitoring or review of such Remedial Work.

25.2.4 **Hazardous Substances Disclosure Certificate .** Prior to executing this Lease, Tenant has completed, executed and delivered to Landlord a Hazardous Materials Disclosure Certificate (" **Initial Disclosure Certificate** "), a fully completed copy of which is attached hereto as **Exhibit E** and incorporated herein by this reference. The completed Hazardous Substances Disclosure Certificate shall be deemed incorporated into this Lease for all purposes, and Landlord shall be entitled to rely fully on the information contained therein. Tenant shall, at such times as Tenant desires to handle, produce, treat, store, use, discharge or dispose of new or additional Hazardous Substances on or about the Premises that were not listed on the Initial Disclosure Certificate, complete, execute and deliver to Landlord an updated Disclosure Certificate (each, an " **Updated Disclosure Certificate** ") describing Tenant's then current and proposed future uses of Hazardous Substances on or about the Premises, which Updated Disclosure Certificates shall be in the same format as that which is set forth in **Exhibit E** or in such updated format as Landlord may reasonably require from time to time. Tenant shall deliver an Updated Disclosure Certificate to Landlord not less than thirty (30) days prior to the date Tenant intends to commence the manufacture, treatment, use, storage, handle, discharge or disposal of new or additional Hazardous Substances on or about the Premises, and Landlord shall have the right to approve or disapprove such new or additional Hazardous Substances in its reasonable discretion. Tenant shall make no use of Hazardous Substances on or about the Premises except as described in the Initial Disclosure Certificate or as otherwise approved by Landlord in writing in accordance with this Section 25.2 .

25.2.5 **Mold** .

(a) Because mold spores are present essentially everywhere and mold can grow in almost any moist location, Tenant acknowledges the necessity of adopting and enforcing good housekeeping practices, ventilation and vigilant moisture control within the Premises (particularly in kitchen areas, janitorial closets, bathrooms, in and around water fountains and other plumbing facilities and fixtures, break rooms, in and around outside walls, and in and around HVAC systems and associated drains) for the prevention of mold (such measures, " **Mold Prevention Practices** "). Tenant will, at its sole cost and expense keep and maintain the Premises in good order and condition in accordance with the Mold Prevention Practices and acknowledges that the control of moisture, and prevention of mold within the Premises, are integral to its obligations under this Lease.

(b) Tenant, at its sole cost and expense, shall:

(1) Reasonably monitor the Premises for the presence of mold and any conditions that reasonably can be expected to give rise or be attributed to mold or fungus including, but not limited to, observed or suspected instances of water damage, condensation, seepage, leaks or any other water penetration (from any source, internal or external), mold growth, mildew, repeated complaints

of respiratory ailments or eye irritation by Tenant's employees or any other occupants of the Premises, or any notice from a governmental agency of complaints regarding the indoor air quality at the Premises (the " **Mold Conditions** "); and

(2) Immediately notify Landlord in writing if it observes, suspects, has reason to believe that mold or Mold Conditions exist at the Premises.

In the event of suspected mold or Mold Conditions at the Premises, Landlord may cause an inspection of the Premises to be conducted, during such time as Landlord may designate, to determine if mold or Mold Conditions are present at the Premises; provided, however that any such inspection will be conducted in accordance with Article 28 .

(c) Notwithstanding anything to the contrary in this Lease, Tenant shall not be responsible for, and upon request, Landlord at its sole cost, shall take all actions necessary to investigate, identify, and remediate any mold to the extent that such remediation is necessitated by (i) any deficiency in the Required Delivery Condition as of the Premises Delivery Date, (ii) any defect or condition arising in connection with Landlord's Work, or (iii) any condition arising from Landlord's failure to perform any repair, replacement or improvement which is Landlord's obligation to perform under the provisions of this Lease.

25.2.6 **Surrender .** Tenant shall surrender the Premises to Landlord upon the expiration or earlier termination of this Lease free of (a) mold or Mold Conditions caused or exacerbated by the negligent or intentional acts or omissions of Tenant or any Tenant Parties, and (b) Tenant's Hazardous Substances placed on, about or near the Premises, in each case to the extent required by Environmental Laws. Tenant's obligations and liabilities pursuant to the provisions of this Section 25.2 shall be in addition to any other surrender requirement in this Lease and shall survive the expiration of the Lease Term or any earlier termination of this Lease.

25.2.7 **Definitions .** As used in this Lease, the following terms shall be defined as follows:

(a) " **Hazardous Substances** " means (1) any substance or material that is included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," "pollutant," "contaminant," "hazardous waste," or "solid waste" in any Environmental Law (as hereinafter defined); (2) petroleum or petroleum derivatives, including crude oil or any fraction thereof, all forms of natural gas, and petroleum products or by-products or waste; (3) polychlorinated biphenyls (PCB's); (4) asbestos and asbestos containing materials (whether friable or non-friable); (5) lead and lead based paint or other lead containing materials (whether friable or non-friable); (6) urea formaldehyde; (7) microbiological pollutants; (8) batteries or liquid solvents or similar chemicals; (9) radon gas; (10) mildew, fungus, mold, bacteria and/or other organic spore material, whether or not airborne, colonizing, amplifying or otherwise that is a danger to health; and (11) any additional substance, material or waste (A) the presence of which on or about the Premises (i) requires reporting, investigation or remediation under any Environmental Laws, (ii) causes or threatens to cause a nuisance on the Premises or any adjacent area or property or poses or threatens to pose a hazard to the health or safety of persons on the Premises or any adjacent area or property, or (iii) which, if it emanated or migrated from the Premises, could constitute a trespass by a hazardous substance, or (B) which is now or is hereafter classified or considered to be hazardous or toxic under any Environmental Laws.

(b) " **Environmental Laws** " means all statutes, terms, conditions, limitations, restrictions, standards, prohibitions, obligations, schedules, plans and timetables that are contained in or promulgated pursuant to any federal, state or local laws (including rules, regulations, ordinances, codes, judgments, orders, decrees, contracts, permits, stipulations, injunctions, the common law, court opinions, and demand or notice letters issued, entered, promulgated or approved thereunder), relating to pollution or the protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of Hazardous Substances into ambient air, surface water, ground water or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances including but not limited to the: Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA), 42 U.S.C. 9601 *et seq* .; Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (RCRA), 42 U.S.C. 6901 *et seq* .; Federal Water Pollution Control Act, 33 U.S.C. 1251 *et seq* .; Toxic Substances Control Act, 15 U.S.C. 2601 *et seq* .; Clean Air Act, 42 U.S.C. 7401 *et seq* .; and the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq* . " **Environmental Laws** " shall include any statutory or common law that has developed or develops in the future regarding mold, fungus, microbiological pollutants, mildew, bacteria and/or other organic spore material that is a Hazardous Substance. " **Environmental Laws** " shall not include laws relating to industrial hygiene or worker safety, except to the extent that such laws address asbestos and asbestos containing materials (whether friable or non-friable) or lead and lead based paint or other lead containing materials.

25.3 **Landlord's Environmental Representations and Obligations .**

25.3.1 Tenant acknowledges receipt of [*****] (" **Landlord's Environmental Reports** "). Tenant also acknowledges that, based on the information [*****]. Landlord represents and warrants to Tenant that, to Landlord's knowledge as of the date of this Lease and except as may be disclosed in Landlord's Environmental Reports, the Premises do not contain any Hazardous Substances in amounts or conditions that violate applicable Environmental Laws; provided, however, that if the foregoing representation and warranty is untrue, then Landlord shall not be liable to Tenant for any damages, but Landlord, at no cost to Tenant, shall perform such investigation or monitoring of site conditions or Remedial Work as shall be required under applicable Environmental Laws. For purposes of this Lease, whenever the phrase "to Landlord's knowledge" or the "knowledge" of Landlord or words of similar import are used, they shall be deemed to mean and are limited to the current actual knowledge only of [*****], at the times indicated only, and not any implied, imputed or constructive knowledge of such individual(s) or of Landlord or any Landlord Parties, and without any independent investigation or inquiry having been made or any implied duty to investigate. Furthermore, it is understood and agreed that such individual(s) shall have no personal liability in any manner whatsoever hereunder or otherwise related to the transaction contemplated hereby.

25.3.2 If Landlord obtains knowledge of the presence of Hazardous Substances in, on or about the Premises in violation of applicable Environmental Laws, Landlord shall, [*****], provide written notice to Tenant, containing reasonable detail, of same. Landlord shall also provide Tenant with copies of any documents or correspondence submitted by or on behalf of Landlord to any regulatory agency in connection with such Hazardous Substances.

25.3.3 Landlord shall indemnify, defend and hold harmless the Tenant Parties from and against (a) [*****] that any such Tenant Parties may incur as a result of [*****] required of any such Tenant Parties by a governmental authority [*****], (b) any action, proceeding or claim (a " **Cost Claim** ") asserted against any Tenant Parties seeking to require such Tenant Parties to pay [*****] and (c) any actions, proceedings, investigations, damages, costs, expenses or liabilities asserted by any governmental authority [*****] the Premises as of the date of this Lease. Notwithstanding the foregoing, Landlord's obligations under this Section 25.3.3 shall not apply to [*****] (i) to the extent covered by [*****], (ii) to the extent that the [*****] by the negligence or willful misconduct of any Tenant Party, or (iii) to the extent that [*****] by reason of the negligence or willful misconduct of any Tenant Party. In addition, the foregoing indemnity obligation shall not bind any party that acquires Landlord's interest in the Project by foreclosure or deed in lieu of foreclosure.

25.4 **Survival .** Tenant's and Landlord's representations and obligations under this Article 25 shall survive the expiration or of the Lease Term or any earlier termination of this Lease until all Claims within the scope of this Article 25 are fully, finally, and absolutely barred by the applicable statutes of limitations.

ARTICLE 26

LATE CHARGES

If any installment of Monthly Rent is not received by Landlord or Landlord's designee within five (5) business days after its due date, Tenant shall pay to Landlord a late charge equal to the greater of 5% of the overdue amount or $250. In addition, any Rent that is not paid within 10 days after its due date shall bear interest, from its due date until paid, at a rate equal to the Default Rate. Such late charges and interest shall be deemed Additional Rent, not liquidated damages, and Landlord's right to collect such amounts shall not limit any of Landlord's other rights and remedies hereunder or at Law. If Tenant fails to pay Monthly Rent when due more than twice in any 12-month period, then, notwithstanding anything in this Lease to the contrary, Landlord, at its option, may thereafter require Tenant to pay Base Rent and Direct Expenses quarterly in advance until Tenant has timely paid four such quarterly Rent payments.

ARTICLE 27

LANDLORD'S RIGHT TO CURE DEFAULT

Landlord shall have the right, at its option, to cure any Default (or, in the event of an emergency, any failure by Tenant to perform its obligations under this Lease), without waiving its rights and remedies based upon such Default (or failure to perform) and without releasing Tenant from any obligations hereunder, in which event Tenant shall pay to Landlord, upon demand, all costs incurred by Landlord in performing such cure (including reasonable attorneys' fees). Tenant's obligations under this Article 27 shall survive the expiration or sooner termination of this Lease.

[*****] Certain portions denoted with an asterisk have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

ARTICLE 28

ENTRY BY LANDLORD

Landlord reserves the right, at all reasonable times and upon reasonable notice to Tenant (except in the case of an emergency), to enter the Premises (including the Buildings) to (i) inspect the Premises; (ii) show the Premises to prospective purchasers, to current or prospective Security Holders or insurers, or, during the last 12 months of the Lease Term (or while an uncured Default exists), to prospective tenants; (iii) post notices of non-responsibility; or (iv) perform maintenance, repairs or alterations required of Landlord by this Lease. Notwithstanding anything to the contrary in this Article 28 , Landlord may enter the Premises (including the Buildings), at any time and without prior notice to Tenant, to (A) take possession of the Premises in accordance with Section 19.2 above; or (B) exercise its rights under Article 27 above. Upon entry, Landlord shall take such steps as are reasonably required to minimize to the extent reasonably possible interference with the use of the Premises by Tenant, and shall comply with Tenant's reasonable security and safety requirements, including, as reasonably requested by Tenant, to be accompanied by a Tenant representative. Landlord shall at all times have a key with which to unlock all the entry doors in or on the Premises. In an emergency, Landlord shall have the right to use any means Landlord may reasonably deem proper to open the doors in and to the Buildings. Any entry into the Premises by Landlord as provided herein shall not be deemed to be a forcible or unlawful entry into or detainer of, or a constructive eviction of Tenant from, any portion of the Premises, and Tenant shall not be entitled to any damages or abatement of Rent in connection with such entry.

ARTICLE 29

TENANT PARKING

Tenant shall have the right to park in the Project's parking facilities (the " **Parking Facilities** ") upon the terms and conditions contained in this Article 29 . In addition, although no such fees, charges, or legal restrictions are currently imposed or to Landlord's knowledge, threatened, (A) Tenant shall pay to Landlord any new fees, taxes or other charges imposed by the Regional Air Quality Control Board or any other governmental or quasi-governmental agency in connection with the Tenant's use of Parking Facilities, and (B) Landlord shall not be liable to Tenant, nor shall this Lease be affected, if any parking is impaired by (or any parking charges are imposed as a result of) any Law. Tenant's use of the Parking Facilities shall be at Tenant's sole risk, and Landlord shall have no liability for any personal injury or damage to or theft of any vehicles or other property occurring in the Parking Facilities or otherwise in connection with any use of the Parking Facilities by Tenant, its employees or invitees not caused by Landlord's gross negligence or willful misconduct. Tenant's parking rights under this Article 29 are solely for the benefit of Tenant's employees and guests and such rights may not be transferred without Landlord's prior written approval, except pursuant to a Transfer permitted under Article 14 above.

ARTICLE 30

MISCELLANEOUS PROVISIONS

30.1 **Interpretation** . The words " **Landlord** " and " **Tenant** " as used herein shall include the plural as well as the singular. The captions of Articles and Sections are for convenience only and shall not affect the interpretation of such Articles and Sections. As used in this Lease, the terms "herein," "hereof," "hereto" and "hereunder" refer to this Lease and wherever the words "include," "includes" or "including" are used in this Lease, they shall be deemed, as the context indicates, to be followed by the words "but (is/are) not limited to". Any reference herein to "any part" or "any portion" of the Premises, the Buildings, the Project or any other property shall be construed to refer to all or any part of such property. Wherever this Lease requires Tenant to comply with any Law, rule, regulation, program, procedure or other requirement or prohibits Tenant from engaging in any particular conduct, this Lease shall be deemed also to prevent each of its employees, licensees, invitees and subtenants, and any other person claiming by, through or under Tenant, from taking an action which will cause Tenant not to comply with such requirement or which will cause Tenant to have engaged (or legally be deemed to have engaged) in any such prohibited conduct, as the case may be. Wherever this Lease requires Landlord to provide a customary service or to act in a reasonable manner (whether in incurring an expense, establishing a rule or regulation, providing an approval or consent, or performing any other act), this Lease shall be deemed also to provide that whether such service is customary or such conduct is reasonable shall be determined by reference to the practices of owners of buildings that are comparable to the Buildings in size, age, class, quality and location. Tenant waives the benefit of any rule that a written agreement shall be construed against the drafting party.

30.2 **Binding Effect** . The provisions of this Lease, including the waivers of subrogation set forth in Section 10.5 , shall, as the case may require, bind or inure to the benefit of the respective successors and assigns of Landlord and Tenant, provided that this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 above.

30.3 **No Air Rights** . No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction of Tenant's obligations under this Lease.

30.4 Intentionally Omitted

30.5 **Transfer of Landlord's Interest** . Landlord shall have the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and, in the event of any such transfer (which transfer shall include the Security Deposit and/or any Letter of Credit), Landlord shall automatically be released from, Tenant shall look solely to the transferee for the performance of, and the transferee shall be deemed to have assumed, all of Landlord's obligations arising hereunder after the date of such transfer (including the return of any Security Deposit and/or any Letter of Credit), and Tenant shall attorn to the transferee as provided in Article 18 above.

30.6 **Prohibition Against Recording** . Concurrently with the execution of this Lease and conditioned upon delivery by Tenant to Landlord's legal counsel in trust (for recordation upon termination of this Lease) of a quitclaim deed in the form attached hereto as **Exhibit I-2** , the parties shall execute and acknowledge (and Tenant shall have the right, at its sole cost and expense, to record) a Memorandum of this Lease in the form attached hereto as **Exhibit I-1** . Subject to the foregoing, neither this Lease nor any memorandum, affidavit or other writing with respect thereto shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

30.7 **Landlord's Title** . Subject to the terms of this Lease, Landlord's title is and always shall be paramount to the title of Tenant. Nothing contained herein shall empower Tenant to do any act that can encumber the title of Landlord.

30.8 **Relationship of Parties** . Nothing in this Lease shall be construed to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

30.9 **Application of Payments** . Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord may elect in its sole and absolute discretion.

30.10 **Time of Essence** . Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

30.11 **Partial Invalidity** . If any provision of this Lease is to any extent invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and every other provision of this Lease shall be valid and enforceable to the fullest extent permitted by Law.

30.12 **Covenant of Quiet Enjoyment** . Landlord covenants that so long as Tenant performs all of its obligations hereunder, Tenant shall have peaceful and quiet possession of the Premises against any party claiming by, through or under Landlord, subject to the terms hereof. The foregoing covenant is in lieu of any other covenant of quiet enjoyment express or implied.

30.13 **Entire Agreement** . This Lease and the attached exhibits, which are incorporated into and made a part of this Lease, set forth the entire agreement between the parties with respect to the leasing of the Premises and supersede and cancel all previous negotiations, arrangements, communications, agreements and understandings, if any, between the parties hereto (none of which shall be used to interpret this Lease). Tenant acknowledges that in entering into this Lease it has not relied on any representation, warranty or statement, whether oral or written, not expressly set forth herein. This Lease can be modified only by a written agreement signed by the parties hereto.

30.14 Intentionally Omitted

30.15 **Force Majeure** . If either party is prevented from performing any of its obligations hereunder as a result of any strike; lockout; labor dispute; act of God, war or terrorism; inability to obtain services, labor or materials (or reasonable substitutes therefor); governmental action; civil commotion; fire or other casualty; or other cause beyond the reasonable control of such party, other than financial inability (collectively, a " **Force Majeure** "), then, notwithstanding anything to the contrary in this Lease, such obligation shall be excused during the period of such prevention, and if this Lease specifies a time period for the performance of such obligation, such time period shall be extended by the period of such

prevention; provided, however, that nothing in this Section 30.15 shall (a) permit Tenant to holdover in the Premises after the expiration or earlier termination of this Lease, (b) excuse any obligation to pay Rent, (c) excuse any of Tenant's obligations under Article 5 or 21 above or Section 30.18.1.2 or 30.18.1.3 below, or (d) excuse Landlord's or Tenant's obligations under Section 25.2 or the Tenant Work Letter if the failure to perform such obligations would result in an emergency situation, resulting in an imminent threat to life or safety of any persons or material damage to property, or a situation that would materially and adversely affect the condition of the Buildings or the Building Systems or Tenant's use and occupancy of the Premises.

30.16 **Notices** . Except for the email notice expressly allowed by the Work Letter, all notices, demands, statements, designations, approvals or other communications (collectively, " **Notices** ") given or required to be given by either party to the other hereunder or by Law shall be in writing, and shall be (A) delivered by a nationally recognized courier service, or (C) delivered personally. Any Notice shall be sent or delivered to the address set forth in Section 9 (if Tenant is the recipient) or Section 10 (if Landlord is the recipient) of the Summary, or to such other place (other than a P.O. box) as the recipient may from time to time designate in a Notice to the other party. Any Notice shall be deemed to be received on the earlier to occur of the date of actual delivery or the date on which delivery is refused, or, if Tenant is the recipient and has vacated its notice address without providing a new notice address, three (3) days after the date the Notice is deposited with a courier service in the manner described above.

30.17 **Joint and Several** . If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

30.18 **Representations and Warranties** .

30.18.1 Tenant represents, warrants and covenants as follows:

30.18.1.1 If Tenant is not a natural person, then (a) Tenant has full power and authority to execute, deliver and perform its obligations under this Lease, and each person signing on behalf of Tenant is authorized to do so; and (b) Tenant is duly organized, validly existing and in good standing under the laws of the state of its formation and qualified to do business in the state of California.

30.18.1.2 Tenant has not, and at no time during the Lease Term will have, (a) made a general assignment for the benefit of creditors, (b) filed any voluntary petition in bankruptcy or suffered for a period of more than 60 days, the filing of an involuntary petition by any creditors, (c) suffered the appointment of a receiver to take possession of all or substantially all of its assets for a period of more than 60 days, (d) suffered the attachment or other judicial seizure of all or substantially all of its assets, or (e) made an offer of settlement, extension or composition to its creditors generally.

30.18.1.3 Tenant is not, and at no time during the Lease Term will be, (a) in violation of any Anti-Terrorism Law (defined below); (b) conducting any business or engaging in any transaction or dealing with any Prohibited Person (defined below), including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person; (c) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 (defined below); or (d) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in, any Anti-Terrorism Law. Neither Tenant nor any of its Affiliates, officers, directors, shareholders, partners, members or lease guarantors is, or at any time during the Lease Term will be, a Prohibited Person. As used herein, " **Anti-Terrorism Law** " means any Law relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, and Title 3 of the USA Patriot Act (defined below), and any regulations promulgated under any of them, each as may be amended from time to time. As used herein, " **Executive Order No. 13224** " means Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism," as may be amended from time to time. As used herein, " **Prohibited Person** " means (1) a person or entity that is listed in, or owned or controlled by a person or entity that is listed in, the Annex to Executive Order No. 13224; (2) a person or entity with whom Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (3) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, http://www.treas.gov/ofac/t11sdn.pdf, or at any replacement website or other official publication of such list. As used herein, " **USA Patriot Act** " means the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56).

30.18.2 Landlord represents, warrants and covenants that (a) Landlord has full power and authority to execute, deliver and perform its obligations under this Lease, and each person signing on behalf of Landlord is authorized to do so, and no other consent or signature is required to make this Lease

binding upon Landlord and the Project in accordance with its terms; and (b) Landlord is duly organized, validly existing and in good standing under the laws of the state of its formation and qualified to do business in the state of California.

30.19 **Attorneys' Fees** . In any lawsuit, action, arbitration, quasi-judicial proceeding, administrative proceeding or other proceeding brought by either party to interpret this Lease or enforce such party's rights or remedies under this Lease, the prevailing party shall be entitled to reasonable attorneys' fees and all costs, expenses and disbursements in connection with such action or proceeding, including all costs of expert consultation and other reasonable investigation, which sums may be included in any judgment or decree entered in such action or proceeding in favor of the prevailing party. In addition, Tenant shall pay all reasonable attorneys' fees and other fees and costs, including costs of expert consultation and other reasonable investigation, that Landlord incurs in any voluntary or involuntary bankruptcy case, assignment for the benefit of creditors, or other insolvency, liquidation or reorganization proceeding involving Tenant or this Lease, including all motions and proceedings regarding relief from automatic stay, lease assumption or rejection and/or extensions of time related thereto, lease designation, use of cash collateral, claim objections, and disclosure statements and plans of reorganization.

30.20 **Governing Law; WAIVER OF TRIAL BY JURY** .

30.20.1 This Lease shall be construed and enforced in accordance with the Laws of the State of California.

30.20.2 THE PARTIES HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE OR ANY EMERGENCY OR STATUTORY REMEDY. IF THE JURY WAIVER PROVISIONS OF THIS SECTION 30.20.2 ARE NOT ENFORCEABLE UNDER CALIFORNIA LAW, THEN THE FOLLOWING PROVISIONS SHALL APPLY. It is the desire and intention of the parties to agree upon a mechanism and procedure under which controversies and disputes arising out of this Lease or related to the Premises will be resolved in a prompt and expeditious manner. Accordingly, except with respect to actions for unlawful or forcible detainer or with respect to the prejudgment remedy of attachment, any action, proceeding or counterclaim brought by either party hereto against the other (and/or against its officers, directors, employees, agents or subsidiaries or affiliated entities) on any matters arising out of or in any way connected with this Lease, Tenant's use or occupancy of the Premises and/or any claim of injury or damage, whether sounding in contract, tort, or otherwise, shall be heard and resolved by a referee under the provisions of the California Code of Civil Procedure, Sections 638 — 645.1, inclusive (as same may be amended, or any successor statute(s) thereto) (the " **Referee Sections** "). Any fee to initiate the judicial reference proceedings and all fees charged and costs incurred by the referee shall be paid by the party initiating such procedure (except that if a reporter is requested by either party, then a reporter shall be present at all proceedings where requested and the fees of such reporter – except for copies ordered by the other parties – shall be borne by the party requesting the reporter); provided however, that allocation of the costs and fees, including any initiation fee, of such proceeding shall be ultimately determined in accordance with Section 30.19 above. The venue of the proceedings shall be in the county in which the Premises are located. Within 10 days of receipt by any party of a written request to resolve any dispute or controversy pursuant to this Section 30.20.2 , the parties shall agree upon a single referee who shall try all issues, whether of fact or law, and report a finding and judgment on such issues as required by the Referee Sections. If the parties are unable to agree upon a referee within such 10-day period, then any party may thereafter file a lawsuit in the county in which the Premises are located for the purpose of appointment of a referee under the Referee Sections. If the referee is appointed by the court, the referee shall be a neutral and impartial retired judge with substantial experience in the relevant matters to be determined, from Jams/Endispute, Inc., the American Arbitration Association or similar mediation/arbitration entity. The proposed referee may be challenged by any party for any of the grounds listed in the Referee Sections. The referee shall have the power to decide all issues of fact and law and report his or her decision on such issues, and to issue all recognized remedies available at law or in equity for any cause of action that is before the referee, including an award of attorneys' fees and costs in accordance with this Lease. The referee shall not, however, have the power to award punitive damages, nor any other damages that are not permitted by the express provisions of this Lease, and the parties hereby waive any right to recover any such damages. The parties shall be entitled to conduct all discovery as provided in the California Code of Civil Procedure, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge, with rights to regulate discovery and to issue and enforce subpoenas, protective orders and other limitations on discovery available under California Law. The reference proceeding shall be conducted in accordance with California Law (including the rules of evidence), and in all regards, the referee shall follow California Law applicable at the time of the reference proceeding. The parties shall promptly and diligently cooperate with one another and the referee, and shall perform such acts as may be necessary to obtain a prompt and expeditious resolution of the dispute or controversy in accordance with the terms of this Section 30.20.2 . In this regard, the parties agree that the parties and the referee shall use best efforts to

ensure that (a) discovery be conducted for a period no longer than 6 months from the date the referee is appointed, excluding motions regarding discovery, and (b) a trial date be set within 9 months of the date the referee is appointed. In accordance with Section 644 of the California Code of Civil Procedure, the decision of the referee upon the whole issue must stand as the decision of the court, and upon the filing of the statement of decision with the clerk of the court, or with the judge if there is no clerk, judgment may be entered thereon in the same manner as if the action had been tried by the court. Any decision of the referee and/or judgment or other order entered thereon shall be appealable to the same extent and in the same manner that such decision, judgment, or order would be appealable if rendered by a judge of the superior court in which venue is proper hereunder. The referee shall in his/her statement of decision set forth his/her findings of fact and conclusions of law. The parties intend this general reference agreement to be specifically enforceable in accordance with the Code of Civil Procedure. Nothing in this Section 30.20.2 shall prejudice the right of any party to obtain provisional relief or other equitable remedies from a court of competent jurisdiction as shall otherwise be available under the Code of Civil Procedure and/or applicable court rules.

30.20.3 IN ANY ACTION OR PROCEEDING ARISING FROM THIS LEASE, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, AND (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW.

30.20.4 THE PROVISIONS OF THIS SECTION 30.20 SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.

30.21 **Submission of Lease** . Submission of this instrument for examination or signature by Tenant or Landlord does not constitute an option or offer to lease, and this instrument is not effective, as a lease or otherwise, until execution and delivery by both Landlord and Tenant.

30.22 **Brokers** . Tenant represents to Landlord that it has dealt only with the Broker, as its broker in connection with this Lease. Tenant shall indemnify, defend, and hold Landlord harmless from all claims of any brokers, other than Tenant's Broker, claiming to have represented Tenant in connection with this Lease. Landlord shall indemnify, defend and hold Tenant harmless from all claims of any brokers, including the Broker, claiming to have represented Landlord in connection with this Lease. Tenant acknowledges that any Affiliate of Landlord that is involved in the negotiation of this Lease is representing only Landlord, and that any assistance rendered by any agent or employee of such Affiliate in connection with this Lease or any subsequent amendment or other document related hereto has been or will be rendered as an accommodation to Tenant solely in furtherance of consummating the transaction on behalf of Landlord, and not as agent for Tenant. Landlord shall pay all commissions and compensation (and Tenant shall have no liability for any commission or compensation) owing to the Broker in connection with this Lease.

30.23 **Independent Covenants** . This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent, and Tenant hereby waives the benefit of any Law to the contrary and agrees that, except as otherwise expressly provided in this Lease, if Landlord fails to perform its obligations hereunder, Tenant shall not be entitled to make any repairs or perform any other acts hereunder at Landlord's expense or to set off any Rent against Landlord.

30.24 **Project Name and Signage** . Without Landlord's prior written consent, Tenant shall not use the name of the Project in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises.

30.25 **Counterparts** . This Lease may be executed in counterparts with the same effect as if both parties had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

30.26 **Reasonable Consent .** Whenever this Lease requires an approval, consent, determination, selection or judgment by either Landlord or Tenant, unless another standard is expressly set forth, such approval, consent, determination, selection or judgment and any conditions imposed thereby shall be reasonable and shall not be unreasonably withheld or delayed.

30.27 **No Violation** . Tenant represents and warrants that neither its execution of nor its performance under this Lease will cause Tenant to be in violation of any agreement or Law binding upon Tenant. Landlord represents and warrants that neither its execution of nor its performance under this Lease will cause Landlord to be in violation of any agreement or Law binding upon Landlord.

30.28 **Communications and Computer Lines** . Tenant may install, maintain, replace, remove or use any communications or computer wires and cables serving the Premises (collectively, the " **Lines** "), provided that (i) Tenant shall use an experienced and qualified contractor and comply with all provisions of Articles 7 and 8 above; (ii) the Lines (including riser cables) installed by Tenant shall be appropriately

insulated to prevent excessive electromagnetic fields or radiation and shall be surrounded by a protective conduit reasonably acceptable to Landlord; and (iii) any new Lines installed by Tenant shall comply with all applicable Laws. Unless otherwise instructed by Landlord (by notice to Tenant), Tenant shall, at its expense, before the expiration or earlier termination of this Lease, remove any Lines located in or serving the Premises and repair any resulting damage.

30.29 **Transportation Management** . Tenant shall comply with all present or future programs imposed by applicable Law that are intended to manage parking, transportation or traffic in and around the Project and/or the Buildings, and, in connection therewith, Tenant shall take responsible action for planning and managing the transportation of all employees located at the Premises by working directly with any governmental transportation management organization or any other transportation-related governmental or quasi-governmental committees or entities.

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

LANDLORD :

C A -S UNNYVALE B USINESS C ENTER L IMITED P ARTNERSHIP , a Delaware limited partnership

By: EOP OWNER GP L.L.C., a Delaware limited liability company, its general partner

By: /s/ John Moe

Name: John Moe

Title: Managing Director

TENANT :

T ELE N AV , I NC .,
a Delaware corporation

By: /s/ HP Jin

Name: HP Jin

Title: CEO / President
[chairman, president or vice-president]

By: /s/ Douglas S. Miller

Name: Douglas S. Miller

Title: CFO
[secretary, assistant secretary, chief financial officer or assistant treasurer]

EXHIBIT A

SUNNYVALE BUSINESS CENTER

OUTLINE OF PREMISES

920, 930 & 950 DeGuigne Drive, Sunnyvale, CA

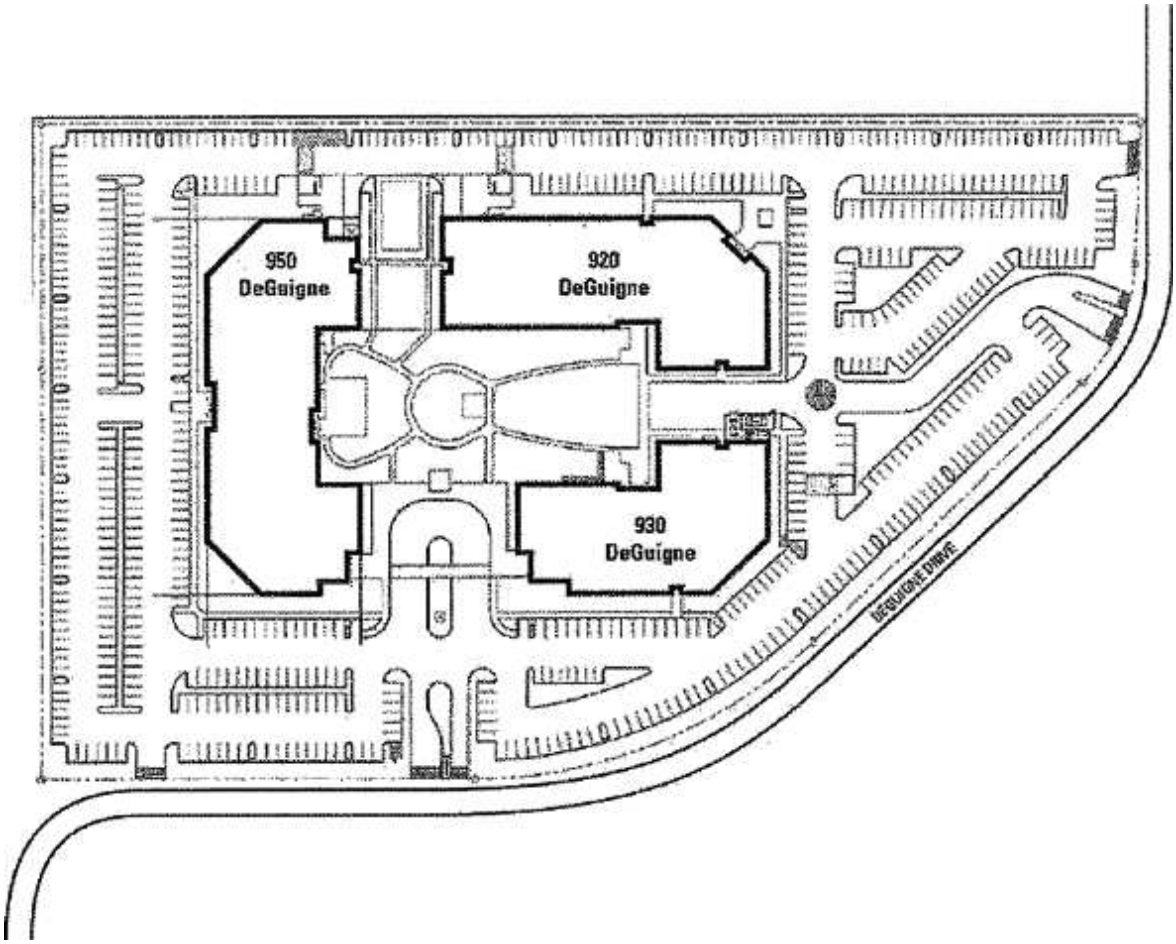


EXHIBIT B

SUNNYVALE BUSINESS CENTER

TENANT WORK LETTER

This Tenant Work Letter (" **Work Letter** ") is an integral part of the Lease dated as of June 28, 2011 (" **Lease** "), by and between **CA-SUNNYVALE BUSINESS CENTER LIMITED PARTNERSHIP** , a Delaware limited partnership (" **Landlord** "), and **TELENAV, INC.** , a Delaware corporation (" **Tenant** "), relating to certain Premises described therein, and except where clearly inconsistent or inapplicable, the provisions of the Lease are incorporated into this Agreement. In the event of any inconsistency between the terms of this Agreement and the Lease, this Agreement will prevail with respect to any matter arising in connection with the Tenant Improvements. In all other cases, the Lease shall prevail. Capitalized terms used in this Work Letter not otherwise defined herein shall have the meaning given such terms in the Lease and, without limiting the foregoing, the following terms shall have the following meanings: " **Tenant Improvements** " means the initial alterations, additions and improvements to be constructed by Tenant in the Buildings pursuant to this Work Letter; and " **Tenant Improvement Work** " means the construction of the Tenant Improvements, together with any related work (including demolition, but excluding the Landlord's Work) that is necessary to construct the Tenant Improvements.

Landlord and Tenant agree as follows with respect to the Tenant Improvements and Landlord's Work:

1 ALLOWANCE.

1.1 **Allowance .**

1.1.1 **Initial Allowance .** Tenant shall be entitled to a one-time tenant improvement allowance (the " **Initial Allowance** ") in the amount of Seven Million Three Hundred Sixty Dollars ($7,000,360.00) (i.e., $40.00 per rentable square foot of the Premises) to be applied toward the Allowance Items (defined in Section 1.2 below) and allocated among the Buildings as follows (each, as applicable, the " **Building Allowance** "):

920 DeGuigne Drive	$1,745,070.00
930 DeGuigne Drive	$1,371,720.00
950 DeGuigne Drive	$1,583,000.00

The remainder of the Allowance, equal to $2,300,570.00 (" **Unallocated Allowance** "), may be applied to any of the Allowance Items, without regard to any particular Building.

1.1.2 **Additional Allowance .** Subject to the terms and conditions set forth in this Section 1.1.2 , Tenant shall be entitled to request an additional one-time tenant improvement allowance (the " **Additional Allowance** ") in an amount not to exceed Six Hundred Forty-Six Thousand Four Hundred Twenty-Five Dollars ($646,425.00) pursuant to a written notice delivered to Landlord from time to time, but not later than the following: with respect to the 920 DeGuigne Building and the 950 DeGuigne Building, the first anniversary of the Lease Commencement Date; and with respect to the 930 DeGuigne Building, the third anniversary of the Lease Commencement Date. The Initial Allowance and any Additional Allowance are, collectively, herein referred to as the " **Allowance** ". In the event Tenant exercises its right to use all or any portion of the Additional Allowance, the monthly installments of Base Rent payable by Tenant under the Lease shall increase by the total amount of the Additional Allowance contributed by Landlord amortized on a straight-line basis over the remaining number of months of the Initial Lease Term following the disbursement of the Additional Allowance amount pursuant to Tenant's request at an interest rate equal to eight percent (8%) per annum. In no event shall Landlord be obligated to make disbursements for the Tenant Improvement Work applicable to any particular Building in a total amount which exceeds the Building Allowance applicable to such Building as provided in Section 1.1.1 above, except to the extent of any remaining Unallocated Allowance; and, further, in no event shall the total amount that Landlord is obligated to disburse for the Tenant Improvement Work pursuant to this Tenant Work Letter exceed the Allowance.

1.1.3 **As Is Condition .** Except for the Allowance, the Landlord's Work described in Section 4 below and on **Exhibit B-1** , the limited warranty provided by Landlord pursuant to Section 1.1.2 of the Lease, and except as may otherwise be expressly provided in the Lease, Tenant agrees to accept the Buildings and Exterior Areas in their condition and configuration existing on the date hereof, without any obligation of Landlord to provide or pay for any other work or services related to the initial improvement of the Premises for Tenant's use, and without any representation or warranty regarding the condition of

the Buildings or Exterior Areas for their suitability or the conduct of Tenant's business. Without limiting the foregoing, Tenant acknowledges and agrees that, upon the Premises Delivery Date, repairs or replacements may be required to be performed in or to the Buildings, or any of them, to place the Buildings in good condition and repair and/or that there may be upgrades, improvements or replacements in or to the Project required to be performed to correct violations of applicable Laws, and that, except for the Landlord's Work, except for the limited warranty provided by Landlord pursuant to Section 1.1.2 of the Lease, and except for Landlord's obligations relating to the Base Building in Section 7.2 of the Lease or as otherwise may be expressly provided in the Lease, Landlord's payment of the Allowance is being made in consideration of Tenant's express assumption of the obligation to perform any and all such repairs, replacements, upgrades or improvements in accordance with the Lease.

1.2 **Disbursement of Allowance** .

1.2.1 **Allowance Items** . Except as otherwise provided in this Work Letter, the Allowance shall be disbursed by Landlord only for the following items (the " **Allowance Items** "): (a) the fees and expenses of the Architect (defined in Section 2.1 below) and the Engineers (defined in Section 2.1 below), which fees, notwithstanding any contrary provision of this Agreement, shall not exceed Seven Hundred Fifty Thousand Dollars ($750,000.00); provided, however, that the fees and expenses of any design-build subcontractors shall not be subject to the foregoing cap, but rather shall be included as an Allowance Item pursuant to clause (g) below; (b) plan-check, permit, license fees and other charges by governmental or quasi-governmental authorities relating to performance of the Tenant Improvement Work or obtaining Permits (as defined in Section 2.4 below); (c) premiums for Builder's All Risk insurance to be carried by Tenant; (d) the reasonable out-of-pocket fees paid to any construction manager or consultant retained by Tenant in connection with the Tenant Improvement Work; (e) after hours charges, testing and inspection costs; (f) hoisting and trash removal costs; (g) the hard and soft cost (exclusive of the fees and expenses of the Architect and Engineers described in clause (a) above) of performing the Tenant Improvement Work, including, without limitation, all payments to Tenant's contractors for labor, material, equipment, fixtures, design-build improvements, insurance, and contractors' fees and general conditions; and any utility expenses and other expenses payable by Tenant under the terms of Section 2. 2 of the Lease; (h) the cost of any change to the base, shell or core of the Buildings required by the Plans (including if such change is due to the fact that such Plans are prepared during a period that the Buildings are unoccupied), including all direct architectural and/or engineering fees and expenses incurred in connection therewith; (i) all cost of work to place 950 DeGuigne in an unoccupied or shell condition; (j) all cost of fitting-out 950 DeGuigne with interior improvements required by any subtenant or Tenant; (k) the cost of any change to the Plans or Tenant Improvements required by Law; (l) the Coordination Fee (defined in Section 3.2.2 below) and any other sum payable by Tenant to Landlord under the terms of this Tenant Work Letter and, with respect to any Tenant Improvements, or Tenant's proposed use of any Tenant Improvements, that could adversely affect the Base Building or any Building Systems or that could impact the environmental condition of the Project, or any portion thereof, any reasonable out-of-pocket fees paid by Landlord to third-party consultants for review of the Plans (defined in Section 2.1 below); (m) sales and use taxes; (n) Tenant's moving costs, (o) the cost of purchasing and installing Lines in the Premises; (p) the cost of purchasing and installing cubicles and other general office equipment; (q) reasonable costs to redesign or reconstruct any Tenant Improvements required to place the Premises in good condition and repair (other than the Required Delivery Condition); and (r) such other items as shall be approved by Landlord in its reasonable discretion; provided, however, that the maximum amount of the Allowance that may be applied to the Allowance Items described in clauses (n) and (p) shall be $7.00 per rentable square foot of the Premises, and such amount shall be disbursed by Landlord only if, after the completion of the Tenant Improvements in accordance with the Approved Construction Drawings, and the payment of any Final Retention pursuant to Section 1.2.2.2 below, any amount of the Allowance remains undisbursed and unallocated.

Notwithstanding anything to the contrary in this Agreement or the Lease, Allowance Items shall not include, and Landlord shall be solely responsible for (and if Tenant incurs such cost, will reimburse the same to Tenant in addition to the Allowance) the following: (i) all costs incurred in connection with the design, permitting and performance of Landlord's Work, (ii) costs for which Landlord receives reimbursement from others, including pursuant to warranties or guaranties, and Landlord shall use commercially reasonable efforts to secure any reimbursements to which it is entitled; provided, however, that if and to the extent that Landlord receives reimbursement from others for costs that have previously been paid for by Tenant as an Allowance Item, then the amount of such reimbursement shall be added to the Initial Allowance and disbursed to Tenant in accordance with Section 1.2.2 below, (iii) costs associated with investigation, removal, monitoring or remediation of Hazardous Substances existing on or about the Premises or the soil, groundwater, surface water, ambient air, or building materials thereof on the effective date of the Lease, except to the extent such costs arise from the negligence or willful misconduct of Tenant or any Tenant Party; and (iv) subject to the terms and conditions set forth in Section 1.1.2 of the Lease, all costs to remedy any deficiencies in the Required Delivery Condition on the Premises Delivery Date.

1.2.2 **Disbursement** . Subject to the provisions of this Work Letter, Landlord shall make monthly disbursements of the Allowance for Allowance Items and shall authorize the release of monies for Tenant's benefit as follows:

1.2.2.1 **Monthly Disbursements** . If Tenant desires disbursement of any Allowance, Tenant shall deliver to Landlord (not more often than once per month) the following (" **Required Disbursement Documentation** "): (i) a request for payment of the Contractor (defined in Section 3.1 below), approved by Tenant, in AIA G-702/G-703 format or another format reasonably approved by Landlord, together with an updated Schedule of Values indicating the portion of the Tenant Improvement Work completed and the portion not completed as of the date of the Contractor's request for payment (collectively, the " **Contractor's Application For Payment** "); (ii) a calculation of the portion of the payment due Contractor which is an "Over Allowance Amount" as provided in Section 3.2.1 below and the portion thereof that is subject to immediate disbursement by Landlord, (iii) invoices or other supporting documentation for any other Allowance Items for which Tenant seeks reimbursement; (iv) executed conditional mechanic's lien releases from the Contractor and from its subcontractors and material suppliers of Contractor included in the Contractor's Application For Payment who have filed preliminary lien notices (along with unconditional mechanic's lien releases from Contractor and from such subcontractors and material suppliers with respect to payments made by Landlord pursuant to Tenant's prior submission of a Contractor's Application for Payment hereunder) which shall comply with the appropriate provisions, as reasonably determined by Landlord, of California Civil Code Section 3262(d); and (v) all other information reasonably requested by Landlord to support the disbursement. Tenant's request for payment shall constitute Tenant's representation to Landlord that, without limiting any warranty or other similar claims that Tenant may have against the Contractor under the Contract, Tenant has accepted and approved for payment the work furnished and/or the materials supplied as set forth in the Contractor's Application For Payment, and that the amount requested is an Allowance Item that has been incurred by Tenant or is currently owing to Tenant's Contractor or an Architect or Engineer (as applicable). On or before the twentieth (20th) day of each calendar month following the month for which Tenant submits to Landlord the Required Disbursement Documentation, Landlord shall deliver a check for good funds to Tenant (made jointly payable to the Contractor and Tenant with respect to the amounts owing to any Tenant Contractor), in the amount of the lesser of (a) the amount requested from Landlord by Tenant pursuant to the first sentence of this Section, after taking into account any Over-Allowance Amount payable by Tenant with respect to the Contractor's Application For Payment (as provided in Section 3.2.1 below), or (b) the amount of any remaining portion of the Allowance (not including the Final Retention, as defined below), provided that Landlord may withhold from such distribution the requested payments attributable to work that Landlord reasonably determines does not comply with the Approved Construction Drawings, as amended by change orders approved by Landlord (defined in Section 2.3 below). Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as described in Tenant's payment request. Tenant shall provide in the Contract (as defined in Section 3.2.1 below) that Landlord and Tenant may withhold from each amount otherwise due the Contractor a ten percent (10%) retention (the aggregate amount of such retentions to be known as the " **Final Retention** ") until final completion of the Tenant Improvement Work, and that each Contractor's Application For Payment shall reflect such ten percent (10%) retention.

1.2.2.2 **Final Retention** . Subject to the provisions of this Work Letter, a check for the Final Retention shall be delivered by Landlord to Tenant following the latest to occur of the following: (a) the Substantial Completion of the Tenant Improvement Work; and (b) Tenant's delivery to Landlord of (i) properly executed mechanic's lien releases from the Contractor and all Subcontractors who have filed a preliminary lien notice in compliance with California Civil Code Sections 3262(d) and 3262(d)(4); (ii) a certificate from the Architect, in a form reasonably acceptable to Landlord, certifying that the Tenant Improvement Work has been substantially completed, and (iii) evidence that all required governmental approvals required for Tenant to legally occupy the Premises (other than those being withheld solely due to a failure of Landlord to complete the Landlord's Work) have been obtained; (c) Tenant's performance of its obligations under clause (i) of the third sentence of Section 5.5 below; or (d) Tenant's compliance with Landlord's standard "close-out" requirements regarding city approvals, closeout tasks, the general contractor, financial close-out matters, and tenant vendors which are attached hereto as **Exhibit B-4** . Notwithstanding the foregoing, in accordance with typical "punch list" holdback provisions, Landlord shall be entitled to retain a portion of the Final Retention until completion of all Punch List Items in an amount Landlord reasonably determines to be sufficient to ensure the Contractor's prompt completion thereof.

1.2.2.3 **Landlord's Failure to Fund .** Any Allowance amount not disbursed to Tenant (or its Contractor) when due pursuant to this Tenant Work Letter shall bear interest for the benefit of Tenant, at the Default Rate from the date due until paid.

1.2.2.4 **Allowance Disbursement .** Allowance disbursements shall be made first from the Initial Allowance and, only after the Initial Allowance is expended the Additional Allowance. If any portion of the permitted Additional Allowance is not actually disbursed by Landlord, no additional rent shall be charged to Tenant for such unused portion of the Additional Allowance.

2 TENANT PLANS.

2.1 **Selection of Architect/Plans** . Tenant has engaged AAI Design (the " **Architect** ") and may engage engineers, who shall be approved by Landlord (which approval shall not be unreasonably withheld or delayed) (the " **Engineers** "), to prepare all architectural plans for the Tenant Improvement Work and all engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, life-safety, and sprinkler work included in the Tenant Improvement Work. The plans and drawings to be prepared by the Architect and the Engineers hereunder shall be referred to herein collectively as the " **Tenant Plans** ." All Tenant Plans shall (a) comply with the specifications required by Landlord, as set forth in Landlord's construction rules and regulations attached hereto as **Exhibit B-3** , and (b) be subject to Landlord's approval, which shall not be unreasonably withheld in accordance with Section 2.3 below. Tenant shall cause the Architect to verify, in the field, the dimensions and conditions as shown on the relevant portions of the Base Building plans, and Landlord shall have no responsibility in connection therewith, in the absence of fraud, gross negligence or intentional misconduct. Landlord's review of the Tenant Plans and approval of the Approved Construction Drawings shall be for its sole benefit and shall not create or imply any obligation on the part of Landlord to review the same for Tenant's benefit, whether with respect to quality, design, compliance with Law or any other matter. Accordingly, notwithstanding any review of the Tenant Plans by Landlord or any of its space planners, architects, engineers or other consultants, and notwithstanding any advice or assistance that may be rendered to Tenant by Landlord or any such consultant, in the absence of fraud, gross negligence or intentional misconduct, Landlord shall not be liable for any error or omission in the Tenant Plans or have any other liability relating thereto. Without limiting the foregoing, but subject to Landlord's obligation to perform the Landlord's Work and to remedy any deficiencies in the Required Delivery Condition as provided in the Lease, Tenant shall be responsible for ensuring (x) that all elements of the design of the Tenant Plans comply with Law and are otherwise suitable for Tenant's use of the Premises, and (y) that the Tenant Improvement Work does not impair any existing system or structural component of the Buildings, and Landlord's approval of the Construction Drawings (defined in Section 2.3 below) shall not relieve Tenant from such responsibility.

2.2 **Space Plan** . Landlord and Tenant hereby approve the space plan attached hereto as **Exhibit B-2** (the " **Approved Space Plan** "), which includes a layout and designation of all offices, rooms and other partitioning, their intended use, and major equipment to be contained therein.

2.3 **Construction Drawings .** Tenant shall cause the Architect and the Engineers to complete the architectural, engineering and final architectural working drawings for the Tenant Improvements in a form that is sufficient to enable a Contractor and its major subcontractors to bid on the work and to obtain all applicable permits (collectively, the " **Construction Drawings** "), and shall deliver four (4) copies of the Construction Drawings, signed by Tenant, to Landlord for its approval. Notwithstanding the foregoing, at Tenant's option, the Construction Drawings may be prepared in two or more phases (e.g., first the architectural drawings, then engineering drawings consistent with the previously provided architectural drawings, etc.) for Landlord's approval. Landlord shall provide Tenant with notice approving or reasonably disapproving (i) any initial rendering of Construction Drawings (or the applicable component thereof) within 15 business days after the later of Landlord's receipt thereof or the mutual execution and delivery of this Agreement, and (ii) any resubmission of a Construction Drawing (or the applicable component thereof) within 3 business days after the later of Landlord's receipt thereof or the mutual execution and delivery of this Agreement (or as soon thereafter as is reasonably practicable, but not later than 5 business days after Landlord's receipt thereof). If Landlord disapproves the Construction Drawings (or any component thereof), Landlord's notice of disapproval shall describe with reasonable specificity the basis for such disapproval and the changes that would be necessary to resolve Landlord's objections. If Landlord disapproves the Construction Drawings (or any component thereof), upon request by Tenant, the parties shall meet and confer in good faith to reach conceptual agreement on the Construction Drawings (or the applicable component thereof); provided, however, that unless Landlord's objections are unreasonable, Tenant shall cause the Construction Drawings to be modified to resolve Landlord's objections (whether directly based on Landlord's comments or by proposing an alternative solution) and resubmitted to Landlord for its approval. Landlord shall provide Tenant with notice approving or reasonably disapproving any resubmission of the Construction Drawing (or a component thereof) within 3 business days after Landlord's receipt thereof (or as soon thereafter as is reasonably practicable, but not later than 5 business days after Landlord's receipt thereof). If Landlord disapproves resubmitted Construction Drawings (or a component thereof), Landlord's notice of disapproval shall describe with reasonable specificity the basis for such disapproval and the changes that would be necessary to resolve Landlord's objections and the procedure above shall be repeated as necessary until Landlord has approved the Construction Drawings (or the applicable component thereof). Tenant shall not commence the Tenant Improvement Work until after the Construction Drawings are

approved by Landlord. No revision may be made to the approved Construction Drawings (the " **Approved Construction Drawings** ") without Landlord's prior consent, which consent shall be given or withheld in accordance with the procedure for resubmitted Construction Drawings set forth above. Notwithstanding anything to the contrary in this Work Letter, (a) Landlord's withholding of consent [*****] [1] shall be deemed reasonable [*****] is not consistent with and a logical evolution of [*****] or would materially and adversely affect [*****] and (b) Landlord's withholding of consent [*****] shall be deemed reasonable [*****] the planned work shown [*****] (1) is not consistent with and a logical evolution [*****], (2) would materially and adversely affect [*****] or (3) materially differs from the work approved by Landlord [*****].

2.4 **Permits** . Tenant shall submit the Approved Construction Drawings to the appropriate municipal authorities and otherwise apply for and obtain from such authorities all applicable building permits necessary to allow the Contractor to commence and complete the performance of the Tenant Improvement Work (the " **Permits** "). Tenant shall coordinate with Landlord in order to allow Landlord, at its option, to take part in all phases of the permitting process and shall supply Landlord, as soon as possible, with all plan check numbers and dates of submittal; provided, however, Landlord shall not unreasonably delay the completion of the Tenant Improvement Work as a result of any such participation in the permitting process. Notwithstanding any contrary provision of this Section 2.4 , Tenant, and not Landlord or its consultants, shall be responsible for obtaining any Permit or certificate of occupancy; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any Permit or certificate of occupancy; and provided, further, that the foregoing is not intended to relieve Landlord of the obligation to perform Landlord's Work as required hereunder, including if Landlord's failure to do so interferes with Tenant's obtaining any Permit or certificate of occupancy. Tenant shall not commence construction until all Permits for the Tenant Improvement Work are obtained.

3 CONSTRUCTION.

3.1 **Selection of Contractors.**

3.1.1 **The Contractor** . Tenant shall retain a general contractor (the " **Contractor** ") to perform the Tenant Improvement Work (i) in and to the 920 DeGuigne Building and 950 DeGuigne Building as soon as reasonably practicable following the Premises Delivery Date, and (ii) in and to the 930 DeGuigne Building not later than the third anniversary of the Lease Commencement Date. The Contractor shall be selected by Tenant, by notice to Landlord, from a list of general contractors provided by Tenant and approved by Landlord. For purposes of this Section 3.1.1 , Landlord's approval of a proposed general contractor shall not be considered unreasonably withheld, if such general contractor (a) does not have trade references reasonably acceptable to Landlord, (b) does not maintain insurance as required under the terms of the Lease, (c) does not provide current financial statements reasonably acceptable to Landlord, or (d) is not licensed as a contractor in the state/municipality in which the Premises is located. Tenant acknowledges that the foregoing is not an exclusive list of the reasons why Landlord may reasonably disapprove a proposed general contractor.

3.1.2 **Tenant's Agents** . All subcontractors, laborers, materialmen and suppliers used by Tenant (such subcontractors, laborers, materialmen, and suppliers, together with the Contractor, to be referred to herein collectively as " **Tenant's Agents** ") shall be reputable and qualified in their respective trades.

3.2 **Construction** .

3.2.1 **Construction Contract; Contractor's Budget** . Tenant shall not enter into a construction contract with the Contractor (the " **Contract** ") unless it complies with Section 3.2.3 below and has been reviewed and approved by Landlord, which approval shall not be unreasonably withheld. Before commencing construction of the Tenant Improvement Work, Tenant shall deliver to Landlord a detailed breakdown of the schedule of values, by trade, and, to the extent applicable, by Building, for use pursuant to Section 1.2.1 above (a " **Schedule of Values** "), of the final costs that will be or have been incurred in connection with the performance of the Tenant Improvement Work and that form the basis for the amount of the Contract. If the total expected cost of the Tenant Improvement Work as indicated on the Schedule of Values (the " **Budgeted Cost** ") exceeds the Allowance, or if the total expected cost of the Tenant Improvement Work applicable to any Building as indicated on the Schedule of Values exceeds the Building Allowance applicable to such Building (after any allocation by Tenant of the Unallocated Allowance to such Building, which allocation shall be set forth in the Schedule of Values), such amount shall be deemed the " **Over-Allowance Amount** ". Tenant shall pay directly to Contractor that portion of any Over-Allowance Amount on the Contract as the Contractor's work progresses, as and when the Allowance is disbursed by Landlord to the Contractor, in an amount for each such application, equal to

[*****] Certain portions denoted with an asterisk have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

the total amount owing to the Contractor for such Contractor's Application For Payment pursuant to Section 1.2.1 , times a fraction the numerator of which shall be the Over-Allowance Amount (including as the same may be applicable to the Tenant Improvement Work for any particular Building) and the denominator of which shall be the Budgeted Cost (as the same, if applicable, may relate to the Tenant Improvement Work for any particular Building). If, after being delivered to Landlord, the Budgeted Cost is modified by a change order, the Over-Allowance Amounts owing by Tenant shall be appropriately adjusted after Tenant obtains Landlord's approval of, the documents requiring Landlord's approval described in clauses (i), (ii), (iii) and (iv) of Section 1.2.2.1 above.

3.2.2 **Landlord's General Conditions for Tenant Improvement Work** . The Tenant Improvement Work shall be performed in a good and workmanlike manner and in strict accordance with the Approved Construction Drawings. Tenant shall abide by Landlord's Construction Rules. In consideration of Landlord's coordination of the performance of the Tenant Improvement Work, Tenant shall pay Landlord a fee (the " **Coordination Fee** ") in an amount equal to the lesser of (a) 1.5% of the sum of the Contractor's Budget (as the same may be adjusted for change orders) or (b) 1.5% of the Allowance paid by Landlord.

3.2.3 **Warranty of Contractor** . Tenant shall cause the Contractor to (a) agree to be responsible for (i) the repair, replacement and/or removal, without additional charge, of any portion of the Tenant Improvement Work that is or becomes defective, in workmanship, materials or otherwise, on or before the date occurring one (1) year after completion of the Tenant Improvement Work, and (ii) the repair of any damage to the Buildings and/or Exterior Areas resulting from such repair, replacement and/or removal. Such agreement shall be expressly set forth in the Contract and, by its terms, shall inure to the benefit of both Landlord and Tenant as their respective interests may appear, and shall be enforceable by either Landlord or Tenant, (b) reasonably cooperate with Landlord's contractor with respect to the scheduling of the Landlord's Work and the Tenant Improvement Work, and (c) carry the insurance required of Tenant's contractors pursuant to Section 5.1 below. Upon Landlord's request, Tenant shall provide Landlord with any assignment or other assurance that may be necessary to enable Landlord to enforce such agreement directly against the Contractor.

4. LANDLORD'S WORK .

4.1 **Construction .** Without charge to any Allowance and without additional charge to Tenant, Landlord shall cause the demolition, construction and installation of the items set forth below in a good and workmanlike manner using materials and finishes consistent with and a logical evolution of the plans and specifications attached hereto as **Exhibit B-1** (or as the parties shall mutually approve) and in compliance with all applicable Laws (collectively, the " **Landlord's Work** "):

4.1.1. The demolition and removal work identified on **Exhibit B-1** attached hereto (" **Demolition Work** ").

4.1.2 An upgrade, in accordance with the plans and specifications attached hereto as **Exhibit B-1** , of the front entrance area for each of the Buildings (including without limitation, new glass and doors) (" **Front Entrance Work** ").

Notwithstanding any contrary provision of this Agreement, Landlord's Work shall be performed at Landlord's expense and shall not be deemed Tenant Improvements, Tenant Improvement Work or an Allowance Item.

4.2 **Substantial Completion .** Landlord shall use commercially reasonable efforts to complete (1) the Demolition Work in the 920 DeGuigne Building and 950 DeGuigne Drive within five (5) weeks following the mutual execution and delivery of this Lease by Landlord and Tenant, (2) the Demolition Work in the 930 DeGuigne Building within six (6) weeks following the mutual execution and delivery of this Lease by Landlord and Tenant, and (3) the remainder of Landlord's Work, including the Front Entrance Work, by November 1, 2011 (the foregoing are, collectively, the " **Landlord's Work Deadlines** "). The Landlord's Work for a Building shall be deemed "substantially completed" when there is no incomplete or defective Landlord Work that materially interferes with (i) Tenant's completion of the Tenant Improvement Work in such Building, (ii) obtainment of an approved governmental inspection or occupancy permit for the Building, including without limitation, a final approved inspection for the Tenant Improvements and the Landlord Work for such Building, or (iii) Tenant's obtaining a working connection to any utility supply system anticipated by the Approved Construction Drawings for such Building, or (iv) legal use of the Building for general office purposes. Notwithstanding the foregoing, the Landlord's Work Deadline for a particular Building shall be extended one day for each day that substantial completion of the Landlord Work for such Building is actually delayed by (a) Tenant's breach of its obligations under this Tenant Work Letter, which is not corrected within one (1) business day following delivery of email notice of such breach to Tenant's Representative (as identified below), (b) Tenant's request for a change in any of Landlord's Work (any such change being subject to Landlord's approval in its reasonable discretion and, if approved, to be performed at Tenant's sole cost and expense),

provided that the total delay attributable to a change shall not exceed the amount of delay approved in writing by Tenant at the time of its change request, and (c) interference by Tenant's Contractor (or any of its subcontractors or supplier) with the performance of such Landlord's Work which continues for one (1) business day after delivery of email notice to Tenant's Representative (herein " **Excusable Landlord Delays** ").

4.3 **Construction Contract .** The contract between Landlord and its general contractor (" **Landlord's Construction Contract** ") shall expressly inure to the benefit of both Landlord and Tenant, and shall provide that such general contractor will (a) repair, without additional charge, any portion of the Landlord Work that is or becomes defective in workmanship, materials or otherwise, on or before the date occurring one (1) year after completion of the Landlord Work, (b) repair any damage to the Buildings, Exterior Areas, and/or Tenant Improvements resulting from (i) the negligence or willful misconduct of the general contractor, its subcontractors or suppliers or from their respective employees, contractors, or invitees, or (ii) a breach of any contract or material supply agreement by said contractor or its subcontractors or suppliers, and (c) reasonably cooperate with Tenant's Contractor with respect to the scheduling of the Landlord Work and the Tenant Improvement Work.

4.4 **Contractor's Warranties** . Tenant waives all claims against Landlord relating to any latent defects in Landlord's Work. Notwithstanding the foregoing or any contrary provision of the Lease, if, within 11 months after substantial completion of Landlord's Work, Tenant provides notice to Landlord of any latent defect in Landlord's Work, Landlord shall, at its option, either (a) assign to Tenant any right Landlord may have under Landlord's Construction Contract to require Landlord's contractor to correct, or pay for the correction of, such latent defect, or (b) enforce such right directly against Landlord's contractor for Tenant's benefit.

4.5 **Tenant's Right to Perform Landlord's Work** . Without limiting Tenant's other rights provided in this Lease, if Landlord fails to complete Landlord's Work, or any portion thereof, prior to the applicable Landlord's Work Deadlines (as the same may be extended pursuant to Section 4.2 above or by any Force Majeure) or if Landlord fails to perform any repairs required to cause the Premises to be in the Required Delivery Condition, then if (a) such failure is causing or threatening to cause an actual delay in the completion of the Tenant Improvements or the issuance of any government approvals required for occupancy of the Premises for Tenant's intended use by December 1 2011, and (b) such failure [*****] (provided that, if such default poses an immediate threat to person or property, [*****] under the circumstances shall be required), then if Landlord's failure [*****] a second written demand from Tenant to Landlord and Security Holder (which demand shall specifically reference Tenant's intent to exercise its remedies in this Section 4.5), Tenant may, unless Landlord has commenced and is proceeding with due diligence to cure such failure, perform such work and bill Landlord for the reasonable cost thereof; provided, however, that [*****] shall not be required if Landlord's default poses an immediate threat to person or property and if Tenant's initial default notice to Landlord specifically references Tenant's intent to exercise its remedies in this Section 4.5). Landlord shall pay for the reasonable cost of such work, together with interest thereon at the Default Rate from the date of Landlord's default, [*****], together with reasonable supporting documentation for such costs. Any such maintenance or repair work performed by Tenant pursuant to this Section 4.5 shall be performed in accordance with the terms and conditions set forth in Article 8 of the Lease; provided, however, that Tenant may use its Architect, Engineers, and Contractor to design and perform such work, without additional approvals of such parties by Landlord and further provided that if Landlord fails to timely cooperate in the work performed by Tenant hereunder (or the provisions of Article 8), then Tenant shall be permitted to perform such work using qualified contractors which normally and regularly perform similar work in Comparable Buildings, in a good and workmanlike manner and in conformance with all applicable Laws. Tenant's and Landlord's rights and obligations under this Section 4.5 shall survive the expiration or any earlier termination of this Lease.

5. GENERAL PROVISIONS

5.1 **Insurance Requirements & Damage and Destruction .** Tenant shall carry "Builder's All Risk" insurance in an amount approved by Landlord covering the Tenant Improvement Work and the Landlord's Work. The premiums for such insurance may be charged against the Allowance. If any portion of Landlord's Work or the Tenant Improvements being constructed in any Building are damaged or destroyed prior to substantial completion (as defined in Section 6.4 below) thereof, then the provisions of Article 11 of the Lease shall apply with the following amendments:

5.1.1 The "Landlord Casualty Repairs" shall exclude, and the "Tenant Casualty Repairs" shall include, the repair and restoration of the damaged or destroyed Tenant Improvements;

[*****] Certain portions denoted with an asterisk have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

5.1.2 Prior to substantial completion of the Landlord's Work, or any portion thereof, the "Landlord Casualty Repairs" shall include the repair, restoration and completion of any damaged or destroyed portion of such Landlord's Work;

5.1.3 After substantial completion of the Landlord's Work for any Building, but before substantial completion of the Tenant Improvement Work for such Building, the "Tenant Casualty Repairs" shall include repair and restoration of such Landlord's Work in such Building; provided, however that, Landlord shall assign to Tenant (or to any party designated by Landlord) any insurance proceeds payable to Landlord under Landlord's Casualty Policy attributable to such repair and restoration, the same shall be deemed "Casualty Receipts" for the purpose of the Lease, and Tenant shall not be required to expend more than the Casualty Receipts applicable to the Landlord's Work received by Tenant in order restore and repair of Landlord's Work;

5.1.4 The Completion Estimate shall be prepared in consultation with Tenant's Contractor and shall constitute a reasonable estimate of the amount of time required, using standard working methods (without the payment of overtime or other premiums) to not only repair and restore the damaged Landlord's Work and Tenant Improvements, but also to substantially complete the Landlord's Work and Tenant Improvements in the affected Building or Buildings;

5.1.5 If the Completion Estimate indicates that the Substantial Completion Date for the 920 DeGuigne Building or the 950 DeGuigne Building will not occur within one (1) year after the date of Tenant's Casualty Notice, then such damage shall constitute "Substantial Destruction" and the related termination rights of the parties pursuant to Article 11 of the Lease shall apply; and

5.1.6 In addition to its other rights under Article 11 of the Lease, in the case of damage or destruction to the Tenant Improvements being constructed in the 920 DeGuigne Building and/or the 950 DeGuigne Building prior to substantial completion thereof, if the reasonably expected cost of the Tenant Casualty Repairs (as so expanded pursuant to Section 5.1.1 and Section 5.1.3 above) exceeds the total of (1) the Casualty Receipts made available to Tenant for such Tenant Casualty Repairs, plus (2) the Deductibles payable by Tenant with respect to such Tenant Casualty Repairs, plus (3) the undisbursed portion of the Initial Allowance (a " **Tenant Casualty Repair Shortfall** "), for reasons other than Tenant's failure to carry the insurance required by the Lease, then Tenant may terminate the Lease in its entirety only, by delivery of written notice to Landlord, unless Landlord agrees to increase the Initial Allowance by the amount of the Tenant Casualty Repair Shortfall within thirty (30) days following delivery to Landlord of Tenant's exercise of such termination right. If, after substantial completion of the Tenant Improvements in the 920 DeGuigne Building and the 950 DeGuigne Building, there occurs damage or destruction to the Tenant Improvements being constructed in the 930 DeGuigne Building, and there results a Tenant Casualty Repair Shortfall for reasons other than Tenant's failure to carry the insurance required by the Lease, then Tenant may terminate the Lease as to the 930 DeGuigne Building only (but not as to the other Buildings, unless otherwise permitted by Article 11), by delivery of written notice to Landlord, unless Landlord agrees to increase the Initial Allowance by the amount of the Tenant Casualty Repair Shortfall within thirty (30) days following delivery to Landlord of Tenant's exercise of such termination right.

In the event of any termination by Landlord or Tenant pursuant to this Section, neither party shall have any obligations to the other under the Lease, (1) except for obligations arising before such termination or obligations that survive the expiration or earlier termination of the Lease, and (2) except that Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's "Builder's All Risk" insurance policies with respect to the Tenant Improvements and Landlord's Work, up to the amount of the Allowance then having been disbursed by Landlord plus the amount necessary to pay any incurred but unpaid Allowance Items for which Landlord is responsible under this Work Letter, and (3) Landlord shall return any Prepaid Base Rent and Prepaid Additional Rent paid by Tenant to Landlord, and, in accordance Article 22 of the Lease, the Security Deposit. If the Lease is not so terminated by Landlord or Tenant, then (i) the Lease Commencement Date shall not be delayed as a result of any delay in the completion of the Tenant Improvement Work resulting from the Casualty (though Tenant shall receive an abatement of Monthly Rent following the Lease Commencement Date with respect to the damaged Building(s) in accordance with Section 11.3 of the Lease, and the Base Rent Abatement applicable to the damaged Building(s) shall not commence until such abatement of Monthly Rent ceases), and (ii) following substantial completion of the Landlord Casualty Repairs, Tenant, at its expense (subject to any remaining portion of the Allowance and the proceeds from any Builder's All Risk insurance), shall (x) repair and complete the Tenant Casualty Repairs; provided, however, that if the estimated cost of repairing and restoring the Tenant Improvements and Landlord's Work exceeds the amount of insurance proceeds received by Tenant from Tenant's insurance carrier, Tenant shall not be required to spend more than the amount of such proceeds, provided that the foregoing shall not relieve Tenant from the obligation to carry the Builder's All Risk insurance required to be carried by Tenant pursuant to this Section, nor shall the foregoing limit Tenant's liability if Tenant fails to perform such obligation; and (y) complete the Tenant Improvement Work that remained to be performed at the time of the Casualty in accordance with this Work Letter.

5.2. **Compliance.** Subject to Landlord's obligation to fund the Allowance and complete the Landlord's Work and to remedy any deficiencies in the Required Delivery Condition as provided in Section 1.1.2 of the Lease: (a) the Tenant Improvement Work shall comply in all respects with (i) all applicable Laws; (ii) all applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) all applicable building material manufacturer's specifications; and (b) without limiting the foregoing, if, as a result of Tenant's performance of the Tenant Improvement Work, Landlord becomes required under Law to perform any inspection or give any notice relating to the Premises or the Tenant Improvement Work, or to ensure that the Tenant Improvement Work is performed in any particular manner, then Tenant shall comply with such requirement on Landlord's behalf, and promptly thereafter provide Landlord with reasonable documentation of such compliance.

5.3 **Inspection by Landlord or Tenant .** Notwithstanding any contrary provision of the Lease or this Tenant Work Letter, Landlord, at any time and without notice to Tenant, may enter the Premises to inspect the Tenant Improvement Work. Neither Landlord's performance of such inspection nor its failure to perform such inspection shall result in a waiver of any of Landlord's rights hereunder or be deemed to imply Landlord's approval of the Tenant Improvement Work. Without in any way limiting Tenant's Repair Obligations or the obligations of Tenant set forth in Article 25 of the Lease, if, by notice to Tenant, Landlord reasonably identifies any failure of the Tenant Improvement Work to comply with the Plans therefore or any Law applicable thereto at the time of issuance of the Permits therefor and notifies Tenant of such fact at any time prior to the 180th day following the Lease Commencement Date with respect to 920 and 950 DeGuigne or at any time prior to the 180th day following the substantial completion of the initial Tenant Improvements for 930 DeGuigne, or if at any time any governmental authority determines that the Tenant Improvement Work does not comply with the Laws applicable thereto at the time the Permit is issued, then Tenant shall promptly cause the Contractor to correct such defect at no expense to Landlord. Notwithstanding any contrary provision of this Tenant Work Letter, if a defect in the Tenant Improvements so identified by Landlord might adversely affect the Base Building or any Building Systems, or might give rise to liability on the part of Landlord to any third party, and Tenant does not undertake to correct the defect within 5 business days following written notice to Tenant (or, in the event of an emergency, within such period of time as is reasonable under the circumstances and without notice), then (a) Landlord, at Tenant's expense, may take such action (including suspension of the Tenant Improvement Work) as Landlord reasonably deems necessary to correct such defect, and (b) until such defect is corrected, Landlord shall have no obligation to disburse any portion of the Allowance in payment of such defective work.

5.4 **Meetings** . Commencing upon execution of this Tenant Work Letter, Tenant shall hold weekly meetings with the Architect and the Contractor regarding the progress of the preparation of Plans, the obtaining of the Permits, and the performance of the Tenant Improvement Work. Such meetings shall be held at a location designated by Landlord and at a reasonable time of which Tenant shall provide Landlord with at least three (3) business days' prior notice. Landlord may attend such meetings, and, upon Landlord's request, Tenant shall cause Tenant's Agents to attend such meetings. Tenant shall cause minutes of such meetings to be prepared and copies thereof to be delivered promptly to Landlord. One such meeting per month shall include a review of the Contractor's current request for payment.

5.5 **Additional Covenants .** Within 10 days after completing the Tenant Improvement Work, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the county in which the Project is located, in accordance with California Civil Code § 3093 or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's expense (subject to application of the Allowance as permitted hereunder). Within 30 days after completing the Tenant Improvement Work, (a) Tenant shall cause the Architect and the Contractor to (i) update the Approved Construction Drawings as necessary to reflect all changes made to the Approved Construction Drawings during the course of construction, (ii) certify to the best of their knowledge that the updated drawings are true and correct, which certification shall survive the expiration or termination of the Lease, and (iii) deliver to Landlord two (2) CD ROMS of such updated drawings in accordance with Landlord's CAD Format Requirements (defined below); and (b) Tenant shall deliver to Landlord copies of all warranties, guaranties, and operating manuals and information required from the Contractor relating to the improvements, equipment, and systems in the Tenant Improvement Work. Tenant's cost of preparing such updated drawings and CD ROMS are Allowance Items. Within 30 days after completing the Landlord's Work, (a) Landlord shall cause its architect and contractor to (i) update any drawing previously provided to Tenant for any changes in the work shown thereon during the course of construction of Landlord's Work, and deliver to Tenant two (2) CD ROMS of such updated drawings in accordance with Landlord's CAD Format Requirements; and (b) Landlord shall deliver to Tenant copies of all warranties, guaranties, and operating manuals and information relating to the Premises or the Landlord's Work that are applicable to Tenant's repair obligations under the Lease. For purposes hereof, " **Landlord's CAD Format Requirements** " shall mean (w) the version is no later than current Autodesk version of AutoCAD plus the most recent release version, (x) files must be unlocked and fully accessible (no "cad-lock", read-only, password protected or "signature" files), (y) files must be in ".dwg" format, and

(z) if the data was electronically in a non-Autodesk product, then files must be converted into "dwg" files when given to by Landlord.

6. MISCELLANEOUS.

6.1. **Tenant Default** . Notwithstanding any contrary provision of this Agreement, if this Lease is terminated because Tenant defaults under this Tenant Work Letter before the Tenant Improvement Work is completed, then (a) Landlord's obligations under this Work Letter shall be excused, and Landlord may cause the Contractor to cease performance of the Tenant Improvement Work, until such default is cured, and (b) Tenant shall be responsible for any resulting delay in the completion of the Tenant Improvement Work.

6.2. **Landlord Approvals .** Whenever this Tenant Work Letter requires an approval, consent, determination, selection or judgment by either Landlord or Tenant, unless another standard is expressly set forth, such approval, consent, determination, selection or judgment and any conditions imposed thereby shall be reasonable and shall not be unreasonably withheld. For the purpose of this Tenant Work Letter, either party's requests for approval, consent, determination, selection or judgment shall be permitted by e-mail delivered to the following persons on behalf of the parties hereto:

" **Landlord's Representative** " is Todd Hedrick and Cameron Quistgard for Landlord at Todd_Hedrick@equityoffice.com and Cameron_Quistgard@equityoffice.com; and

" **Tenant's Representative** " is James Reimers for Tenant at JamesR@telenav.com and Doug Miller at DougM@telenav.com, or such other person(s) as Tenant may designate by delivery of written notice.

6.3 **Interference .** Landlord shall use commercially reasonable efforts to cause Landlord's Work to be performed in a manner that does not interfere with or delay Tenant's performance of the Tenant Improvement Work; provided, however, that Landlord shall not be required to delay performance of, or pay overtime rates for, Landlord's Work. Tenant shall use commercially reasonable efforts to cause the Tenant Improvement Work to be performed in a manner that does not interfere with or delay Landlord's performance of Landlord's Work.

6.4 **Substantial Completion Date .** For purposes of the Lease and, in particular, the determination of the Lease Commencement Date, the " **Substantial Completion Date** " shall mean the later to occur of the date that (a) the Tenant Improvement Work and the Landlord's Work has been "substantially completed" in the 920 DeGuigne Building and the 950 DeGuigne Building or (b) Tenant is legally permitted to occupy the 920 DeGuigne Building and the 950 DeGuigne Building, or any portion thereof (as evidenced by final inspection and sign-off by the City of Sunnyvale on the job card for the Tenant Improvement Work, or reasonable equivalent). As used herein, the term " **substantially completed** " or " **substantial completion** " with respect to Landlord's Work or the Tenant Improvements for any Building shall mean that (A) such work has been completed in accordance with the approved plans and specifications therefor and the terms of this Work Letter, except for (i) finishing details, decorative items, minor omissions, mechanical adjustments, and similar items of the type customarily found on an architectural punch-list, the correction or completion of which items collectively will not substantially interfere with Tenant's (or, if applicable, a Transferee's) occupancy and use of such Buildings (collectively, " **Punch List Items** "), and (ii) any trade fixtures, workstations, telecommunications or computer cabling or built-in furniture or equipment to be installed by Tenant (or, if applicable, a Transferee); and (B) Tenant (or, if applicable, a Transferee) is legally permitted to occupy the Building, or any portion thereof (as evidenced by final inspection and sign-off by the City of Sunnyvale on the job card for the Tenant Improvement Work, or reasonable equivalent). Notwithstanding the foregoing, if Tenant (or, if applicable, a Transferee) takes possession and commences business operations in any Building prior to the substantial completion of the Tenant Improvement Work or Landlord's Work, as the case may be, then the Substantial Completion Date shall be deemed to have occurred on the date Tenant (or, if applicable, a Transferee) commences business operations in such Building.

6.5 **Excusable Delay .** As used in the Lease, the term " **Excusable Delay** ", with respect to the Tenant Improvement Work, shall mean any actual delay in the Substantial Completion Date or the issuance of any government approvals required for occupancy of the Premises for Tenant's intended use, caused by (a) Landlord's failure to complete the Landlord's Work on or before the applicable Landlord Deadlines specified in Section 4.2 above, as the same may be extended in accordance with the terms of this Work Letter, (b) Landlord's failure to timely respond to Tenant's request for Landlord's consent, approval, or other action required for the Tenant Improvement Work within the time permitted by or in the manner required by this Tenant Work Letter, (c) wrongful interference with the Tenant Improvement Work by Landlord or its contractors, subcontractors, suppliers, agents, or representatives which is not corrected within one (1) business day following email notice to Landlord, (d) the presence of Hazardous Substances (other than Tenant Hazardous Substances) in, on or under the Premises in violation of Environmental Laws prior to the Substantial Completion Date, except to the extent such delay arises from

any negligence or willful misconduct of any Tenant Party; (e) a Taking; (f) any deficiency in the Required Delivery Condition as of the Premises Delivery Date; and (g) inclement weather, unforeseeable inability to obtain materials, general strikes and other causes beyond the reasonable control of Tenant (excluding a Casualty, which is governed by Section 5.1 above). If Tenant fails to give notice to Landlord of any delay in the Substantial Completion Date or the issuance of any government approvals resulting from the events described in clause (f) or (g) above (" **Unavoidable Delay** ") and the cause or causes thereof, to the extent known, within five (5) business days after obtaining knowledge of the beginning of the delay, the period of any Unavoidable Delay shall be reduced for the period of time prior to the delivery of such notice. In addition, the period of any such Unavoidable Delay shall also be reduced by any portion of such delay resulting from the failure of Tenant to act diligently and in good faith to avoid foreseeable delays in performance and to remove the cause of the delay or to develop a reasonable alternative means of performance within, in either case, two (2) business days following Landlord's reasonable request to take action that would prevent such delay.

6.6 **Acceptance of Possession .** Tenant's acceptance of possession of the Premises and Landlord's Work shall not waive any obligation of Landlord under this Tenant Work Letter or the Lease, except as expressly provided to the contrary.

6.7 **Landlord Default .** If Landlord does not pay any or all of the Allowance when due pursuant to this Work Letter, then Tenant may provide Landlord and any Security Holder of which Tenant has been given notice for such purpose with a written notice demanding payment. If Landlord fails to pay such Allowance [*****] , Tenant may, at its option, deduct any unpaid portion of the Allowance, [*****], from any payments due to Landlord for Rent under the Lease. [*****] Allowance amount shall be [*****] the payment of such Allowance amount was due from Landlord hereunder [*****] Tenant deducts such unpaid Allowance amount from Rent under the Lease. Notwithstanding the foregoing, if Landlord notifies Tenant in writing prior to the end of the Allowance Cure Period of reasonable objections to the request for payment by Tenant, then the parties shall use their diligent efforts to resolve such dispute as soon as possible thereafter, and no amount shall be deducted or offset pursuant to the foregoing provisions, so long as Landlord is continuing to reasonably dispute such matters in good faith.

[*****] Certain portions denoted with an asterisk have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT B-1

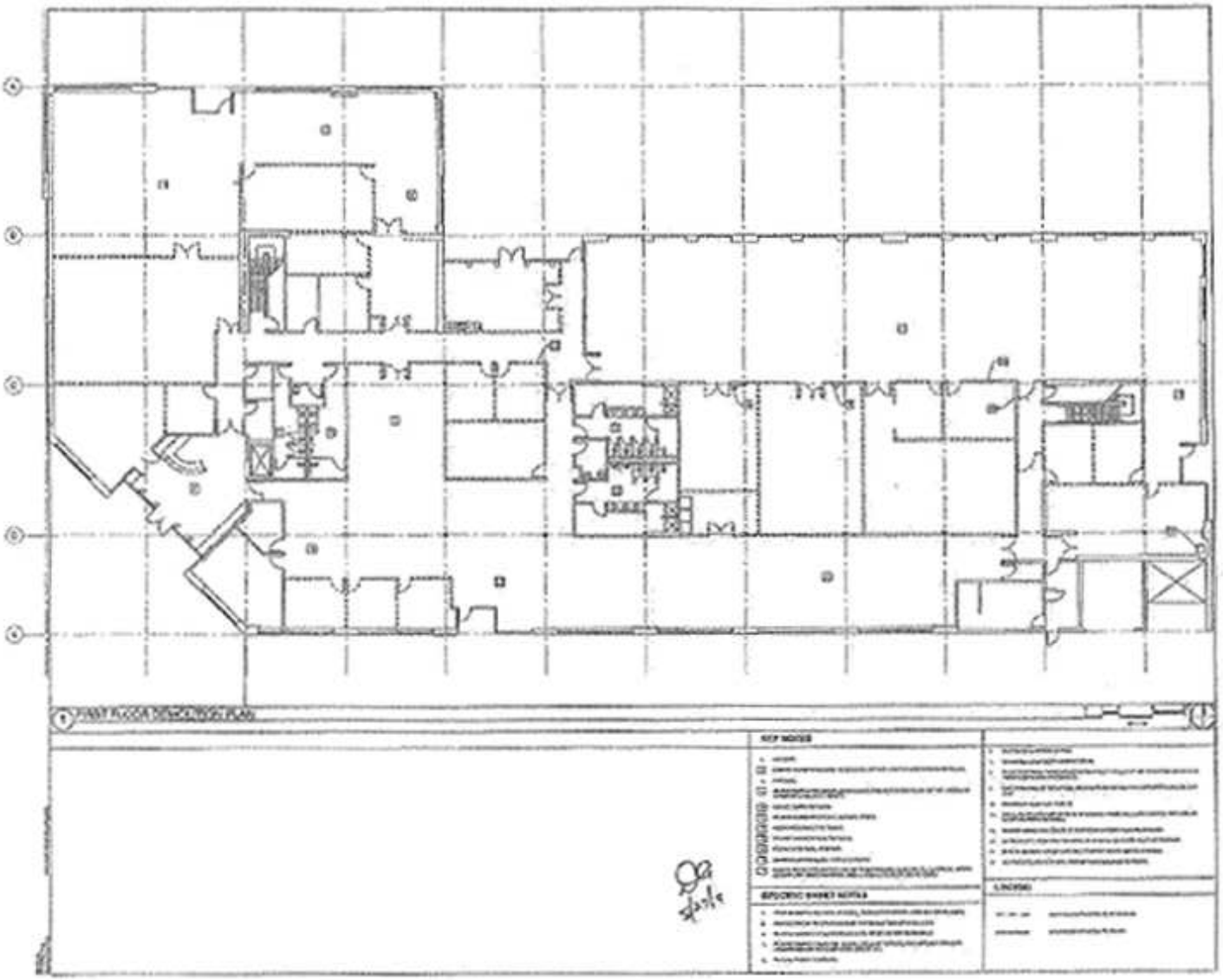
SUNNYVALE BUSINESS CENTER

LANDLORD'S WORK

See Attached

Demo at 920 & 930 DeGuigne Buildings

TeleNav (& LL) approved AAi drawings dated 5/26/11 (included on following pages):



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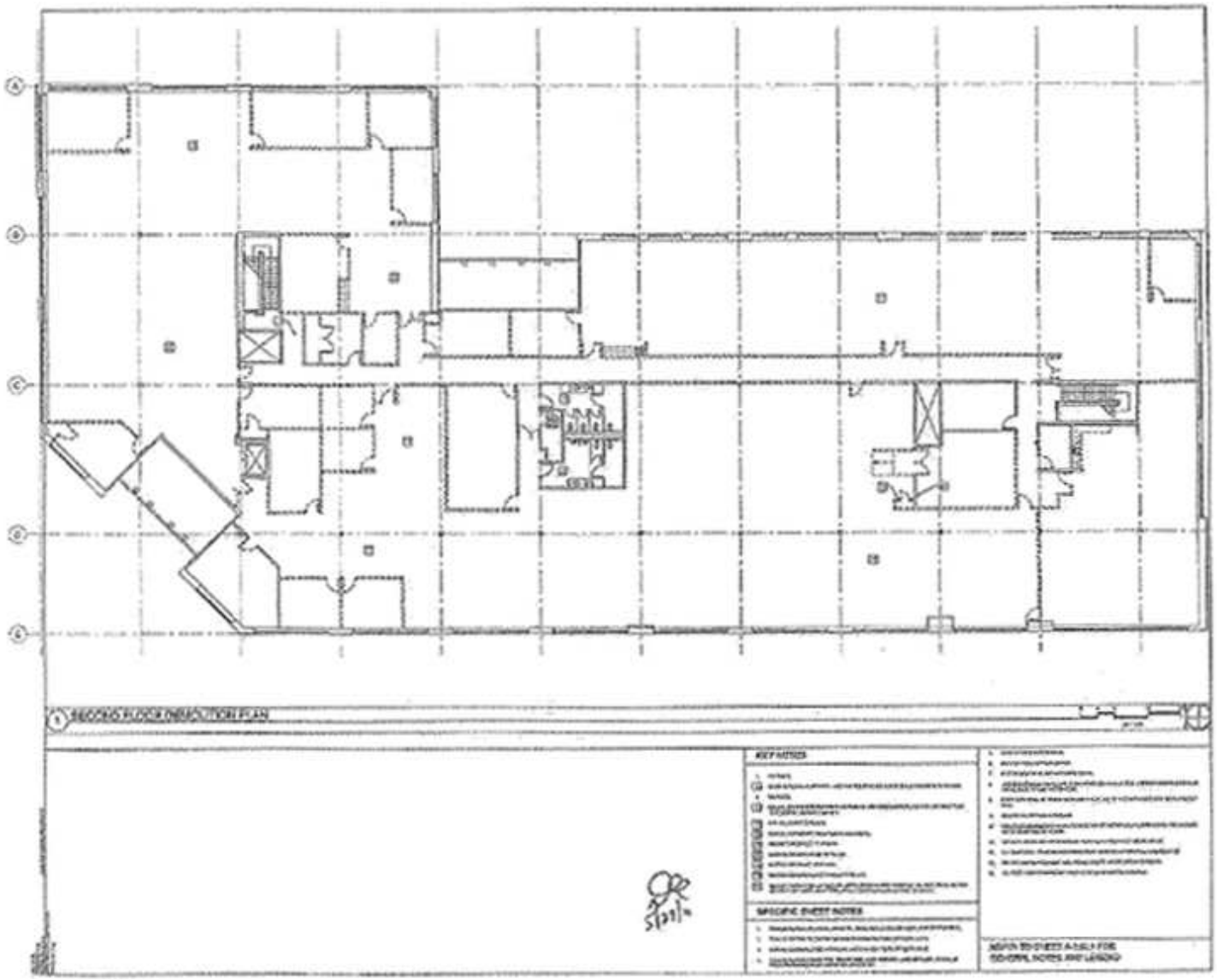
architecture • interior design

TELENAV

Equity Office

DEMOLITION PLAN
FLOOR 1

A-100.1



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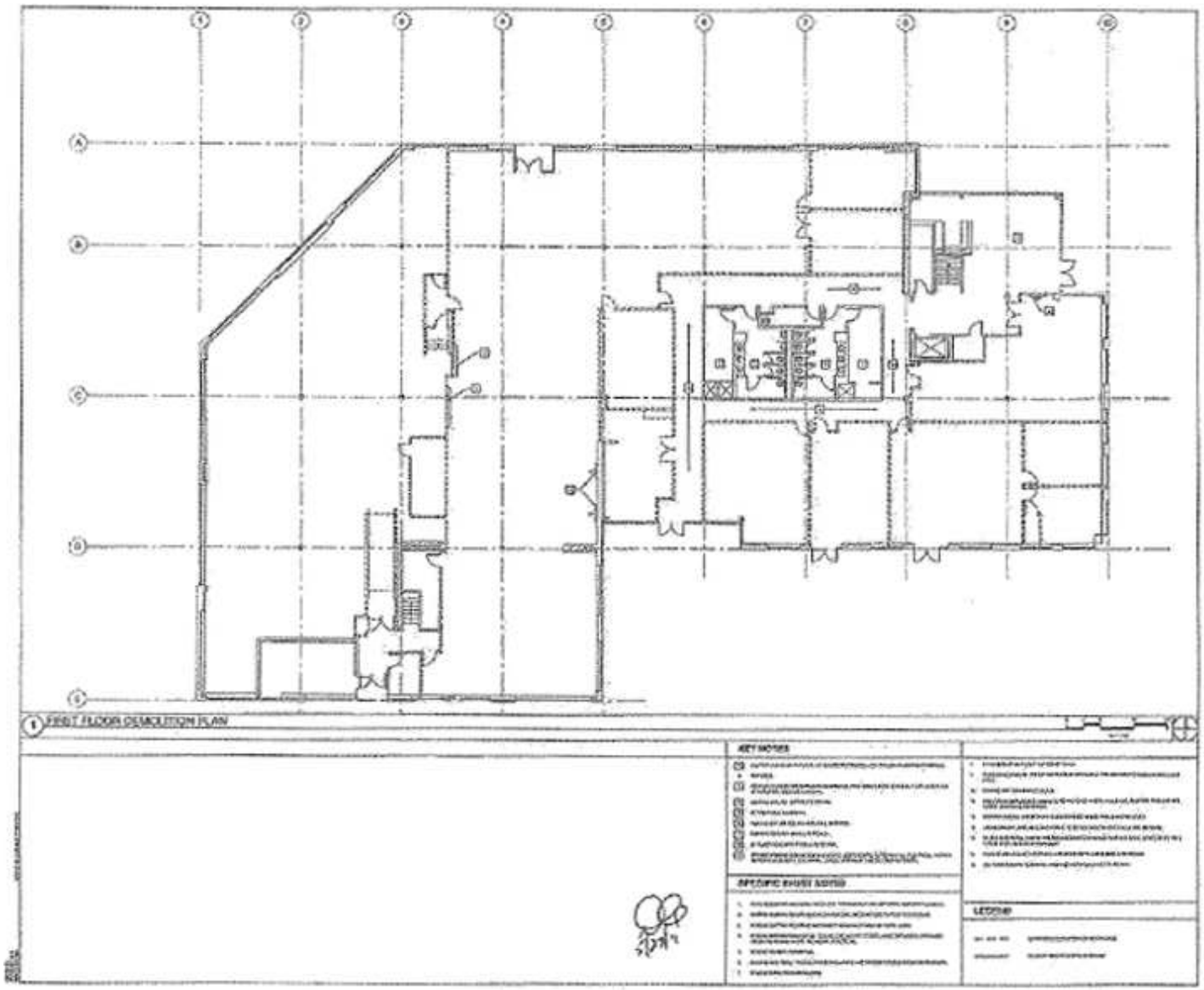
920 DE GUIGNE DRIVE
SUNNYVALE, CA

Equity Office

DEMOLITION PLAN
FLOOR 2

A-100.2



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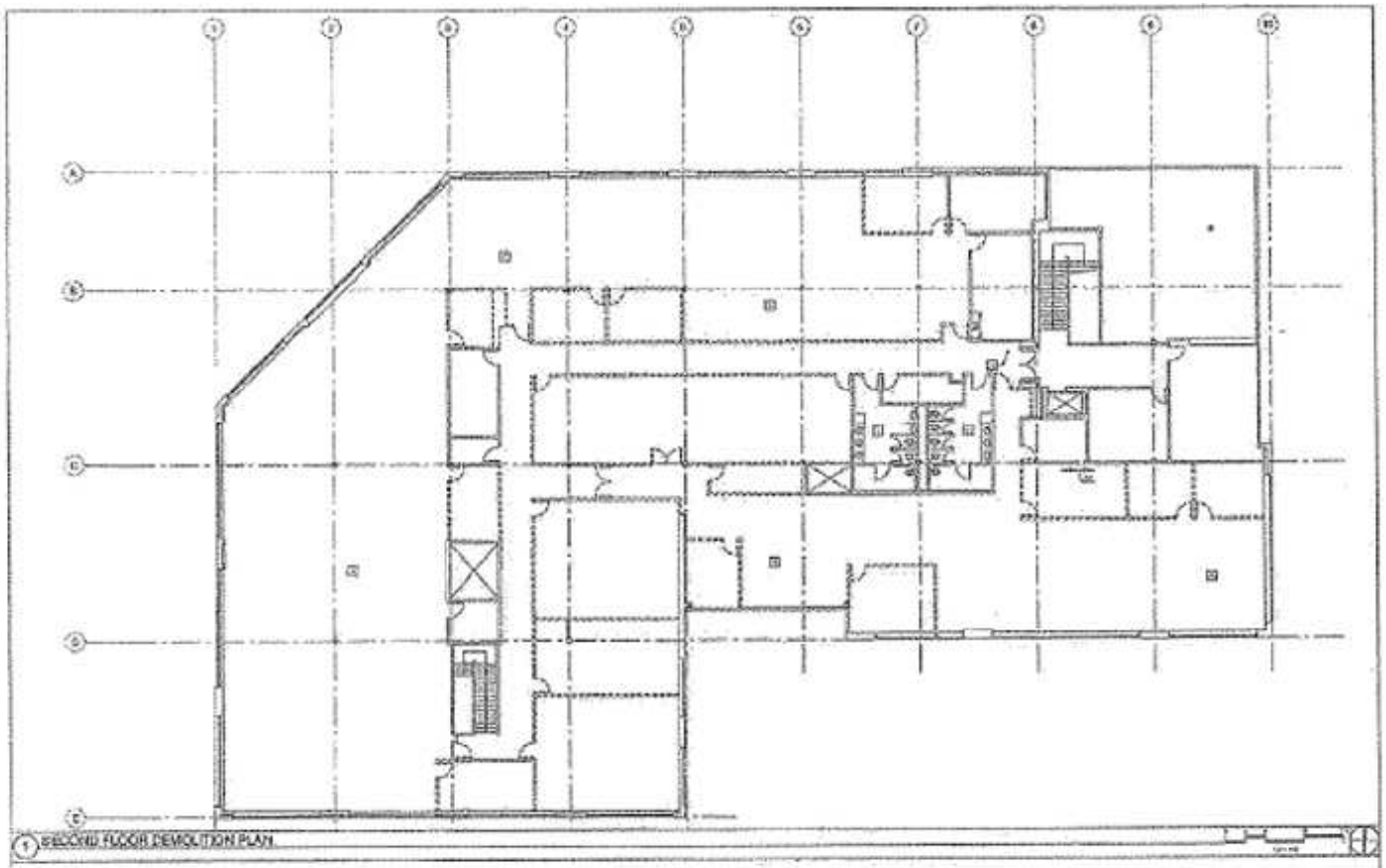
930 DE GUIGNE DRIVE
SUNNYVALE, CA

Equity Office

DEMOLITION PLAN
FLOOR 1

A-100.1



1 SECOND FLOOR DEMOLITION PLAN

KEY NOTES

KEYNOTE SHEET NOTES

REFER TO SHEET A-100.1 FOR GENERAL NOTES AND LEGEND

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930 DE GUIGNE DRIVE
SUNNYVALE, CA

Equity Office

DEMOLITION PLAN
FLOOR 2

A-100.2

Storefront Upgrades

Items below are from AAi drawings dated 6/3/11:

KEYED NOTES

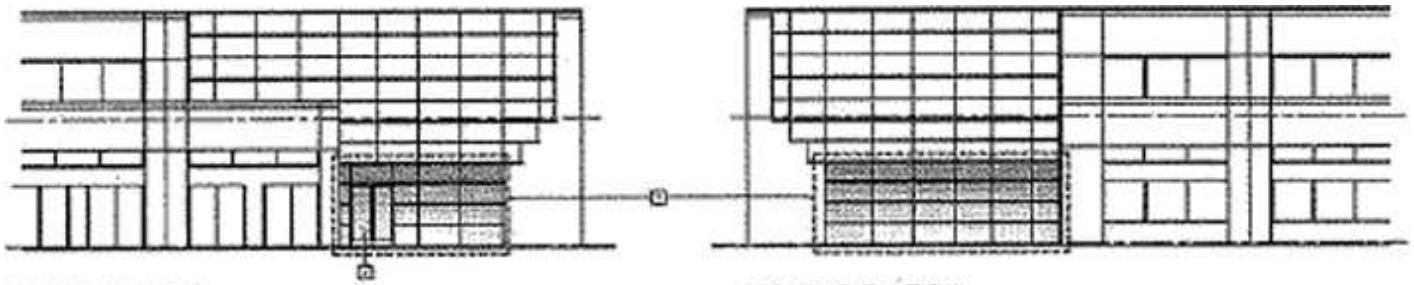
1 REPLACE EXISTING GLASS WITH PPG SOLARGRAY MONOLITHIC GLASS.
REPLACE EXISTING MULLION CAPS WITH CLEAR ANOD. ALUM. MULLION CAPS.

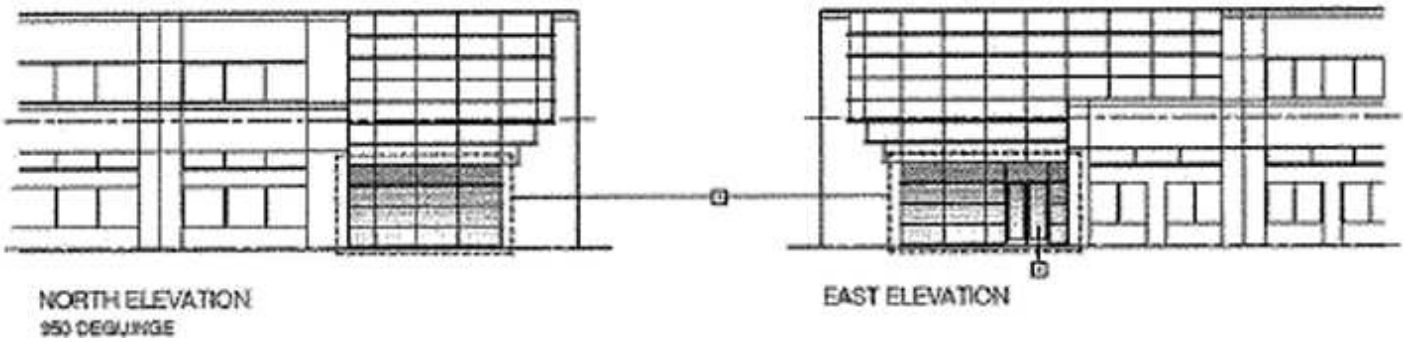
2 REPLACE EXISTING STOREFRONT ENTRANCE DOORS WITH CLEAR ANOD ALUM MEDIUM STILE ENTRANCE DOORS WITH PPG SOLARGRAY MONOLITHIC GLASS & ELECTRIFIED PANIC HARDWARE:

VON DUPRIN ELECTRICALLY UNLOCKED PANIC (STOREFRONT)

PAIR OF DOORS: 3547A-NL-EL w/ POWER TRANSFER HINGE & 3547A-EO), PROVIDE TRANSFORMER AND LINE ELECTRICAL POWER.

PULLS	ELMES	T3268-01-133, S.S. 31” LENGTH
CYLINDER GUARD	ADAMS RITE	MS 4043
CLOSER	DORMA	TS 93-1
THRESHOLD	PEMKO	2727





Basketball & Volleyball Court Upgrades

Basketball Court Upgrades – scope includes: re-striping of court in parking lot (area outlined in site plan below) & installation of two new basketball hoops.

Volleyball Court Upgrades – scope includes: re-sanding of court (area outlined in site plan below) & installation of new net.

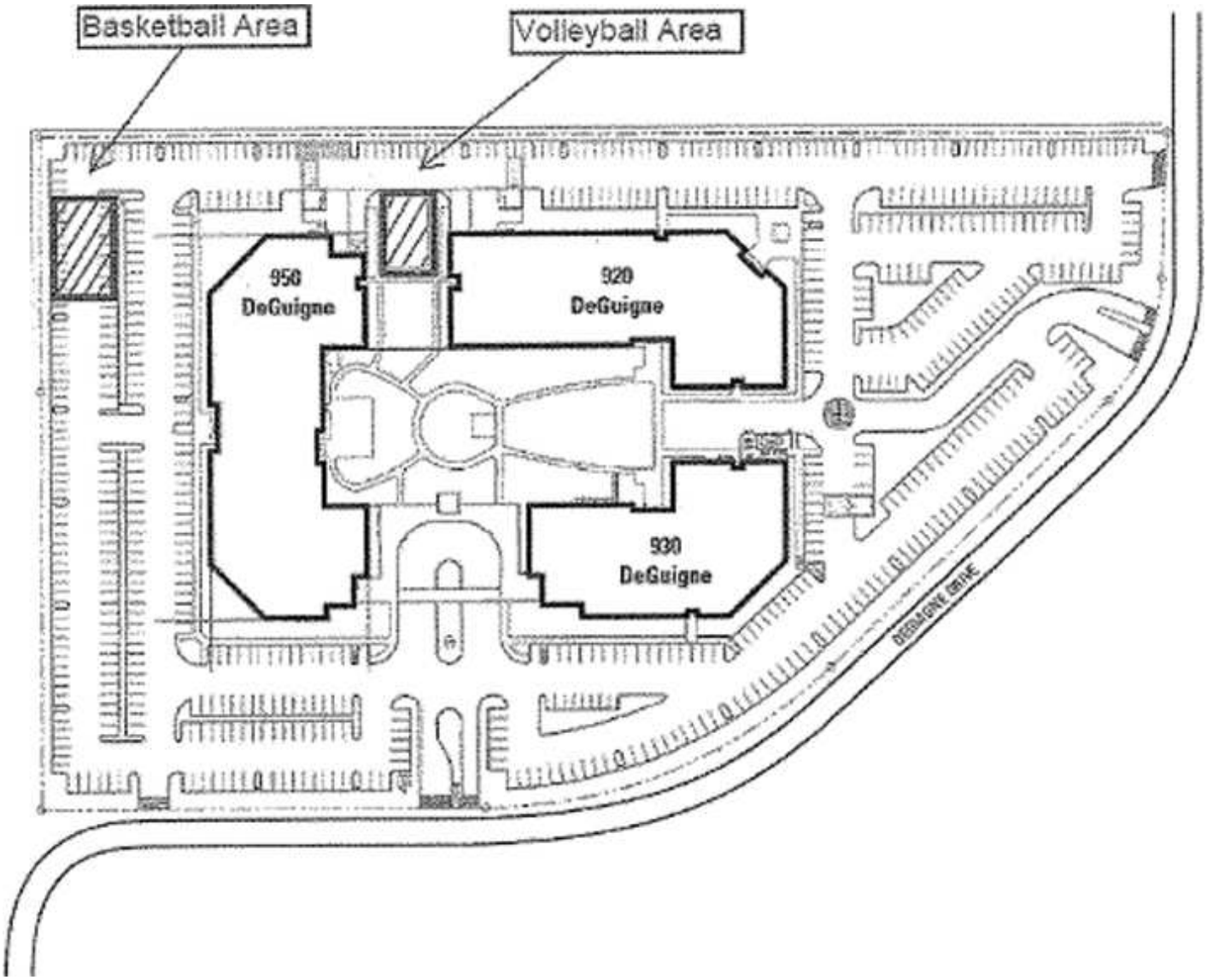


EXHIBIT B-2

SUNNYVALE BUSINESS CENTER

APPROVED SPACE PLAN

The following attached floor plans:

1. 920 DeGuigne Drive – Floor Plan – First Floor, prepared by AAI Architecture and Design, Sheet A-101.1 (Final Space Plan Revision: 06.03.11), approved by Tenant on June 6, 2011

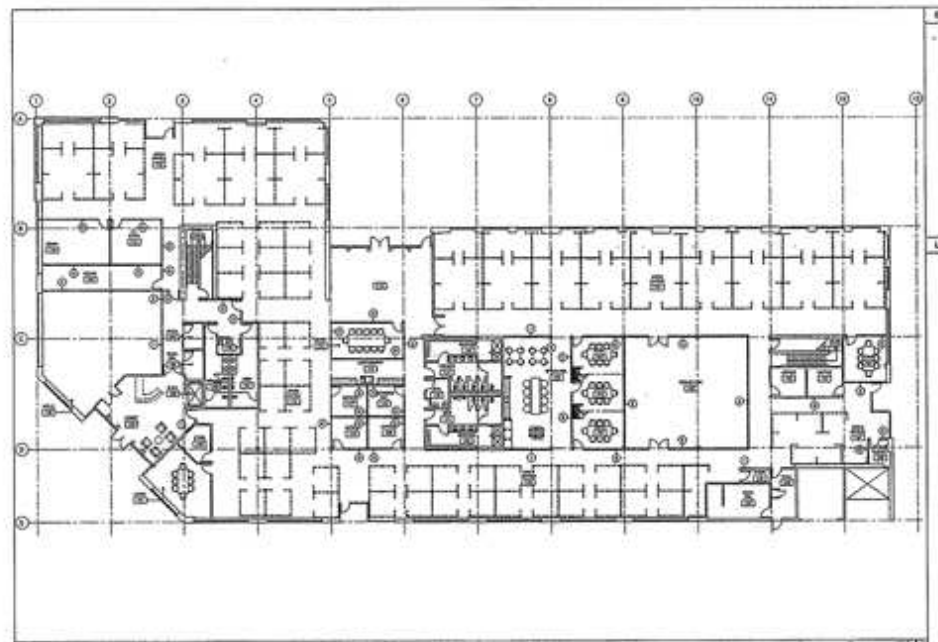
2. 920 DeGuigne Drive – Floor Plan – Second Floor, prepared by AAI Architecture and Design, Sheet A-101.2 (Final Space Plan Revision: 06.03.11), approved by Tenant on June 3, 2011

3. 930 DeGuigne Drive – Floor Plan – First Floor, prepared by AAI Architecture and Design, Sheet A-101.1 (Final Space Plan Revision: 06.03.11), approved by Tenant on June 3, 2011

4. 930 DeGuigne Drive – Floor Plan – Second Floor, prepared by AAI Architecture and Design, Sheet A-101.2 (Final Space Plan Revision: 06.03.11), approved by Tenant on June 3, 2011

5. 950 DeGuigne Drive – Floor Plan – First Floor, prepared by AAI Architecture and Design, Sheet A-101.1 (Final Space Plan Revision: 06.03.11), approved by Tenant on June 3, 2011

6. 950 DeGuigne Drive – Floor Plan – Second Floor, prepared by AAI Architecture and Design, Sheet A-101.2 (Final Space Plan Revision: 06.03.11), approved by Tenant on June 3, 2011



1 FLOOR PLAN-FIRST FLOOR

SPECIFIC SHEET NOTES

LEGEND

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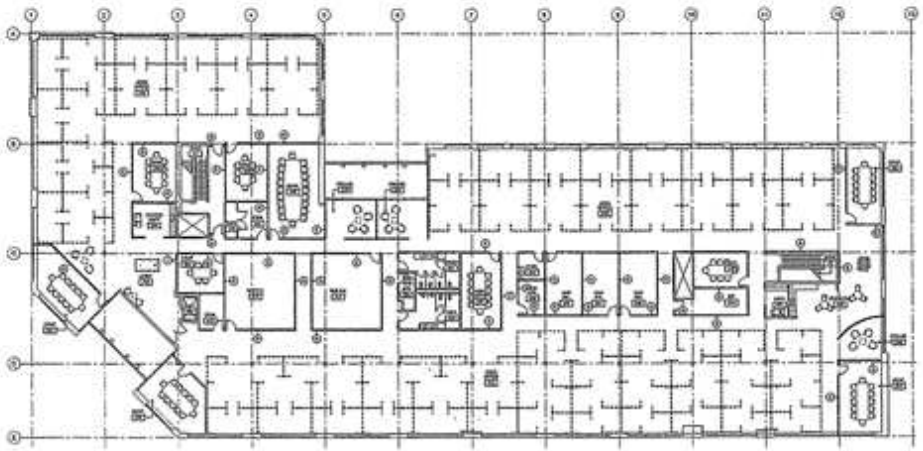
TELENAV
920 DE GUIGNE DRIVE
SUNNYVALE, CA

Equity Office

6.6.11

FLOOR PLAN-
FIRST FLOOR

A-101.1



1 FLOOR PLAN-SECOND FLOOR

REFER TO SHEET A-101.1 FOR NOTES AND LEGEND

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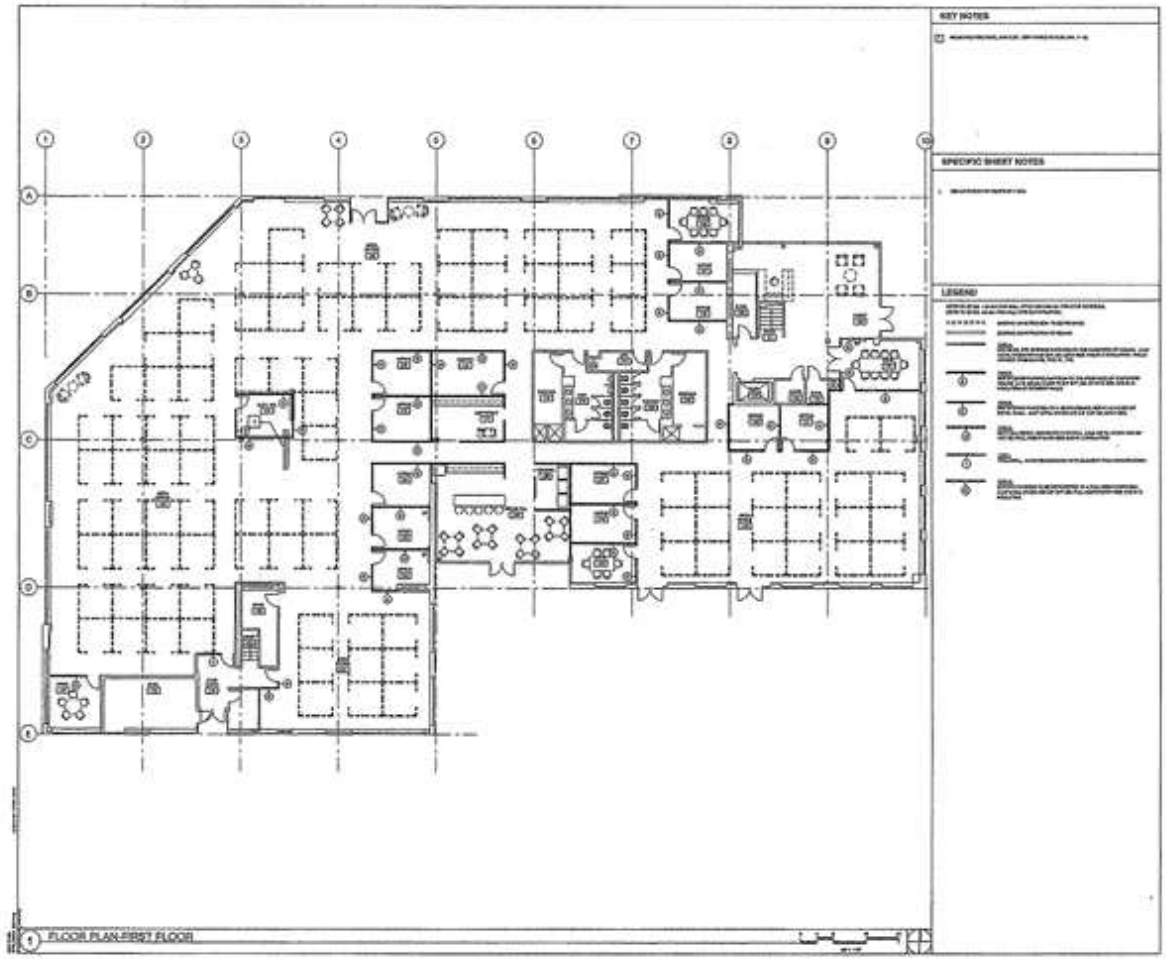
920 DE GUIGNE DRIVE
SUNNYVALE, CA

Equity Office

FLOOR PLAN-
SECOND FLOOR

A-101.2



aai
architecture + interior design

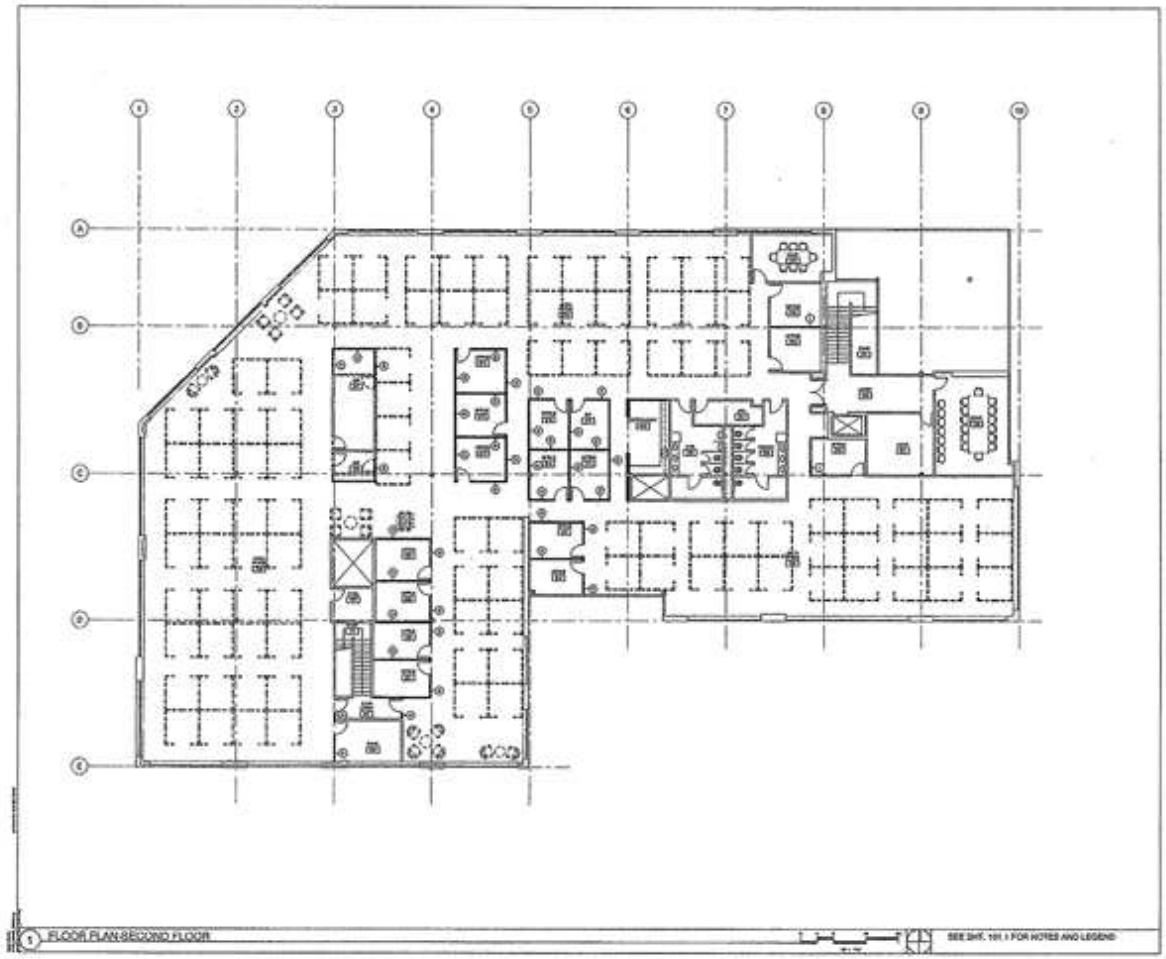
TELENAV

930 DE GUIGNE DRIVE
SUNNYVALE, CA

Equity Office

FLOOR PLAN-
FIRST FLOOR

A-101.1



1 FLOOR PLAN-SECOND FLOOR

SEE SHT. 101.1 FOR NOTES AND LEGEND

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1824 The Alameda
San Jose, California 95126
main 408.241.8800 fax 408.241.8811

4301 Hacienda Drive, Suite 450
Pleasanton, California 94588
main 925.463.3636 fax 925.847.7710

www.aaidesign.com

TELENAV

930 DE GUIGNE DRIVE
SUNNYVALE, CA

Equity Office

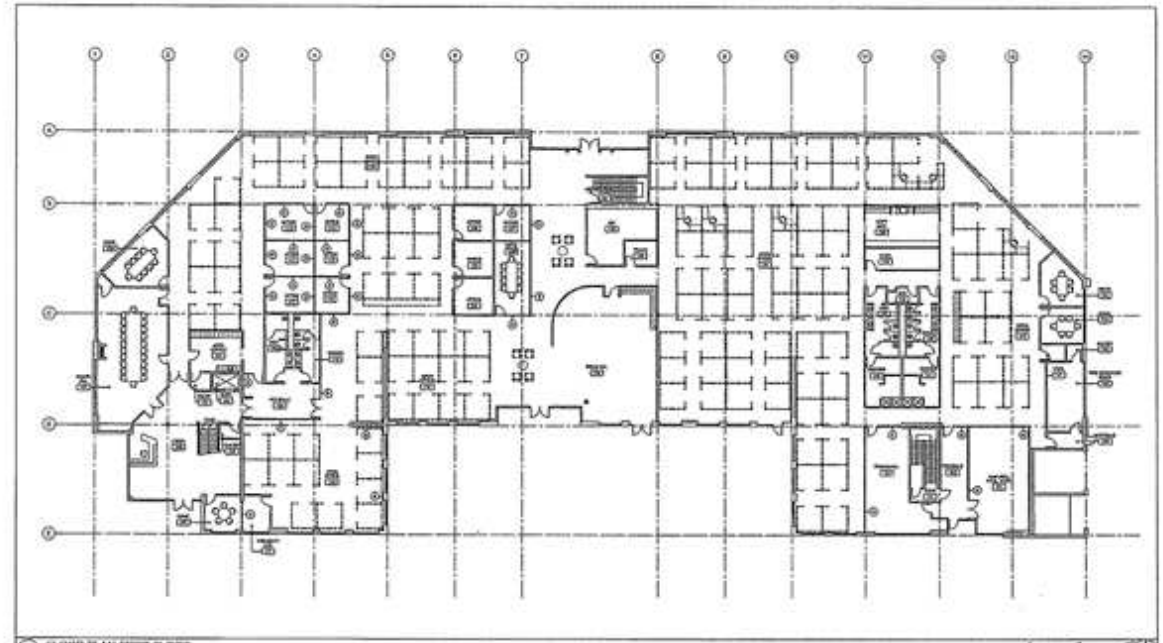
NO.	DATE	DESCRIPTION	BY
	03.05.11	ISSUE PLAN	HL
	03.11.11	ISSUE PLAN	HL
	04.08.11	ISSUE PLAN	MSH
	04.08.11	ADDENDUM #1 PLANS	MSH
	04.08.11	ADDENDUM #1 PLANS	MSH
	05.04.11	PERMIT PLANS	MSH
	05.06.11	ISSUE PLANS	HL
	06.06.11	ISSUE PLAN REVISIONS	HL

6-3-11

FLOOR PLAN-
SECOND FLOOR

PROJECT NO. 0742
DATE 06.06.11

A-101.2



1 FLOOR PLAN-FIRST FLOOR

LEGEND

SPECIFIC SHEET NOTES

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1551 The Alameda
San Jose, California 95126
main 408.297.0699 fax 408.297.0811

4301 Hacienda Drive, Suite 450
Pleasanton, California 94588
main 925.443.3070 fax 925.847.9714

www.aaidesign.com

TELENAV

950 DE GUIGNE DRIVE
SUNNYVALE, CA

Equity Office

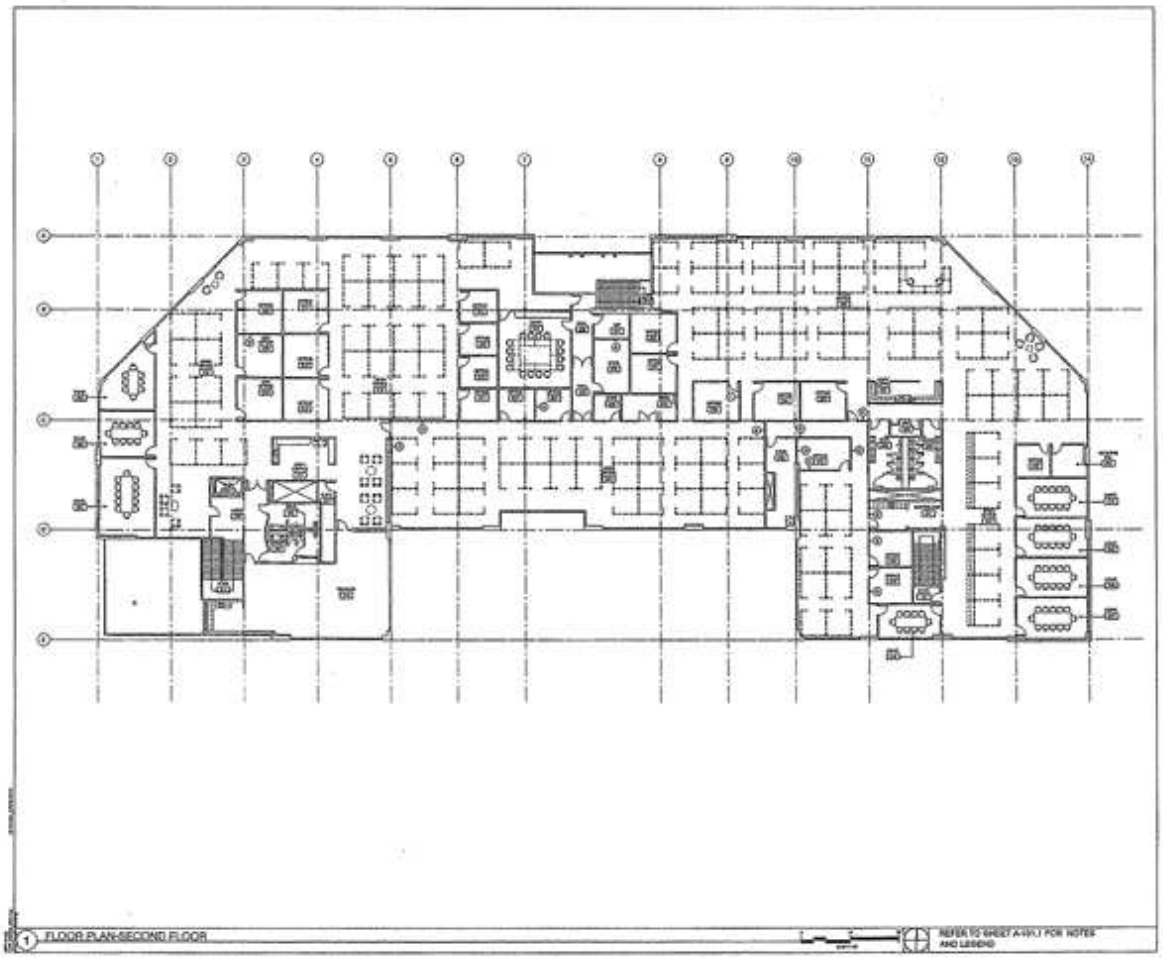
NO.	DATE	DESCRIPTION	BY

6-3-11

FLOOR PLAN-
FIRST FLOOR

PROJECT NO. DRAWN
BY

A-101.1



1 FLOOR PLAN-SECOND FLOOR

REFER TO SHEET A-001 FOR NOTES AND LEGEND

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950 DE GUIGNE DRIVE
SUNNYVALE, CA

Equity Office

FLOOR PLAN-
FIRST FLOOR

A-101.2

EXHIBIT B-3

SUNNYVALE BUSINESS CENTER

LANDLORD'S CONSTRUCTION RULES

See Attached

Equity Office

Building Standards for: Triple Net

Sunnyvale Business Center - 920, 930 & 950 De Guigne Drive, Sunnyvale, CA 94085
(EOP No. 11020)

May 11, 2011

Building Contact Information

Senior Property Manager:	Phone:	408.487.4107
Helaine Adams	Fax:	408.451.4450
	E-mail:	Helaine _adams@equityoffice.com
Chief Engineer:	Phone:	408-487-4156
Anthony Adams	Fax:	408-451-4450
	E-mail:	Anthony _adams@equityoffice.com

Project Data

- Occupancy Type: Confirm with Equity Office and/or the Building Architect
- Fire Protection: Confirm with Equity Office and/or the Building Architect
- Construction Type: Confirm with Equity Office and/or the Building Architect
- Number of Stories: Confirm with Equity Office and/or the Building Architect
- Basic Construction: Confirm with Equity Office and/or the Building Architect

General Structural Information

- Design Live Load (psf)

  Architect to confirm all loading and structural requirements with the Building Structural Engineer
- Special Conditions: Confirm with Equity Office and/or the Building Architect
- Building Architect: To be confirmed with Equity Office
- Structural Engineer: To be confirmed with Equity Office

Preferred and Mandatory Use Vendors

- The following preferred and mandatory use vendors/subcontractors shall be contacted in regards to their disciplines for any projects within the building.

NOTE: The Contractor may suggest other sub-contractors than those listed as "Preferred". Any proposed substitution must be approved by Building Management PRIOR to bid

- EMS: **Mandatory use**
  Airco Automation, LLC, (707) 746-5693
- Fire Alarm Panel / Fire Life Safety: **Mandatory use**
  Cintas Fire Protection, (800) 710-5710
- Locks, Keys, Hardware: **Mandatory use**
  Industrial Lock Services, 2255 Middlefield Way, Mountain View, CA 94043 (650) 961-5544
- Roofing: **Mandatory use**
  Environmental Roofing, 15015 Los Gatos Blvd., Los Gatos, CA 95032 (408) 358-5360
- Security Access (Base Building): **Mandatory use**
  Prior to occupancy please contact Property Management
- HVAC: **Mandatory use***
  Western Allied Mechanical, 1180 O'Brien Drive Menlo Park, CA 94025 (650) 326-0750
  *For 1 year after occupancy
- Electrical:
- LL to approve Tenant Vendor
- Plumbing:
  LL to approve Tenant Vendor
- Fire Sprinkler: **Mandatory use**
  Cintas Fire Protection, (800) 710-5710

Elevator: **Mandatory use**
Schindler-1(.800)225.3123

Landscaper: **Mandatory use**
ValleyCrest Landscape Service- Contact Property management with issues

Fountain: **Mandatory use**
Contact property Management with issues

Pest Control: **Mandatory use**
Exterior only – contact Property Management with issues

T ENANT / CONTRACTOR ACKNOWLEDGMENT

ON BEHALF OF THE TENANT AND CONTRACTOR NAMED BELOW AND AS THEIR RESPECTIVE AUTHORIZED REPRESENTATIVES, HE UNDERSIGNED HEREBY ACKNOWLEDGE RECEIPT OF THE ATTACHED BUILDING STANDARDS AND AGREE TO COMPLY THEREWITH. TENANT AGREES THAT IT IS TENANT'S RESPONSIBILITY TO DISTRIBUTE COPIES OF THESE BUILDING STANDARDS TO THE ALL CONTRACTORS AND ALL SUBCONTRACTORS BEFORE ANY WORK COMMENCES AT THE PROJECT. IT IS UNDERSTOOD THAT TENANT AND THE UNDERSIGNED CONTRACTOR WILL BE HELD JOINTLY AND SEVERALLY RESPONSIBLE FOR THE COST OF ANY CLEAN UP, CHANGES, OR OTHER LOSS, DAMAGES OR EXPENSES THAT RESULT FROM THE FAILURE OF CONTRACTOR AND/OR AND/OR SUBCONTRACTORS, TO COMPLY WITH THESE RULES.

CONTRACTOR

BY

DATE

TENANT REPRESENTATIVE

BY

DATE

Construction Specification Institute Index

Division 1 — General Requirements

01100 Summary

- In the event that Drawings and Specifications are provided along with these Building Standards for project bidding, in the event of conflict between the Drawings and Specification and the Building Standard, the Drawings and Specification will take precedent over the Building Standards
- Relative to the use of these Building Standards and existing conditions encountered in any space, when improvement Plans and Specifications are not provided and Building Standards indicate finishes and material specifications (for example doors/frames/ hardware, lighting fixtures etc) that do not match existing conditions within the space to be improved, the Contractors are required to list the differences and request direction from Equity Office prior to proceeding.
- When the Contractor provides pricing for the work, the Building Standards shall apply for all new work unless otherwise directed by Equity Office.
- When the Architect provides Plans and Specifications, the Building Standards shall apply for all new work unless otherwise directed by Equity Office.
- For Mechanical, Electrical, Plumbing, Fire Alarm and Fire Protection improvements, these Building Standards will apply unless directed otherwise by Equity Office
- It is the responsibility of the general contractor and the appropriate subcontractors to familiarize themselves with existing conditions, and to ascertain the complete scope of the mechanical, electrical, fire life safety, structural and plumbing work - including specific requirements, capacities and specifications required to execute this project in accordance with design intent.
- Certificate of Insurance: Any company or person who may be furnishing labor or services for the Project shall have a certificate of insurance on file with the Equity Office building office, evidencing insurance coverage’s required by the Lease or otherwise satisfactory to the Landlord, and naming the landlord, Equity Office Management, L.L.C. and any other parties required by the landlord as additional insured before work starts.
- Contractors to field verify all dimensions and requirements. Report all discrepancies or omissions to Equity Office.

- Structural design and calculations shall be provided for all hanging equipment exceeding 200 pounds showing attachments to the building structure and bracing requirements. Provide stamped and wet signed structural design and calculations for all elements as required by Code.
- Copies of permits must be submitted to Equity Office prior to starting any job.
- Hot work Permit:
    - The use of Hot Work Permits will be enforced on all projects. All Hot Work will require a permit administered by the Chief Engineer of the building. Contractor is to review all requirements with Building Management prior to the start of work
    - Hot work includes any Welding, Brazing or Soldering.
    - No Hot Work can take place in any area of a building that the fire sprinkler system has been impaired.
- As required by code, for all elevated work Contractor shall comply to the Construction Safety orders in Article 24 of the California Code of Regulations Title 8.
- Contractor must provide and shall have onsite the MSDS sheets for the materials they use on the project and provide copies of these in the close-out package.
- Stamped structural calculations confirming ability of floor to carry significant loads such as high-density storage, large file banks, batteries, etc shall be submitted for review and approval for all projects.
- Asbestos Containing Material (ACM) shall NOT be used or installed in any form. **NO EXCEPTIONS**
- Contractor is to coordinate with Equity Office on obtaining PG&E and other potential rebates incentive (if applicable), prior to demolition. Contractor shall be responsible to contact Equity Office and review possible rebates
- Contractor is requested to include in their bids any alternates which will save energy or useful life of equipment for consideration by Equity Office.
- Low VOC Emitting Materials
    - All adhesives and sealants must meet or exceed Bay Area Air Quality Management District's requirements for VOC emissions. Phenol or melamine formaldehyde adhesive shall not be used
    - Paints and coatings must meet or exceed VOC & chemical component limits of Green Seal requirements
    - Carpet systems must meet or exceed Green Label indoor Air Quality recommendations
    - Composite wood and resin fiber products must contain NO added urea-formaldehyde. Phenol or melamine formaldehyde adhesive shall not be used

01300 Administrative Requirements

- **Modifications to building shell and exterior** : Changes to the building shell and any exterior tenant improvements (including the building and all lease areas) are subject to Landlord's express written approval. Tenants are responsible for obtaining all required public works, building and planning approvals for such changes, copies of which shall be provided to Equity Office
- Contractors are strictly advised that no attachment of any building materials directly to the exterior curtain wall will be allowed. Should the contractor discover any such details in the architectural drawings, whether explicit or implied, they are to be immediately brought to the attention of Landlord and appropriate modifications to such drawings will be required

- Any Building Standard features modified as a result of landlord approved tenant improvements are to be restored to building standard by tenant upon vacating the premises at the direction of Landlord.
- **Review and Approval:** Drawing shall be reviewed by Equity Office at the end of TI Schematic Design and also when Final TI Construction Documents are completed. Tenant shall provide such drawings to Equity Office sufficiently in advance to permit Landlord to provide written at each stage. Equity Office' comments shall be incorporated into the TI designs prior to the commencement of TI construction and revised copies of the design documents shall be provided to Equity Office for further review and/or approval. A set of TI Construction Documents as finally approved by Landlord will be provided to Equity Office.
- Private offices and conference rooms built-out on the perimeter glass line shall be on mullion and column module. Landlord shall have approval rights on all proposed layouts
- Where "Design-Build" specifications are used, Equity Office will review, comment on and approve all design build plans and specifications provided by the design-build contractor prior to construction and appropriate modifications to plans and specifications shall be made.
- The Property Manager, Regional Engineering Director and the Chief Engineer will be included in the approval process regarding Hardware, Structural, Electrical, Mechanical, Plumbing, Fire Life Safety.
- Any costs associated with "Above Standard" items are the tenant's responsibility.
- Landlord may substitute other materials, at Landlord's sole discretion, for specified materials depending on the availability of materials at the time of construction.
- Tenant shall provide improvements to the common corridors and the elevator lobby (corridor and elevator lobby on which Tenant's Premises is located) if necessitated by the work.

Inspection and Acceptance: Tenant Initiated Projects, and as applicable for Equity Office contracted projects

- TI specifications shall include a requirement that the Tenant and TI Contractor cooperate with Equity Office in the review and acceptance of the TI during the completion of construction as follows:
    - TI construction may be reviewed by an Equity Office representative at intervals appropriated to the course of the work and the size of the TI project. The TI designer shall normally be present at such reviews.
    - When TI work is substantially complete a Equity Office representative will accompany the TI designer on a walk-through of the work to ensure the completion of the TI work in accordance with the approved design
    - Equity Office must be furnished with a Certificate of Substantial Completion provided by the TI designer with correction list items noted.
    - The Tenant will cooperate with Equity Office and it representatives in any required follow up to confirm the completion of correction list items.
    - Mechanical, Electrical and Structural Plans must to be signed by P.E. (or engineering discipline as required by the City) before submission for Landlord approval

Project Record Drawings, warranties and instructions

- Contractor to provide closeout As-builts, O&M Manuals and close out documents in a labeled binder in accordance with the check list provided at the end of these specifications
- AutoCAD" files requirements:

- Provide files in both (1) the latest addition of Autodesk version of AutoCAD in which the engineers and the designer and/or Architects are currently using **plus** (2) saved in the release of Autodesk version of AutoCAD which is currently being used by Equity Office.
- The Contractor is responsible to confirm which version of the AutoCAD is being used by Equity Office prior to submitting the AutoCAD files
- Files must be unlocked and fully accessible. No "cad-lock" read-only, password protected or "signature" files.
- Files must be in ".dwg" format.

- If the data was electronically in a non-Autodesk product, then files must be converted into "'dwg" files when given to Equity Office.
- Contractor shall maintain a set of record drawings showing all changes made to the design during the course of construction which shall be delivered to Equity Office upon final completion of the TI.
- The contractor shall provide (1) one hard copy and (2) Electronic Copy on a CD of the following close out documentation.
  - Record As-builts drawings for all disciplines, reproducible AND in AutoCAD version noted above
  - Original Permit Card(s) with final sign-offs by all applicable inspectors (Building, Fire etc)
  - Warranties and Guarantees
  - One complete set of detailed operating and maintenance instructions and spare parts lists.
  - Provide air balance and final air balance report for entire suite.
  - Electronic version of MEP trade as-built drawings
  - A copy of the permit with final sign-off from the each trade inspector including Building Final must be submitted prior to final payment.

Training

- Contractor shall provide training for Equity Office engineering personnel or tenant on all installed systems. Training shall be provided by the Sub-contractor and equipment Manufacture Representative on major equipment. Training shall be scheduled to occur promptly after but in no event before, the submittal of all close out documentation.

01400 Quality Requirements

Code Compliance

- Construction must comply with all codes, ordinances and regulations applicable to the TI design and construction. The Tenant or Contractor must provide Equity Office with a copy of the Certificate of Occupancy and/or inspection sign-off prior to occupying the TI's.

Codes and Regulations

- All work shall comply with the latest edition of all applicable codes and regulations. In the event of any conflict between two or more applicable codes, the code requiring the higher-quality or more complete installation shall govern
- Contractor shall be responsible to comply to all regulations of OSHA and CAL-OSHA

01500 Temporary Facilities and Controls

General clean-up

- Contractor shall coordinate with Building Management for the placement of dumpsters. Dumpsters shall not be allowed to overflow. The area around the dumpster will be swept clean at all times.
- All areas outside the area under construction will be kept clean and clear of all debris, building materials, and equipment at all times.
- Contractor will keep the interior construction area clean, organized and safe at all times.
- Contractor is responsible for keeping lobby and corridor carpeting protected from tracking dry wall dust, etc. If self stick visqueen carpet protection is utilized, protected carpets must be cleaned at the completion of the project
- If cleanup is inadequate at any time, Landlord may accomplish cleanup and deduct or charge cost thereof from amount of contracts.
- Upon completion of work, immediately remove from the premises all surplus materials, tools, equipment, rubbish and debris resulting from the work

Asbestos Containing Material (ACM) Testing

- Demolition/new construction will be subject to Asbestos Containing Material (ACM) testing for all materials which are to be demolished in accordance to State and Federal requirements. Consultant specified by the Landlord shall be used for testing.

Indoor Air Quality

- Meet the minimum requirements in ASHRAE 62
- Cover all intakes and/or return air for building mains with Merv 8 or 30% ASHRAE filters
- Shut off and secure all HVAC equipment that supplies the area of construction. Close off all open medium pressure ducting.

Noise control

- Unless approved in writing by the Landlord, Contractor will not perform construction involving loud noises during normal building hours of operations. Building Management will provide a complete list of Building Rules and Regulations to Contractor prior to start of construction, and Contractor shall comply at all times with such Building Rules and Regulations
- Unless approved in writing by Landlord, all demolition, stocking, off haul, core drilling, rotor hammering, powder actuated fastening, and tack strip installation for construction purposes to be performed after hours. All other noise levels to be kept at a minimum during the business day. Refer to the Rules and Regulations for further requirements
- Contractor shall not play radios at any time

Cutting and Patching

- Do not cut-and -patch structural work in a manner resulting in reduction of load carrying capacity or load / deflection ratio; submit proposed cutting and patching to Equity Office for structural approval before proceeding.
- Do not cut-and-patch operational elements and safety-related components in a manner resulting in reduction of capacities to perform in manner intended or resulting in decreased operational life, increased maintenance, or decreased safety.
- Do not cut-and-patch work which is exposed on exterior or exposed in occupied space of building, in a manner resulting in reduction of visual qualities or resulting in substantial evidence of cut-and-patch work, as judged solely by Equity Office.
- Remove and replace work judged by Equity Office to be cut-and-patched in a visually unsatisfactory or otherwise objectionable manner. Provide materials for cut-and-patching which will result in equal-or-better work than work being cut-and-patched; in terms of performance characteristics and including visual effect where applicable.
- Use materials identical with original materials where feasible and where recognized that satisfactory results can be produced thereby.

Demolition:

- Contractor is to target recycle or salvage at least 50% (by weight) or construction, demolition and land clearing waste, or as required by local jurisdiction, whichever is greater
- Contractor is to coordinate with Building Management on the building requirements for demolition procedures, access, trash removal and placement of containers etc.
- In the area where construction is being done, protection will be put down on all carpeted or finished floors and walls in corridors, lobbies, and areas leading to exits if required. All passenger elevators serving area for demolition and construction are to be properly sealed against dust, debris and damage with pads, visqueen and masonite, plywood or plastic panels, including car and floor doorframe. Contractor to review protection plan with Building Management prior to start of work
- Contractor shall be responsible for damage caused by failure to put down appropriate protective surfaces
- If work is required on the roof, protection of all roof surfaces is to be done as needed to protect the roof membrane. Contractor will be responsible for restoration of any damage to the roof
- Contractors shall supply fire extinguishers on job site while construction is in progress.

- Contractor shall install and maintain frame and filters over return air duct (as pre-filter) in space served by air conditioning unit. Smoke detectors also must be disabled while demolition is in progress and covered, and returned to service prior to the contractor leaving the job site at the end of each day. After completion of TI work a sensitivity test will be performed on life safety system and cleaned as needed at tenant or Contractors sole expense.
- All unused telephone & communication cable to be removed from ceiling. Care shall be taken to identify and protect any cabling which is currently active and is to remain.
- Contractor must take caution and use all appropriate protective measures not to demo or otherwise adversely affect the operation of the existing Fire/Life/Safety system or Energy Management system devises or their conduits
- Equity Office reserves the right, but shall not be required to keep any demolished material, such as, but not limited to doors, hardware, glazing, electrical fixtures, etc. Contractor shall clarify with Equity Office prior to bid on what material is to be salvaged

Core Drilling and Saw Cutting:

- Core drilling and trenching of the floor slabs are subject to the approval of Building Management.
- All slab on grade, structural slabs, and post tension slabs shall be scanned or x-rayed prior to any core drilling or trenching activity
- When saw cutting the floor slab, or multiple cores are necessary Contractor is to obtain a detail for repair from the Structural Engineer. Plastic vapor barrier is to be placed in the trench and sealed to the sides before re-pouring.
- This work to be done after building hours and only with permission of Building Management.
- All cores that penetrate demising walls and floors must be fire caulked or sealed

Move in Requirements:

The following are move in requirements to follow when moving into an Equity Office building. Prior to move in, the Tenant's move in supervisor is required to meet with the Building Management to review scope of job.

- All floors must have protection from damage due to carts or hand trucks (example: masonite, plywood, etc). Material shall be in good condition, not broken or split so that wood chips and debris are not left on the floor.
- All walls and corners to delivery location must be protected with cardboard or equal material.
- Mover must use the building entrance which has been identified by the Building Management
- All movers/furniture installers must use elevator that has been designated for move (elevator with moving pads). Key provided for independent use only, **doors should not be held open manually.**
- All doors in mover's/furniture installer's path must be propped open only with rubber doorstops. (No cardboard, metal, rock, etc)
- After hours access card and elevator key shall be picked up in advance, especially in the case of early morning or weekend moves. Card and key shall be returned to Equity Office promptly upon completion of move in.
- Day before move walk through shall be performed to note any prior for which Tenant will not be held liable.
- Please report promptly any damage done by mover's/furniture installer's to Building Management staff.
- Clean up of all debris and vacuum of carpets if needed, promptly when move is completed.
- Morning move in must be complete by 8:00 am or start after 5:30 pm.
- Any schedule change must be approved 24hrs in advance by Building Management staff.

Division 2 — Site Construction

Division 3 — Concrete

Division 4 — Masonry

Division 5 — Metals

Division 6 — Wood and Plastics

06400 Architectural Woodwork

Millwork

- Millwork shall have FSC substrates that are formaldehyde free and use low-VOC adhesives
- All millwork to conform with Woodwork Institute standards as follows:
    - Cabinets: Custom Grade Construction.
    - Counters & splash: Premium grade
    - No certificates are required.
- All cabinets and counters to be anchored and scribed to adjacent surfaces
    - All counter core material to be 3/4" particle board or hardwood plywood.
- Provide Flush Overlay plastic laminate cabinets. All exposed surfaces and inside face of door shall be covered in plastic laminate (Standard Nevamar, Wilsonart or approved equal). Interiors are to be light gauge laminate, melamine or equal, edge banded, color: white
- Provide shop drawings for review by Landlord and/or architect for all millwork
- NOTE: Counters, cabinets to meet all accessibility requirements of The American's with Disabilities Act and the California Building code, current editions. Architects/Contractors shall take care that heights/reach ranges related to cabinetry and to the electrical above counters/splashes are strictly adhered to per codes and regulations.

  Counters at +34" above finished floor and with a depth of 24" from front edge to face of wall typically meet all reach range requirements to electrical placed at +42" or +44" above finished floors.

  This building typically provides under sink access and doors with an attached toe kick. Doors in the open position, including attached toe kicks shall provide a minimum 30" wide clear area below sinks with doors open 90 degrees

Hardware:

- 3/4 extension drawer glides.
- Fully concealed hinges.
- Fully recessed standards for all adjustable shelves.
- Pulls: Drawers/pulls: Manufactured by Forms and Surfaces; 3" wire pulls or Stanley: Wire pulls - #348235 3-1/2 Satin Chrome
- Hinges: 120 degree Blum 73T5580 or equal
- Glide, standard: Accuride C3800, 75 lbs, 3/4 extension or equal
- Glide, file: Accuride C4005, 1-1/2" overtravel, 100lbs or equal
- Grommets: Doug Mockett & Co.: SG series, black or equal
- Adj. Shelf Hdwr.: KV 331/332 shelf supports or equal
- Typ. Finish: Satin Chrome or existing Building Standard

Wall Hung Shelves:

- Shelf: white melamine, edge banded shelf on Knape & Vogt #85 ANO Double Slotted Standards with # 185 ANO Double Brackets, color: nickel. Provide backing for or coordinate 20 gauge sheet metal studs with vertical standards locations.

Closet Pole & Shelf:

- White melamine, edge banded shelf on Knape & Vogt #1195 shelf and rod supports with chrome heavy duty closet rod, #770-5.

Division 7 — Thermal and Moisture Protection

07500 Membrane Roofing

General:

- All modifications to building roofing, flashing, waterproofing system assemblies are to be completed by sub-contractors specified by Equity Office. Contractor shall obtain name and contact information and solicit a proposal from the approved Roofing sub-contractor prior to submitting any pricing for the project
- All sheet metal roof flashing shall confirm to SMACNA standards

Division 8 — Doors and Windows

08050 Basic Door and Window Materials and Methods

General

- The existing building may have in place a number of different doors (wood species, cut and finish), door frames and hardware. Re-use of non-building std. doors, frames and hardware will be considered on a case by case basis by the landlord. New & remodel construction should comply with below listed standards unless otherwise permitted by landlord
- Contractor shall repair/re-finish existing doors where occurs. Touch-up existing frames as required.
- All re-keying of locks must be coordinated with Building Management, or a locksmith designated by Building Management. Contractor shall ensure that all new locksets include the correct, building standard key way
- Interior tenant doors are to be equipped with hinges, latch set and floor stop.
- Doors, frames, glazing being demolished shall be stored or disposed of at the direction of Building Management.
- Doors shall meet all requirements for accessibility including hardware and required door clearances.
- Should panic bar exit devices be required for a tenant's specific occupancy type, then that tenant shall be responsible for costs associated with upgrading other doors in the building along the required exit paths.
- Use fire rated doors in locations as required by Code. Doors shall have the testing laboratory label with the appropriate rating indicated. (U.L.Rated)
- Tenant to provide all required keys and cardkeys for building for installation into the knox box.

08100 Doors and Frames

Tenant Entry Door

1. **Single Rated Entry Door:**
   - All corridor doors single 3'-0" x full height (ceiling height unless otherwise specified) to be building standard finish with building standard lever hardware. Provide submittals for approval.
2. **Double Entry Doors**
   - Same as Single Entry Door above, except pair 3'-0" x full height (ceiling height unless otherwise specified) x 1-3/4" doors.
   - **Frame:**
     A. 20-min. fire rated clear anodized aluminum, flush frame to match building standard.
     B. Use fire rated frames in locations as required by Code. Frames shall have the testing laboratory label with the appropriate rating indicated

Interior Doors:

- Standard full height doors and frames 3’-0” wide, door manufacture, All Wood or equal. White maple solid core doors, oil stain w/clear coat sealer, polyurethane sheen to match control sample

Frame:

- Clear anodized aluminum, flush frame (Venus style) to match building standard (rated where required), or match existing as required

Elevator Lobby Doors and Frame:

- Elevator doors are to be sprayed finished. NO ROLLER APPLICATION. For paint grade doors only, NOT applicable for metal finish elevator doors

08500 Windows

Glass Sidelights

- Where designated, glass sidelights to be 18” wide, 1/4” minimum tempered glass and match height and frames of building standard interior doors or match existing as required

Window Coverings:

1.	Blinds -	Horizontal Mini-Blinds: Levolor Rivera Blinds or match existing color to be confirmed
2.	Existing Blinds:	Repair/replace damaged/malfunctioning blinds as required.

08700 Hardware

General:

- **All hardware must meet ADA guidelines and State Fire Marshall guidelines**
- **The Architect is responsible for selecting the lever design and finish, per the EOP recommendation that there will be uniformity in design and finish on any given floor when there is existing door hardware (that will remain) on that floor. EOP to provide final approval of lever design and finish and hardware type.**

Hardware specification:

Lock Sets; SCHLAGE

- **MODEL L-Series, Mortise Lock, L9050 (Entrance and Suite Entrance Lock)**
    - DESCRIPTION: Schlage Heavy Duty Lever Lock with full size inter-changeable core, thumbturn locking. Finish and lever design per notes above.
- **MODEL D-Series, Cylindrical Lock, ND50PD (Office and Inner Entry Lock)**
    - DESCRIPTION: Schlage Heavy Duty Lever Lock with full size inter-changeable core, push button locking. Keyed outside, outside lever unlocked by key or by turning inside lever. Finish and lever design per notes above.
- **MODEL D-Series, Cylindrical Lock, ND80PD (Storeroom Lock)**
    - DESCRIPTION: Schlage Heavy Duty Lever Lock with full size inter-changeable core, entrance by key only always locked, inside lever always unlocked. Finish and lever design per notes above.
- **MODEL D-Series, Cylindrical Lock, ND70PD (Classroom Lock)**
    - DESCRIPTION: Schlage Heavy Duty Lever Lock with full size inter-changeable core, entrance by key to lock or unlock. Finish and lever design per notes above.
- **MODEL D-Series, Cylindrical Lock, ND80PDEU (Electrically Unlocked, Fail Secure)**
    - DESCRIPTION: Schlage Electric Lock Set Fail Secure with full size interchangeable core continuously locked until unlocked by key or electric current. Inside lever always free for immediate exit DC 24 volts, 0.35 amps. Finish and lever design per notes above.

- **Cylinder/Key Way- Schlage E 6 pin**

Passage Set

- **MODEL D-Series, ND10S (Passage Set)**
    - DESCRIPTION: Schlage Heavy Duty Lever Handle. Both levers always unlocked. Finish and lever design per notes above.

Other

- **Door hold opens**
    - Electric door holders Edwards Cat # 1504-N5
- **Door closures**
    - LCN 4041 - Super Smoothee or Norton 149A finish 26
- **Floor mount door stops**
    - To match existing.
- **Coat Hooks**
    - Confirm with Building Management

Execution

- Locksmith vendor will be specified by Equity Office for all cylinder installation and keying. Keying of all interior and exterior doors shall be compatible with building master
- Construction: Provide construction keyway during construction.

Division 9 — Finishes

General Notes

- Only water based, low-VOC, adhesive materials may be applied in the building. No out-gassing type of water proofing or adhesive shall be used without Building management's prior approval and work shall occur after hours only.
- Contractor to perform moisture testing as required ensuring proper substrate/installation/performance.
- Prior to installation of flooring, installer shall inspect the surfaces to which flooring products will be applied. All cracks, depressions and minor bumps must be filled. All voids in the substrate shall be filled with commercially manufactured filler material.

09500 Ceilings

Suspended Ceiling System

General

- Unless otherwise noted in specific project instructions, where cross members are damaged, bent or have screw holes, they shall be replaced. Where mains are damaged, bent or have more than 3 screw holes, they shall be replaced. In mains with (3) screw holes or less, holes shall be caulked and smoothed flush with grid surfaces.
- Not all ceilings are properly braced with compression struts, proper wall angle and seismic control joints. After inspection of premises ceiling shall be modified as required to meet current codes.
- Contractor to replace damaged tile where occurs. Provide new tile as required to complete the ceiling; do not mix existing and new tile in the same room (relocate existing tiles where required). Contractors shall provide exact quantity of tile to be replaced in bids. It is assumed that only significantly damaged tile will be replaced and that existing tiles with minor imperfections will remain unless otherwise noted.

- Unless otherwise noted in specific project instructions level existing within 1/8” in 10’. New grids to be level within 1/8” in 10’ or as required by Code
- Compression struts and ceiling wires are to be installed as to not touch, rub, and lean against any other supports or equipment. This will stop any vibrations from traveling to the ceiling grid, thus causing tenant complaints
- Do no paint Acoustical Ceiling Tiles

Grid:

- 2 X 4 15/16” T-bar Grid: install to match existing ceiling & height.
- Finish: Flat white #001 and #004.
- Brace Suspended Ceiling system as required by Code. Independent of Suspended Ceiling wires, provide minimum four hanger wires at light fixtures **or other extra loads weighing over 50lbs**
- Always align new grid/mains with existing.
- Grid shall be continuous throughout floor. Grid shall not be cut to center with a room, unless restored by Tenant upon termination of lease

Acoustical Tiles

- Contractor to verify actual tile in field to confirm specification match

  U.S.G. P/N 2742 class A 2’x4’x3/4” Radar Illusion Two/24 Panels with regular edges

  Armstrong P/N 704A 24”x24”x5/8” Cortega with angled regular edges

  Armstrong P/N 769A 24”x48”x5/8” Cortega with square lay-in edges.

  Armstrong P/N 2767A, 24”x48”x3/4” Cortega Second Look II with angled regular edges. (At selected area)
- Acoustic ceiling panels are to be shoulder cut at the perimeter of all rooms. This includes rooms where walls stop at the bottom of the ceiling grid
- ALTERNATE SPECIFICATION

  Ceiling shall be 2’-0” x 2’ x 0” suspension system by Armstrong with 24” x 24” x 5/8” “Cortega” square lay-in edge ceiling panels, or equal or better. Monolithic ceiling grids in all office and lab areas are required

Ceiling Height

- Contractor to verify in field prior to ceiling install and match existing

Open ceiling

- Where ceilings in offices are left open to structure for design reasons, entire underside of structure shall be cleaned and painted with 2 coats of flat latex over one coat of primer. Minimum requirement.

M ISCELLANEOUS

- Center all items in the middle of ceiling tile: smoke detectors, strobes, sprinkler heads, speakers, lighting, etc. unless otherwise noted. Downlights and wallwashers shall be located as required by Tenant’s Architect. Note that in some areas, specifically below main pressure ducts, ceiling to grid clearance is limited and building standard 2x4 fixtures may not fit. If available, HVAC duct layout drawings can be used to avoid potential conflicts.

09600 Flooring

- **Flooring shall be** As selected by Architect, and approved by Equity Office
- **Confirm flooring standard and requirements with Equity Office**

Carpet

Building Common Corridor As selected by Architect, and approved by Equity Office

Elevator Lobby As selected by Architect, and approved by Equity Office

Accent As selected by Architect, and approved by Equity Office

Tenant Space: As selected by Architect, and approved by Equity Office

Contractor to perform moisture testing as required ensuring a proper substrate/installation/performance. Installation: Glue-down per manufacturer's recommendations

Base As selected by Architect, and approved by Equity Office

- **Elevator Lobby @ border carpet:**
- **Common Corridor:**
- **Elevator Lobby:**

Tenant Space:

Vinyl Composite Tile

- For use in Break Rooms, Work Rooms, Storage Rooms and Tele/data/Server Rooms.
- Manufactured by Two (2) colors in pattern for kitchen/break room. One (1) color for other application. As selected by Architect, approved by Equity Office
- Installation: Quarter turned and installed per manufacturer's recommendations. Provide Reducer strip at floor transitions Provide two coats of floor polishing material recommended by the manufacturer, machine polishing the second coat.

Other flooring finishes

- **Elevator Lobby Stone tile: Confirm flooring standard and requirements with Equity Office**
- **Restroom tile:** To Match Existing
- **Installation:** Thinset per Tile Council of America Guidelines. Use 1/8" grout joints max.

09700 Wall Finishes

DRYWALL PARTITIONS:

General notes:

- All partitions to be constructed to meet all code requirements including 5 lbs/sq.ft. lateral loading per applicable codes and ordinances. Stud tracks, studs, deflection track assemblies, gypsum board installations and fasteners shall be detailed/ specified accordingly. Adjust stud gauge, spacing, size for longer spans (1st floor spaces & Floor to structure walls) or walls with additional loads (Cabinetry, equipment, etc.).
- Where plumbing walls occur, specify larger stud sizes to accommodate pipe diameters, etc.
- All gypsum board shall be type "x" regardless if walls are rated or not.
- Insulation where occurs shall be fully contained within partitions. No loose insulation/batts are allowed in the return air plenum.
- All walls to be finished smooth with Level IV finish (ASTM C 840). See partition preparation for standard walls vs. walls with side lighting,
- In existing suites, existing walls shall be patched, repaired to provide like new appearance unless otherwise noted.
- Existing wall covering shall be removed and walls shall be prepared for new paint unless otherwise noted.

One hour

- Floor to structure above partition with 3-5/8" x 20 gauge sheet metal studs @ 24" o.c., approved fire rated deflection track assembly @ head attached to metal deck flutes (perpendicular condition) or 16 Gauge metal plates spanning a Minimum of (2) flutes (Parallel condition), 15 lb/ft density fire proofing between metal deck flutes where occurs, one layer 5/8" Type "X" gypsum board each side taped smooth (finished to 6" above ceiling grid), 3"x25" acoustic batt insulation creased to fit between studs. Hold back bottom of gypsum board 1/4" and perimeter seal with fire caulking each side. Stagger all outlets in stud cavities and seal with fire rated acoustical pads.
- 3" batt insulation between studs (R-8 rated)
- Partition taped, finished and receiving paint or wall covering.
- Partition to be fire taped above ceiling to slab above with penetrations receiving fire caulk.
- One hour fire rated corridor partitions to be full height or tunnel construction conforming to local code requirements

One hour- Tunnel Construction

- Tunnel corridor construction occurring at locations where main HVAC ducts connect to building shafts. Floor to 6"+ above ceiling grid 1-hour partitions with 1-hour rated lid. (Exact height depends on if suspended ceiling will be installed below 1-hour lid).
- For walls: 3-5/8" x 20 gauge sheet metal studs @ 24" o.c., one layer 5/8" Type "X" gypsum board each side and atop partition taped smooth, 3"x25" acoustic batt insulation creased to fit between studs. Hold back bottom of gypsum board 1/4" and perimeter seal with fire caulking each side.
- For ceilings: Option 1- Provide 20 gauge steel joists (size as required for span) with 5/8" type 'X" gyp bd. top and bottom (requires fire taping top side in addition to finished underside) or
- Option 2 – Horizontal Shaft wall assembly utilizing C-H studs, (1) layer 5/8" type "X" gypsum board on bottom side and (1) layer 1" gypsum shaft wall liner (US Gypsum 1-hour assembly or equivalent).
- Independently brace assembly every 8'-0" on center with alternating diagonal braces to structure above or equivalent per code. Stagger all outlets in stud cavities and seal with acoustical pads

Tenant Demising Partition

- Floor to structure above partition with 3-5/8" x 20 gauge sheet metal studs @ 24" o.c., approved deflection track assembly @ head attached to metal deck flutes (perpendicular condition) or 16 Gauge metal plates spanning a minimum of (2) flutes (parallel condition), one layer 5/8" Type "X" gypsum board each side taped smooth (finished to 6" above ceiling grid), 3"x25" acoustic batt insulation creased to fit between studs. Hold back bottom of gypsum board 1/4" and seal bottom of gypsum board with acoustical caulk on each side. Stagger all outlets in stud cavities and seal with acoustical pads.
- Provide engineered return air plenum openings in walls per mechanical engineer's direction. Locate openings to avoid private offices, conference rooms or other rooms where sound attenuation/privacy is a concern. All return air openings in demising wall will have a sound trap.

Interior Partitions

- Standard Interior Partition Ceiling grid height with 3- 5/8" or 2-1/2" x 25 gauge sheet metal studs (depending on loading) @ 24" o.c., one layer 5/8" Type "X" gypsum board each side, continuous metal "J" mold @ top edge / tile, taped smooth. Independently brace partition every 8'-0" on center with alternating diagonal braces to structure above or equivalent per code. No Insulation, unless otherwise noted in the Construction documents

Specialty Partitions: Large Conference Rooms and Training room

- Same as Tenant Demising Partition

Specialty Partitions: Upgrade Interior Partitions

- If requested by Tenant. Cost to be reimbursed by Tenant.
- Install 5/8" " type 'X' Gypsum wall board, sanded, primed textured (if required) and painted over 2-1/2" 25 gauge metal studs at 24" O.C. 12" above ceiling. Provide R-11 batt insulation. Install metal stud bracing to structure above, as required by Code

Specialty Partitions Restrooms, janitors sink locations, or wet walls:

- Install 5/8" greenboard in lieu of standard GWB.
- Restroom wet areas shall receive full height as required by code and wainscot -height 4'-0" on all other wet area walls,
- Square semi-gloss finish Daltile, Price Group 3 or equal or better.
- Other restrooms walls shall receive two coats of mildew-resistant latex paint over one coat of primer
- Janitor closets to receive RFP board at wet walls 4'-0" high minimum

Specialty Partitions Columns/ Perimeter Wall Furring:

- Unless otherwise noted in the Construction Documents Floor to 6" above ceiling grid height with 2-1/2" x 25 gauge sheet metal studs @ 24" o.c., one layer 5/8" Type "X" gypsum board one side, taped smooth. Independently brace partition every 8'-0" on center with alternating diagonal braces to structure above or equivalent per code. No insulation unless required by Code

Partition at Mullion

- Walls perpendicular to windows shall be installed at the center of the window mullion. Offset shall be used when wall layer does not align with the mullion. Utilize blind extruded aluminum tapeable track and gasket, leave end unpainted with clear anodized aluminum finish. Use black neoprene gasket at intersection between end stud and mullion. DO NOT attach into perimeter curtain wall, or window wall system

09900 Paints and Coatings

PAINT

Systems delineated below are for painting new partitions. Existing partitions shall be painted to cover using The final finish products cited below.

- All painting and coatings to be NON-VOC.
- Low-VOC painting and coatings will be considered under certain conditions and will need the approval by Building Management
- Product used is to be Kelly Moore or Equal

1.	**Gypsum Board Substrate: (New Partitions)**	**1st Coat:** Interior PVA Primer/Sealer. **2nd Coat:** Acrylic Interior, Eggshell. Color: to be selected. **3rd Coat:** Acrylic Interior Eggshell. Color: to be selected.
2.	**Elevator Doors & Frames:**	**1st Coat:** To be specified by Architect **2nd Coat:** To be specified by Architect **3rd Coat:** To be specified by Architect
3.	**Corridor, Lobby Walls & Lobby Ceiling**	**1st Coat:** Interior PVA Primer/Sealer. **2nd Coat:** Acrylic Interior Eggshell. Color: to be confirmed **3rd Coat:** Acrylic Interior Eggshell. Color: to be confirmed
4.	**Corr. Hollow Mtl. Dr. Frames:**	Same as Walls above with Semi-Gloss paint.
5.	**Corridor ceilings (Hard Lid):**	**1st Coat:** Interior PVA Primer/Sealer. **2nd Coat:** Acrylic Interior Eggshell. Color; to be confirmed **3rd Coat:** Acrylic Interior Eggshell. Color: to be confirmed.
6.	**Restrooms:**	**1st Coat:** Interior PVA Primer/Sealer. **2nd Coat:** Acrylic Interior Eggshell. Color: to be confirmed **3rd Coat:** Acrylic Interior Eggshell. Color: to be confirmed.

Partition Preparation:

- Apply first coat in normal manner. Apply second coat with standard carpet stipple roller for minimal texture. Finish or lay-off in one continuous direction. Then apply finish coat in normal manner.
- Painter shall tint 2nd coat to confirm 3 coat application

Division 10 — Specialties

10520 Fire Protection Specialties

- **Fire extinguisher:**

  5 lb – 2A10BC hand portable fire extinguisher located in cabinets, max. +48" to working parts and spaced per code with appropriate signage.

- **Fire Extinguisher Cabinet:**

  As selected by Architect, and approved by Equity Office

Division 11 — Equipment

Division 12 — Furnishings

12500 Furniture

- **All furniture to be provided by others unless otherwise noted.**

Division 13 — Special Construction

13850 Detection and Alarm

Building Life Safety System:

- **Life Safety Warning Speakers/Strobe,** Visual Warning: clear lamp lens, off-white housing with red "FIRE" lettering; wall mounted at +80" A.F.F.; synchronized flash rate.
- **Building Smoke Detectors:** Ionization type in common corridors, electrical/telephone, elevator and mechanical rooms. Must be compatible with the existing system.
- **Tenant Local Smoke Detectors:** Must be compatible with the existing system
- **Use Building service provider for consolation, design and installation of all Fire Alarm equipment**
- **All equipment must be compatible with existing system**
- **NO EXCEPTIONS: AH Fire/Life/Safety systems must be fully operational at the end of each working day. No part of the Fire/Life/Safety system may be left impaired overnight without a fire watch being posed and Building Management written approval. NO EXCEPTIONS**

Division 14 — Conveying Systems

Division 15 — Mechanical

15050 Basic Mechanical Materials and Methods

Engineering:

- The engineering and design criteria is dependent on the existing building equipment, capacity and systems.
- The Tenant shall provide the HVAC Engineer with an Equipment Schedule to identify all significant equipment and their heat and power load requirements. From this list the HVAC system will be

specifically designed and the electrical requirements will be provided. Therefore, Tenant's accuracy and completeness is very important.

- Contractor shall design and install a complete heating, ventilating and air conditions (HVAC) system in accordance with the following design specifications. The system shall match the exiting system unless noted otherwise, (heat pumps, VAV, package unites, etc.)
- The Contractor shall provide Design/Build services for the scope of the work, engineering and construction. Engineering shall be done by a licensed Engineer or as required by the governing agency having jurisdiction over the project.
- Shop Drawings shall provide the following information as a minimum:
    - Reflected Ceiling plan including supply diffuser and return grille locations.
    - Equipment locations with one line duct layout.
    - Capacity of equipment shown.
    - Exhaust and supply volumes noted.
    - Location of thermostats with terminal or equipment numbers identified.
    - Roof Plan with equipment shown, (On NNN projects)
    - Complete equipment schedules
    - All code required Title 24 information.

Main building, System type

- Refer to existing building equipment for Main Building system type
- The hours of operation for comfort heating and cooling of the building are specified in the lease. Saturday, Sunday and holidays- off
- Additional Cooling/heating provided outside of normal business hours could result in a charge, which varies, for use after normal AC hours. Please see Building Management for current costs & procedures.
- Offices, rooms or computer/Server rooms that require 24X7 air conditioning shall have to install a separate system since the Base Building system does not operate 24 X 7. A split air cooled or dry fluid cooler (for water cooled) or heat pump unit utilizing building provided condenser water if available shall be installed. Tenant shall be responsible for providing independent maintenance agreement for all independent air condition units. **The discharge of the A/C units waste heat into the return plenum will NOT be allowed.**

  An electrical sub-meter shall be installed to monitor electrical use (By Division 16)

General Notes:

Design Criteria:

All systems shall be designed to meet the following criteria.

Outside Criteria: The HVAC system shall be designed to the latest published ASHRAE design conditions as follows:

Summer:	ASHRAE 1.0%
Winter:	ASHRAE 99%
Inside Design	
Summer: 75°F	50% RH
Winter: 72°F	

Temperature control

- Automatic temperature control device for regulation of space temperature shall be capable of being set from 55 Deg. F to 85 Deg. F, and have the ability to operate in heating and cooling
- Space temperature shall be maintained within +/- 2.0F

Zoning Standards

- All rooms shall have HVAC unless noted otherwise
- Each external exposure, exterior corner offices shall have its own zone
- All zoning must be approved by Equity Office.

1.	Approximate Zone Size:	Exterior Zone: Not to exceed 750 square feet. Interior Zone: not to exceed 1200 square feet.
2.	Office Zones:	Offices with the same orientation shall be on a common zone with no zone serving more than (5) offices.
3.	Independent Zones:	Provide separate zoning for; different external exposures; corner & bay offices with multiple exposures, large conference rooms, training rooms, classrooms, etc. Conference rooms shall not be supplied from multiple zones. Large lobby, IDF/MDF and other specialty spaces shall have separate zones. Confirm requirements with Building Management Interior spaces shall be zoned separately from exterior zones
4.	Independent Suite Zones:	Individual tenant suites shall be zoned independently from adjacent suite. No cross zoning of suites at demising walls is allowed. Contractor shall modify zoning and distribution on both sides of any new demising wall in order to provide proper working systems at each individual suite.
5.	Conference Rm. Exhaust (Above Standard):	If Conference room exhaust is needed, provide fan powered terminal box to increase transfer air system. If an exhaust fan is used, when required, is to have fan located out of the conference room and shall be controlled by an occupancy sensor
6.	Kitchen Exhaust Fans (Above Standard):	Kitchen exhaust fans, when required (to be determined by Building Management) are to have the fan accessible through the grille. Fan to be controlled by an occupancy sensor. Confirm with Building Management if it is acceptable to discharge the fan into the return air plenum.

- Note: Special use, high volume or grease hoods shall be designed by the engineer to incorporate all code requirements to include exhaust system to the exterior of the building, fire suppression equipment, rated Shafts and any other Code requirements

Lighting Loads:

- Coordinate final design loads for all spaces with electrical engineer but no less than 1.2 watts/sf minimum in all spaces. Provide Lighting Compliance Calculations and forms as required by California Non-Residential Energy Standards.

Power Loads:

- Obtain power loads for each room from tenant. In no case design for less than the following:

Overall building:	1.5 watts/sf
Individual offices:	2.0 watts.sf
Conference rooms:	1000 watts
Break Rooms:	1500 watts

People Loads:

- Provide for tenant people loads but in no case less than the following:

Overall building:	1/150 sf
Tenant space:	1/150 sf
Offices:	1/100 sf
Conference Rooms:	1/15 sf
Lobby:	1/100 sf
Break Rooms:	1/40 sf

Minimum air changes:

Toilet rooms:	15 air changes/hr
Janitor Closets:	6 air changes/hr
Others:	Code

Minimum Outside Air Ventilation:

- Ventilation shall meet title 24 code or the following which ever is the largest:

0.15 cfm/sf
15 cfm/person

Noise Criteria:

- Dependent on the existing system and equipment, the following are standard space noise levels which shall be the basis of design. In the event that new equipment and/or systems are installed these space noise levels shall not be exceed.

Enclosed Offices:	35 NC
Open Offices:	40 NC
Conference Rooms	30 NC

Roof and Wall types:

- The designer shall confirm actual roof and wall types with the shell architect and calculate the appropriate U factors. Proper weights (lb/sf) and color shall be used when calculating the loads.

Glass Loads:

- The designer shall obtain all glass and skylight types with the architect and determine the appropriate U Factors and shading coefficients (SC) to be used when calculating the room and zone loads. When calculating the SC, the designer may assume the drapes/blinds are closed when the zone is in direct sunlight. Assume blinds are open on north facing glass. Assume blinds are open all elevations for buildings with high performance glass

Seismic Design Criteria:

- Per California code for Seismic Zone 4, or equivalent in 2007 California Building Code.
- Calculations and details shall be required for all ceiling hung equipment over 400 pounds.

System Zoning Types:

- The following zoning types shall be used Confirm specification and acceptability with the building Chief Engineer

  Water Cooled Heat Pumps

  Gas Electric Package Units

  Split system DX cooling only units (for IDF/MDF, etc.)

  Split System Air Cooled Heat Pumps

  VAV with Hot Water Reheat

  VAV cooling only in interior zones

  VAV fan powered terminal boxes (for conference rooms or perhaps exterior zones)

  VAV double duct

  4 pipe fan coil units (if HW and CHW is available).

Control Requirements:

- Control systems shall be compatible with the existing control systems
- When the building has an Energy Management System (EMS), Building Management System (BMS), or Building Automation System (BAS), the TI system shall interface with the building system and allow remote access, control, monitoring, alarming, and data lodging from the building system.
- CONFIRM EXISTING MANUFACTURE OF EXISTING SYSTEM WITH THE BUILDING CHIEF ENGINEER
- During the course of construction, the Energy Management systems must be fully operational at the end of each working day

Ceiling Access

- Ceiling Access and identification shall be provided at the following locations:
  - All zone boxes
  - Shut off valves
  - Static pressure control dampers (Balance dampers)
  - Static pressure control pilot tubes
  - All other areas or items that pertain to serviceable building equipment
  - All relocated or new installation of any heat pumps or VAV equipment shall have maximum clearance around the unit for servicing.
  - Fire Dampers /Combination Fire/Smoke Dampers
  - Duct smoke detectors and interstitial smoke detectors
- At a hard ceiling provide a 2’ X 2’ (minimum) access or access hatch under or to ail, Valves, Controls, Exhaust fans, Heat pumps, Heating fan coils, AC units, VAV boxes to access controls for maintenance.
- No heating fan coil shall have walls located below unit. Heating fan coils will be located so that proper access (minimum 2’X2’) can obtained to Controls, Fan, Piping, Valves and Filter access panels.
- Furniture cubes/partition plans need to be reviewed to allow for access to equipment locations. OSHA laws don’t allow for personnel to stand on or put ladders on furniture or cubes/ partition.
- Access (minimum 2’X2’) in the ceiling shall not be blocked by data wires, conduits, piping (sprinkler or plumbing), ducts, beams or bracing.

General Specifications Standards

- All TI designs and installations shall conform to the latest applicable editions for the following standards
- AMCA- Air Movement and Control Associations
- ANSI- American National Standards Institute.
- ARI-American Refrigeration Institute
- ASTM- American Society for Testing Materials
- ASHRAE- American Society of Heating, Refrigeration and Air Conditioning Engineers
- ASME- American Society of Mechanical Engineers
- AABC- Associated Air Balance Council
- SMACNA- Sheet Metal and Air Conditioning Contractors National Association
- All applicable Plumbing, Mechanical, Electrical, and Building Codes.

Review, approval, inspection, acceptance, and record drawings

- In addition to those submittals and procedures identified above, the tenant shall provide the following
  - One complete set of detailed operating and maintenance instructions and spare parts lists.
  - One complete set of warranties and guarantees
  - Provide air balance and final air balance report for entire suite
  - One reproducible set of as-built drawings, and an Electronic version. See Division 1 for requirements

Demolition:

- All unused or abandoned equipment or ductwork and piping within the revised areas shall be removed and capped or blanked off to the main.
- Equity Office reserves the right, but shall not be required to keep any demolished controls or thermostats.

Other Requirements:

- Confirm with the Chief Engineer if the ceiling may be used as a return plenum.
- Zone terminal units shall be modulating or floating control except heat pumps, split systems or package gas electric units which may be on-off or staged.
- Hot water and chilled water control valves shall be the pressure independent type
- Filters shall be 30% ASHRAE 2" pleated (standard for heat pumps, small split systems and small package units. Filters shall be 50% efficient cartridge filters for larger rooftop and package units or air handing units
- Provide all necessary condensate drains and pumps and pipe to nearest acceptable location. Coordinate with the plumbing designer.
- Provide pipe and duct insulation per code standards. Provide continuous vapor barrier on all cooling duct insulation and on all chilled water and refrigerant suction piping.
- All equipment, ductwork, and piping shall be seismically attached to the building. Contractor shall provide all necessary calculations. Provide suitable vibration isolation (spring or rubber) to meet noise and seismic criteria.
- Provide all fire/smoke dampers as necessary to meet code.
- Provide all code required smoke detectors as necessary to meet code and to shut down equipment as required.
- The entire system shall be started up, tested, and commissioned by the contractor to insure it is operating to its design condition. Provide complete start up, testing and commissioning report for acceptance by Equity Office.
- The entire HVAC system, excluding the existing systems, shall have a minimum 1 year parts and labor warranty from the date of acceptance by Equity Office. Compressors shall have an additional 4 year extended parts warranty.

15300 Fire Protection Piping

Codes and regulations

- All fire sprinkler installations shall comply with NFPA13, with Factory Mutual (FM) requirements, and with all other applicable local codes and regulations

Drawings and calculations

- Prior to installation of fire sprinklers, provide Equity Office with complete sets of sprinkler shop drawings, including calculations, for review by Equity Office' Insurance representative. Do not proceed with installation without this approval

Sprinkler system

- All Sprinkler system modifications shall be done to meet the same ratings as the existing building system
- **NO EXCEPTION:**
  - **Equity Office MUST BE NOTIFIED when any work is performed on the sprinkler system. Contractor shall coordinate with Equity Office a minimum of 24 hours in advance for sprinkler shut down and to put the alarm system on Test. The contractor shall NOT be allowed to put the system on test without Equity Office specific approval**

- **The system must be placed back in operation before the Sprinkler contractor leaves the building with full building coverage each work day.**
- **All sprinkler work will be done during the normal work day Monday thru Friday between 7:00am. and 4:30 p.m. unless agreed upon by the Building Chief Engineer**

Sprinkler piping and heads

- Sprinkler heads shall be installed and or relocated in a symmetrical pattern. Sprinkler heads shall be centered in 2'x2' tiles and equidistant between lights, diffusers and other elements. Sprinkler heads shall be placed closer than the maximum spacing allowed where symmetry and even spacing dictate closer spacing
- Lobbies: Concealed heads with cover plates colored to match ceiling
- Offices: Flush chrome heads, or semi-recessed with two-piece escutcheons to match ceiling.
- Open ceilings where permitted: Exposed heads.
- Alter sprinkler system as necessitated by new partitions and ceilings
- Sprinkler heads shall be U.L. listed and Factory Mutual approved. Quick acting sprinkler heads, 1/2", 155 deg. Pendent quick response. Contractor is NOT to use any sprinkler head which has been recalled
- Sprinkler Piping Black Steel Schedule 40, cast iron fittings, independent support and seismic stabilization.
- Provide a steel, red enameled and labeled sprinkler cabinet for spare sprinkler heads as required by code. Provide spare sprinkler heads for type and temperature rating used. Provide 1 head wrench for each sprinkler head type.
- Do not use O-ring type heads. Use only teflon seal type sprinkler heads.

15400 Plumbing Fixtures and Equipment

Piping:

- Use no plastic piping. All supply lines to be copper and drain lines will be copper under the sink up to the cast iron drain lines.

Piping Material

- Hot & Cold Water : Type "L" hard drawn copper tubing with wrought copper fittings.
- Condensate Lines : Type "L" hard drawn copper tubing with wrought copper fittings.
- Soil, Waste & Vent : No-Hub cast iron soil and fittings.
- Valves : All valves, bail, or globe must have bronze body. Ball valves to be used only.
- Faucets, coffee service, water purifiers, vending machines & other misc. remote plumbing fixtures shall be fitted with copper pipe/ tubing, and have a separate shut off ball valve at source. Tap fittings and plastic are not acceptable.

Sink and Fixture

ADA compliant sink, and ADA compliant faucet, and Water Heaters

- Electric only. Provide air break for pop off valve and a trap primer with ball type valve. Manufacture to be approved by Equity Office. Gas headers will only be considered for special conditions and will be approved only at the sole discretion of Equity Office
- Provide drain pans for water heaters and plumb to drain

Insta-Hot

- Electric only, Insta-hot / cold combo faucet.

Insulation:

- Insulation to be used on refrigerant lines, condensate lines or pans is to be closed cell insulation

Ejector Pumps:

- Submittal required by Contractor. For special circumstances only and only if accepted by local jurisdictions and Building Management. Note garbage disposals shall not be allowed with ejector pumps.

15700 Heating, Ventilating, and Air Conditioning Equipment

Fan Assemblies

- All fans shall be statically, dynamically balanced at the factory, and include 200,000 hr. grease able ball bearings
- 1” deflection spring anchorage in non critical areas such as over a restroom and a 2” deflection spring anchorage in all other areas

Fan Motors

- All fan motors shall be heavy duty premium efficiency with adjustable belt tension and 1.15 or 1.25 service factor unless direct drive is only available

Variable Frequency Drive Inverters with bypass, contracts shall be provided for supply and return fans and chilled water pumps above 5 HP

Gas Heater Sections

- Gas equipment will be allowed only on the roof or mechanical enclosures outside the building (if applicable). No gas equipment will be permitted in the building.

VAV

Box:

- All VAV boxes shall have 24 gauge casing with a min. of 2% leakage at 3” w.c. Box shall have and acoustically lined plenum.
- A 3 way valve shall be installed on the unit at the farthest run of the loop

VAV Box Location:

- Locate VAV boxes over non-critical areas such as store rooms or general office space where noise criteria do not exceed NC-30 within any room. Allow thirty inches of clearance around VAV box for access. No VAV equipment shall be located above a ceiling that is non-building standard.

Supplemental Air Conditioning: (Above Standard)

General Notes:

- Approved manufacturers: Trane, Carrier, Mammoth, McQuay, Mitsubishi. Additional manufactures to be proposed and will be reviewed at submittal.
- Supplemental air conditioning systems are to be self contained units including disconnect starter, controls and all necessary safeties.
- Provide thermostat, vibration isolation hangers with seismic control.
- Dielectric unions to be used as required.
- Insulated j-hooks shall be used to keep dissimilar metals from contacting.
- Contractors are to confirm unit type, method of installation and capacity of unit at time of bid proposal.
- All supplemental units should be linked and managed by the fire panel in the Fire Control Room for fire coordination in accordance with Code requirements
- All condenser water pumps, heat pumps and condensate pumps shall have pans installed with tell-tale water drains.
- All supplemental air conditioning shall be electrically sub-metered with digital readout (by Division 16). When applicable or as stated in lease.
- EMS requirements shall be delineated by Building management. Contractors to confirm EMS requirements at time of bid proposal.
- Provide local smoke detection and unit shut down as required on all fan-powered units in accordance to code.
- A fee will be charged for all condenser water connections.
- Maintenance: Tenant shall be responsible for providing independent maintenance agreement for all independent air condition units.
- Discharge of A/C units waste heat into the return air plenum is not allowed

Supplemental A.C. Design: (Above Standard):

- All above standard HVAC must be pre-approved by Building Management. Heat pump system shall be equipped with local room smoke detection for fan shutdown and have building standard seismic restraints.

Heat Pumps or Split Systems

- All new equipment shall be installed with a drain pan below the entire unit
- Circuit Setters will be installed with all water source heat pumps.
- The condenser water hoses shall be replaced with a stainless steel flow design kit hose type.
- All heat pumps shall have the proper fuse size and the disconnect shall be of the knife type not the rocker/ex op type. Disconnect should be as close as possible to the heat pump and access allowable.
- New heat pumps shall be installed with 2” 30% ASHRAE pleated Hi-E filters.
- All equipment installed shall be coordinated with the Chief Engineer of the building prior to installation.
- All equipment is to be installed to allow for adequate clearances for servicing.
- All electrical access panels must have clearances as specified in the UEC and/or CEC.
- Filter access to the units must be reasonable. (Consult Chief Engineer for final approval)
- Unit location must be coordinated with furniture layout to allow for units to be accessed.
- All units are to have ducted supply and ducted return air or Hvw plenum return as applicable for the building system.
- Units are to have ducted fresh outside air to return air plenum within three feet of the heat pump intake provided from house fresh air system Units must have kinetic spring vibration isolators as provided by vendor of units. If an alternative is selected, submittals must be submitted to the Chief Engineer for review and approval.
- All units are to be seismically supported per applicable codes (UBC, UMC or applicable Local Codes).
- All units where ever possible are to be 480V/3 Ø
- Unit thermostats are to be placed in the room that is conditioned.

Condenser water piping

- All condenser water piping shall be of Type L or greater copper pipe or supplemented with brass fittings as needed. There shall not be any galvanized or black iron pipe installed in the condenser water system unless approved by Building Management
- All new isolation valves shall be “Nibco” or equivalent ball valves with a minimum 125 WOG pressure rating. No gate, globe or angle valves.
- All newly installed heat pumps shall have “Petes Plugs” installed in both the supply and return condenser water lines. The Petes Plugs shall be installed such that a standard piercing type pocket thermometer may be easily inserted for temperature readings. A “Jomar” style ball valve shall be installed on the high line of the unit as a vent and on the low line as a drain. Both of these valves shall contain a plug to prevent any water damage from valve failure or accidental opening.
- All condenser water piping 1” and above shall be brazed using silver solder. All joints less than 1” can be brazed or soft soldered using Silvabrite #8 or Staysilv 100 type solders. 50/50 type solders are not to be used on the condenser water piping.
- HVAC contractor shall schedule with the engineering Dept. for shut down scheduling, draining of system and review the scope of work to be performed.

Condensate Drain Piping

- All condensate drains are to be installed such that at the unit the drain line can be easily disconnected for service or maintenance and reconnected. This can be done by either unions or flexible hose and hose clamps.
- All condensate drain piping is to be Type M or better copper.
- All condensate drains are to be gravity drains. If a gravity drain is not possible, installing a condensate pump must be consulted and approved by the Chief Engineer
- If a condensate pump is installed it must be supported with a heavy gage metal support and electrical connections to the condensate pump must be both UL and NEC approved. Use of a typical, above ceiling duplex outlet is NOT acceptable

- Condensate pumps shall be equipped with an auxiliary switch to allow for the compressor to be locked out in the event of a pump failure. This switch must be tied into the unit controls.
- Condensate pumps shall contain a check valve at the discharge of the pump.
- No more than 12” of flexible tubing is allowed from the discharge of the condensate. At this point copper piping must be introduced and piped to an applicable drainage point.

15800 Air Distribution

Tie-in to base system requirements

- HVAC contractor shall schedule with Building Management for shut down scheduling and review the scope of work to be performed.

Ducts, general

- AH ductwork installed shall meet SMACNA standards and comply with all applicable local and UMC codes. Provide seal class A for all ducts 4” sp and above and seal class C for all others.
- Medium Pressure Ducts: The ductwork upstream of the VAV box shall be Medium pressure and velocity construction (galvanized Sheet metal). Pressure is not to exceed 2” water column and velocity not to exceed 2,000 fpm. Flex duct is not to be reused. Only Hard duct or Alumifiex shall be installed.
- Low Pressure Ducts: The ductwork downstream of the VAV box shall be low pressure and low velocity construction. Pressure is not to exceed 0.107100 ft. velocity shall not exceed 1,500 fpm. Flex duct is not to be reused. Hard duct or Preinsulated Alumifiex shall be installed except at diffuser connection. Where it is cost prohibitive to install alumifiex or hard metal duct “wire flex” may be installed upon written authorization of the Chief Engineer
- All ducts or heat pumps will be strapped or braced per SMACNA requirements and will not touch, rub, lean against any other supports or equipment. This will stop any vibrations from traveling to the ceiling grid, thus causing tenant complaints
- All final connections to supply or return air grilles shall be made with acoustical sound flex. This duct is to not be longer than 6’0” and shall contain a manual balancing damper with visible ribbon on arm of damper
- Joints in all supply and return air ducts shall be sealed. Duct work shall be run as high as possible to maintain maximum clear head room below ducts
- Ductwork shall be sized as necessary to meet the noise criteria and to minimize operating cost. Low velocity duct shall not exceed 1500 fpm or 0.10”/100 ft. Medium/high pressure duct (upstream of terminal boxes) shall not exceed 2000 fpm or 0.30 “/100 ft

Ductwork joint tape

- “Hardcast” or SMACNA standard tape.
- Only plenum rated tape shall be used above the ceiling. (i.e. aluminum tape), NO DUCT TAPE is allowed

Insulated duct

- All ducts located in non-conditioned spaces shall be insulated Insulate all ductwork with foil faced fiberglass insulation $3/4$ Pd density 2” thick and shall be wrapped with a vapor barrier

Diffusers, registers and grilles

- All supply diffusers and return grills shall be supported with independent wires
- Diffusers and grilles shall match the existing air distribution devices. Curve blade diffusers are not acceptable
- All diffusers and grilles shall include a balance damper up stream of 6 feet of sound adsorbing flex duct
- Diffuser shall provide 4-way throw and not exceed NC 30 at point of discharge Alter existing HVAC system as required by new construction. Field verification required to determine exact scope
- Supply air grills/diffusers shall not be placed over tenant’s heads or over thermostats. If available furniture plans need to be reviewed for proper placement
- All supply air grills, new or existing will have a damper along with a colored ribbon (minimum 12” in length) hanging from the damper arm so it may be located

Return air

- Return Air Grills: Match supply diffusers in appearance with perforated grill.
- 24”x24” perforated return grilles shall be provided in each office. All offices, rooms or spaces which are identified to be sound mitigated, shall have a ducted return air grill.
- All units are to have ducted fresh outside air to return air plenum provided from house fresh air system (applicable for heat pump systems)
- Open area return air grilles shall not be spaced greater than 1,000 s.f. of area.
- Provide return air smoke / fire dampers through fire walls with indicators and testing switches. To be connected to the existing building FLS system (by Division 16). To meet Local, State, Federal codes.

Supply air

- Supply air grill shall be based on the noise rating and required flow and will have a 4 to 6 foot take off from the main or branch duct to the grill so there will be no air howling noise from any grill. All CFM amounts per grill shall be approved by the Chief Engineer. More flexibility for amount of CFM per grill may be used in special applications, such as computer rooms, server rooms, storage rooms or when agreed upon with engineering.
- Sizing of supply air grill shall be 0.10” W.G. or less.
- Provide supply air smoke / fire dampers through fire walls with indicators and testing switches. To be connected to the existing building FLS system (by Division 16) and meet Local, State, Federal codes.

Dampers

- Balancing dampers shall be provided for all low pressure branch ducts I.D. Balance Dampers shall be installed for each supply air grille such that access is adequate. All damper-balancing handles shall be clearly marked and flagged tagged with a 12” colored ribbon.
- All fire dampers are to be pre-approved by Building Management

Draw-through filter section

- Units shall include an integrated filter rack and 30 % pleated disposable fiberglass air filters, must be UL rated for flammabiiity

Sound attenuators

- Provide sound attenuators where shown

Fire and smoke dampers

- UL listed with clearly marked door access to damper motors:
- Ruskin Fusible Link, meeting the rating of the application.
- Combination Smoke: Ruskin 120VAC with end switches Fire Dampers Center Verify Fire Damper: NFPA, UL, BSA or MEA, CSFM, and applicable building codes
- Provide with suitable smoke detectors that are compatible with the fire alarm system or provide addressable relays to connect to the fire alarm system. In many cases a zero flow detector will be required in a VAV system to insure operations at all conditions

Smoke detectors

- Ionization type or Photo-electric type in supply duct of units 2000 cfm and over (or according to Code). Detectors must be compatible with the existing system

15900 HVAC Instrumentation and Controls

Control standard

- Match existing building controls
- If a new controls system is proposed, submit to Equity Office for review and approval
- Thermostats shall be mounted at + 48” above finished floor adjacent to light switches to comply with accessibility requirements. Final location of thermostats subject to approval of Building Management. No thermostat shall be mounted in direct sunlight.

15950 Testing. Adjusting., and Balancing

Balancing

- Provide air and water balance and final balance report for entire suite
- For projects over 10,000 SF, balancing shall be done by an independent contractor, third party, and must be AABC or NEBB certified.
- New equipment shall be started, tested and results sent to engineering. Model number, serial number and filter size will be included in the equipment start up report

Report

- Report shall include the following
    - Design Calculations
    - Initial Balance reading, including system static pressure
    - Final balance setting
    - Thermostat location
    - Zone equipment number
    - Number of supply air grilles on each zone
    - Number of offices on each zone
    - Recommendations for any zones not achieving Contractor designed calculations +/- 10%

Division 16 — Electrical

16050 Basic Electrical Materials and Methods

General:

- The Contractor shall provide Design/Build services for the scope of the work, engineering and construction. Engineering shall be done by a licensed Engineer or as required by the governing agency having jurisdiction over the project
- All Electrical work shall be done using a Lock Out. Tag Out procedure. Review procedure with Building Management prior to start of any electrical work
- Any electrical panels which have their dead front covers removed and are live must be safed off with a nonconductive temporary cover and labeled as an electrical hazard

Provisions

- Except as otherwise indicated, comply with applicable provisions of NEC and standards by NEMA, for electrical components of general work. Provide UL listed and labeled products where applicable. Electrical components are recognized to include, but not by way of limitation, motors, motor starters, internal equipment wiring, integral control switches and similar electrical devices, electrical heating coils, integrated lighting equipment, electronic equipment, electrical sensors and signals, communication equipment, scientific devices and similar electrical components
- Approved panel board, switch gear, and transformer manufacturers are Siemens, Cutler Hammer and Square D. Exceptions must be approved prior to installation
- Panel boards shall consist of a galvanized cabinet with dead front, dead rear and with surface or flush trim. Doors shall be hinged and Iockable with index cardholder for circuit identification. (Index card schedules must be updated with changes. Old cards to be discarded.)

Power standards

- Number of Duplex outlets per circuit, 6 maximum. @ 20 amp commercial grade receptacles and commercial light switches.
- System furniture, J-box to be 8-wire, 4 circuit unless noted otherwise. Verify with Equity Office prior to engineering.

- All phone outlets shall be 18” A.F.F. unless noted otherwise. Provide EMT conduit, stubbed to accessible ceiling, box/mudring and pull string at rated walls. Boxes and mudrings to accommodate modular wall plate or equal. Ring and string may be used at non rated walls
- Telephone/Data Equipment room shall have two isolated dedicated ground 4-plex receptacles at locations to be determined, unless otherwise noted.
- Server room to be provided with three 20 amp dedicated 4-plex receptacle and one duplex outlet on the wall opposite the 4-plex unless otherwise noted.
- Vending areas to have minimum 3 dedicated circuits and 1 each 208V outlet, unless otherwise noted.
- Kitchen/Break rooms shall have minimum 3 dedicated circuits (microwave, coffee maker and ice maker), unless otherwise noted.
- Private offices to have minimum 2 duplex outlets and one dual phone/data outlet, unless otherwise noted.

Load Calculations

- Provide load calculation from transformer for any new panels, must be approved by Equity Office before install
- A 48 hour load test may be required by Building Management to determine actual load on an existing transformer before adding any additional load

Demolition:

- Removal of all fixtures and circuits back to the breaker will be required if not used in the construction/T.I.

16200 Electrical Power

General Notes:

- Contractor to insure that no new circuits are split between tenants.
- All electrical wiring shall be installed in MC Cable and EMT and be properly supported per code. EMT and MC Cable should not interfere with the area in which recessed light fixtures may be installed if at all possible.
- All telecommunication wiring shall be independently supported 18” above ceiling grid per code (4’-0” o.c.). Do not attach to ceiling support/bracing wires, ductwork or any other existing apparatus other than structure above.
- All sensor or control wires must be fire rated and tied up off of ceiling tile.
- Fire caulk all penetrations through fire-rated walls with approved products.
- Designs shall include convenience outlets for janitorial and maintenance services to placed 50 feet on center throughout the tenant and core spaces. This may be on a limited number of circuits and for that reason may not be used for tenant equipment.
- All power outlets to be mounted at +18” above finished floor, unless otherwise noted. Outlets above +18” shall meet all height / reach requirements of The American’s with Disabilities Act and The California building code, current editions.
- Outlets located in “Wet” areas shall be configured with GFI circuits/outlets accordingly per code.
- Any unprotected cabling/wiring in plenum shall be plenum rated.

Conduit:

- The code requiring the higher - quality or more complete installation shall govern.
- Conduits and raceways shall generally be installed concealed in walls, furred spaces, under floor, underground, ceiling spaces or other spaces provided, complete with supports, hangers, hardware, etc. firmly attached to the structure and supported as specified in the NEC
- Exposed conduit shall be installed parallel to building lines, and plumb. Requests must be submitted in writing to Building Management and Contractor must receive written approval from Building Management prior to work commencing.
- Flexible metallic conduit (MC cable) may be used within all walls for electrical circuitry, outlets, switch legs, coax cabling and telephone wiring. EMT conduit shall be used from distribution J-boxes to panels. EMT conduit shall be used at panels.
- All in-wall conduits are to be properly secured to metal studs with approved bracing

- Flexible metallic conduit may be used to connect light fixtures or suspended equipment where movement or removal is necessary. Modular wiring is acceptable (AFL or equal) where applicable and approved by Building Management
- Each system shall be contained in a separate conduit system. This includes each power system, each lighting system, each signal system of whatever nature, telephone, emergency system, control system, fire alarm system, etc
- Each panel board shall be labeled with identification plates of 1" x 4" white on black Micarta indicating panel name or number. Contractor shall provide type written index cards for all panel boars, identifying each circuit breaker
    - Directories are to be typed and should include panel ID, ID of source panel, panel voltage and amperage ratings, name of electrical contractor, and date. All panel directories are to be updated and all new or revised circuits must be clearly identified.
    - Circuits are to be identified by suite # (not tenant name).
    - All panel covers are to be labeled with panel ID, ID & location of source panel, and panel voltage & amperage ratings.
- All electrical devices (Duplexes, four-plexes, pull-cans, furniture whips, j-boxes, j-boxes in ceilings, etc.) shall be labeled on the front cover/surface with a P-Touch label device (or equal) with panel designation and circuit number. Identify dedicated outlets / circuits where occurs.
- Junction boxes shall be labeled identifying panel and circuit number.
- Each outlet cover plate shall be labeled identifying panel and circuit number.

Conductors

- All conductors shall be copper. No aluminum conductors are permitted, even if allowed by code
- Unless noted otherwise, all wire for lighting circuits and receptacle circuits shall be new UL listed annealed soft drawn copper, 600 volt insulated rated THHN and shall not be less than #10 AWG. Conductors sized #8 and larger will be stranded
- 20 amp minimum capacity

Wiring:

- All wire and cable shall be color coded as follows:

120/208V, Phase, 4W systems	
A phase - Black	Neutral - White
B phase - Red	Ground - Bare or Green
C phase - Blue	
277/480V, 3 Phase 4W systems	
A phase - Brown	
B phase - Orange	
C phase - Yellow	

- All conductors shall be in rigid steel conduit or Electrical Metallic Tubing (EMT) where permitted by code

Fittings

- All boxes and fittings shall be galvanized steel. No plastic boxes or fittings are permitted, even if allowed by code.
- All electrical boxes concealed within wails shall be minimum 4" square by 1-1/2" deep with a plaster extension ring

Wall Mounted Outlets:

Duplex Outlets, as specified by Architect or to match existing

Dedicated Duplex: As specified by Architect or to match existing

Wall Mounted Base Feed (for furniture systems):

Four Gang Box with circuits as indicated on architectural or electrical drawings. Furniture power feed whip to be provided by tenant, connected to J-box by contractor, connected to furniture by tenant's vendor.

Ceiling Furniture feed: (for furniture systems power pole applications)

Four Gang Box with circuits as indicated on architectural or electrical drawings. Furniture power feed whip to be provided by tenant, connected to J-box above ceiling by contractor, connected to power pole by tenant's vendor.

Floor Outlets:

- Floor Outlet Base Feed for furniture systems: Above Standard
- Flush Floor outlet: Above Standard

Special Purpose Outlets: Above Standard

These outlets may be provided as required at Tenant's expense. Wall Devices/cover plates to coordinate with Leviton Standard White

Emergency circuit

- The emergency circuits are for emergency lighting, exit signage and fire life safety ONLY

16500 Lighting

General Notes:

- If the property has an existing Energy Management System (EMS) then all lighting shall be connected and controlled by the (EMS). At a minimum contractor shall provide a lighting control panel capable of sweeping off the lights on a 2 hour interval after normal business hours.
- All EMS work shall be coordinated with the chief engineer and included on the engineered electrical plans.
- All lighting and switching shall conform to the State of California Title 24 lighting regulations including dual circuited independent switching for 50% of the lighting, separate switching of day lit areas and other mandated requirements.
- Tenant spaces are typically already furnished with lay-in 2'x4' and 2'x2' parabolic fluorescent light fixtures and in some cases have above standard down lights and accent lights. Existing fixtures may be re-used/relocated and supplemented with new bldg. std. fixtures as required.
- Ballast and lamp replacement for Above Standard lighting is the responsibility of the tenant.
- Contractor shall insure that existing and new lighting is controlled by controls within each suite. Each tenant shall be independently zoned.
- See Building Standard light fixtures delineated below.
- Light switches shall be mounted at +48" above finished floor unless other wise noted.
- Replace burned out lamps, bad ballasts and damaged lenses in existing fixtures to be re-used as required.

Tenant Florescent fixtures

- 2' X 4' two tube high efficiency T-5 florescent fixtures using white reflectors, Magnetek rapid start electronic ballast, and 18 cell parabolic lenses, Lithionia 2PM3N-ST-B-2-32-18-LD-277-GEB10IS or approved equal, except where accent lighting is desired, in which case compact florescent down lights will be used. 2' X 2' two tube T - 5 White reflector fluorescent fixtures with Magnetek rapid start electronic ballast. 9 cell parabolic lenses.
- Where noted on plans and per code, provide 24 hour night lights/emergency lights connected to emergency generator back-up per code
- Lamps

  2 Foot P/N # ; FB32T8TL735/6*P or FB32T8/TL735/6ALTO*P , 4 Foot P/N # ; F032/735*S and compact florescence shall be of 735 color
- Light fixture ballast's

  All fluorescent light fixtures shall have electronic T-5 ballast's. No ballast's containing PCB's are permitted

Corridor Lighting:

Exit Lights:

- Existing building has a number of different Exit Lights types. Re-use of existing shall be at the discretion of Building Management.

- Exit signs are ceiling mounted exit signs shall have battery backup

Controls

- Building system description
    - Programming of lighting control will be the responsibility of the contractor to inform the building engineers of the relay numbers and circuits to be programmed.
- Requirements:
    - Comply with the latest edition of the National Electrical Code and all other applicable codes and regulations

Switches:

- Light switches to be Commercial Specification Grade Quiet Switch style: rocker switch dual switching as required by Code.

Occupancy Sensors:

- Occupancy sensors to be used comply with the latest edition of the National Electrical Code and all other applicable codes and regulations to

16700 Communications

T ELEPHONE AND D ATA C ABLING :

General Notes

- Telephone and data cabling provision and installation is the responsibility of the Tenant, and is not included as part of the Building Standard Improvements.
- All Tenant equipment shall be installed in the Tenant Suite. No Tenant equipment will be allowed in the IMPO or common building closets
- It is the responsibility of the Contractor to coordinate and identify the period of time during construction in which this communication cable work should be completed.
- Cable run in the return-air plenum shall be plenum rated.
- Dial tone is available from IMPO. Tenant shall Contract with the buildings designated vendor to bring dial tone into the suite. Once in the suite, Tenant may utilize any Landlord approved vendor to complete the tele/data installation.
- Vacating tenants will be responsible for timely removal of any/all abandoned communications and/or network cabling from end to end in all pathways and spaces and removal of any voice cross connect cabling inside the building riser system that is no longer in use.
- Contractor shall be responsible for labeling and identifying any/all communications and/or network cabling in any common area, i.e. riser phone closets and common hallways. Communications cabling must be labeled and identified every fifteen feet vertically and every 30 feet horizontally, stating who owns the cables and what the cables end to end destination is. This is also a requirement for cable feeding floor monuments
- Where Floor Phone/Data is provided, Contractor shall provide conduit from below floor up through wall day lighting 6” above ceiling with appropriately sized conduit
- All tele/data outlets to be mounted at +18” above finished floor, unless otherwise noted. Outlets above +18” shall meet all height / reach requirements of The American’s with Disabilities Act and The California building code, current editions.
- Where the path to tele/data outlets requires a change of direction or where walls are insulated, provide appropriately sized conduit day lighting 6” above ceiling.

Wall Tel/Data Outlet:

- Gypsum board ring with nylon pull-string to ceiling plenum above.
- Outlet: As specified by Architect or to match existing
- Tenant to specify and provide
- **Telephone Backboard:**

- 4’ x 8’ x 5/8” fire treated plywood, mounted above base, painted to match adjacent wall. Do not paint (1) fire label.

EXHIBIT B-4

SUNNYVALE BUSINESS CENTER

CONSTRUCTION CLOSE-OUT REQUIREMENTS

The Contractor shall furnish the following documents, as applicable, and other materials in order to complete close-out (the " **Project Close-Out Documentation** ").

1. Actual permit drawings, with original municipal approval stamps and red lines.

2. Original permit cards with signed final approvals.

3. A copy of the Certificate of Occupancy when applicable.

4. Two sets of As-Built drawings, for Architectural, Mechanical/Plumbing, Electrical, Fire Protection, and Life Safety trades.

5. Three sets of Project close-out binders, two of which shall be in electronic form and one of which shall include paper copies (except where CAD files are to be provided below.) The close out binders shall include:

- CAD Files of as-builts burned on CDs for the following trades: Mechanical, Electrical, Plumbing, Fire Protection and Life Safety.

- If requested by Owner, all approved submittals: with separate sections for all finishes, including samples with manufacturers' color and style numbers; for doors, frames and hardware; for ceiling grid and tile information, and for electrical and mechanical submittals.

- If requested by Owner, all approved submittals for specialty construction items, such as audio-visual equipment.

- All warranty information, including instruction manuals for installed equipment, including audio-visual equipment, as well as operation and maintenance instructions.

- If requested by Owner, copies of all Requests for Information and responses as well as all Construction Change Directives.

- HVAC Balancing reports

All CAD files shall meet the following requirements:

- Files must be saved in Autodesk version of AutoCAD

- The Contractor is responsible to confirm which version of the AutoCAD is being used by Owner prior to submitting the AutoCAD files

- Files must be unlocked and fully accessible. Owner will not accept "cad-lock", read-only, password protected or "signature" files.

- Files must be in ".dwg" format.

6. Complete list of all Subcontractors who have provided labor or materials for the Project and who have provided pre-lien notices, including current contact information for each.

The Owner will not be obligated to process the Contractor's final pay application, nor to release retention or any other funds remaining due or owing to Contractor until all Project Close Out Documentation has been duly submitted to Owner and Architect.

EXHIBIT C

SUNNYVALE BUSINESS CENTER

NOTICE OF LEASE TERM DATES

_____, 20 __

To: _____
_____
_____
_____

Re: Office Lease (the " **Lease** ") dated June 28, 2011, between **CA-S UNNYVALE B USINESS C ENTER L IMITED P ARTNERSHIP** , a Delaware limited partnership (" **Landlord** "), and **T ELE N AV , I NC .** , a Delaware corporation (" **Tenant** "), concerning 920 DeGuigne Drive, 930 DeGuigne Drive and 950 DeGuigne Drive, Sunnyvale, California.

Lease ID: _____
Business Unit Number: _____

Dear _____:

In accordance with the Lease, Tenant accepts possession of the Premises and confirms the following:

1. The Lease Commencement Date is _____and the Lease Expiration Date is _____.

2. The approximate number of rentable square feet within the Premises are 175,009 rentable square feet, subject to Article 1 of the Lease.

3. Tenant's Share, based upon the approximate number of rentable square feet within the Premises, is 100%, subject to Article 1 of the Lease.

Please acknowledge the foregoing by signing all three (3) counterparts of this letter in the space provided below and returning two (2) fully executed counterparts to my attention. Please note that, pursuant to Article 2 of the Lease, if Tenant fails to execute and return (or reasonably object in writing to) this letter within five (5) days after receiving it, Tenant shall be deemed to have executed and returned it without exception.

"Landlord":

CA-S UNNYVALE B USINESS C ENTER L IMITED P ARTNERSHIP , a Delaware limited partnership

By: EOP O WNER GP L.L.C.,
a Delaware limited liability company,
its general partner

By: _____

Name: _____

Title: _____

Agreed and Accepted as
of _____, 201 ___.

"Tenant":

TELENAV, INC.,
a Delaware corporation

By: _____

Name: _____

Title: _____

EXHIBIT D

SUNNYVALE BUSINESS CENTER

RULES AND REGULATIONS

Tenant shall comply with the following rules and regulations (as reasonably modified or supplemented from time to time, the " **Rules and Regulations** "). In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

1. Upon the expiration or earlier termination of the Lease, Tenant shall deliver to Landlord all keys and passes for offices, rooms, parking lot and toilet rooms which shall have been furnished Tenant. If the keys so furnished are lost, Tenant shall pay Landlord therefor.

2. Any damage to the Buildings, their contents, occupants or invitees resulting from Tenant's moving or maintaining any safe or other heavy property shall be the sole responsibility and expense of Tenant (notwithstanding anything to the contrary in Article 7 or Section 10.5 of the Lease).

3. The sidewalks, exits and entrances located in the Exterior Areas of the Project shall not be obstructed by Tenant or used by Tenant for any purposes other than for ingress to and egress from the Premises. Tenant shall lend its full cooperation to keep such areas free from all obstruction and in a clean and good condition and shall move all supplies, furniture and equipment as soon as received directly to the Premises and move all such items and waste being taken from the Premises (other than waste customarily removed by employees of the Premises) directly to the shipping platform at or about the time arranged for removal therefrom.

4. Tenant shall not place anything, or allow anything to be placed near the glass of any window, door, partition or wall which may, in Landlord's reasonable judgment, appear unsightly from outside of the Buildings, except as provided in the Lease.

5. Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises or the Project. Tenant assumes all responsibility for the protection of Tenant and its agents, employees, contractors and invitees, and the property thereof, from acts of third parties, including responsibility for keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide security protection for any portion of the Project. Tenant further assumes the risk that any safety or security device, service or program that Landlord elects, in its sole and absolute discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses resulting from such occurrences. Tenant shall cooperate in any reasonable safety or security program required by Law.

6. Tenant shall promptly remove all rubbish and waste from the Premises.

7. Landlord may, from time to time upon reasonable prior notice to Tenant, modify or supplement these Rules and Regulations in a manner that, in Landlord's reasonable judgment, is appropriate for the safety and protection of the Premises. Notwithstanding the forgoing, such new or amended Rules and Regulations shall not materially increase Tenant's obligations under the Lease or materially impair Tenant's rights under the Lease.

EXHIBIT E

SUNNYVALE BUSINESS CENTER

HAZARDOUS SUBSTANCES DISCLOSURE CERTIFICATE

Your cooperation in this matter is appreciated. Initially, the information provided by you in this Hazardous Substances Disclosure Certificate is necessary for the Landlord to evaluate your proposed uses of the premises (the " **Premises** ") and to determine whether to enter into a lease agreement with you as tenant. If a lease agreement is signed by you and the Landlord (the " **Lease Agreement** "), on an annual basis in accordance with the provisions of Section 25.2 of the Lease Agreement, you are to provide an update to the information initially provided by you in this certificate. Any questions regarding this certificate should be directed to, and when completed, the certificate should be delivered to:

Landlord: c/o Equity Office
2655 Campus Drive, Suite 100
San Mateo, CA 94403
Attn: Market Officer
Phone: (650) 372-3500

Name of (Prospective) Tenant: **T ELE N AV , I NC .** , a Delaware corporation

Mailing Address: _____

_____

Contact Person, Title and Telephone Number(s): _____

Contact Person for Hazardous Waste Materials Management and Manifests and Telephone Number(s): _____

Address of (Prospective) Premises: 920 DeGuigne Drive, 930 DeGuigne Drive and 950 DeGuigne Drive, Sunnyvale, California

Length of (Prospective) initial Term: Eight (8) years

1. GENERAL INFORMATION:

Describe the proposed operations to take place in, on, or about the Premises, including, without limitation, principal products processed, manufactured or assembled, and services and activities to be provided or otherwise conducted. Existing tenants should describe any proposed changes to on-going operations.

2. USE, STORAGE AND DISPOSAL OF HAZARDOUS SUBSTANCES

2.1 Will any Hazardous Substances be used, generated, treated, stored or disposed of in, on or about the Premises? Existing tenants should describe any Hazardous Substances which continue to be used, generated, treated, stored or disposed of in, on or about the Premises.

Wastes	Yes ☐	No ☐
Chemical Products	Yes ☐	No ☐
Other	Yes ☐	No ☐

If Yes is marked, please explain: _____

2.2 If Yes is marked in Section 2.1, attach a list of any Hazardous Substances to be used, generated, treated, stored or disposed of in, on or about the Premises, including the applicable hazard class and an estimate of the quantities of such Hazardous Substances to

be present on or about the Premises at any given time; estimated annual throughput; the proposed location(s) and method of storage (excluding nominal amounts of ordinary household cleaners and janitorial supplies which are not regulated by any Environmental Laws, as hereinafter defined); and the proposed location(s) and method(s) of treatment or disposal for each Hazardous Substance, including, the estimated frequency, and the proposed contractors or subcontractors. Existing tenants should attach a list setting forth the information requested above and such list should include actual data from on-going operations and the identification of any variations in such information from the prior year's certificate.

3. STORAGE TANKS AND SUMPS

Is any above or below ground storage or treatment of gasoline, diesel, petroleum, or other Hazardous Substances in tanks or sumps proposed in, on or about the Premises? Existing tenants should describe any such actual or proposed activities.

Yes ☐ No ☐

If yes, please explain: _____

_____

_____

_____

_____

_____

4. WASTE MANAGEMENT

4.1 Has your company been issued (or will your company receive) an EPA Hazardous Waste Generator I.D. Number for the Premises? Existing tenants should describe any additional identification numbers issued since the previous certificate.

Yes ☐ No ☐

4.2 Has your company filed (or will you company file) a biennial or quarterly reports as a hazardous waste generator for the Premises? Existing tenants should describe any new reports filed.

Yes ☐ No ☐

If yes, attach a copy of the most recent report filed.

5. WASTEWATER TREATMENT AND DISCHARGE

5.1 Will your company discharge wastewater or other wastes at the Premises to:

_____ storm drain? _____ sewer?

_____ surface water? _____ no wastewater or other wastes discharged.

Existing tenants should indicate any actual discharges. If so, describe the nature of any proposed or actual discharge(s).

_____

_____

_____

_____

_____

_____

5.2 Will any such wastewater or waste be treated before discharge?

Yes ☐ No ☐

If yes, describe the type of treatment proposed to be conducted. Existing tenants should describe the actual treatment conducted.

_____

_____

_____

_____

_____

_____

6. AIR DISCHARGES

6.1 Do you plan for any air filtration systems or stacks to be used in your company's operations in, on or about the Premises that will discharge into the air; and will such air

emissions be monitored? Existing tenants should indicate whether or not there are any such air filtration systems or stacks in use in, on or about the Premises which discharge into the air and whether such air emissions are being monitored.

Yes ☐ No ☐

If yes, please describe: _____

6.2 Do you propose to operate any of the following types of equipment, or any other equipment requiring an air emissions permit, at the Premises? Existing tenants should specify any such equipment being operated in, on or about the Premises.

_____ Spray booth(s) _____Incinerator(s)

_____Dip tank(s) _____Other (Please describe)

_____ Drying oven(s) _____No Equipment Requiring Air Permits

If yes, please describe: _____

6.3 Please describe (and submit copies of with this Hazardous Substances Disclosure Certificate) any reports you have filed in the past thirty-six months with any governmental or quasi-governmental agencies or authorities related to air discharges or clean air requirements and any such reports which have been issued during such period by any such agencies or authorities with respect to you or your business operations that will be conducted at the Premises.

7. HAZARDOUS SUBSTANCES DISCLOSURES

7.1 Has your company prepared or will it be required to prepare a Hazardous Substances management plan (" **Management Plan** ") or Hazardous Substances Business Plan and Inventory (" **Business Plan** ") pursuant to Fire Department or other governmental or regulatory agencies' requirements for its activities at the Premises? Existing tenants should indicate whether or not any such Management Plan is required and has been prepared.

Yes ☐ No ☐

If yes, attach a copy of the Management Plan or Business Plan. Existing tenants should attach a copy of any required updates to the Management Plan or Business Plan.

7.2 Are any of the Hazardous Substances, and in particular chemicals, proposed to be used in your operations in, on or about the Premises listed or regulated under Proposition 65? Existing tenants should indicate whether or not there are any new Hazardous Substances being so used which are listed or regulated under Proposition 65.

Yes ☐ No ☐

If yes, please explain: _____

8. ENFORCEMENT ACTIONS AND COMPLAINTS

8.1 With respect to Hazardous Substances or Environmental Laws, has your company ever been subject to any agency enforcement actions, administrative orders, or consent decrees or has your company received requests for information, notice or demand letters, or any other inquiries regarding its operations? Existing tenants should indicate whether or not any such actions, orders or decrees have been, or are in the process of being, undertaken or if any such requests have been received.

Yes ☐ No ☐

If yes, describe the actions, orders or decrees and any continuing compliance obligations imposed as a result of these actions, orders or decrees and also describe any requests, notices or demands, and attach a copy of all such documents. Existing tenants should describe and attach a copy of any new actions, orders, decrees, requests, notices or demands not already delivered to Landlord pursuant to the provisions of Section 25.2 of the Lease Agreement.

8.2 Have there ever been, or are there now pending, any lawsuits against your company regarding any environmental or health and safety concerns?

Yes ☐ No ☐

If yes, describe any such lawsuits and attach copies of the complaint(s), cross-complaint(s), pleadings and other documents related thereto as requested by Landlord. Existing tenants should describe and attach a copy of any new complaint(s), cross-complaint(s), pleadings and other related documents not already delivered to Landlord pursuant to the provisions of Section 25.2 of the Lease Agreement.

8.3 Have there been any problems or complaints against your company, from adjacent tenants, owners or other neighbors at your company's current facility with regard to environmental or health and safety concerns? Existing tenants should indicate whether or not there have been any such problems or complaints from adjacent tenants, owners or other neighbors at, about or near the Premises and the current status of any such problems or complaints.

Yes ☐ No ☐

If yes, please describe. Existing tenants should describe any such problems or complaints not already disclosed to Landlord under the provisions of the signed Lease Agreement and the current status of any such problems or complaints.

9. PERMITS AND LICENSES

Attach copies of all permits and licenses issued to your company with respect to its proposed operations in, on or about the Premises, including, without limitation, any Hazardous Substances permits, wastewater discharge permits, air emissions permits, and use permits or approvals. Existing tenants should attach copies of any new permits and licenses as well as any renewals of permits or licenses previously issued.

As used herein, "Hazardous Substances" and "Environmental Laws" shall have the meanings given to such terms in the Lease Agreement.

The undersigned hereby acknowledges and agrees that this Hazardous Substances Disclosure Certificate is being delivered to Landlord in connection with the evaluation of a Lease Agreement and, if such Lease Agreement is executed, will be attached thereto as an exhibit. The undersigned further acknowledges and agrees that if such Lease Agreement is executed, this Hazardous Substances Disclosure Certificate will be updated from time to time in accordance with Section 25.2 of the Lease Agreement. The undersigned further acknowledges and agrees that the Landlord and its partners, lenders and representatives may rely upon the statements, representations, warranties, and certifications made herein and the truthfulness thereof in entering into the Lease Agreement and the continuance thereof throughout the term, and any renewals thereof, of the Lease Agreement.

Tenant hereby certifies, represents and warrants that the information contained in this certificate is true and correct.

(PROSPECTIVE) TENANT:

TELENAV, INC.,
a Delaware corporation

By: _____

Title: _____

EXHIBIT F

SUNNYVALE BUSINESS CENTER

ADDITIONAL PROVISIONS

Capitalized terms used in this Exhibit not otherwise defined herein shall have the meaning given such terms in the Lease to which this Exhibit is attached (the " **Lease** ").

1. Provisions Required Under Existing Security Agreement . Notwithstanding any contrary provision of the Lease:

A. Permitted Use . No portion of the Premises shall be used for any of the following uses: any pornographic or obscene purposes, any commercial sex establishment, any pornographic, obscene, nude or semi-nude performances, modeling, materials, activities, or sexual conduct or any other use that, as of the time of the execution hereof, has or could reasonably be expected to have a material adverse effect on the Property or its use, operation or value.

B. Subordination and Attornment .

1. This Lease shall be subject and subordinate to any Security Agreement (as defined in Article 18 of this Lease) (other than a ground lease) existing as of the date of mutual execution and delivery of this Lease (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, an " **Existing Security Agreement** ") or any loan document secured by any Existing Security Agreement (an " **Existing Loan Document** "). In the event of the enforcement by any Security Holder of any remedy under any Existing Security Agreement or Existing Loan Document, Tenant shall, at the option of the Security Holder or of any other person or entity succeeding to the interest of the Security Holder as a result of such enforcement, attorn to the Security Holder or to such person or entity and shall recognize the Security Holder or such successor in the interest as lessor under this Lease without change in the provisions thereof; provided, however, the Security Holder or such successor in interest shall not be liable for or bound by (i) any payment of an installment of rent or additional rent which may have been made more than thirty (30) days before the due date of such installment, (ii) any act or omission of or default by Landlord under this Lease (but the Security Holder, or such successor, shall be subject to the continuing obligations of Landlord to the extent arising from and after such succession to the extent of the Security Holder's, or such successor's, interest in the Property), (iii) any credits, claims, setoffs or defenses which Tenant may have against Landlord, or (iv) any obligation under this Lease to maintain a fitness facility at the Property. Tenant, upon the reasonable request by the Security Holder or such successor in interest, shall execute and deliver an instrument or instruments confirming such attornment. Notwithstanding the foregoing, in the event the Security Holder shall have entered into a separate subordination, attornment and non-disturbance agreement directly with Tenant governing Tenant's obligation to attorn to the Security Holder or such successor in interest as lessor, the terms and provisions of such agreement shall supersede the provisions of this Subsection.

2. Notwithstanding any contrary provision of the Lease, this Lease is conditioned upon Tenant and the Security Holder under any Existing Security Agreement or Existing Loan Document entering into a non-disturbance, subordination and attornment agreement in substantially the form attached to the Lease as **Exhibit G** (" **Initial SNDA** ") concurrently with the mutual execution and delivery of this Lease, and the parties acknowledge that Subsection (1) of this Section 1.B shall not apply and the terms and provisions of such Initial SNDA shall supersede the provisions of that Subsection. In addition, in the event of any conflict between the provisions of the Initial SNDA and the provisions of Section 1.C below, as between the Tenant and the Security Holder who is a party to the SNDA, the provisions of the Initial SNDA shall control.

C. Proceeds .

1. As used herein, " **Proceeds** " means any compensation, awards, proceeds, damages, claims, insurance recoveries, causes or rights of action (whenever accrued) or payments which Landlord may receive or to which Landlord may become entitled with respect to the Property or any part thereof (other than payments received in connection with any liability or loss of rental value or business interruption insurance) in connection with any Taking of, or any casualty or other damage or injury to, the Property or any part thereof.

2. Nothing in this Lease shall be deemed to entitle Tenant to receive and retain Proceeds except those that may be specifically awarded to it in condemnation proceedings because of the Taking of its trade fixtures and its leasehold improvements which have not become part of the Property and such business loss as Tenant may specifically and separately establish. Nothing in the preceding sentence shall be deemed to expand any right Tenant may have under this Lease to receive or retain any Proceeds.

3. Nothing in this Lease shall be deemed to prevent Proceeds from being held and disbursed by any Security Holder under any Existing Loan Documents in accordance with the terms of such Existing Loan Documents. However, if, in the event of any casualty or partial Taking, any obligation of Landlord under this Lease to restore the Premises or the Building is materially diminished by the operation of the preceding sentence, then Landlord, as soon as reasonably practicable after the occurrence of such casualty or partial Taking, shall provide written notice to Tenant describing such diminution with reasonably specificity, whereupon, unless Landlord has agreed in writing, in its sole and absolute discretion, to waive such diminution, Tenant, by written notice to Landlord delivered within 10 days after receipt of Landlord's notice, shall have the right to terminate this Lease effective 10 days after the date of such termination notice.

2. Letter of Credit .

A. General Provisions . If Tenant does not deliver to Landlord a cash Security Deposit with Tenant's execution of this Lease, then concurrently with Tenant's execution of this Lease, Tenant shall deliver to Landlord, as collateral for the full performance by Tenant of all of its obligations under this Lease and for all losses and damages Landlord may suffer as a result of Tenant's failure to comply with one or more provisions of this Lease, including any damages arising under California Civil Code § 1951.2 following termination of this Lease, a letter of credit (the " **Letter of Credit** ") in the form of **Exhibit F-1** , in the face amount of $306,265.75 (the " **Letter of Credit Amount** "), naming Landlord as beneficiary, issued (or confirmed) by a financial institution acceptable to Landlord in Landlord's reasonable discretion, permitting multiple and partial draws thereon, and otherwise in form acceptable to Landlord in its reasonable discretion. Tenant shall cause the Letter of Credit to be continuously maintained in effect (whether through replacement, renewal or extension) in the Letter of Credit Amount through the date (the " **Final LC Expiration Date** ") that is 90 days after the scheduled expiration date of the Term, as it may be extended from time to time or in lieu thereof, shall deliver to Landlord a cash Security Deposit as provided in Section 2.G below If the Letter of Credit held by Landlord expires before the Final LC Expiration Date (whether by reason of a stated expiration date or a notice of termination or non-renewal given by the issuing bank), Tenant shall deliver a new Letter of Credit or certificate of renewal or extension (or a cash Security Deposit in lieu thereof) to Landlord not later than 60 days before the expiration date of the Letter of Credit then held by Landlord. In addition, if, at any time before the Final LC Expiration Date, the financial institution that issued (or confirmed) the Letter of Credit held by Landlord is not one of the ten largest nationally chartered United States banking institutions in terms of total assets and such issuer fails to meet the Minimum Financial Requirement (defined below), then, within five (5) business days after Landlord's demand, Tenant shall deliver to Landlord, in replacement of such Letter of Credit, either a cash Security Deposit or a new Letter of Credit issued (or confirmed) by a financial institution that meets the Minimum Financial Requirement and is otherwise acceptable to Landlord in Landlord's reasonable discretion, whereupon Landlord shall return to Tenant the Letter of Credit that is being replaced. For purposes hereof, a financial institution shall be deemed to meet the " **Minimum Financial Requirement** " on a particular date if and only if, as of such date, such financial institution (i) has not been placed into receivership by the FDIC; and (ii) has a financial strength that, in Landlord's good faith judgment, is not less than that which is then generally required by Landlord and its affiliates as a condition to accepting letters of credit in support of new leases. Any new Letter of Credit or certificate of renewal or extension (a " **Renewal or Replacement LC** ") shall comply with all of the provisions of this Section 2 , shall be irrevocable, transferable and shall remain in effect (or be automatically renewable) through the Final LC Expiration Date upon the same terms as the Letter of Credit that is expiring or being replaced.

B. Drawings under Letter of Credit . Upon a Default by Tenant (i.e., after any required Notice and cure period described in Section 19.1 of the Lease) or, if Landlord is prohibited by Law from providing Notice to Tenant of Tenant's failure to comply with one or more provisions of this Lease, then upon any such failure by Tenant and lapse of the specified cure period without the necessity of providing Notice to Tenant, or as otherwise specifically agreed by Landlord and Tenant pursuant to this Lease or any amendment hereof, Landlord may, without prejudice to any other remedy provided in this Lease or by Law, draw on the Letter of Credit such sums as are required for the purposes described in Section 2.C below. In addition, if Tenant fails to furnish a Renewal or Replacement LC (or a cash Security Deposit) complying with all of the provisions of this Section 2 when required under this Section 2 , Landlord may draw upon the Letter of Credit and hold the proceeds thereof (and such proceeds need not be segregated) in accordance with the terms of this Section 2 (the " **LC Proceeds Account** ").

C. Use of Proceeds by Landlord . The proceeds of the Letter of Credit applied by Landlord to the purposes set forth in this sentence shall constitute Landlord's sole and separate property (and not Tenant's property or the property of Tenant's bankruptcy estate) and Landlord may, immediately upon any draw (and without notice to Tenant), apply or offset the proceeds of the Letter of Credit against (a) any Rent payable by Tenant under this Lease that is not paid when due; (b) all losses and damages of Landlord as a result of Tenant's failure to comply with one or more provisions of this Lease, including any damages arising under California Civil Code § 1951.2 following termination of this Lease; (c) any costs incurred by Landlord in connection with this Lease (including attorneys' fees) that Tenant is

obligated to pay or reimburse; and (d) any other reasonable and legally recoverable amount that Landlord may spend or become obligated to spend by reason of Tenant's failure to comply with this Lease and that Tenant is obligated to pay or reimburse under this Lease or under applicable Laws. Notwithstanding the foregoing, if the proceeds of the Letter of Credit exceed the amount applied or offset by Landlord pursuant to clauses (a) through (d) above, then such excess amount shall be held by Landlord as a cash Security Deposit in accordance with Article 22 of the Lease. Provided that Tenant has performed all of its obligations under this Lease, Landlord shall pay to Tenant, within 45 days after the Final LC Expiration Date, the amount of any proceeds of the Letter of Credit received by Landlord and not applied as provided above; provided, however, that if, before the expiration of such 45-day period, a voluntary petition is filed by Tenant or any Guarantor, or an involuntary petition is filed against Tenant or any Guarantor by any of Tenant's or Guarantor's creditors, under the Federal Bankruptcy Code, then such payment shall not be required until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed, in each case pursuant to a final court order not subject to appeal or any stay pending appeal.

D. Additional Covenants of Tenant . If, for any reason, (i) the amount of the Letter of Credit becomes less than the Letter of Credit Amount, or (ii) Landlord requests in writing that the Letter of Credit Amount increase due to an increase in the square footage of the Premises as set forth in an amendment to the Lease, Tenant shall, within five (5) days thereafter with respect to clause (i) immediately above, or thirty (30) days thereafter with respect to clause (ii) immediately above, either provide Landlord with a cash Security Deposit equal to such difference, or provide Landlord with additional letter(s) of credit in an amount equal to the deficiency (or a replacement letter of credit in the total Letter of Credit Amount), and any such additional (or replacement) letter of credit shall comply with all of the provisions of this Section 2 , and if Tenant fails to comply with the foregoing, notwithstanding any contrary provision of this Lease, such failure shall constitute a Default by Tenant with no further opportunity to cure. Tenant further covenants and warrants that it will neither assign nor encumber the Letter of Credit or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. The use, application or retention of the Letter of Credit, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any applicable law, it being intended that Landlord shall not first be required to proceed against the Letter of Credit, and shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. Tenant agrees not to interfere in any way with payment to Landlord of the proceeds of the Letter of Credit in accordance with the terms of this Section, either prior to or following a "draw" by Landlord of any portion of the Letter of Credit, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw upon the Letter of Credit, provided that nothing herein shall affect Tenant's rights and remedies after the Letter of Credit is drawn if Tenant disputes Landlord's right to draw on the Letter of Credit or to apply any portion of the proceeds thereof. No condition or term of this Lease shall be deemed to render the Letter of Credit conditional to justify the issuer of the Letter of Credit in failing to honor a drawing upon such Letter of Credit in a timely manner. Tenant agrees and acknowledges that (i) the Letter of Credit constitutes a separate and independent contract between Landlord and the Bank, (ii) Tenant is not a third party beneficiary of such contract, (iii) Tenant has no property interest whatsoever in the Letter of Credit or the proceeds thereof, and (iv) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the Letter of Credit and/or the proceeds thereof under the provisions of this Lease by application of Section 502(b)(6) of the U. S. Bankruptcy Code or otherwise; provided, however, that the foregoing shall not limit any claims that Tenant may have with respect to any promises between the Tenant and the issuer of the Letter of Credit, or any collateral therefor.

E. Nature of Letter of Credit . Except as expressly provided in Section 2.C above, Landlord and Tenant (a) acknowledge and agree that in no event shall the Letter of Credit or any renewal thereof, any substitute therefor or any proceeds thereof (including the LC Proceeds Account) be deemed to be or treated as a "security deposit" under California Civil Code § 1950.7, as it may be amended or succeeded, or any other Law applicable to security deposits in the commercial context (" **Security Deposit Laws** "); (b) acknowledge and agree that the Letter of Credit (including any renewal thereof, any substitute therefor or any proceeds thereof) is not intended to serve as a security deposit and shall not be subject to the Security Deposit Laws; and (c) waive any and all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws; provided, however, that the foregoing waiver shall not waive any terms and conditions of this Section 2 . Tenant hereby waives the provisions of California Civil Code § 1950.7 and all other provisions of Law, now or hereafter in effect, which (i) establish the time frame by which Landlord must refund a security deposit under a lease, and/or (ii) provide that Landlord may claim from the security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums specified above in this Section 2 and/or those sums reasonably necessary to compensate Landlord for any legally recoverable loss or damage

caused by Tenant's breach of this Lease, including any legally recoverable damages Landlord suffers following termination of this Lease.

F. Transfer of Letter of Credit . The Letter of Credit shall provide that Landlord, its successors and assigns, may, at any time with notice to Tenant but without first obtaining Tenant's consent thereto, transfer (one or more times) all or any portion of its interest in and to the Letter of Credit to another party, person or entity, but only as a part of any assignment by Landlord of its rights and interests in and to this Lease or in connection with Landlord's financing of the Property. In the event of a transfer of Landlord's interest in the Building, Landlord shall transfer the Letter of Credit, in whole or in part, to the transferee, notify Tenant of such transfer and the name, address and phone number of the transferee, and upon assumption by the transferee of Landlord's obligations hereunder with respect to the Letter of Credit, Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor arising after such transfer, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole or any portion of said Letter of Credit to a new landlord. Landlord shall remain liable to Tenant, however, for the refund of any prior withdrawals from the Letter of Credit as and to the extent such refund is required under this Lease or applicable Law, but only to the extent that such refundable amount has not been transferred to the Landlord's successor in interest. In connection with any such transfer of the Letter of Credit by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the issuing or confirming financial institution such applications, documents and instruments as may be necessary to effectuate such transfer, and Tenant shall be responsible for paying such financial institution's transfer and processing fees in connection therewith; provided, however, that if Landlord's transfers the Letter of Credit more than one (1) time in any twelve (12) month period, Landlord shall pay the financial institution's transfer and processing fees in connection with the second and any subsequent transfer during such twelve (12) month period.

G. Replacement of the Letter of Credit with a Cash Security Deposit . Notwithstanding any of the foregoing to the contrary, Landlord shall return the Letter of Credit within 10 business days (" **Letter of Credit Termination Date** ") after receipt by Landlord of written notice (" **Security Deposit Election Notice** ") from Tenant electing to provide a cash Security Deposit in the amount of the required Letter of Credit Amount in lieu of the Letter of Credit, together with the required Letter of Credit Amount in lawful money of the United States; provided that Tenant is neither in Default upon Landlord's receipt of the Security Deposit Election Notice or upon the Letter of Credit Termination Date.

EXHIBIT F-1

SUNNYVALE BUSINESS CENTER

FORM OF LETTER OF CREDIT

Wells Fargo Bank, N.A.
U. S. TRADE SERVICES – Standby Letters of Credit MAC A0195-212
One Front Street, 21 st Floor
San Francisco, CA. 94111
Phone: 1(800) 798-2815 Option 1E-Mail: sftrade@wellsfargo.com

IRREVOCABLE STANDBY LETTER OF CREDIT
NUMBER _____
Issue Date: _____

BENEFICIARY:

CA-SUNNYVALE BUSINESS
CENTER LIMITED PARTNERSHIP
c/o Equity Office
2655 Campus Drive, Suite 100
San Mateo, CA 94403
Attention: Managing Counsel

APPLICANT:

Applicant Name
Address
City, State Zip

With a copy to:

Equity Office
2 North Riverside Plaza, Suite 2100
Chicago, Illinois 60606
Attention: Treasury Department

LETTER OF CREDIT ISSUE AMOUNT $306,265.75 EXPIRY DATE: _____

Ladies and Gentlemen:

At the request and for the account of the above referenced applicant, we hereby issue our Irrevocable Standby Letter of Credit (the "Wells Credit") in your favor in the amount of **[Insert Amount in Words] [US$ Insert Amount in Numbers]** available with us at our above office by payment against presentation of the following documents:

1. A draft drawn on us at sight marked "Drawn under Wells Fargo Bank, N.A. Standby Letter of Credit No. _____."

2. The original of this Standby Letter of Credit and any amendments thereto.

3. Beneficiary's signed and dated statement worded as follows (with the instructions in brackets therein complied with):

The undersigned, an authorized representative of the beneficiary of Wells Fargo Bank Letter of Credit No. _____certifies that the amount of the draft accompanying this statement represents (A) the amount due to Beneficiary pursuant to and in connection with that certain Lease dated **[insert date]** between *Applicant Name* and *Beneficiary Name* (as such lease may be amended, restated or replaced), or (B) the amount permitted to be drawn by Beneficiary pursuant to and in connection with such Lease because Applicant has not delivered to Beneficiary a new Letter of Credit or Certificate of Renewal or Extension within the applicable time period required thereunder".

Partial and multiple drawings are allowed. In the event of partial drawings, Wells Fargo Bank, N.A. shall endorse the original of this Letter of Credit and return it to the beneficiary.

If any instructions accompanying a drawing under this Letter of Credit request that payment is to be made by transfer to an account with us or at another bank, we and/or such other bank may rely on an account number specified in such instructions as that of the beneficiary's without any further validation.

This Letter of Credit is transferable one or more times, but in each instance only to a single transferee and only in the full amount available to be drawn under the Letter of Credit at the time of such transfer. Any such transfer may be effected only through Wells Fargo Bank, N.A. and only upon presentation to us at our presentation office specified herein of a duly executed transfer request in the form attached hereto as Exhibit A, with instructions therein in brackets complied with, together with the original of this Letter of Credit and any amendments thereto and payment of our transfer fee of _____% of the transfer amount under this Letter of Credit; provided, however, that, the transfer fee payable in connection with the first such transfer by Beneficiary in any twelve (12) month period shall be paid by Applicant. Each transfer shall be evidenced by our endorsement on the reverse of the original of this Letter of Credit, and we shall deliver such original to the transferee. The transferee's name shall automatically be substituted for that of the beneficiary wherever such beneficiary's name appears within this Standby Letter of Credit. All charges in connection

with any transfer of this Letter of Credit are for the Applicant's account.

We are subject to various laws, regulations and executive and judicial orders (including economic sanctions, embargoes, anti-boycott, anti-money laundering, anti-terrorism, and anti-drug trafficking laws and regulations) of the U.S. and other countries that are enforceable under applicable law. We will not be liable for our failure to make, or our delay in making, payment under this Letter of Credit or for any other action we take or do not take, or any disclosure we make, under or in connection with this Letter of Credit *[(including, without limitation, any refusal to transfer this Letter of Credit)]* that is required by such laws, regulations, or orders.

We hereby engage with you that each draft drawn under and in compliance with the terms and conditions of this Letter of Credit will be duly honored if presented together with the documents specified in this Letter of Credit at our office located at One front Street, 21 st Floor MAC A0195-212, San Francisco, CA. 94111, Attention: US Trade Services-Standby Letters of Credit on or before the above stated expiry date, or any extended expiry date if applicable.

This Irrevocable Standby Letter of Credit sets forth in full the terms of our undertaking. This undertaking is independent of and shall not in any way be modified, amended, amplified or incorporated by reference to any document, contract or agreement referenced herein other than the stipulated ICC rules and governing laws.

Except as otherwise expressly stated herein, this Standby Letter of Credit is subject to The Uniform Customs and Practice For Documentary Credits, (2007 Revision) The International Chamber of Commerce Publication No. 600.

Very truly yours
WELLS FARGO BANK, N.A.

BY: _____
(AUTHORIZED SIGNATURE)

The original of this Letter of Credit contains an embossed seal over the Authorized Signature.

Please direct any written correspondence or inquires regarding this Letter of Credit, always quoting our reference number to Wells Fargo Bank, N.A., Attn: One front Street, 21 st Floor MAC A0195 - 212, San Francisco, CA. 94111, Attention: US Trade Services - Standby Letters of Credit (Hours of operation: 8:00am PST to 5:30pm PST)

All phone inquiries regarding this credit should be directed to our Standby Customer Connection Professionals at 1-800-798-2815, Option 1.

EXHIBIT "A"

DATE:
TO: [INSERT BANK ADDRESS]

ATTN: _____
RE: _____ BANK IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

GENTLEMEN:
FOR VALUE RECEIVED, THE UNDERSIGNED BENEFICIARY HEREBY IRREVOCABLY TRANSFERS TO:

(NAME OF TRANSFEREE)

(ADDRESS)

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY TO DRAW UNDER THE ABOVE LETTER OF CREDIT UP TO ITS AVAILABLE AMOUNT AS SHOWN ABOVE AS OF THE DATE OF THIS TRANSFER.

BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY IN SUCH LETTER OF CREDIT ARE TRANSFERRED TO THE TRANSFEREE. TRANSFEREE SHALL HAVE THE SOLE RIGHTS AS BENEFICIARY THEREOF, INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS, WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS, AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECT TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.

THE ORIGINAL OF SUCH LETTER OF CREDIT IS RETURNED HEREWITH, AND WE ASK YOU TO ENDORSE THE TRANSFER ON THE REVERSE THEREOF, AND FORWARD IT DIRECTLY TO THE TRANSFEREE WITH YOUR CUSTOMARY NOTICE OF TRANSFER.

SINCERELY,

_____
(BENEFICIARY'S NAME)

_____
SIGNATURE OF BENEFICIARY

EXHIBIT G

SUNNYVALE BUSINESS CENTER

FORM OF SNDA

See Attached

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

TeleNav, Inc.
1130 Kifer Rd.
Sunnyvale, CA 94086
Attn: General Counsel

(Space Above For Recorder's Use)

Documentary Transfer Tax: None
APN: 205-22-022

SUBORDINATION,
NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT made as of this day of July, 2011, between the Lender (defined below) and TeleNav, Inc., a Delaware corporation, having an address at 1130 Kifer Rd., Sunnyvale, CA 94086, Attn: General Counsel (hereinafter called " Tenant ").

RECITALS:

WHEREAS, by a Lease Agreement dated as of June 28, 2011 (the " Lease "), between CA-Sunnyvale Business Center Limited Partnership, a Delaware limited partnership (hereinafter called " Landlord "), as landlord, and Tenant, as tenant, Landlord leased to Tenant certain premises located at 920 DeGuigne Drive, 930 DeGuigne Drive, and 950 DeGuigne Drive, Sunnyvale, California (the " Premises ") on the property known as "Sunnyvale Business Center," and described in Schedule "A", annexed hereto and made a part hereof (the " Property "): and

WHEREAS, Goldman Sachs Commercial Mortgage Capital, L.P., Bank of America, N.A., Bear Stearns Commercial Mortgage Inc., German American Capital Corporation, Morgan Stanley Mortgage Capital Inc., Column Financial, Inc., Citigroup Global Markets Realty Corp., and Wachovia Bank, National Association (collectively, as original lender and predecessor-in-interest to Lender, " Original Lende r"), has made a loan to Landlord, which loan is secured by, among other things, a mortgage or deed of trust encumbering the Property (which mortgage or deed of trust, and all amendments, renewals, increases, modifications, replacements, substitutions, extensions, spreaders and consolidations thereof and all re-advances thereunder and additions thereto, is referred to as the " Security Instrument "): and

WHEREAS, Original Lender assigned all of its right, title and interest in and to the Security Instrument to Wells Fargo Bank, N.A., as Trustee for the Registered Holders of GS Mortgage Securities Corporation II, Commercial Mortgage Pass-Through Certificates, Series 2007-EOP (together with its successors and assigns, " Lender "); and

WHEREAS, Lender and Tenant desire to confirm their understanding and agreement with respect to the Lease and the Security Instrument.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Lender and Tenant hereby agree and covenant as follows:

1. The Lease, and all of the terms, covenants, provisions and conditions thereof (including, without limitation, any right of first refusal, right of first offer, option or any similar right with respect to the sale or purchase of the Property, or any portion thereof) is, shall be, and shall at all times remain and continue to be, subject and subordinate in all respects to the lien, terms, covenants, provisions and conditions of the Security Instrument and to all advances and re-advances made thereunder and all sums secured thereby, subject to the terms of this Agreement. This provision shall be self-operative, but Tenant shall execute and deliver any additional instruments which Lender may reasonably require to effect such subordination in accordance with this Agreement.

2. So long as (i) Tenant is not in default (beyond any period given in the Lease to Tenant to cure such default) in the payment of rent, percentage rent or additional rent or in the performance or observance of any of the other terms, covenants, provisions or conditions of the Lease on Tenant's part to be performed or observed, and (ii) the Lease is in full force and effect: (a) Tenant's possession of the Premises and Tenant's rights and privileges under the Lease, or any extensions or renewals thereof which may be effected in accordance with any option therefor which is contained in the Lease, shall not be diminished or interfered with by Lender, and Tenant's occupancy of the Premises shall not be disturbed by Lender for any reason whatsoever during the term of the Lease or any such extensions or renewals thereof, and (b) Lender will not join Tenant as a party defendant in any action or proceeding to foreclose the Security Instrument or to enforce any rights or remedies of Lender under the Security Instrument which would cut off, destroy, terminate or extinguish the Lease or Tenant's interest and estate under the Lease. Notwithstanding the foregoing provisions of this paragraph, if it would be procedurally disadvantageous for Lender not to name or join Tenant, Lender may so name or join Tenant, so long as no action is brought against Tenant to cut off, destroy, terminate or extinguish the Lease or Tenant's interest and estate under the Lease, or to otherwise diminish or adversely affect the rights and privileges granted to, or inuring to the benefit of, Tenant under this Agreement.

3. (A) After notice is given by Lender that the Security Instrument is in default and that the rentals under the Lease should be paid to Lender, Tenant will attorn to Lender and pay to Lender, or pay in accordance with the directions of Lender, all rentals and other monies due and to become due to Landlord under the Lease or otherwise in respect of the Premises.

(B) In addition, if Lender (or its nominee or designee) shall succeed to the rights of Landlord under the Lease through possession or foreclosure action, delivery of a deed, or otherwise, or another person purchases the Property or the portion thereof containing the Premises upon or following foreclosure of the Security Instrument or in connection with any bankruptcy case commenced by or against Landlord (Lender, its nominees and designees, and such purchaser, and their respective successors and assigns, each being a " Successor-Landlord "), Tenant shall attorn to and recognize Successor-Landlord as Tenant's landlord under the Lease, and shall promptly execute and deliver any instrument that Successor-Landlord may reasonably request to evidence such attornment. Upon such attornment, the Lease shall continue in full force and effect as, or as if it were, a direct lease between Successor-Landlord and Tenant upon all terms, conditions and covenants as are set forth in the Lease. If the Lease shall have terminated by operation of law or otherwise as a result of or in connection with a bankruptcy case commenced by or against Landlord or a foreclosure action or proceeding or delivery of a deed in lieu, upon request of Successor-Landlord or Tenant, Tenant and Successor-Landlord shall promptly execute and deliver a direct lease between Tenant and Successor-Landlord, which direct lease shall be on the same terms and conditions as the Lease (subject, however, to the provisions of clauses (i)-(v) of this paragraph 3(B)), and shall be effective as of the day the Lease shall have terminated as aforesaid. Notwithstanding the continuation of the Lease, the attornment of Tenant thereunder, the recognition of the Lease by the Successor-Landlord, or the execution of a direct lease between Successor-Landlord and Tenant as aforesaid, Successor-Landlord shall not:

(i) be liable for any previous act or omission of Landlord under the Lease;

(ii) be subject to any off-set, defense or counterclaim which shall have theretofore accrued to Tenant against the prior Landlord except as expressly permitted in Section 3(B)(v) hereof and except to the extent that (a) such offset or defense arises from a default by Landlord which continues after the date that the Successor-Landlord succeeds to Landlord's interest in the Property and Lender has been provided with notice of such Landlord default and an opportunity to cure same pursuant to the requirements of Section 5 hereof, and (b) such Landlord default under the Lease giving rise to the offset or defense is of a nature that the Successor Landlord can cure by performing a service or making a repair (it being acknowledged that, notwithstanding the foregoing, under no circumstances shall Lender or Successor-Landlord have any obligations or liability for monetary damages accruing for defaults by Landlord prior to such succession and Lender and Successor Landlord shall not have any obligation to perform Landlord's obligations with respect to the construction of, or payment for, the leasehold improvements on or above the Premises, tenant work letters and/or similar items). In addition, the parties acknowledge and agree that Successor Landlord shall not be subject to offsets of Tenant against Landlord for any unpaid tenant allowance monies due from Landlord under the Lease, except as expressly provided in Section 3(B)(v) hereof, it being understood that nothing in this Section 3(B)(ii) shall limit or nullify the provisions of Section 3(B)(v);

(iii) be bound by any modification of the Lease, or by any previous prepayment of rent or additional rent made more than one (1) month prior to the date same was due which Tenant might have paid to Landlord, unless such modification or prepayment shall have been expressly approved in writing by Lender;

(iv) be liable for any security deposited under the Lease unless such security has been physically delivered to Lender or Successor-Landlord; and

(v) be liable or obligated to comply with or fulfill any of the obligations of Landlord under the Lease or any agreement relating thereto with respect to the construction of, or payment for, improvements on or above the Premises (or any portion thereof), leasehold improvements, tenant work letters and/or similar items. Notwithstanding anything to the contrary contained in this Agreement, subject to the terms of this subparagraph 3(B)(v), Successor-Landlord shall be subject to Tenant's right of setoff and deductions from rent as expressly provided in Section 6.7 of Exhibit B to the Lease as a result of Landlord's failure to pay the Allowance (as defined in the Lease) in accordance with the terms of the Lease (as to Landlord's failure to pay the Allowance, the " Tenant's Right of Setoff for Unpaid Allowance "); provided, however, that Tenant's Right of Setoff for Unpaid Allowance shall be effective against Successor-Landlord only if Tenant provides Lender with written notice of default and opportunity to cure pursuant to the requirements of Section 5 of this Agreement with respect to any failure by Landlord to pay the Allowance and additionally provided that Tenant delivers to Lender a written estoppel certificate signed by Tenant which is delivered to Lender (i) on or before November 1, 2011 (the " First Estoppel "), and (ii) on or before January 1, 2012 (the "Second Estoppel"). Each of the First Estoppel and the Second Estoppel shall consist of Tenant's written confirmation, as of the date of such estoppel certificate, (i) whether Landlord is then in default in payment of the Allowance under the terms of the Lease, (ii) the amount of the Allowance that has been properly funded in accordance with the terms of the Lease, and (iii) the amount of the Allowance that is remaining to be funded (each, an " Estoppel " and collectively, the " Estoppels "). Tenant shall be deemed to have waived the Tenant's Right of Setoff for Unpaid Allowance with respect to any portion of the Allowance that the Estoppel confirms has been funded under the Lease. Tenant's failure to deliver either of the Estoppels or written notice of Landlord's default in payment of the Allowance in accordance with Section 5 of this Agreement shall result in Lender's and/or Successor-Landlord's not being subject to the Tenant's Right of Setoff for Unpaid Allowance.

4. INTENTIONALLY DELETED.

5. (A) Tenant shall promptly send Lender copies of any written notices of default delivered by Tenant to Landlord under the Lease.

(B) In the event of a default by Landlord under the Lease which would give Tenant the right, immediately or after the lapse of a period of time, to cancel or terminate the Lease or to claim a partial or total eviction, or in the event of any other act or omission of Landlord which would give Tenant the right to cancel or terminate the Lease, Tenant shall not exercise such right (i) until Tenant has given written notice of such default, act or omission to Lender, and (ii) unless Lender has failed, within forty-five (45) days after Lender receives such notice, to cure or remedy the default, act or omission or, if such default, act or omission shall be one which is not reasonably capable of being remedied by Lender within such forty-five (45) day period, until a reasonable period for remedying such default, act or omission shall have elapsed following the giving of such notice and following the time when Lender shall have become entitled under the Security Instrument to remedy the same (which reasonable period shall in no event be less than the period to which Landlord would be entitled under the Lease or otherwise, after similar notice, to effect such remedy, and in no event longer than one hundred twenty (120) days from the date when Lender receives Tenant's written notice of Landlord's default), provided that Lender shall with due diligence give Tenant written notice of its intention to, and shall thereafter diligently commence and continue to, remedy such default, act or omission. If Lender cannot reasonably remedy a default, act or omission of Landlord until after Lender obtains possession of the Premises, Tenant may not terminate or cancel the Lease or claim a partial or total eviction by reason of such default, act or omission until the expiration of a reasonable period necessary for the remedy; provided, however, that if entry onto the Premises is required to cure such default, such reasonable period will include such time as is reasonably necessary for Lender to gain such entry, using due diligence. To the extent Lender incurs any expenses or other costs in curing or remedying such default, act or omission, including, without limitation, attorneys' fees and disbursements, Lender shall be subrogated to Tenant's rights against Landlord.

(C) Notwithstanding the foregoing, Lender shall have no obligation hereunder to remedy such default, act or omission.

6. To the extent that the Lease shall entitle Tenant to notice of the existence of any mortgage and the identity of any mortgagee or any ground lessor, this Agreement shall constitute such notice to Tenant with respect to the Security Instrument and Lender.

7. Upon and after the occurrence of a default under the Security Instrument, which is not cured after any applicable notice and/or cure periods, upon delivery of written notice to Tenant, Lender shall be entitled, but not obligated, to exercise the claims, rights, powers, privileges and remedies of Landlord under the Lease, and shall be further entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by Tenant under the Lease as though Lender were named therein as Landlord.

8. Anything herein or in the Lease to the contrary notwithstanding, in the event that a Successor-Landlord shall acquire title to the Property or the portion thereof containing the Premises, Successor-Landlord shall have no obligation, nor incur any liability, beyond Successor-Landlord's then interest, if any, in the Property (or the proceeds thereof), and Tenant shall look exclusively to such interest, if any, of Successor-Landlord in the Property (or the proceeds thereof) for the payment and discharge of any obligations imposed upon Successor-Landlord hereunder or under the Lease, and Successor-Landlord is hereby released or relieved of any other liability hereunder and under the Lease. Tenant agrees that, with respect to any money judgment which may be obtained or secured by Tenant against Successor-Landlord, Tenant shall look solely to the estate or interest owned by Successor-Landlord in the Property (and the proceeds thereof), and Tenant will not collect or attempt to collect any such judgment out of any other assets of Successor-Landlord.

9. Notwithstanding anything to the contrary in the Lease, Tenant agrees for the benefit of Landlord and Lender that, except as permitted by, and fully in accordance with, applicable law and/or the Lease, Tenant shall not generate, store, handle, discharge or maintain in. on or about any portion of the Property, any asbestos, polychlorinated biphenyls, or any other hazardous or toxic materials, wastes and substances which are defined, determined or identified as such (including, but not limited to, pesticides and petroleum products if they are defined, determined or identified as such) in any federal, state or local laws, rules or regulations (whether now existing or hereafter enacted or promulgated), or any judicial or administrative interpretation of any thereof, including any judicial or administrative interpretation of any thereof, including any judicial or administrative orders or judgments.

10. INTENTIONALLY DELETED.

11. Except as specifically provided in this Agreement, Lender shall not, by virtue of this Agreement, the Security Instrument or any other instrument to which Lender may be a party, be or become subject to any liability or obligation to Tenant under the Lease or otherwise.

12. (A) Tenant acknowledges and agrees that this Agreement satisfies and complies in all respects with the provisions of Article 18 of the Lease, and that this Agreement supersedes (but only to the extent inconsistent with) the provisions of such Article and any other provision of the Lease relating to the priority or subordination of the Lease and the interests or estates created thereby to the Security Instrument.

(B) Tenant agrees to enter into a subordination, non-disturbance and attornment agreement with any lender which shall succeed Lender as lender with respect to the Property, or any portion thereof, provided that such agreement is the same in all material respects to this Agreement; provided, however, that Tenant shall have the right to modify the representations made in Section 15 below to reflect the accuracy of such matters as of the date of Tenant's delivery of such subordination, non-disturbance and attornment agreement.

13. (A) Any notice of a default by Landlord under the Lease required or permitted to be given by Tenant to Landlord shall be simultaneously given also to Lender, and any right to Tenant dependent upon notice shall take effect as against Lender or Successor-Landlord only after notice is so given. Performance by Lender shall satisfy any conditions of the Lease requiring performance by Landlord, and Lender shall have a reasonable time to complete such performance as provided in Paragraph 5 hereof.

(B) All notices or other communications required or permitted to be given to Tenant or to Lender pursuant to the provisions of this Agreement shall be in writing and shall be deemed given only if mailed by United States registered mail, postage prepaid, or if sent by nationally recognized overnight delivery service (such as Federal Express or United States Postal Service Express Mail), addressed as follows:

to Tenant, at the following address:	Before the Lease Commencement Date: TeleNav, Inc. 1130 Kifer Rd. Sunnyvale, CA 94086 Attn: General Counsel From and after the Lease Commencement Date: TeleNav, Inc. 950 DeGuigne Drive Sunnyvale, CA 94085 Atten: General Counsel
to Lender, at the following address:	Wells Fargo Bank, N.A., as Trustee for the Registered Holders of GS Mortgage Securities Corporation II, Commercial Mortgage Pass-Through Certificates, Series 2007-EOP c/o Bank of America, N.A. Capital Markets Servicing Group 900 West Trade Street, Suite 650 Charlotte, North Carolina 28255

or to such other address or number as such party may hereafter designate by notice delivered in accordance herewith. All such notices shall be deemed given three (3) business days after delivery to the United States Post office registry clerk if given by registered mail, or on the next business day after delivery to an overnight delivery courier.

14. This Agreement may be modified only by an agreement in writing signed by the parties hereto, or their respective successors-in-interest. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto, and their respective successors and assigns. The term "Lender" shall mean the then holder of the Security Instrument. The term "Landlord" as used in this Agreement shall mean the then holder of the landlord's interest in the Lease. The term "person" shall mean an individual, joint venture, corporation, partnership, trust, limited liability company, unincorporated association or other entity. All references herein to the Lease shall mean the Lease as modified by this Agreement, and to any amendments or modifications to the Lease which are consented to in writing by Lender. Any inconsistency between the Lease and the provisions of this Agreement shall be resolved, to the extent of such inconsistency, in favor of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, no provision of this Agreement shall be deemed to amend any provision of the Lease as between Landlord, as lessor, and Tenant, as lessee, inter se nor waive any rights which Tenant may now or hereafter have against CA-Sunnyvale Business Center Limited Partnership.

15. Tenant hereby represents to Lender as follows:

(a) The Lease is in full force and effect, and has not been further amended.

(b) There has been no assignment of the Lease or subletting of any portion of the premises demised under the Lease that is currently in effect.

(c) The copy of the Lease delivered concurrently herewith to the Lender by Tenant is accurate and complete and there are no other oral or written agreements or understandings between Landlord and Tenant relating to the premises demised under the Lease or the Lease transaction except as set forth in said Lease.

(d) The execution of the Lease was duly authorized and the Lease is in full force and effect, and to the best of Tenant's current actual knowledge there exists no default (beyond any applicable grace period) on the part of either Tenant or Landlord under the Lease.

(e) There has not been filed by or against Tenant, nor to the best of the knowledge and belief of Tenant is there threatened against Tenant, any petition under the bankruptcy laws of the United States.

16. Whenever, from time to time, reasonably requested by Lender (but not more than one (1) times during any calendar year), Tenant shall execute and deliver to or at the direction of Lender, and without charge to Lender, a written certification, in a form acceptable to Tenant, the then-current status of all of the matters set forth in Paragraph 15 above, and any other information Lender may reasonably require to confirm the current status of the Lease.

17. BOTH TENANT AND LENDER HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

18. This Agreement shall be governed by and construed in accordance with the laws of the State in which the Property is located.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

LENDER :

WELLS FARGO BANK, N.A., AS TRUSTEE
FOR THE REGISTERED HOLDERS OF
GS MORTGAGE SECURITIES CORPORATION II,
COMMERCIAL MORTGAGE PASS-THROUGH
CERTIFICATES, SERIES 2007-EOP

By: Bank of America, N.A., as Servicer

By: _____
Name: _____
Title: _____

TENANT

TELENAV, INC., a Delaware corporation

By: _____
Name: _____
Title: _____

AGREED AND CONSENTED TO:

LANDLORD:

CA-SUNNYVALE BUSINESS CENTER LIMITED PARTNERSHIP, a Delaware limited partnership

By: EOP Owner GP, L.L.C., a Delaware limited liability company, its general partner

By: _____
Name: _____
Title: _____

STATE OF NORTH CAROLINA)
) ss.
COUNTY OF MECKLENBURG)

On the day of in the year 2011 before me, the undersigned, a notary public in and for said state, personally appeared , the of Bank of America, N.A., as Servicer for Wells Fargo Bank, N.A., as Trustee for the Registered Holders of GS Mortgage Securities Corporation II, Commercial Mortgage Pass-through Certificates, Series 2007-EOP, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity, and that by his/her/their signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____Notary Public

[Notary Seal] My commission expires:

STATE OF _____
_____)
) ss.
COUNTY OF
_____)

On the day of in the year 2011 before me, the undersigned, a notary public in and for said state, personally appeared , the of , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity, and that by his/her/their signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____Notary Public

[Notary Seal] My commission expires:

STATE OF _____
_____)
) ss.
COUNTY OF
_____)

On the day of in the year 2011 before me, the undersigned, a notary public in and for said state, personally appeared , the of , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity, and that by his/her/their signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____Notary Public

[Notary Seal] My commission expires:

SCHEDULE A

Legal Description of Property

All that real property situated in the City of Sunnyvale, County of Santa Clara, State of California, more particularly described as follows:

ALL OF PARCEL 1 AS SHOWN ON THAT CERTAIN MAP ENTITLED “PARCEL MAP BEING A PORTION OF PARCELS “A” AND “B” AS SHOWN ON PARCEL MAP RECORDED IN BOOK 234 OF MAPS AT PAGE 44, SANTA CLARA COUNTY RECORDS”, WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON AUGUST 14, 1989, IN BOOK 604 OF MAPS, PAGE 18.

APN: 205-22-022

EXHIBIT H

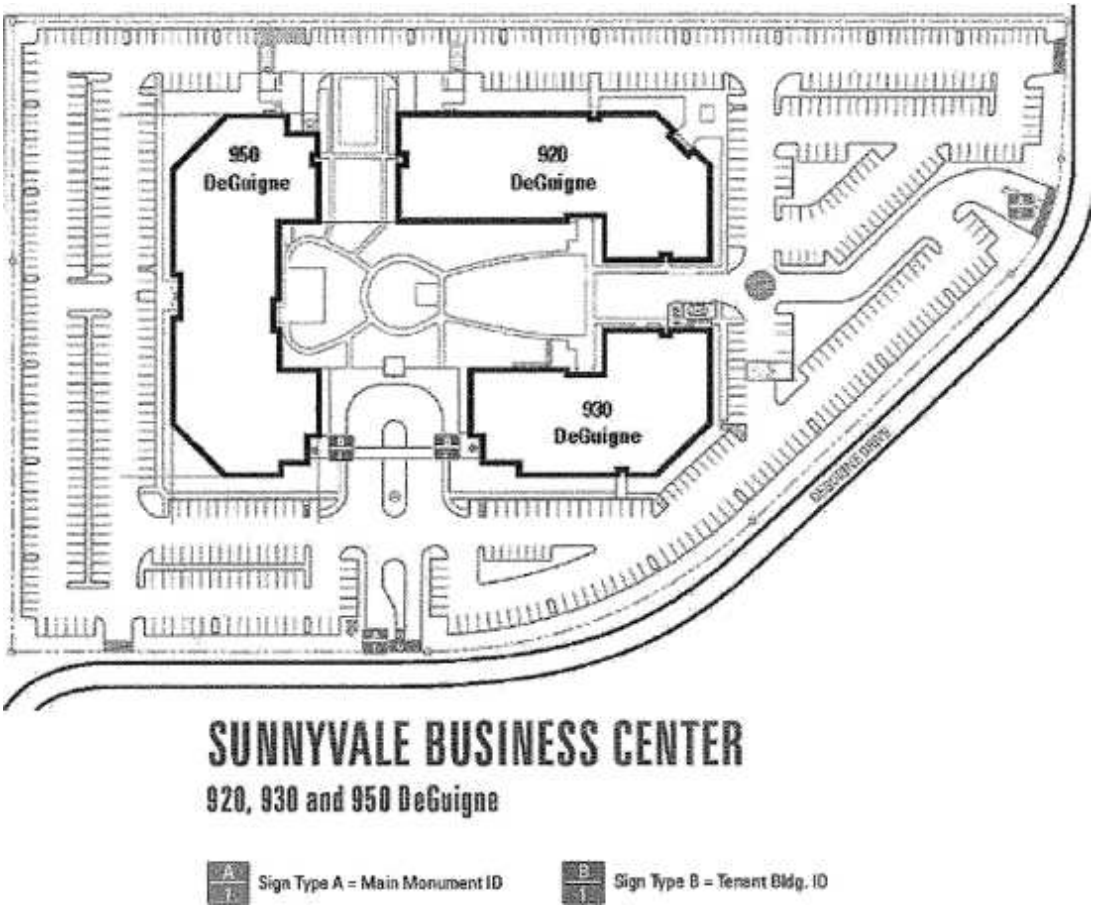
SUNNYVALE BUSINESS CENTER

SIGNAGE STANDARDS

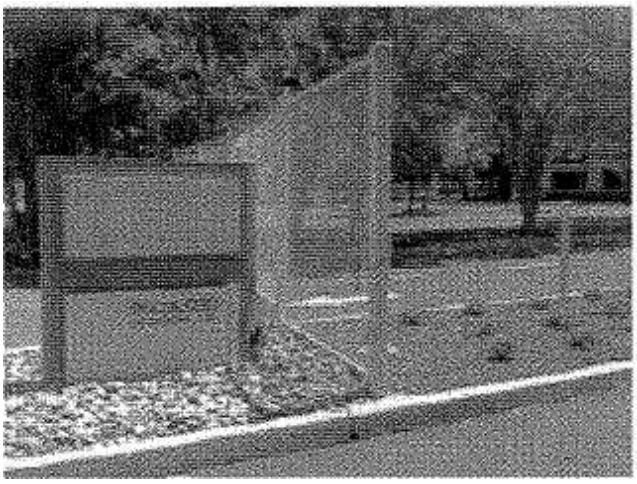
See Attached

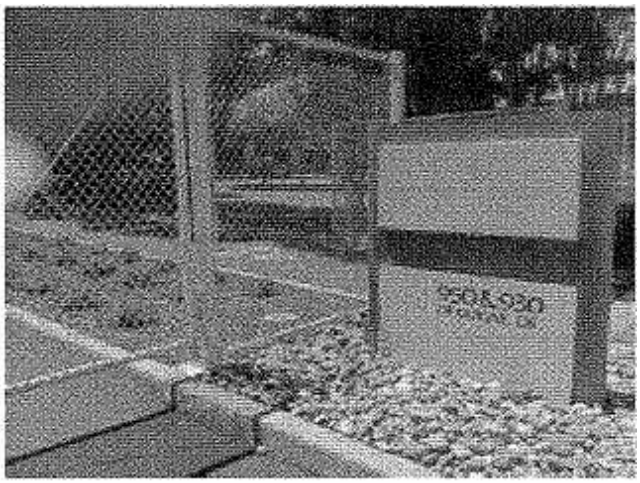
Tenant Signage Specs at Sunnyvale Business Center
920, 930 & 950 DeGuigne Drive, Sunnyvale

Site Plan with Signage Locations

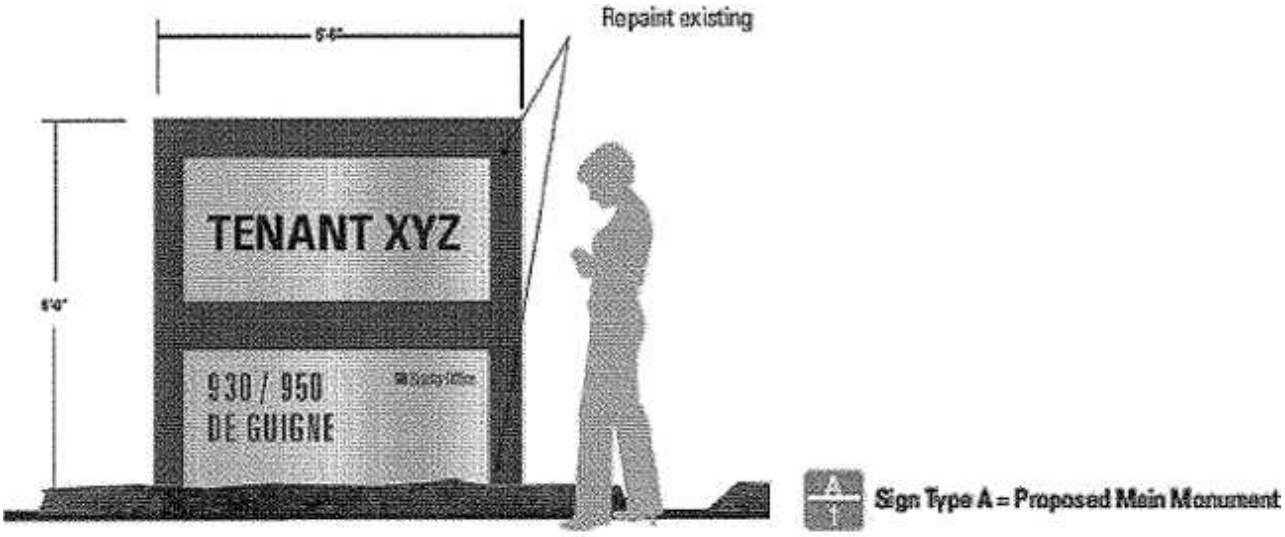


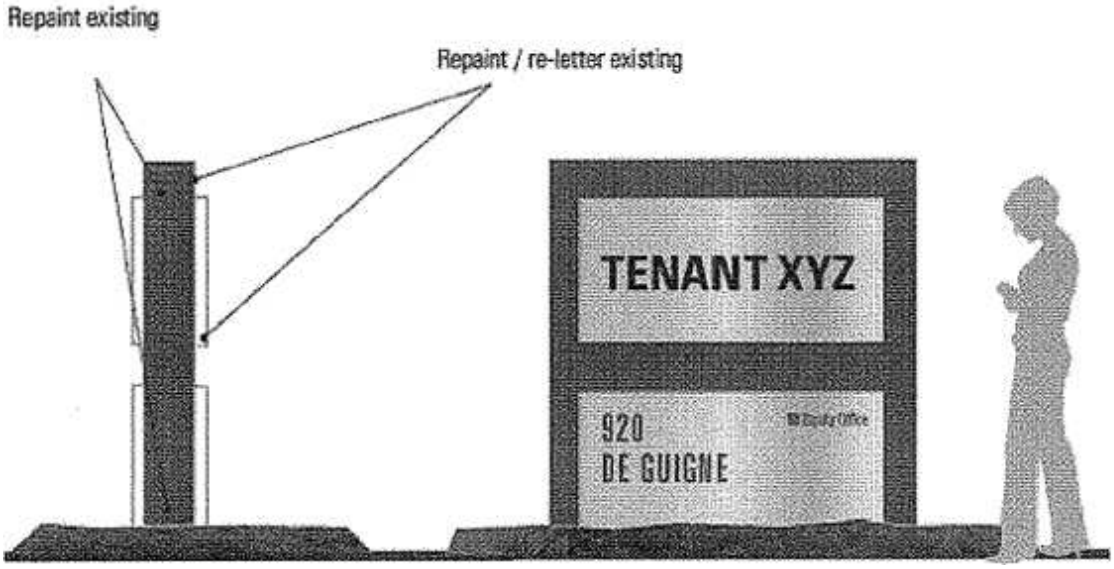
Monument Sign Specs





Existing Main Monument





Monument Sign Design Specs:

Typeface

Zurich XCn BT
abcdefghijklmnopqrstuvwxyz
ABCDEFGHIJKLMNOPQRSTUVWXYZ
1234567890

Zurich LtXCn BT
abcdefghijklmnopqrstuvwxyz
ABCDEFGHIJKLMNOPQRSTUVWXYZ
1234567890

Other Logo

Equity Office

Color Scheme

Aluminum painted MAP Super Sparkle Silver

Aluminum painted MAP Matte Black, or Copy in Matte Black

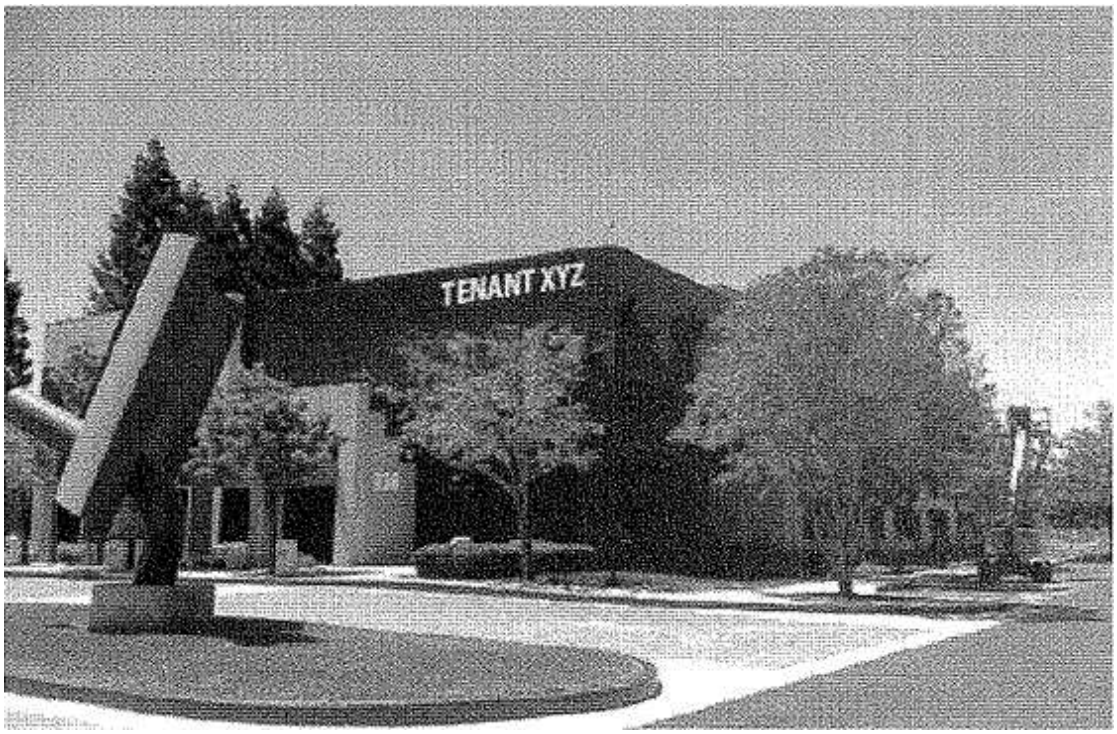
Symbols

On-Building Signage

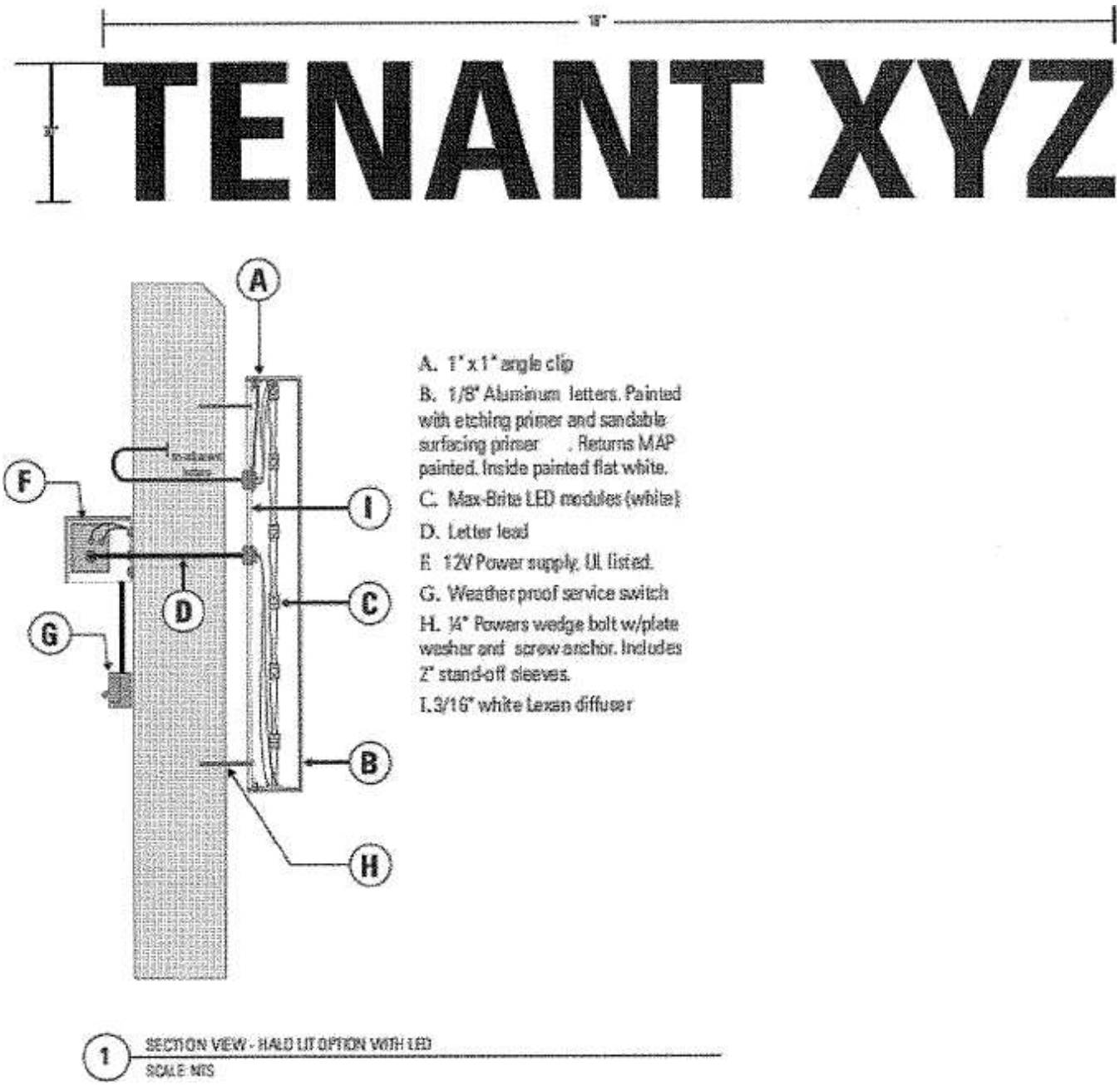
Tenant allotted one on-building sign for either 930 or 950 DeGuigne, as outlined below.

B/1 **Sign Type B = Proposed Attached Tenant ID Sign - 950 De Guigne**

B/2 **Sign Type B = Proposed Attached Tenant ID Sign - 930 De Guigne**



On-Building Sign Design Specs:



Allowable square footage for skyline signs:

1 square foot of signage per 1 foot of linear building frontage with a maximum of 300 square feet total.

EXHIBIT I-1

SUNNYVALE BUSINESS CENTER

MEMORANDUM OF LEASE

See Attached

Exhibit I

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

TELENAV, INC.
1130 Kifer Rd
Sunnyvale, CA 94086
Attn: General Counsel

(Space Above For Recorder's Use)

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE is made and entered into as of June 28, 2011, by and between **CA-SUNNYVALE BUSINESS CENTER LIMITED PARTNERSHIP**, a Delaware limited partnership (" **Landlord** "), and **TELENAV, INC.**, a Delaware corporation (" **Tenant** ").

1. Lease. Landlord does hereby lease to Tenant and Tenant does hereby lease from Landlord those certain premises located at 920 DeGuigne Drive, 930 DeGuigne Drive and 950 DeGuigne Drive, Sunnyvale, California (the " **Premises** "), pursuant to the terms and conditions of that certain unrecorded Office Lease (the " **Lease** ") dated as of June 28, 2011, between Landlord and Tenant. The land on which the Building is located is described on Exhibit "1" attached hereto (the " **Property** ").

2. Term. The initial term of the Lease is eight (8) years commencing on December 1, 2011 (subject to extension of the commencement date as set forth in the Lease) (" **Commencement Date** "), and expiring on the day immediately preceding the eighth (8th) anniversary of the Commencement Date (" **Expiration Date** "); provided, however, that the term of the Lease may be extended by Tenant for two (2) additional five (5) year periods.

3. Notice. It is understood and agreed that the purpose of this Memorandum of Lease is to provide notice of the Lease. All rights and obligations of Landlord and Tenant are governed by the terms, conditions, limitations and restrictions contained in said Lease and the Exhibits thereto. In the event of any inconsistency between the terms of this Memorandum of Lease and of said Lease, said Lease shall govern and control.

[Signature are on the next page]

IN WITNESS WHEREOF, the Landlord and Tenant have executed this Memorandum of Lease as of the day and year first above written.

LANDLORD:

CA-SUNNYVALE BUSINESS CENTER LIMITED PARTNERSHIP, a Delaware limited partnership

By: EOP OWNER GP L.L.C.,
a Delaware limited liability company,
its general partner

By: _____

Name: _____

Title: _____

TENANT:

TELENAV, INC.,
a Delaware Corporation

By: _____

Name: _____

Title: _____
[chairman, president or vice-president]

By: _____

Name: _____

Title: _____
[secretary, assistant secretary, chief
financial officer or assistant treasurer]

EXHIBIT “1”

LEGAL DESCRIPTION

All that real property situated in the City of Sunnyvale, County of Santa Clara, State of California, more particularly described as follows:

ALL OF PARCEL 1 AS SHOWN ON THAT CERTAIN MAP ENTITLED “PARCEL MAP BEING A PORTION OF PARCELS “A” AND “B” AS SHOWN ON PARCEL MAP RECORDED IN BOOK 234 OF MAPS AT PAGE 44, SANTA CLARA COUNTY RECORDS”, WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON AUGUST 14, 1989, IN BOOK 604 OF MAPS, PAGE 18.

APN: 205-22-022

CERTIFICATE OF ACKNOWLEDGMENT

OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
COUNTY OF SANTA CLARA)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public (Seal)

CERTIFICATE OF ACKNOWLEDGMENT

OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
COUNTY OF SANTA CLARA)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public (Seal)

CERTIFICATE OF ACKNOWLEDGMENT

OF NOTARY PUBLIC

STATE OF C.ALIFORNIA)
) ss
COUNTY OF SANTA CLARA)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public (Seal)

EXHIBIT I-2

SUNNYVALE BUSINESS CENTER

QUITCLAIM DEED

See Attached

Exhibit I

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Equity Office
2655 Campus Drive, Suite 100
San Mateo, CA 94403
Attn: Managing Counsel

(Space Above For Recorder's Use)

Documentary Transfer Tax: None
APN: 205-22-022

QUITCLAIM DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, TELENAV, INC., a Delaware corporation (" **Transferor** "), does hereby REMISE, RELEASE AND QUITCLAIM all of Transferor's right, title and interest in and to, or any right, title and interest claimed by, under or through Transferor to, that certain real property located in the City of Sunnyvale, County of Santa Clara, State of California described in Exhibit 1 (the " **Real Property** ") attached hereto.

The purpose of this Quitclaim Deed is to release any and all interest, legal or equitable, of the Transferor in and to the Real Property and the improvements constructed on the Real Property, together with all rights to adjoining streets, rights of way, easements, and all other appurtenant rights, including any interest arising by virtue of that certain unrecorded Office Lease (the "Lease") dated as of June 28, 2011, entered into by and between CA-SUNNYVALE BUSINESS CENTER LIMITED PARTNERSHIP, a Delaware limited partnership, as Landlord, and Transferor, as Tenant, as the same may be amended, modified or supplemented, of which a Memorandum of Lease was recorded on _____, 2011, as Instrument No. _____, in the office of the Recorder of the County of Santa Clara, State of California.

[SIGNATURES FOLLOW ON NEXT PAGE]

Executed as of _____, 20 ____.

TRANSFEROR:

TELENAV, INC., a Delaware corporation

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT “1”

LEGAL DESCRIPTION

All that real property situated in the City of Sunnyvale, County of Santa Clara, State of California, more particularly described as follows:

ALL OF PARCEL 1 AS SHOWN ON THAT CERTAIN MAP ENTITLED “PARCEL MAP BEING A PORTION OF PARCELS “A” AND “B” AS SHOWN ON PARCEL MAP RECORDED IN BOOK 234 OF MAPS AT PAGE 44, SANTA CLARA COUNTY RECORDS”, WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON AUGUST 14, 1989, IN BOOK 604 OF MAPS, PAGE 18.

APN: 205-22-022

CERTIFICATE OF ACKNOWLEDGMENT

OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
COUNTY OF SANTA CLARA)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

Notary Public

CERTIFICATE OF ACKNOWLEDGMENT

OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
COUNTY OF SANTA CLARA)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

Notary Public

EXHIBIT J

SUNNYVALE BUSINESS CENTER

UNDERLYING DOCUMENTS

1. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Pacific Gas and Electric Company and The Pacific Telephone and Telegraph Company
Purpose: Pole line easement
Recorded: August 23, 1965, Book 7077, Page 669, of Official Records
Affects: The Southerly 5 feet of Said Land and a 3 foot x 20 foot portion of Said Land

2. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Pacific Gas and Electric Company and The Pacific Telephone and Telegraph Company
Purpose: Underground and aboveground facilities
Recorded: December 4, 1968, Book 8356, Page 734, of Official Records
Affects: A 20 foot strip of Said Land

7. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Pacific Gas and Electric Company and The Pacific Telephone and Telegraph Company
Purpose: Underground and aboveground facilities
Recorded: March 28, 1975, Book B338, Page 118, of Official Records
Affects: The Southerly 5 feet of the Westerly 100 feet of Said Land

8. **Covenants, conditions and restrictions** in the declaration of restrictions but omitting any covenants or restrictions, if any, including, but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.

Recorded: August 18, 1989, Book L062, Page 351, of Official Records

9. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Pacific Gas and Electric Company and Pacific Bell, a California Corporation
Purpose: Construct, reconstruct, install, inspect, maintain, replace, remove and use facilities
Recorded: November 6, 1989, Book L157, Page 480, of Official Records
Affects: As follows:

The strips of land of the uniform width of 10 feet, lying 5 feet on each side of the alignment of the facilities as initially installed hereunder

Second party agrees that on receiving a request in writing, it will, within 180 days, survey, prepare and record a “Notice of Final Description” referring to this instrument and setting forth a description of said strips of land.

10. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to:	Pacific Gas and Electric Company
Purpose:	To construct, reconstruct, install, inspect, maintain, replace, remove and use facilities
Recorded:	January 2, 1992, Book L993, Page 1531, of Official Records
Affects:	The strips of land of the uniform width of 10 feet, the center lines of which are delineated by the heavy dashed lines shown upon the print of second party's Drawing No. SJB-1945

Exhibit 21.1

SUBSIDIARIES OF TELENAV, INC.

TeleNav Shanghai Inc. (PRC)
TeleNav Xi'an Software Limited (PRC)
TeleNav Hong Kong, Limited (Hong Kong)
TELENAV DO BRASIL SERVIÇOS DE LOCALIZAÇÃO LTDA (Brazil)
TeleNav UK Limited (U.K.)
TNAV G Acquisition Corp. (U.S.)

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the 2009 Equity Incentive Plan of TeleNav, Inc. of our reports dated September 9, 2011, with respect to the consolidated financial statements and schedule of TeleNav, Inc. and the effectiveness of internal control over financial reporting of TeleNav, Inc. included in this Annual Report (Form 10-K) for the year ended June 30, 2011.

/s/ Ernst & Young LLP

Redwood City, California
September 9, 2011

Exhibit 31.1

CERTIFICATION OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dr. HP Jin, certify that:

1. I have reviewed this annual report on Form 10-K of TeleNav, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 9, 2011

By: /s/ Dr. HP Jin

Dr. HP Jin
Chairman of the Board of Directors, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas Miller, certify that:

1. I have reviewed this annual report on Form 10-K of TeleNav, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 9, 2011

By: /s/ Douglas Miller
Douglas Miller
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Dr. HP Jin, the chief executive officer of TeleNav, Inc. (the "Company"), certify for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge,

(i) the Annual Report of the Company on Form 10-K for the fiscal year ended June 30, 2011 (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Dr. HP J IN

Dr. HP Jin
Chairman of Board of Directors, President and
Chief Executive Officer

Date: September 9, 2011

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas Miller, the chief financial officer of TeleNav, Inc. (the "Company"), certify for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge,

(i) the Annual Report of the Company on Form 10-K for the fiscal year ended June 30, 2011 (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Douglas Miller

Douglas Miller
Chief Financial Officer

Date: September 9, 2011