

TELENAV, INC.

FORM 10-K (Annual Report)

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Industry Communications Services
Sector Services
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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, 2014

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

(State or other jurisdiction of
incorporation or organization)

77-0521800

(I.R.S. Employer
Identification Number)

950 De Guigne Drive

Sunnyvale, California 94085

(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, 2013, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$166 million (based on a closing sale price of \$6.59 per share as reported for the NASDAQ Global Market on December 31, 2013). 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 June 30, 2014 was 39,462,130.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2014 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K where indicated.

TELENAV, INC.
FORM 10-K
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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. In November 2012, we changed our name to Telenav, Inc. Our executive offices are located at 950 De Guigne Drive, Sunnyvale, California 94085, 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 Form 10-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 "Always There Navigation™," "Drive with Friends™," "Evie™," "Geobehavioral™," "Geocookie™," "...gets you and gets you there™," "Goby®," "Location Index™," "Location Score™," "MyTies™," "MyMileage™," "ONMYWAY®," "RoadAssist™," "Scout@," "Sipity®," "Situational Targeting™," "skobbler@," "Smart Planner™," "Telenav®," "Telenav Connected Service™," "Telenav GPS Navigator™," "Telenav Navigator™," "Telenav Scout™," "Telenav Shotgun™," "Thinknear®" and "Whereaboutz®" as well as the Telenav, Scout, skobbler and Thinknear logos are our trademarks. All other trademarks and trade names appearing in this Form 10-K are the property of their respective owners.

PART I.

ITEM 1. BUSINESS

Overview

Telenav is a leading provider of location-based platform services. These services consist of our map and navigation platform and our advertising delivery platform. Our map and navigation platform allows Telenav to deliver enhanced location-based services to developers, auto manufacturers and end users through various distribution channels, including wireless carriers. We use our map and navigation platform as the basis for delivering enhanced mobile applications such as our industry leading mobile navigation. Our advertising delivery platform delivers highly targeted advertising services leveraging our location expertise. Recently, we have focused on enhancing our map and navigation platform by closely aligning our technology to the OpenStreetMap, or OSM, an open-sourced mapping database which is maintained by a community of volunteer contributors. In January 2014, we completed our acquisition of all of the shares of privately held skobbler GmbH, or skobbler, a location-based services company based in Germany. We believe the acquisition of skobbler will enable us to combine its OSM-based GPS navigation technology with our existing mobile navigation solutions.

We offer our map and navigation platform to end users in a number of ways. We distribute our services through our wireless carrier partners, including AT&T Mobility LLC, or AT&T, and directly to consumers through mobile application stores and marketplaces. Generally, we provide our basic services to consumers for free and provide consumers the opportunity to purchase premium versions of the product. We refer to the free to premium distribution as the “freemium” model of distribution. Our free products are designed to be monetized through delivery of advertising to consumers. Our success with the freemium model depends upon our ability to generate a substantial active user base as well as the ability to generate revenue from advertising and conversion of users from free to premium services.

We offer our map and navigation platform services to auto manufacturers and original equipment manufacturers, or OEMs, for distribution with their vehicles. Our primary automotive customer to date, Ford Motor Company, or Ford, currently distributes our product as an optional feature with the majority of its models in the U.S. Our automotive products are now included on models manufactured in the U.S., Canada, Mexico, South America, Europe and China. We also have a relationship with another automotive OEM that distributes our products with another major auto manufacturer and in January 2014 we announced an agreement with a top five global auto manufacturer for integration of our connected navigation solutions and cloud based services in its vehicles, which we expect to commence in model year 2017. Our automotive solutions are typically a self-contained solution including software and related services and content within the car, or on-board, and are often enhanced through connection to data services for additional real time capabilities such as traffic. Our history as a cloud based supplier of navigation services provides a unique advantage in the marketplace over our competitors.

Our advertising delivery platform offers advertisers significant audience reach, sophisticated targeting capabilities and the ability to deliver interactive and engaging ad experiences to consumers on their mobile devices. We are experts in location-based advertising and offer unique value to brick-and-mortar and brand advertisers through our location targeting capabilities. Our technology focuses on managing the complexity and scale associated with mobile location data to deliver better mobile campaigns for our advertising partners. We deliver mobile advertisements by leveraging our proprietary in-house ad serving technology. Our inventory, or accessible market, is comprised of thousands of mobile applications and mobile websites that are accessed through programmatic real-time bidding, or RTB, tools. In June 2014, our platform had access to over 100 billion potential ad impressions.

We derive revenue primarily from wireless carriers, automobile manufacturers and OEMs, and advertisers and advertising agencies. We primarily derive our revenue from automobile manufacturers whose vehicles contain our proprietary software and are able to access our personalized navigation services. We also derive revenue from our partnerships with wireless carriers who sell our mobile navigation services to their subscribers. In addition, we have a growing business in mobile advertising where our customers are primarily advertising agencies that represent national and regional brands and channel partners that work closely with local and small business advertisers.

We generate revenue from the delivery of customized software and royalties from the distribution of this customized software in automotive navigation applications. For example, Ford utilizes our on-board automotive navigation product in its 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, and our navigation solution is currently deployed in 17 different Ford and Lincoln models in North America. Ford and Lincoln models with our on-board automotive navigation product began shipping to South

America with the 2012 model year, China with the 2013 model year and Australia and New Zealand with the 2014 model year. We have begun shipments to Ford for the expected launch of our solution in Europe in the September 2014 quarter. Our automobile manufacturer and OEM customers pay us a royalty fee as the software is reproduced for installation in vehicles with our automotive navigation solutions.

We generate revenue from mobile navigation services, based upon our map and navigation platform, through service subscriptions. End users with subscriptions for our services are generally billed for our services through their wireless carrier or through mobile application stores and marketplaces. Our wireless carrier customers pay us based on several different revenue models, including (1) a revenue sharing arrangement that may include a minimum fee per end user, (2) a monthly or annual subscription fee per end user, or (3) based on usage.

We generate revenue from advertising network services through the delivery of search and display advertising impressions based on the specific terms of the advertising contract.

Our fiscal year ends June 30. In this Form 10-K, we refer to the fiscal year ended June 30, 2012, 2013, 2014 and 2015 as fiscal 2012, fiscal 2013, fiscal 2014 and fiscal 2015, respectively. Our total revenue was \$205.5 million in fiscal 2012, \$191.8 million in fiscal 2013 and \$150.3 million in fiscal 2014. Our net income decreased from \$32.4 million in fiscal 2012 to \$13.1 million in fiscal 2013 and to a net loss of \$(29.5) million in fiscal 2014. On April 16, 2013, we completed the sale of our enterprise business to a third party. The results of operations of our enterprise business have been classified as discontinued operations in our statement of operations for all periods presented. All information herein includes only results from continuing operations, unless otherwise noted.

Telenav's Maps and Navigation Services Platform

We have developed proprietary technologies that enable us to provide location-based mapping and navigation services to millions of end users, across all major mobile phone operating systems, wireless networks and in cars. These technologies include both client based and server based services. Our client technologies include a navigation and guidance engine and tools allowing us to efficiently develop and deploy new applications to mobile phones and in cars. Our back-end cloud services technologies allow us to deliver real-time location-based data for users of our customers as well as to third party software developers that adopt our software development kit, or SDK, and application protocol interfaces, or APIs. We have developed a flexible platform that allows us to use multiple data providers for navigation, maps, points of interest (POIs), traffic and other location-based content services. More recently, we have developed a range of capabilities around the OSM data allowing us to use this crowd sourced map of the world for more advanced services such as navigation. Our OSM capabilities expanded with more global presence from our January 2014 acquisition of skobbler. We believe that focusing our efforts on OSM will better position us against our competition and expand the nature and extent of our product offerings.

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. In addition, these flexible development processes allow us to effectively customize our technology for various automotive platforms and in-car electronic systems to meet the requirements of automobile manufacturers and OEMs for our on-board automotive products.

Our back-end cloud 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 customers. We are continuing to leverage our existing back-end cloud 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 seamless 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 efficiently uses 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.

Telenav's Advertising Delivery Platform

We have developed proprietary technologies that enable us to deliver location-based advertising across all types of mobile devices on a tremendous scale. Our advertising platform allows us to deliver mobile advertisements on behalf of our advertising clients to consumers based specifically on the location of the user. In particular, we have developed a platform that integrates location-enabled mobile advertising inventory with a number of contextual and location-based triggers that allow us to target mobile users based on rich location data. We have demonstrated that targeting based on location data is more likely to engage consumers, which is our advertisers' primary objective. Our platform permits us to bid and deliver ad impressions through advertising exchanges in less than 30 milliseconds and to do so on billions of potential impressions every day. In addition, we have the ability to target our mobile campaigns based on a variety of criteria beyond location. Our platform was built to provide scalability through the use of machine-based decision processes, which allows us to execute thousands of campaigns, each with complex targeting criteria across multiple inventory sources.

Services and Products

Automotive Navigation Services and Products

Industry background

Automobile manufacturers have distributed GPS guided navigation in vehicles since the early 1990s. The initial systems were only available in high end vehicles and included every element required to provide turn by turn voice-guided navigation: video display, on-board content and software. Since that time the price point for these services has declined and the user experience has been significantly enhanced, but the primary mode of distribution as a separately priced option in most automobiles for consumers has remained constant. More recently, many auto manufacturers are making navigation a default feature in various trim packages in most high-end and mid-end models. More recently in response to consumer demand, automobile manufacturers have begun introducing lower priced navigation units as a central component of on-board entertainment and information systems rather than as standalone units and are making navigation standard on more vehicles. These integrated units extend beyond traditional navigation units by combining audio and voice capabilities with wireless network connectivity to deliver real time location services, such as traffic, weather information and other connected data.

Automotive navigation systems are typically of two different types, on-board or off-board. On-board services are the traditional service type with all key navigation elements of the system residing in the car as a self-contained service along with the related software and content, and the system does not require access to the Internet to function. Off-board systems are delivered wirelessly through a mobile phone or other device, such as a wireless modem, but use the car's internal electronic systems such as the video screen and audio capabilities. In some cases, the on-board service is enhanced by the delivery of certain "live" data, such as current traffic conditions delivered wirelessly to the on-board system for display, which results in a type of hybrid service capability.

Industry challenges

The automobile industry is experiencing significant consumer demand for in-car connected services resulting from the availability of mobile Internet services on smartphones which have reset consumer expectations. For example, current on-board navigation systems, or navigation systems that do not communicate with the Internet, are limited to the vehicle in which they are installed. The mapping and POI data is static, requiring time, cost and effort to update. Traditionally such systems have typically been sold as an optional feature for a one-time charge and as a result suffer from relatively low rates of adoption by consumers. Automobile 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 automobile manufacturer's capabilities. This challenge is driving automobile manufacturers to seek new partners to create differentiated in-car experiences. Automobile manufacturers and OEMs want to provide connected navigation services in a way that they can be used safely by the driver "keeping hands on the wheel and eyes on the road." This cannot be done by a mobile navigation application unless it is integrated with a large in-vehicle display and integrated with vehicle speakers, voice recognition and location sensors. In addition, the automobile industry has seen the recent introduction of competitive in-car platforms and products such as Apple's CarPlay and Google's auto initiatives, including Open Automotive Alliance.

Our competitive strengths

Automobile manufacturers procure the various elements of each car that they manufacture from a number of suppliers directly and through OEMs. We work directly with automobile manufacturers such as Ford, as well as through OEMs, such as Delphi Automotive Systems LLC, or Delphi. Our strong track record as a connected and personalized navigation services provider to wireless handsets and our history of working with large wireless customers have provided us with skills and technology that are well suited to meet the demands faced by today's automobile manufacturers. The sales cycle related to automobile manufacturers is long and consultative and requires direct and continuous management of the customer and OEM providers to succeed in securing business. Often the automobile manufacturer uses the sales process to help them to define the ultimate product that they choose to deliver to their end users in a way that not only enhances customer experience but also allows the automotive manufacturer to differentiate from the competition. Our success with off and on-board navigation at Ford and the continuing shift in emphasis to connected services has demonstrated the strength of our offerings to other automobile manufacturers and OEMs. As automobile manufacturers look to more innovative offerings, historical navigation suppliers have less relevant knowledge having been providers of standalone solutions rather than integrated connected offerings. Some competition for these more innovative offerings is in the form of Apple's CarPlay and Google's auto initiatives, including Open Automotive Alliance.

Our automotive services and products

We entered the automotive navigation services business in fiscal 2008, initially with Ford, and our first off-board navigation product was launched in Ford's 2010 model year vehicles. Since that time we have been working with automobile manufacturers and OEM customers to provide our mobile navigation services and products worldwide through on-board or off-board systems. Our technology powers automotive navigation services and products that provide accurate, easy to use and connected navigation services to drivers at a low cost. We currently provide our on-board GPS navigation software for Ford's second-generation SYNC™ system in vehicles equipped with MyFord Touch and MyLincoln Touch. This product is enhanced by Ford with the delivery of real-time traffic and historical information to help drivers search, find and drive to places more reliably and efficiently. In addition, we are working with Delphi to integrate white label versions of our on-board automotive platform into Delphi's new, connected infotainment system, which was introduced in model year 2013 vehicles for North America by General Motors. General Motors has introduced this infotainment system into certain geographic markets for model year 2014 vehicles. Delphi also plans to distribute our product in China with a major Chinese auto manufacturer in the coming fiscal year. In January 2014, we announced that we entered into a contract with one of the five largest global auto manufacturers to provide worldwide embedded and connected navigation services beginning with select model year 2017 vehicles. The agreement covers an initial three-year production cycle, which we expect to commence with select model year 2017 vehicles. Under the terms of the agreement, we expect our connected services to support navigation in more than 100 countries. There are no volume or revenue guarantees provided by this auto manufacturer.

Our services and products allow our auto customers the flexibility to use the full range of technologies to deliver on-board or off-board services as well as to enhance our on-board services with live data such as traffic, fuel prices, fresh maps and POIs for enhanced user experiences by drivers. In addition, as the market transitions such that cars are “always connected” our service offerings can become more personalized.

Platform and architecture

Our clients for on-board or off-board automotive navigation services are tailored to meet the requirements of the automobile manufacturers and OEMs while leveraging our expertise with respect to client design and functionality, as well as offering the capability to connect to our maps and navigation platform for updated data and services. We have created an automotive reference product, or ARP, which allows us to show manufacturers and OEMs our entire product portfolio. The ARP incorporates our maps and navigation platform capabilities as well as connected services. Auto manufacturers or OEMs may then elect to configure the ARP to meet their needs as an on-board system or an on-board system with connectivity to live data services. In addition, we have versions of our navigation products that we have designed to be exclusively cloud-based solutions for those manufacturers or OEMs seeking connected solution only services.

Our history as a mobile navigation service provider, combined with our experiences to date in the automobile market, have resulted in unique capabilities to serve the wide variety of potential product demands of manufacturers and OEMs.

Advertising Network Services

Industry background

The convergence of several factors is fundamentally changing the way mobile users consume content on their mobile devices and has created a significant opportunity for mobile advertising. It has become possible to deliver innovative, interactive and engaging consumer media experiences on a wide variety of mobile devices. Consumers are increasingly using their mobile devices instead of their personal computers and other traditional media to access content, particularly while they are on the go. The convergence of better mobile devices and faster connectivity has enabled developers to create, and consumers to interact with, content that is instantly delivered to mobile devices.

Mobile advertising provides advertisers with a number of benefits over traditional advertising media and PC-based online advertising, such as anytime, anywhere access, personalization, location targeting and relevance. The development of the mobile advertising ecosystem has mirrored the development for online PC-based advertising. However, a key differentiator of mobile advertising is the ability to identify the location of the user. Location is a powerful indicator of an individual's interests and likely actions. Therefore, advertising delivered to mobile devices has the potential to increase the impact and relevance of an ad to the user. With mobile advertising, an ad can be targeted to a consumer who is in close proximity to a specific location, such as a retail store, or to a consumer who recently visited that store. The ad also has the potential to influence the user to walk into a nearby store. Given the benefits of mobile advertising as compared to traditional offline advertising and PC-based online advertising, we expect that marketers will continue to shift their advertising budgets to mobile.

Industry challenges

The mobile advertising marketplace is a dynamic, fast growing industry with many new participants. Advertisers are transitioning significant portions of their marketing budgets to the mobile marketplace. These advertisers need to be able to conduct ad campaigns that achieve favorable return on investment, or ROI. Such ROI requires scale, reach, audience targeting capabilities and campaign effectiveness measurements. The mobile advertising marketplace is comprised of application developers, advertising networks, mobile agencies, advertising exchanges and demand-side platforms, among others. Different market participants have focused on different potential means to increase the effectiveness of mobile advertising solutions. Certain participants focus on specific application users, others focus on location components, and still others focus on scale and effectiveness of delivery. Tracking the performance of ads in applications and user interactions with those ads is difficult and requires significant technological capabilities and know-how.

Our competitive strengths

Our mobile advertising solution combines the large and growing pool of mobile impressions marked with location information, a unique ability to focus on particular audiences, and dynamic user content customizable based on location.

Our nearly 15 years of experience in the arena of GPS-powered mobile technology has allowed us to develop a number of techniques that allow us to differentiate between impressions that include highly-accurate location data and those that include false location data generated by application publishers. Among other techniques, we apply proprietary location scoring, app scoring, publisher audits, and test placements to achieve this result.

Because of our ability to identify real-time and historical location data, as well as our ability to ingest contextual targeting data, we can focus our ads on specified demographics and advertiser defined customer segments. For example, an ad delivered in a geographic area where it happens to be raining can have a rain-related message. An ad for sunblock can be limited to areas with a high level of sunlight and ultraviolet radiation.

Our services and products

Our services are built around the ability to provide sophisticated location-based advertising in a manner that allows advertisers to connect with consumers on mobile devices. For example:

Creatives - We run a wide range of creatives, including static, dynamic and rich media content. Our creative allows national advertisers to easily “localize” their content without having to create thousands of individual campaigns. Our creative focuses on leveraging location data to incorporate local context such as distance to a store location, information on where to purchase a product or nearby events that could impact the potential consumer.

Targeting - We offer a variety of targeting tools to our advertising clients to improve the performance of the campaigns. Our targeting includes both audience-focused tools centered on reaching specific customer segments and proximity based tools focused on driving foot traffic to retail locations and other direct-response related metrics.

Reports & Metrics - We offer clients a broad range of reportings that allows them to monitor all their advertising campaigns and explains clearly what is happening at any particular point in time with respect to any of the campaigns being run. Our platform provides advertisers with a rich set of analytics and insights.

Platform and architecture

Our mobile advertising platform is hosted in the cloud, primarily by Amazon Web Services, or AWS. We leverage the flexibility and scalability of these cloud service providers to meet our scale requirements.

Mobile Navigation Services

Industry background

The location services 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. Mobile location services that incorporate location information include voice-guided turn by turn navigation, real time traffic status and local search yielding POI data. Beyond these navigation-specific services, new mobile location services, such as location-based advertising, and social networking, have become nearly ubiquitous.

In response to consumer demand for affordable and easy-to-use mobile location services, mobile location service providers are developing and introducing new applications that integrate location information in innovative ways. For example, anyone can use a mobile phone almost anytime and anywhere to help them quickly decide where to go, how to get there and even suggest new things to do.

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. The market for mobile services has undergone a dramatic shift in response to these consumer demands. The introduction and rapid adoption of the Apple iPhone and its application marketplace, the App Store, followed by Google introducing Android and the Google Play marketplace has given consumers open markets within which to shop in order to meet their individual personal needs. Mobile application developers have responded to these opportunities with large numbers of applications but continue to face the challenge of consumers discovering their products. This new market dynamic requires fresh consumer acquisition strategies, many of which rely upon viral marketing opportunities or unique, on phone distribution opportunities with mobile phone manufacturers and wireless carriers.

Our competitive strengths

Generally, we provide our basic services to consumers for free and provide consumers the opportunity to purchase premium versions of our product. We refer to the free to premium distribution as the “freemium” model of distribution. Our free products are designed to be monetized through delivery of advertising to consumers. Our premium versions are designed to provide unique features that some portion of our free user base will choose to pay to use. Our success with the 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 services. As mobile location service applications have increasingly incorporated consumers' locations and preferences, targeted mobile advertising has become more compelling and valuable to advertisers and marketers.

We also have developed a suite of services that we provide to other mobile, automotive and web application providers via our Scout Maps and Navigation SDK and API. This is an OSM-based maps and navigation services offering. We deliver to these application providers the ability to offer more customized and unique services to their users through both online and offline map services as well as highly customized location experiences. Our history as a pioneer in the location services application gives us insight into the requirements of these other developers and results in more customized offerings than those of our competitors.

Our services and products: mobile applications and developer tools

We provide a range of personalized navigation services for people on the go. Our core navigation service is personalized mobile navigation for consumers. 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, in-car systems, desktop websites, and wireless network protocols. Scout is our flagship voice-guided, real-time, turn by turn, personalized navigation service. Accessed primarily through mobile phones, but also through cars and websites, our service delivers personalized features and functions and is available to end users both on a white label basis, such as AT&T Navigator,

and under the Telenav, Scout and skobbler brands. Our solutions use accurate, updated information to provide end users with a personalized navigation experience. Our Scout turn by turn navigation mobile applications benefit from Telenav-enhanced OSM-based services. We apply proprietary algorithms and GPS probe based corrections to significantly improve the routing performance of OSM. Our expertise in this area affords us the opportunity to cost-effectively compete in the mobile navigation application marketplace and in related tools for third-party developers with our mapping and navigation SDK and API.

End user billing and support .

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 free trial for our service. We believe that the wireless carrier billing makes our services more appealing to consumers as they are not required to pay a separate monthly charge to a different vendor. For end users who purchase our navigation services through application stores we utilize the application store billing process. 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.

Client software

Our mobile navigation services provide 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. The mobile application market continues to be a market in which the key differentiation for services is the ease of use of an application and the quality of the content or data that are relied upon by the application provider. We believe that over time our focus on product design and user interaction, combined with high quality content, will deliver significant value to users.

Infrastructure and operations

Navigation Services

Our end users rely on our services primarily 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 entered into service agreements with Internap Network Services Corporation, CenturyLink, formerly known as Qwest Communication Corporation, and Equinix, Inc., in connection with our data center facilities in Santa Clara and Sunnyvale, California, as well as at AWS where we also have disaster recovery capacity. Pursuant to the service agreements, we have leased facility space, power, cooling and Internet connectivity for a term of one or two years, and such agreements are subject to automatic renewal.

Advertising network services

We have developed our advertising network services infrastructure with the goal of maximizing the performance of our platform. Our platform is hosted on a highly scalable and available network provided by AWS. Our advertising platform has been designed to place significant focus on the location of any particular unit of display advertising made available for purchase on real time bidding ad exchanges. This focus on location provides our product with the speed and capability to more rapidly bid on the inventory that we believe is best suited for our customers' advertising inventory. Our use of AWS provides significant flexibility with respect to service capability to meet any peaks in demand from our advertisers.

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 location services applications and scaling hosted service models. In addition, through our acquisition of Thinknear and our own internal efforts, we have developed expertise in real time bidding and advertising targeting capabilities.

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, desktop computers and tablets;
- developing key technology and content to reduce third party costs;
- developing innovative and engaging advertising products across our navigation solutions that allow for highly effective targeting of end users and provide for accurate measurement of behavior; and
- developing features and functionality that allow OSM to be used as a substitute for commercial map services.

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, 2014, our research and development team consisted of 431 people, 163 of whom are located in Sunnyvale and Culver City, California and 268 of whom are located in Shanghai and Xi'an, China; São Paulo, Brazil; Berlin, Germany; and Cluj, Romania. We have been successful in creating cross border capabilities in the United States, China and Romania 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 Romanian development efforts focus on our OSM products and certain mobile navigation products. Our research and development expenses were \$65.8 million, \$60.3 million and \$60.6 million for fiscal 2012, 2013 and 2014, respectively. We expect that the absolute dollar amount of our research and development expenses will not change materially in fiscal 2015.

Marketing and sales

Automotive Navigation Services

In connection with sales efforts directed at automobile manufacturers and OEMs, we employ a sales team that focuses on targeted customers and responds to requests for proposal and related sales opportunities.

The design and sales cycle for automotive navigation services and products is substantially longer than those associated with our mobile navigation services to customers of wireless carriers or our advertising platform services. The automotive sales cycle is long and consultative and requires direct and continuous management of the customer and OEM providers to succeed in securing business. Often the automobile manufacturer uses the sales process to help them to define the ultimate product that they choose to deliver to their end users. For example, design wins for vehicles may be awarded 12 to 36 months prior to the anticipated commercial launch of the vehicle. In January 2014, we announced that we entered into a contract with one of the top five largest global auto manufacturers to provide its worldwide connected navigation services beginning with select model year 2017 vehicles. However, once we launch services with an automotive manufacturer, our application and services are typically bundled with the vehicles for multiple years because of the longer automotive product cycles.

Mobile Navigation Services

We distribute our navigation services to end users through mobile phone application stores, such as Apple's App Store and Google's Google Play, as well as through the distribution channels of our wireless carrier customers.

Marketing. We focus marketing efforts for our services on distribution in the iPhone and Android application marketplaces. These efforts are focused on building our direct relationship with consumers and the Scout brand specifically. We focus the majority of our marketing efforts on app store optimization, search engine optimization, app store marketing, and supporting our wireless carrier customers' marketing programs to promote our navigation services to their subscribers. This strategy enables us to leverage the marketing resources of our wireless carrier customers and reduce our sales and marketing costs. Our wireless carrier customers are our primary source of marketing to end users for our white label mobile navigation services. They employ a variety of marketing programs to sell our navigation services, 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 navigation services on new devices or the release of new navigation services.

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.

Advertising Network Services

Marketing . We market our advertising services based upon our location expertise. We are building brand recognition and customer relationships based upon a consultative relationship with key advertising buyers, primarily advertising agencies. Given the mobile advertising marketplace is still in its infancy, we believe that we have an opportunity to influence the way buyers understand the advertising opportunity.

Sales . We are highly engaged in direct sales efforts to expand the reach of our mobile advertising solutions. As of June 30, 2014, our advertising sales team included 13 employees focused on growing direct relationships with large agencies and brands. We anticipate increasing our advertising sales headcount significantly during fiscal 2015; however, individual sales representatives typically take three to six months to become fully productive in selling our products.

Customers

We derive revenue primarily from wireless carriers, automobile manufacturers and OEMs, and advertisers and advertising agencies. We derive our revenue primarily from automobile manufacturers and OEMs whose vehicles contain our proprietary software and are able to access our navigation services. We also derive revenue from our partnerships with wireless carriers who sell our navigation services to their subscribers either as a standalone service or in a bundle with other data or voice services. We currently provide our navigation solutions to end users in North America, China, Europe, South America and Australia. End users may also subscribe to our navigation services from our application stores.

We generate revenue from automobile manufacturers and OEMs for delivery of customized software and royalties from the distribution of this customized software for on-board and connected auto based navigation solutions. We typically enter into long term supply arrangements with our auto customers to provide our solutions across multiple car models in multiple regions around the world.

We also generate revenue from advertisers and advertising agencies for the delivery of search and display advertising impressions based on the specific terms of the advertising contract.

As of June 30, 2014 , we had entered into agreements with wireless carriers to provide our navigation services in certain countries. Our revenue from customers located in the United States comprised 94% , 92% and 94% of our total revenue for fiscal 2012, 2013 and 2014, respectively.

We are substantially dependent on AT&T and Ford for our revenue. For fiscal 2012, 2013 and 2014, AT&T represented 35% , 28% and 24% of our revenue, respectively. In fiscal 2012, 2013 and 2014, Ford represented 13% , 36% and 46% of our revenue, respectively. We expect AT&T and Ford to represent a significant portion of our revenue for the foreseeable future. In addition, for fiscal 2012, 2013 and 2014, Sprint Nextel Corporation, or Sprint, represented 36% , 16% and less than 10% of our revenue, respectively.

As amended in January 2011, our agreement with AT&T, the initial term of which expired in March 2013, automatically renews 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 was automatically renewed in March 2014 for one year. 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 navigation services. 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.

We provide automotive-grade GPS navigation software to Ford pursuant to an agreement dated October 12, 2009. We are the preferred provider for GPS on-board navigation integrated with Ford's second-generation SYNC platform during the term of the agreement, which was to expire on May 31, 2014, but was extended through December 2017. The agreement may be renewed for successive 12-month periods if either party provides notice of renewal at least 45 days prior to the expiration of the applicable term and the other party agrees to such renewal. Our agreement with Ford 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.

Under our agreements with AT&T and Ford, we have obligations to indemnify each of them 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 AT&T and Ford 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 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 July 31, 2014, we held 52 U.S. patents and 57 foreign patents expiring between April 11, 2020 and December 30, 2033, and have 115 U.S. and 79 foreign patent applications pending. Of the pending 115 U.S. patent applications, 111 are nonprovisional patent applications, which are patent applications that are examined on their merits by the U.S. Patent and Trademark Office, and 4 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 may relate to features and functions of our navigation services 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 July 31, 2014, we owned the U.S. Patent and Trademark Office registered trademarks for Goby®, ONMYWAY®, Scout®, skobbler®, Sipity®, Telenav®, Thinknear® and Whereboutz®, as well as the logos for Telenav, Scout, skobbler and Thinknear. We also own the Telenav and design logo registered trademark in the United Kingdom and European Union. We have several unregistered trademarks, including the names Always There Navigation™, Drive with Friends™, Evie™, Geobehavioral™, Geocookie™, ... gets you and gets you there™, Location Index™, Location Score™, MyTies™, MyMileage™, RoadAssist™, Situational Targeting™, Smart Planner™, Telenav Connected Service™, Telenav GPS Navigator™, Telenav Navigator™, Telenav Scout™ and Telenav Shotgun™. 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 navigation services. 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 TomTom North America, Inc., or TomTom, dated July 1, 2009, as amended. Our agreement with TomTom 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 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 pay TomTom a percentage of fees we collect from Sprint for basic navigation services and our gross advertising revenue and a flat monthly fee per subscriber for premium navigation services. We also pay TomTom certain guaranteed minimum payments for such services. The license period for navigation services provided for Sprint's bundled offerings was to expire on the earlier of December 31, 2012 or termination of our agreement with Sprint with respect to the those bundled services. Effective July 1, 2012, we amended our TomTom agreement, to (a) extend the license period for navigation services provided for Sprint's bundled offering to June 30, 2013; (b) license TomTom map data for our automotive navigation product, Scout for Cars, through December 31, 2014; and (c) license TomTom map data for our HTML5, browser-based, voice-guided

turn by turn GPS navigation service for mobile phones, Scout for Apps, through December 31, 2014. Effective January 30, 2014, we amended our TomTom agreement to extend the license period for TomTom map data for voice-guided turn by turn GPS navigation service for mobile phones (except for Sprint's bundled offering, automotive navigation products) through December 31, 2015.

We also obtain map data from HERE North America, LLC, formerly known as Navigation Technologies Corporation, a Nokia company, or HERE, pursuant to an agreement dated December 1, 2002. Our agreement with HERE was automatically renewed under its existing terms through January 31, 2015, and automatically renews for successive one year periods unless either party provides notice of non-renewal at least 180 days prior to the expiration of the applicable term. In addition, HERE is obligated to make available certain map data for our current automotive customers to fulfill their requirements as follows: for Ford (through 2027); and for one of the five largest global auto manufacturers (through 2019).

Our agreements with TomTom and HERE 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 markets for development, distribution and sale of location services and advertising services are 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 mobile location services that have similar functionality to ours for free. For example, Google and Apple offer free voice-guided turn by turn navigation as part of their operating system services, Android and iOS, respectively. Waze Inc. was acquired by Google, and its navigation service will continue to be offered by Google to consumers, as well as being integrated into the Google offering.

We compete in the location services market and our primary competitors include location service providers such as Apple, Google, Microsoft, Nokia, TeleCommunication Systems, or TCS, and TomTom; PND providers such as Garmin Ltd., or Garmin, and TomTom; integrated navigation mobile phone providers such as Garmin and Nokia; and providers of Internet and mobile based maps and directions such as AOL Corporation, or AOL, Apple, Mapquest, Inc., or Mapquest, Google, Microsoft and Yahoo!, Inc., or Yahoo, Yelp Inc., or Yelp, Foursquare Labs, Inc., or Foursquare, and Fullpower Technologies, Inc. (MotionX), or Fullpower.

We compete in the automotive navigation market with established automobile manufacturers and OEMs and providers of on-board navigation services such as AISIN AW CO., Ltd, or AISIN, Robert Bosch GmbH, or Bosch, Elektrobit Corporation, or Elektrobit, Garmin, TomTom and NNG LLC, or Nav N Go, as well as other competitors such as Apple, Google, Microsoft and TCS.

We compete in the advertising network services business with mobile platform providers, including Google, Apple, and Millennial Media, Inc., or Millennial Media, among others.

Competition in our market is based primarily on product placement and performance including features, functions, reliability, flexibility, scalability and interoperability; wireless carrier, automotive manufacturer and OEM and advertising agency 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, automotive 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 navigation services and advertising network services, 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 June 30, 2014, we employed 632 people, including 431 in research and development, 101 in sales and marketing, 34 in customer support, data center operations, and ads trafficking operations, and 66 in a general and administrative capacity. As of that date, we had 300 employees in the United States, 236 in China, 86 in Romania, nine in Germany and one 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, 2014) and positions of our executive officers:

Name	Age	Position
Dr. HP Jin	50	President, Chief Executive Officer and Chairman of the Board of Directors
Michael Strambi	52	Chief Financial Officer and Treasurer
Salman Dhanani	41	Co-President, Automotive Business Unit
Loren Hillberg	56	General Counsel, Secretary and General Manager, Mobile Business Unit
Vincent Uttley	54	Senior Vice President, Product Development
Hassan Wahla	42	Co-President, Automotive Business Unit

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.

Michael Strambi has served as our chief financial officer and treasurer since June 2012. From November 2009 to June 2012, Mr. Strambi served as our vice president of finance. From December 2008 to August 2009, Mr. Strambi served as vice president and chief accounting officer of Silver Spring Networks, Inc., a provider of smart grid services. From February 2008 to December 2008, Mr. Strambi served as chief financial officer of Metacafe, Inc., a provider of online video services. From February 2006 to February 2008, Mr. Strambi served as vice president of finance of MobiTV, Inc., a provider of mobile media solutions. From 2002 to 2006, Mr. Strambi served in various positions, the most recent of which was vice president, controller and treasurer, with Macromedia, Inc., a provider of web publishing products and solutions that was acquired by Adobe Systems Incorporated. Mr. Strambi holds a B.S. in Business Administration with a concentration in Accounting from California State University, Sacramento and an M.B.A. in Finance from the University of Southern California.

Salman Dhanani is a cofounder of our company and has served as co-president of our automotive business unit since January 2014. Mr. Dhanani served as our vice president, growth strategy and partnerships from July 2012 to January 2014, as our vice president, products from August 2010 to July 2012 and as our vice president, products and marketing from August 2009 to 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 se

rved 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 and secretary since April 2009 and general manager, mobile business unit since January 2013. 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.

Vincent Uttley has served as our senior vice president of product development since June 2014 and served as our senior vice president of engineering from May 2014 to June 2014. From April 2013 to May 2014, Mr. Uttley served as vice president of product development at Jawbone, a consumer electronics company. Mr. Uttley ran Acceleration, a consulting services company, from March 2011 to May 2014. From November 2011 to January 2013, Mr. Uttley served as vice president of product development and user experience at Amazon Lab 126, an inventive research and development company. From July 2010 to March 2011, Mr. Uttley served as executive vice president of product development at Rovi Corporation, a digital entertainment company. From October 2007 to July 2010, Mr. Uttley served as a vice president of engineering at Sony Corporation. Mr. Uttley holds a B.S. in Electrical Engineering from the University of California, Davis.

Hassan Wahla has served as co-president of our automotive business unit since January 2014. Mr. Wahla served as our vice president, business development and carrier sales from August 2009 to January 2014 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 have incurred losses in fiscal 2014 and expect that we will continue to incur losses in fiscal 2015 and we do not know when, or if, we will return to profitability, as we make further expenditures to enhance and expand our operations in order to support growth and diversification of our business.

As a percentage of revenue, our net income (loss) was (20)% and 7% in the years ended June 30, 2014, or fiscal 2014, and 2013, or fiscal 2013, respectively. Our revenue from paid wireless carrier mobile navigation has substantially declined and we expect it to continue to do so. Our gross margin has declined to 60% in fiscal 2014 from 64% in fiscal 2013 due primarily to the increased proportion of product revenue contributed from our on-board automotive navigation solutions, which generally have higher associated content costs and resulting lower gross margins than our mobile navigation services provided through our wireless carrier customers.

We anticipate that we will incur net operating losses in fiscal 2015, as we do not expect to reduce our expenditures while our gross profit is expected to decline despite slightly higher expected revenue. These expected losses are due to an expected

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continued decline in our higher margin mobile navigation revenue. Furthermore, there is a lengthy delay between securing the award of a new customer contract with a top five global auto manufacturer and the timing of revenue thereto, as well as a substantial required upfront investment in research and development resources for such new customer contract, and continued investments necessary due to the early nature of our advertising business. In addition, we recently acquired skobbler, which will increase our operating expenses without an offsetting increase in revenue in the near term.

Although we are working to replace rapidly declining wireless carrier revenue, our efforts to develop new services and products and attract new customers require investments in anticipation of longer term revenue. For example, the design cycle for automotive navigation products and services is 18 months to 24 months and in order to win designs and achieve revenue from this growth area, we typically have to make investments two to four years before we anticipate receiving revenue, if any. This will be the case for our recently announced top five global automaker customer. We intend to make additional investments in systems and continue to expand our operations to support diversification of our business, but it is likely that these efforts at diversification will not replace our declining wireless carrier revenue in the short-term, if at all. We also anticipate that as we replace some of our personnel, we will do so with employees in higher cost geographic areas who have different skills. As a result of these factors, we believe we will incur a net operating loss and that we will incur net losses at least through fiscal 2015 and we cannot predict when, or if, we will return to profitability. Our investments and expenditures may not result in the growth that we anticipate. Although we acquired skobbler and have expended additional internal resources to develop our own OSM-based maps to reduce our mapping costs in the long-term, in the short-term, those development efforts will have a negative effect on our ability to become profitable.

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:

- the transition away from paid carrier navigation to freemium offerings for mobile phone based navigation services;
- impact of results of the offering of a premium upgrade on a basic version of our service that is offered for free;
- the ability of automobile manufacturer customers to sell automobiles equipped with our products;
- the introduction of competitive in-car platforms and products, such as Apple's CarPlay and Google's auto initiatives, including Open Automotive Alliance;
- the seasonality of new vehicle model introductions and consumer buying patterns, as well as the effects of economic uncertainty on vehicle purchases, particularly outside of the U.S.;
- the effectiveness of our entry into new business areas, such as advertising;
- changes made to existing contractual obligations with a customer that may affect the nature and timing of revenue recognition;
- the loss of our relationship or a change in our revenue model with any particular wireless carrier customer;
- poor reviews of automotive service offerings into which our navigation solutions are integrated resulting in limited uptake of navigation options by car buyers;
- 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 customers;
- our inability to attract new end users;
- the amount and timing of operating costs and capital expenditures related to the expansion of our operations and infrastructure through acquisitions or organic growth;
- the timing of expenses related to the development or acquisition of technologies, products or businesses;
- the timing and success of new service introductions by us or our competitors;
- the timing and success of marketing expenditures for our products;
- the extent of any interruption in our services;

- 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 new vehicles, smartphones and mobile location services 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 and investors 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.

We are dependent on Ford for a substantial and increasing portion of our revenue and our business, financial condition and results of operations will be harmed if our revenue from Ford does not continue to grow or declines.

Our first automobile navigation products were introduced in fiscal 2009, and a second generation of products were introduced in fiscal 2010 in a limited number of vehicles and just recently reached a broader model portfolio at a single automobile manufacturer, Ford. Ford represented approximately 46% and 36% of our revenue in fiscal 2014 and fiscal 2013, respectively. We expect that Ford and other OEMs will account for an increasing portion of our revenue, as our revenue from paid wireless carrier provided navigation declines. In addition, our revenue could decline if Ford increases the cost to consumers of our navigation product or reduces the number of vehicles or the geographies in which vehicles with our product as an option are sold, or its sales of vehicles fall below forecast due to competition or global macro-economic conditions. In April 2014, our contract with Ford was extended through December 2017. The agreement may be renewed for successive 12-month periods if either party provides notice of renewal at least 45 days prior to the expiration of the applicable term and the other party agrees to such renewal. Our agreement with Ford 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. In the event that Ford does not elect to renew our contract after December 2017, or chooses to renegotiate our contract on less favorable terms, our revenue may decline and our business operating results and financial condition could be harmed. After December 2017, Ford may elect not to renew our agreement. We may not successfully increase our revenue from Ford if our products are replaced within vehicles by Ford with our competitors' products or from price competition from third parties.

For on-board automotive navigation, we recognize revenue as the related customized software is delivered to and accepted by our customers. In addition we recognize royalties earned from our on-board solutions generally as the software is reproduced for installation in vehicles. We have limited experience managing, supporting and retaining automobile manufacturers and OEMs as customers and if we are not able to maintain Ford as a customer our revenue will decline.

We may not be successful in generating material revenue from automotive manufacturers and OEMs other than Ford and our business, financial condition and results of operations will be harmed if we are unable to diversify our automotive navigation revenue.

Although we have attempted to mitigate our dependence on Ford by establishing relationships with other automobile manufacturers and OEMs, these relationships may not produce significant revenue if the products are launched in limited models or due to competition from third parties. In addition, we may incur significant expense to develop products for automobile manufacturers, such as under the worldwide connected navigation services agreement we announced in January 2014, without ever receiving any revenue related to the sale of vehicles with our navigation services. Our ability to attract automobile manufacturers may also be limited if the OEMs chosen to provide navigation services have existing relationships with other navigation vendors or provide their own solutions. Some automobile manufacturers or OEMs may be reluctant to select our products for their worldwide platform due to the concentration of our mobile navigation business in North America and our relative lack of experience with connected mobile navigation in other geographies.

Delphi's new, connected infotainment system, which integrates white label versions of our Scout for Cars on-board automotive platform, was introduced in model year 2013 vehicles for North America by General Motors. During fiscal 2014, Scout for Cars was launched with maps in South America. Delphi also plans to distribute our product in China with a major Chinese auto manufacturer in fiscal 2015. Even if we retain Delphi as a customer, automobile manufacturers may not elect to purchase Delphi's navigation offerings that include our software and/or services for reasons unrelated to performance of our software or services. If so, we may be unable to build a direct relationship with a given automobile manufacturer or with a different OEM.

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 profitable and high quality products or achieve end customer acceptance of our services and fee model.

In fiscal 2009, we began offering our first off-board connected automotive navigation products and prior to that time, we had limited experience in the automotive navigation market. In fiscal 2010, we began offering our first on-board automotive navigation products. Our on-board solutions may not satisfy automotive manufacturers' or end customers' expectations for those solutions. If automobile manufacturers and OEMs do not believe that our services meet their customers' needs, our products and services may not be designed in to future model year vehicles.

The design and sales cycle for on-board or off-board automotive navigation services and products is substantially longer than those associated with our mobile navigation services to customers of wireless carriers or our advertising platform services. As a result, we may not be able to achieve significant revenue growth with new customers from the automotive navigation business in a short period of time, or at all. For example, design wins for vehicles may be awarded 12 to 36 months prior to the anticipated commercial launch of the vehicle. In January 2014, we announced that we entered into a contract with one of the top five largest global auto manufacturers to provide its worldwide connected navigation services beginning with select model year 2017 vehicles. In the event that our product reaches production vehicles, we would not expect to receive any revenue from the launch of those vehicles until fiscal 2017 at the earliest, and in the course of the development of those vehicles we may be designed out altogether. There are no volume or revenue guarantees provided by this auto manufacturer.

As we have limited experience in the automotive 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. 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 monthly or annual fees outside of the traditional on-board navigation service model. Our map, POI and other content costs for our automobile navigation solutions are higher than those we have historically paid for our mobile phone-based navigation services and to date we have not been able to use OSM offerings for automotive navigation. If we are unable to improve our margins, we may not be able to operate our automobile navigation business profitably. If we fail to achieve revenue growth in any of our automotive navigation solutions (whether on-board, off-board or other), we may be unable to achieve the benefits of revenue diversification. In addition, our third party content suppliers, HERE and TomTom, are also becoming competitors with their own navigation services offerings.

As our offerings in automobile navigation expand to brought-in, as well as built-in, we may not correctly anticipate the financial accounting treatment for the various products. We could be required to amortize revenue from products over time although we previously recognized revenue for similar products when the applicable vehicle was sold.

We introduced Scout, a service that end users can access for navigation and planning with their mobile phones, computers, and cars. We have not previously offered a planning service or a service that spans different platforms. We cannot assure you that automobile manufacturers and end users will accept our Scout service or, even if they do, that end users will adopt and use this service, which encompasses services different than our historical strength in navigation, or that we will be able to generate sufficient revenue from Scout to offset its costs. If we fail to develop innovative products that automobile manufacturers and end users adopt, our operating results and financial condition could be harmed. Further, Google and Apple have each developed technology platforms that they are marketing to auto manufacturers. If auto manufacturers adopt these platforms, they may also adopt Google and Apple's navigation services that run on these platforms and if so, consumers may elect to use these free service offerings rather than pay for our products which are currently sold by Ford as new car features with substantial cost to the consumer.

We may be unable to enter into agreements to provide automobile navigation products if we do not offer navigation products that serve geographies throughout the world or automobile manufacturers and OEMs are uncomfortable with our ability to support markets outside of the United States. Our automobile manufacturer and OEM customers may choose to partner with providers of location services with extensive international operations. We may be at a disadvantage to attracting such customers due to our business being concentrated in the United States. Ford only recently began offering vehicles with our solutions outside of the United States and we may not be successful in those geographies if customers are uncomfortable with the look and feel of our solutions. If we are unable to attract or retain such automobile manufacturer and OEM customers, our revenue and operating results will be negatively affected.

Our ability to build demand for our automobile navigation products is also dependent upon our ability to provide the products in a cost effective manner, which may require us to renegotiate map and POI content relationships to address the specific demands of on-board navigation applications.

The success of our automotive navigation products may be affected by the number of vehicle models offered with our navigation solutions, as well as overall demand for new vehicles.

Our ability to succeed long term in the automotive industry depends on our ability to expand the number of models offered with our navigation solution by our current automobile manufacturers. We are also dependent upon our ability to attract new automobile manufacturers and OEMs. For automobile manufacturers with whom we have established relationships, such as Ford, our success depends on continued production and sale of new vehicles with, and adoption by, end users of our products offered by such automobile manufacturers, when our product are not standard features. As we move forward, our existing automobile manufacturers and OEMs may not include our solutions in future year vehicles or territories, which would negatively affect our revenue from these products. Production and sale of new vehicles are subject to delay from forces outside of our control, such as natural disasters, parts shortages and work stoppages, as well as general economic conditions.

We may not successfully generate advertising revenue as a result of our acquisition of Thinknear or from our navigation services if we are unable to attract and retain advertisers.

Although we began providing advertising to some of our end users in 2010 and the percent of our revenue represented by advertising has grown rapidly, advertising remained less than 10% of our total revenue during fiscal 2014. In October 2012, we acquired Thinknear, a privately held California-based hyper-local mobile advertising company. In order to grow our advertising business, we need to identify and attract a significant number of advertisers through our Thinknear platform. The mobile advertising market is highly competitive, and advertisers have many options through which to purchase mobile advertising. Our business will require us to attract and retain a large number of advertisers and will also require us to maintain the ability to purchase a large volume of inventory at competitively attractive rates. Increased competition from other mobile advertising companies and technology developers could impair our ability to secure advertiser revenue. Increased competition could also limit our ability to purchase inventory for advertising placements at an economically attractive rate. We do not have substantial experience in selling advertising and supporting advertisers and may not be able to develop these capabilities successfully. We may not be successful recruiting the number of sales personnel we need to scale or effectively train them to sell mobile advertising. Sales personnel may also be slow to ramp up their sales pipelines, negatively impacting our ability to grow. We may not succeed in attracting and retaining a critical mass of advertisers and ad placements and may not be successful in demonstrating the value of mobile advertising. If we fail to do so, we may be unable to generate a material level of revenue from advertising to offset the costs of providing free navigation.

Our legacy wireless carrier mobile navigation business has continued to deteriorate and we have been unable to generate sufficient revenues from other navigation and advertising activities. If our legacy wireless carrier mobile navigation business continues to decline, our revenue and net income or loss will continue to be adversely affected.

We have historically been substantially dependent on two wireless carrier customers for a large portion of our revenue. Sprint, which was our largest source of revenue until fiscal 2012, ceased paying us for mobile navigation provided to its subscribers in bundles on September 30, 2013. Our other large wireless carrier customers have also experienced declines in monthly recurring revenue from subscriptions for mobile navigation. In fiscal 2014 and 2013, AT&T represented 24% and 28% of our total revenue, respectively. In fiscal 2013 and fiscal 2014, AT&T subscribers have materially decreased their subscriptions for, and usage of, our paid navigation services and our revenue from our relationship with AT&T has declined accordingly. We anticipate that AT&T subscribers, and subscribers of other carriers who pay monthly recurring charges for our services, will continue to decrease their subscriptions for paid navigation services in favor of free or freemium offerings and that our revenue from our relationship with AT&T will continue to decline. AT&T may determine that the cost of offering our service to its subscribers outweighs the benefits if the drop off of subscribers continues. Our failure to maintain our relationship with AT&T would substantially harm our business and we cannot assure you that we and AT&T will be able to reduce subscriber erosion. We anticipate that even if AT&T remains a wireless carrier customer, our revenue from AT&T will continue to decline substantially during fiscal 2015 and possibly beyond.

Our experience with Sprint and other mobile wireless carriers has been that subscribers do not opt to pay monthly recurring charges for mobile navigation products that were formerly bundled with other services and instead use free or freemium offerings. We have sought to develop other sources of revenue from our location-based platforms, including automotive navigation and location-based advertising, but we have not been able to fully replace the legacy mobile wireless carrier revenue. Our other sources of revenue have not achieve the critical mass to provide revenue as fast as the declines in mobile wireless carrier revenue and we believe we may be unable to replace the mobile wireless carrier revenue with stable, recurring revenue in the near term. As a result, we anticipate that we will continue to incur net losses in fiscal 2015 and possible future periods. If we are unable to demonstrate to investors that we have developed stable, long-term revenue streams, the trading prices of our common stock may decline further and investors may be unable to achieve liquidity through the sale of our common stock.

Our success depends on significantly increasing the number of end users for our services and products through distribution with our wireless carrier customers, automotive manufacturer and OEM customers and through application stores.

Our future success depends on achieving widespread deployment of our navigation services and products through wireless carrier customers, automotive manufacturers and OEMs and through application stores. We have seen declines in the number of paid monthly recurring fee end users we acquire through our wireless carrier customers. Furthermore, we expect that our revenue from wireless carrier customers will continue to decline and that the composition of the remaining wireless carrier revenue will change over the near term. In light of this trend away from paid navigation and toward freemium offerings, we will be required to increase the number of vehicles in which our automotive navigation solutions are offered and the number of car buyers that purchase those solutions, as well as successfully convert an increasing number of our subscribers who are not paying for our services to our premium paid offerings and generate revenue by selling advertising that those subscribers see in our free and paid products. We do not have significant experience in sourcing and selling mobile advertising and may not be successful in doing so. However, we believe that to achieve higher returns on mobile advertising, we need to be able to offer advertisers a larger pool of mobile users. Our ability to generate revenue from our navigation services will depend on the broad distribution and quality of those services and subscriber demand for those services, which may vary by market. Attempts to generate revenue from paid premium services or advertising may not be successful and our business, operating results and financial condition could be adversely affected.

We provide freemium navigation to compete with free offerings and we may not be successful with these new products or convert “free” users to paid users.

We provide freemium personalized navigation applications on the Apple App Store, the Google Play marketplace, Microsoft Windows Marketplace and through other marketplaces and our wireless carrier partners. Freemium offerings are free basic navigation services that are monetized through paid upgrades to premium products, as well as through advertising. We may not achieve substantial end user acceptance of these products, and even if end users download and use the freemium products, we may not be successful in converting those “free” users into paid users, particularly since we have begun to offer voice-guided navigation in our freemium offerings. Our freemium offerings provide planning features and other features unrelated to pure navigation that we do not have substantial experience in designing or marketing. These features may deter users who are looking for a pure navigation offering. We have limited experience in marketing our products and services directly to end users or generating advertising revenue through our mobile navigation users. To the extent that our number of active subscribers is low, we may not be able to fulfill sufficient advertising orders to generate meaningful advertising revenue from a freemium model. Bad reviews from end users who dislike our freemium offerings may dissuade other end users from downloading our freemium offerings or converting to paid users. We may not be successful in gaining visibility among end users without incurring significant expenses to market our products and services to those users. In addition, we do not have experience in converting users of free applications to paid users or in generating revenue from full featured products solely through advertising revenue. If we are unable to achieve high visibility among end users on a cost effective basis or fail to convince those end users to convert to paid products and revenue producing services, we may be unable to sustain our revenue and we may incur losses in the future.

Mobile connected device users may choose not to allow location information and therefore local advertising on their devices.

The growth of our advertising revenue will depend on our ability to deliver location targeted, highly relevant ads to consumers on their mobile connected devices. Our targeted advertising is highly dependent on the consumers allowing applications to have access to their location data. Users may elect not to allow location data sharing for a number of reasons, including personal privacy concerns. Mobile operating systems vendors and application developers are also promoting features that allow device users to disable device functionality that consumers may elect to invoke. In addition, companies may develop products that enable users to prevent ads from appearing on their mobile device screens. If any of these developments were to become widely used by consumers, our ability to deliver effective advertising campaigns on behalf of our advertiser clients would suffer, which could hurt our ability to generate advertising revenue.

Our business practices with respect to data could give rise to liabilities or reputational harm as a result of governmental regulation, legal requirements or industry standards relating to consumer privacy and data protection.

Our advertising services depend on our ability to collect, store and use information related to mobile devices and the ads we place, including a device's geographic location for the purpose of targeting ads to the user of the device. Federal, state and international laws and regulations govern the collection, use, retention, sharing and security of data that we collect across our mobile advertising platform. We strive to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection. However, it is possible that these requirements may be interpreted and applied in a manner that is inconsistent with our practices. Any failure, or perceived failure, by us to comply with such laws could result in proceedings or actions against us by governmental entities, consumers or others. Such proceedings or actions could hurt our reputation, force us to spend significant amounts to defend ourselves, distract our management, increase our costs of doing business, require us to change our advertising services or disclosures, adversely affect the demand for our services and ultimately result in the

imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless our clients from the costs or consequences of inadvertent or unauthorized disclosure of data that we store or handle as part of providing our services.

The regulatory framework for privacy issues worldwide is evolving, and various government and consumer agencies and public advocacy groups have called for new regulation and changes in industry practices, including some directed at the mobile and advertising industries in particular. It is possible that new laws, regulations, standards, recommendations, best practices or requirements will be adopted that would affect our business, particularly with regard to location-based services, collection or use of data to target ads and communication with consumers via mobile devices. To the extent that we or our clients are subject to new law or recommendations or choose to adopt new standards, recommendations, or other requirements, we may have greater compliance burdens. If we are perceived as not operating in accordance with industry best practices or any such guidelines or codes with regard to privacy, our reputation may suffer and we could lose relationships with advertiser or developer partners.

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 location services 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 mobile location services 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 operating system platform, and recently introduced a similar new product for the iOS platform. Apple offers proprietary maps and voice-guided turn by turn directions and Nokia, provides a download for its latest version of HERE Maps on its smartphones which also provides voice-guided turn by turn navigation functions. Microsoft also provides a free voice-guided turn by turn navigation solution on its Windows Mobile and Windows Phone operating systems. Competition from these free offerings may reduce our revenue, result in our incurring additional costs to compete and harm our business. We also do not know what the effect of the acquisition of Nokia's mobile phone business by Microsoft will have on competition in the mobile navigation market. If our wireless carrier customers can offer these mobile location services to their subscribers for free, they may elect to cease their relationships with us, like Sprint did, or 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. In addition, new car buyers may not value navigation solutions built in to their vehicles if they feel that free (brought-in) offerings, for example Apple CarPlay or Google's auto initiatives, including Open Automotive Alliance, are adequate and may not purchase our solutions with their new cars.

Our primary competitors include location service providers such as Apple, Google (including Waze), Microsoft, Nokia, TCS, and TomTom; PND providers such as Garmin and TomTom; providers of Internet and mobile based maps and directions such as AOL, Apple, Mapquest, Google, Microsoft, Yahoo, Yelp, Foursquare and Fullpower; and wireless carriers and communication solutions providers developing their own location services. In the automotive navigation market, we compete with established automotive OEMs and providers of on-board navigation services such as AISIN, Bosch, Elektrobit, Garmin, TomTom and Nav N Go, as well as other competitors such as Apple, Google, Microsoft and TCS. In our advertising business, we compete against mobile platform providers, including Google, Apple, and Millennial Media, among others. 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, automotive, handset manufacturer and advertising agency relationships;
- stronger international presence may make our larger competitors more attractive partners to automotive manufacturers and OEMs;
- 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 navigation services, 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.

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

We acquired skobbler, which has operations in Germany and Romania, in January 2014. In the future, we may make acquisitions to improve our navigation services offerings or expand into 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. Future 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 including skobbler, which is geographically remote from our existing operations;
- 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, such as the European automobile manufacturer and OEM relationships of skobbler;
- 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 recognize a significant charge to earnings if our goodwill or other intangible assets become impaired.

We have recorded goodwill related to our prior acquisitions, and may do so in connection with any potential future acquisitions. Goodwill and other intangible assets with indefinite lives are not amortized, but are reviewed for impairment annually or on an interim basis whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Factors that may indicate that the carrying value of our goodwill or other intangible assets may not be recoverable include a persistent decline in our stock price and market capitalization, reduced future cash flow estimates and slower growth rates in our industry. We may be required to record a significant charge in our financial statements during the period in which any impairment of our goodwill or other intangible assets is determined, which would adversely impact our results of operations.

We may be required to recognize a significant charge to earnings if our strategic private equity investments become impaired.

We have in the past and may in the future enter into investments in businesses in order to complement or expand our current business or enter into new markets. Private equity investments are inherently risky and subject to factors outside of our control and no assurance can be given that our previous or future investments will be successful, will deliver the intended benefits, and will not materially harm our business, operating results or financial condition. We may be required to record a significant charge in our financial statements during the period in which any impairment of our private equity investments is determined, which could adversely impact our results of operations. We recorded a \$0.3 million impairment charge for one cost-method investment during fiscal 2014.

Our effective tax rate may fluctuate, which could reduce our anticipated income tax benefit in fiscal 2015.

Our effective tax rate could be adversely affected by several factors, many of which are outside of our control. Our effective tax rate may be affected by the proportion of our revenues and income (loss) before taxes in the various domestic and international jurisdictions in which we operate. Our revenue and operating results are difficult to predict and may fluctuate substantially from quarter to quarter. We are also subject to changing tax laws, regulations and interpretations in multiple

jurisdictions in which we operate, as well as the requirements of certain tax and other accounting body rulings. Since we must estimate our annual effective tax rate each quarter based on a combination of actual results and forecasted results of subsequent quarters, any significant change in our actual quarterly or forecasted annual results may adversely impact the effective tax rate for the period. Our estimated annual effective tax rate may fluctuate for a variety of reasons, including:

- changes in forecasted annual operating income or loss by jurisdiction;
- changes in relative proportions of revenue and income or loss before taxes in the various jurisdictions in which we operate;
- changes to the valuation allowance on net deferred tax assets;
- changes to actual or forecasted permanent differences between book and tax reporting, including the tax effects of purchase accounting for acquisitions and non-recurring charges which may cause fluctuations between reporting periods;
- impacts from any future tax settlements with state, federal or foreign tax authorities;
- impacts from changes in tax laws, regulations and interpretations in the jurisdictions in which we operate, as well as the requirements of certain tax rulings;
- impacts from withholding requirements in various non-U.S. jurisdictions and our ability to recoup those withholdings, which may depend on how much revenue we have in a particular jurisdiction to offset the related expenses;
- impacts from acquisitions and related integration activities; or
- impacts from new FASB requirements.

Although we believe our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period. In fiscal 2014, we recorded a valuation allowance on the majority of our deferred tax assets, net of liabilities since the assets are not more likely than not to be realized based upon our assessment of all positive and negative evidence. Realization of deferred tax assets is dependent upon future taxable earnings, the timing of which is uncertain. Due to losses in fiscal 2014 and expected losses in fiscal 2015 and potentially future years in the U.S., we established in fiscal 2014 a valuation allowance on deferred tax assets in the U.S. that we believe will not be realized by the carryback provisions of U.S. tax law. U.S. tax law allows for the two-year carryback of losses and one-year carryback of credits to previous tax years which can generate a tax refund to the extent taxes were paid. Due to foreign operating losses in previous years and continued foreign earnings volatility, we continued to maintain a full valuation allowance for our foreign deferred tax assets. In fiscal 2015, we expect to realize approximately \$1.3 million of U.S. deferred tax assets on the balance sheet as of June 30, 2014 based upon our ability to carryback losses and credits within the carryback period. In the event deferred tax assets cannot be realized based upon the ability to carryback losses and credits within the carryback period, our effective tax rate would be negatively impacted.

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

Our wireless carrier customers have significant flexibility as to the manner by which our mobile navigation services are distributed by them. They may bundle the product with other applications or services such as unlimited data plans. Given their flexibility in the future they may 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 mobile navigation services less attractive and could result in current end users abandoning our mobile navigation services. 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 rely on our customers for timely and accurate subscriber and vehicle sales 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 mobile navigation services, either directly or through third party service providers. In addition, we rely on our automotive and OEM customers to provide us with reports on the number of vehicles they sell with our on-board navigation services included and to remit royalties for those sales to us. If our 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 customer. 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 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 their 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.

If our end users increase their usage of our services, our operating loss may increase, or we may incur larger losses because we offer the service as a free offering or usage for paid offerings outpaces our expectations.

With limited exceptions, fees for the use of our services do not vary depending on whether or how often an end user uses our services, and we offer certain of our mobile phone based navigation services for free. 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 more end users access our services for free through a freemium model, we would incur additional expenses to expand our server capacity and pay additional third party content fees. These additional costs would harm our operating results and financial condition.

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 location services 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. Although we have recently announced efforts to use OSM data to reduce the expenses we incur for third party map data, we may not be successful at integrating OSM data into our products and may experience difficulty with customer acceptance if the quality of the consumer generated data within OSM is lower than that of paid maps.

We obtain map data from TomTom and HERE, which are companies owned by our current and potential competitors TomTom 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 and POI data to us.

In the future, we may be unable to obtain certain geocoding data from Tom Tom and HERE if we cease using their map data and instead rely on OSM data, in a manner similar to the existing skobbler products. If we are unable to obtain other integral data from these providers, we may not be able to successfully launch OSM-based products.

We may not be able to upgrade our navigation services 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 navigation services platform, may adversely affect consumer demand for our navigation services and, consequently, harm our business.

We also use our proprietary provisioning and reporting system to record and report royalties we owe to third party providers of content used by end users in connection with our services. Certain of the third party content providers have the right to audit our use of their services and, if we were found to have under or incorrectly reported usage, we may be required to pay the third party content providers for the actual usage, as well as interest and the cost of the audit. Any significant error in our recording and payment of royalties to our third party content providers could have a material and adverse effect on our financial results. We may also incur losses as a result of any significant error.

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

Our navigation services 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, and we use a cloud provider with locations in Oregon and Virginia for certain navigation and advertising network services. 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 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 navigation services, could have a material adverse effect on our operating results and financial condition.

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

The market for location services 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 navigation services platform and advertising services platforms and to continue to develop and introduce new navigation services, advertising services and other location-based product 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 services and products 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 services 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 services platform with evolving industry standards and protocols and competitive network operating environments.

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

Being selected to participate and being designed into new vehicle models is a lengthy and time consuming process and our navigation services platform may not be included for factors beyond our control if we are participating in the vehicle design 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 navigation services platform until the time we generate revenue from such wireless carrier, OEM or automobile manufacturer. These delays may make it difficult to predict when we will generate revenue from new customers. For example, we announced in January 2014 that we entered into an agreement with a top five global automobile manufacturer but we do not anticipate generating revenue related to the sale of vehicles under this agreement until model year 2017 vehicles come to market.

A large percentage of our research and development operations are conducted in China and Romania, 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. A majority of our research and development personnel are in China and Romania. Although we have sought to retain certain key personnel, we may be unable to retain them over the long-term. In addition, we have been experiencing significant increases in compensation costs in China due to competitive market conditions for qualified staff, as well as higher risk of employee turnover in certain China markets.

We also expect that we may continue to consolidate certain of our operations or reduce our workforce if we are unable to sustain our current revenue due to the decline in wireless carrier revenue. These reorganizations or reductions in force could result in 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, 2014, we had international operations in China, Mexico, Brazil, Germany and Romania. Our experience with wireless carriers, automobile manufacturers and OEMs and advertisers outside the United States is limited. Our revenue from customers in the United States comprised 94% and 92% of our total revenue for fiscal 2014 and 2013, 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, foreign tax withholding, 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 mobile networks in those countries;
- requirements that we comply with local telecommunication regulations and automobile hands free laws 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 and we may incur larger losses as a result.

We rely on our management team and need specialized 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. Our future performance will depend on our ability to continue to retain our senior management, particularly in the growth areas of our business, such as advertising.

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 U.S. 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 location services. 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.

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 products and services.

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

We generally provide our navigation 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 mobile navigation services. This includes deployment and maintenance of reliable 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 mobile navigation services 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 navigation services successfully. In addition, changes by a wireless carrier to its network infrastructure may interfere with the integration of our servers with their network and delivery of our navigation services 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 map providers and adversely affect our business.

The mapping data industry continues to experience consolidation. Should one of our map providers consolidate or enter into an alliance with another navigation provider, this could have a material adverse impact on our business. Currently, two of our map suppliers are owned by competitors in the navigation space and recently the mobile phone business of Nokia, which had its own navigation service and owns HERE, was acquired by Microsoft. Such a consolidation may cause us to lose a map supplier or require us to increase the royalties we pay to map vendors as a result of enhanced supplier leverage, which would have a negative effect on our business. We may be unable to replace our map suppliers, were we to lose a map supplier, and the remaining map supplier may increase license fees. In addition, as we continue to use more OSM-based maps and no longer

purchase maps from those suppliers, we may be unable to purchase other data that is integral to our navigation products from our existing map suppliers.

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. For example, in April 2013, we sold our enterprise business to a third party, which resulted in a net gain to us but also required us to provide transition services to the buyer in the fourth quarter of fiscal 2013. In the fourth quarters of fiscal 2013 and 2014, in order to better align and focus our resources we initiated restructuring plans resulting in reductions of approximately 83 and 108 full-time positions, respectively, and restructuring charges of \$1.5 million and \$2.4 million, respectively, related to severance and benefits for the positions eliminated. Any decision to reduce investment in, 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, our customers, or other business partners may cause our business, operating results and financial condition to suffer.

Our commercial success depends in part upon us, our partners 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 and/or need to alter our technologies or cease certain activities. We operate in an industry with extensive intellectual property litigation and it is not uncommon for our wireless carrier customers, handset manufacturing partners, automobile manufacturers and OEMs 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 customers and other business partners, who 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 alleging infringement and other related claims. As of the date of this Annual Report on Form 10-K, we were named as a defendant in several 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 customers and other business partners 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, our wireless carrier customers or our other business partners. 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 customers and other business partners;
- cause delays or stoppages in the shipment of Telenav enabled or preloaded mobile phones or vehicles, or cause us to modify or suspend the provision of our navigation services;
- cause us to incur significant expenses in defending claims brought against our customers, other business partners 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 or our business partners to cease certain activities and/or modify our products or services.

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

navigation services or be required to materially alter our navigation services, 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 customers include indemnification provisions. We agree to indemnify them for losses suffered or incurred in connection with our navigation services or 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 navigation services or products infringes third party intellectual property rights.

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 and settlement costs in connection with certain of these indemnity demands. Furthermore, we have been notified by several customers 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 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 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 customers’ indemnity demands, which may lead to disputes with our customers and may negatively impact our relationships with them or result in litigation against us. Our 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 certain customers 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 customers are negatively impacted or if any of our customer agreements is terminated, our business, operating results and financial condition could be materially adversely affected. See Part I, Item 3, “Legal Proceedings.”

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

Our products and services include the transmission and storage of certain 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 navigation services. In addition, we may be required to invest additional resources to protect against damages caused by any actual or perceived disruptions of our navigation services or security breaches.

Recent United States Supreme Court cases and other litigation have addressed issues relating to providing information regarding the location of a vehicle or mobile device to law enforcement agencies without a warrant. The law related to mobile phones and integrated GPS tracking in a vehicle remains unsettled and we may be subjected to different standards in different jurisdictions. We may incur substantial costs if we are required to litigate whether an individual's location can be disclosed without a warrant, which could harm our operating results. We may also be required to provide information about the location of an end user’s mobile phone 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, the automobile and mobile advertising industries 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, further regulate the automobile industry or impair the mobile advertising industry, including laws and regulations regarding lawful interception of personal data, hands free 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 the industries in which our products and services are used 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 make operation more costly, and may materially reduce our ability to increase or maintain sales of our products and services.

We may become subject to significant product liability costs.

If our navigation services 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 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 products and services. 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 average revenue per user 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 navigation services. 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 navigation services 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 navigation services platform and client applications and may use more open source software in the future. Use of open source software may subject our navigation services platform and client applications to general release or require us to re-engineer our navigation services platform and client applications, which may cause harm to our business. 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 navigation services 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 control over financial reporting. We may not always complete our assessment of the effectiveness of our internal control over financial reporting in a timely manner, or such internal control 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 control over financial reporting and disclosure controls and procedures annually. For example, as of June 30, 2014, we performed system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control 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 control 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 Global Market, the SEC or other regulatory authorities, which would require significant additional financial and management resources.

We will incur continued high 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 incur significant legal, accounting, investor relations and other expenses, 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. We are generally not eligible to report under reduced disclosure requirements or benefit from longer phase in periods for “emerging growth

companies” as such term is defined in the Jumpstart Our Business Act of 2012. 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 continue to impact 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, over time, it may 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 if we cannot provide a level of insurance coverage that they believe is adequate.

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. As of June 30, 2014, only one research analyst published reports regarding our company. In addition, if our stock were to trade at prices below \$5.00 per share in the future, 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 significantly and may continue to fluctuate in the future.

Our common stock was sold in our IPO at \$8.00 per share. Although our common stock has 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 relatively 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, relationship changes with key customers, 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;
- lawsuits threatened or filed against us; and
- large distributions of our common stock by significant stockholders to limited partners or others who immediately resell the shares.

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.

In addition, if the market price of our common stock falls below \$5.00 per share for an extended period of time, under stock exchange rules, our stockholders will not be able to use such shares as collateral for borrowing in margin accounts. Further, certain institutional investors are restricted from investing in shares priced below \$5.00 per share. This inability to use shares of our common stock as collateral and the inability of certain institutional investors to invest in our shares may depress demand and lead to sales of such shares creating downward pressure on and increased volatility in the market price of our common stock.

Recently, the market price for our common stock has traded only slightly above the cash value of our common stock. If investors do not value our company as an ongoing business and only value it for the cash on our balance sheet, our stock price may decline if we continue to incur net losses and use our cash to fund operations. We may also attract investors who are looking for short-term gains in our shares rather than being interested in our long-term outlook. As a result, the price of our common stock may be volatile.

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 33.63% of our common stock outstanding as of June 30, 2014. 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 950 De Guigne Drive, Sunnyvale, California in an office consisting of approximately 175,000 square feet pursuant to a lease that expires in December 2019. This headquarters facility houses the majority of our U.S. research and development, support, marketing and general and administrative personnel. We lease approximately 48,000 square feet of space in Shanghai, China for our research and development, sales and support operations pursuant to leases expiring in September 2014 and September 2016, approximately 19,000 square feet in Xi'an, China, for research and development operations pursuant to leases expiring in September 2014 and October 2014, and as well as approximately 11,000 square feet in Cluj, Romania, for research and development operations pursuant to a lease that expires in December 2014. We lease approximately 12,000 square feet in Culver City, California for research and development and sales and marketing operations. We also lease office space of less than 3,000 square feet each in Northlake, Washington; Reston, Virginia; Southfield, Michigan; Boston, Massachusetts; Chicago, Illinois; New York, New York; Berlin, Germany; and São Paulo, Brazil 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 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 customers by determining the scope, enforceability and validity of third party proprietary rights or to establish our proprietary rights. From time to time we also may be subject to claims from our third party content providers that we owe them additional royalties and interest, which claims may result in litigation if we and the third party content provider are unable to resolve the matter. 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 December 31, 2009, Vehicle IP, LLC, or Vehicle IP, filed a patent infringement lawsuit against us in the U.S. District Court for the District of Delaware, seeking monetary damages, fees and expenses and other relief. Verizon Wireless, or Verizon, 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 this time, we have not agreed to defend or indemnify Verizon. AT&T was also named as a co-defendant in the Vehicle IP litigation based on the AT&T Navigator and Telenav Track products. AT&T has tendered the defense of the litigation to us and we are defending the case on behalf of AT&T. After the Court issued its claim construction ruling the parties agreed to focus on early summary judgment motions, and asked the Court to postpone the rest of the case schedule pending the resolution of these potentially case-dispositive motions. The defendants filed motions for summary judgment of noninfringement. On April 10, 2013 the Court granted AT&T and our motion for summary judgment of noninfringement. While the Court's ruling appears to be dispositive of plaintiff's claims, plaintiff is appealing the district court's claim construction and summary judgment ruling. The appeal is currently ongoing in the U.S. Court of Appeals for the Federal Circuit; the oral argument was held on April 10, 2014. Due to the uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We believe that it is reasonably possible that we will incur a loss; however, 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 patent infringement lawsuit against us in the U.S. District Court for the Eastern District of Texas, seeking monetary damages, fees and expenses, and other relief. The patent at issue was subject to reexamination by the PTO and the reexamined claims were found invalid. Plaintiff appealed this finding and on May 30, 2013, the Patent Trial and Appeal Board, or PTAB, confirmed the invalidity of these claims. Plaintiff filed a request for reconsideration of this decision with the PTAB, which was denied on January 13, 2014. In light of the reexamination and plaintiff's appeal of the reexamination findings, the Court stayed the case and the case will remain stayed and administratively closed unless the plaintiff obtains a favorable decision on appeal before the PTAB or Federal Circuit Court of Appeals. On March 12, 2014, Traffic Information filed an appeal with the U.S. Appeals Court for the Federal Circuit. 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 believe that it is reasonably possible that we will incur a loss; however, 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 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 customers in compliance with our contractual commitments. At this time, we are not a party to the following cases; however our customers have requested that we indemnify them in connection with such cases:

In 2008, Alltel, AT&T, Sprint and T-Mobile USA, or T-Mobile, each demanded that we indemnify and defend them against patent infringement lawsuits brought by patent holding companies EMSAT Advanced Geo-Location Technology LLC and Location Based Services LLC (collectively, "EMSAT") in the U.S. District Court for the Northern District of Ohio. 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 while the PTO completed its reexamination of the validity of the patents at issue. The PTO has concluded its reexamination of two of the patents in suit, confirming the validity of only two of the asserted claims from those patents. At this time, all patent claims that EMSAT alleged to be infringed by the Telenav GPS Navigator product have been cancelled during reexamination. In the suits against T-Mobile, Alltel and Sprint, EMSAT has amended its allegations to remove allegations of infringement of the patent claims that were cancelled during reexamination. Accordingly, the Court has lifted the stays in those suits and the matters are ongoing. However, in the T-Mobile suit, EMSAT and T-Mobile have stipulated to a dismissal of the case. Due to

uncertainties related to litigation, we are unable 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 indemnification and defense obligations to the other wireless carriers. We believe that it is reasonably possible that we will incur additional loss; however, 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 2009, AT&T demanded that we indemnify and defend them against a patent infringement lawsuit brought by Tandler Cellular of Texas LLC, or Tandler, in the U.S. District Court for the Eastern District of Texas. In June 2010, AT&T settled its claims with Tandler and we came to an agreement with AT&T as to the extent of our contribution towards AT&T's settlement and the amount of our contribution was not material; however, there continues to be a disagreement as to whether any additional amounts are owed to AT&T for legal fees and expenses related to the defense of the matter. We believe that it is reasonably possible that we will incur additional loss; however, 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 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. Nevertheless, 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.

Large future indemnity payments and associated legal fees and expenses, including potential indemnity payments and legal fees and expenses relating to our wireless carrier and other customers' 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 customers for outstanding and unresolved indemnity demands where we do not believe we have an obligation to do so or that our solution infringes on asserted intellectual property rights, we may in the future agree to defend and indemnify our 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 customers' indemnity demands, including the outstanding demands, which may lead to disputes with our 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 customers are negatively impacted, or any of our customer agreements is terminated, our business, operating results and financial condition could be materially harmed.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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, 2014		High		Low
First Quarter	\$	6.23	\$	5.31
Second Quarter	\$	7.28	\$	5.97
Third Quarter	\$	6.50	\$	5.68
Fourth Quarter	\$	6.50	\$	5.26
Year ended June 30, 2013		High		Low
First Quarter	\$	6.23	\$	5.58
Second Quarter	\$	8.20	\$	6.01
Third Quarter	\$	8.30	\$	6.27
Fourth Quarter	\$	6.45	\$	5.00

We had approximately 84 stockholders of record as of July 31, 2014. A substantially greater number of holders of our common stock are “street name” or beneficial holders, whose shares are held by banks, brokers and other financial institutions. 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.

Not applicable.

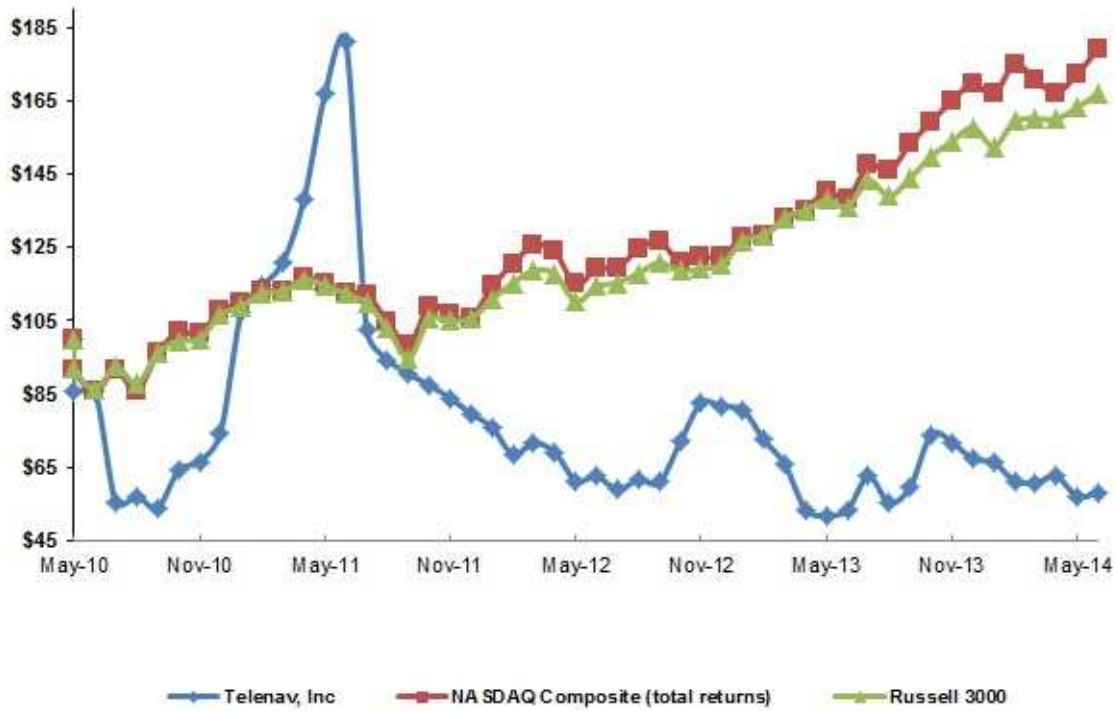
STOCK PERFORMANCE GRAPH

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, 2014 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.

COMPARISON OF CUMULATIVE TOTAL RETURN*

Among Telenav, Inc. the NASDAQ Composite index and the Russell 3000 index



*\$100 invested on 5/13/10 in stock or 4/30/10 in index, including reinvestment of dividends.
Fiscal year ending June 30, 2014

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 operations data for fiscal years ended June 30, 2014, 2013 and 2012 and the balance sheet data as of June 30, 2014 and 2013 from the audited consolidated financial statements included elsewhere in this Form 10-K. The statement of operations data for the fiscal years ended June 30, 2011 and 2010 and the balance sheet data as of June 30, 2012, 2011 and 2010 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 U.S. generally accepted accounting principles, or GAAP. The results of operations of our enterprise business, which were previously presented as a component of our consolidated operating results, have been classified as discontinued operations in our statement of operations for all periods presented. 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 Operations Data: (in thousands, except per share data)	Fiscal Year Ended June 30,				
	2014	2013	2012	2011	2010
Revenue	\$ 150,313	\$ 191,800	\$ 205,522	\$ 199,118	\$ 161,888
Cost of revenue	60,841	69,113	44,448	38,150	27,246
Gross profit	89,472	122,687	161,074	160,968	134,642
Operating expenses:					
Research and development	60,573	60,349	65,764	52,617	38,358
Sales and marketing	33,138	30,435	25,345	16,588	11,886
General and administrative	26,176	24,765	26,084	19,757	14,518
Restructuring costs	4,412	1,671	—	—	—
Total operating expenses	124,299	117,220	117,193	88,962	64,762
Operating income (loss)	(34,827)	5,467	43,881	72,006	69,880
Other income (expense), net	1,288	1,207	1,484	1,173	(407)
Income (loss) from continuing operations before provision (benefit) for income taxes	(33,539)	6,674	45,365	73,179	69,473
Provision (benefit) for income taxes	(4,015)	1,093	13,559	28,592	27,183
Income (loss) from continuing operations, net of tax	\$ (29,524)	\$ 5,581	\$ 31,806	\$ 44,587	\$ 42,290
Income (loss) from discontinued operations, net of tax	\$ —	\$ 7,486	\$ 602	\$ (2,013)	\$ (880)
Net income (loss)	\$ (29,524)	\$ 13,067	\$ 32,408	\$ 42,574	\$ 41,410
Basic income (loss) per share:					
Income (loss) from continuing operations	\$ (0.76)	\$ 0.14	\$ 0.77	\$ 1.06	\$ 2.72
Income from discontinued operations, net of tax	\$ —	\$ 0.18	\$ 0.01	\$ (0.05)	\$ (0.06)
Net income (loss)	\$ (0.76)	\$ 0.32	\$ 0.78	\$ 1.01	\$ 2.66
Diluted income (loss) per share:					
Income (loss) from continuing operations	\$ (0.76)	\$ 0.13	\$ 0.72	\$ 0.99	\$ 1.37
Income from discontinued operations, net of tax	\$ —	\$ 0.18	\$ 0.02	\$ (0.05)	\$ (0.03)
Net income (loss)	\$ (0.76)	\$ 0.31	\$ 0.74	\$ 0.94	\$ 1.34
Weighted average shares used in computing net income (loss) per share applicable to common stockholders:					
Basic	38,796	40,310	41,406	41,975	15,569
Diluted	38,796	41,919	43,944	45,086	30,833
Consolidated Balance Sheets Data: (in thousands)	June 30,				
	2014	2013	2012	2011	2010
Cash, cash equivalents and short-term investments	\$ 136,849	\$ 191,685	\$ 199,468	\$ 203,310	\$ 112,862
Working capital	153,238	190,385	204,977	178,602	134,878
Total assets	239,841	273,669	264,779	260,627	173,720
Common stock and additional paid-in capital	129,318	118,233	118,897	115,106	109,729
Total stockholders' equity	192,405	214,464	216,518	188,466	149,037

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

Telenav is a leading provider of location-based platform services. These services consist of our map and navigation platform and our advertising delivery platform. Our map and navigation platform allows Telenav to deliver enhanced location based services to developers, auto manufacturers and end users. We use our map and navigation platform as the basis for delivering enhanced mobile applications such as our industry leading mobile navigation. Our advertising delivery platform delivers highly targeted advertising services leveraging our location expertise. Recently, we have focused on enhancing our map and navigation platform by closely aligning our technology to the OSM community. In January 2014, we completed our acquisition of all of the shares of privately held skobbler, a location-based services company based in Germany. We believe the acquisition of skobbler will enable us to combine its OSM-based GPS navigation technology with our existing mobile navigation solutions.

We offer our map and navigation platform to customers in a number of ways. We distribute our services through our wireless carrier partners, including AT&T, and directly to consumers through mobile application stores and marketplaces. Generally, we provide our basic services to consumers for free and provide consumers the opportunity to purchase premium versions of the product. We refer to the free to premium distribution as the "freemium" model of distribution. Our free products are designed to be monetized through delivery of advertising to consumers. Our success with the freemium model depends upon our ability to generate a substantial active user base as well as the ability to generate revenue from advertising and conversion of users from free to premium services.

We offer our map and navigation platform services to auto manufacturers and original equipment manufacturers, or OEMs, for distribution with their vehicles. Our primary customer to date, Ford, currently distributes our product as an optional feature with the majority of its models in the U.S. Our product is now included on models manufactured in the U.S., Canada, Mexico, South America, Europe and China. We also have a relationship with another automotive OEM that distributes our products with another major auto manufacturer and in January 2014 we announced an agreement with a top five global auto manufacturer for integration of our off-board and connected solutions in its vehicles, which we expect to commence in model year 2017. Our automotive solutions are typically a self-contained solution including software and related services and content within the car, or on-board, and are often enhanced through connection to data services for additional real time capabilities such as traffic. Our history as a cloud based supplier of navigation services provides a unique advantage in the marketplace over our competitors.

Our advertising delivery platform offers advertisers significant audience reach, sophisticated targeting capabilities and the ability to deliver interactive and engaging ad experiences to consumers on their mobile devices. We are experts in location-based advertising and offer unique value to brick-and-mortar and brand advertisers through our location targeting capabilities. Our technology focuses on managing the complexity and scale associated with mobile location data to deliver better mobile campaigns for our advertising partners. We deliver mobile advertisements by leveraging our proprietary in-house ad serving technology. Our inventory, or accessible market, is comprised of thousands of mobile applications and mobile websites that are accessed through programmatic RTB tools. In June 2014, our platform had access to over 100 billion potential ad impressions.

We derive revenue primarily from wireless carriers, automobile manufacturers and OEMs, and advertisers and advertising agencies. We primarily derive our revenue from automobile manufacturers whose vehicles contain our proprietary software and are able to access our personalized navigation services. We also derive revenue from our partnerships with wireless carriers who sell our mobile navigation services to their subscribers. In addition, we have a growing business in mobile advertising where our customers are primarily advertising agencies that represent national and regional brands and channel partners that work closely with local and small business advertisers.

We generate revenue from the delivery of customized software and royalties from the distribution of this customized software in automotive navigation applications. For example, Ford utilizes our on-board automotive navigation product in its

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, and our navigation solution is currently deployed in 17 different Ford and Lincoln models in North America. Ford and Lincoln models with our on-board automotive navigation product began shipping to South America with the 2012 model year and China with the 2013 model year. Our automobile manufacturer and OEM customers pay us a royalty fee as the software is reproduced for installation in vehicles with our automotive navigation solutions.

We generate revenue from mobile navigation services, based upon our map and navigation platform, through service subscriptions. End users with subscriptions for our services are generally billed for our services through their wireless carrier or through mobile application stores and marketplaces. Our wireless carrier customers pay us based on several different revenue models, including (1) a revenue sharing arrangement that may include a minimum fee per end user, (2) a monthly or annual subscription fee per end user, or (3) based on usage.

We generate revenue from advertising network services through the delivery of search and display advertising impressions based on the specific terms of the advertising contract.

Recent Developments

In the fourth quarter of fiscal 2014, in order to further align our resources and consolidate facilities, we initiated a restructuring plan consisting of the elimination of approximately 108 full-time positions in the U.S. and China and we recorded restructuring charges of \$2.4 million related to severance and benefits for the positions eliminated. Earlier in fiscal 2014, we commenced our consolidation of our Sunnyvale, California headquarters facilities from two buildings into one, and during the fourth quarter we closed our Boston, Massachusetts office. As a result, we recorded restructuring charges of \$2.0 million related to the impairment of the facility leases.

On January 29, 2014, we completed our acquisition of all of the shares of skobbler. We acquired skobbler for consideration of approximately \$23.8 million, consisting of approximately \$19.2 million in cash and \$4.6 million in shares of our common stock. We believe the acquisition of skobbler will enable us to combine its OSM-based GPS navigation technology with our existing mobile navigation solutions. The transaction has been accounted for under the acquisition method of accounting.

In January 2014, we announced that we entered into a contract with one of the five largest global auto manufacturers to provide worldwide embedded and connected navigation services beginning with select model year 2017 vehicles. The agreement covers an initial three-year production cycle, which we expect to commence with select model year 2017 vehicles. Under the terms of the agreement, we expect our connected services to support navigation in more than 100 countries. There are no volume or revenue guarantees provided by this auto manufacturer.

As of October 1, 2013, Sprint Nextel Corporation, or Sprint, no longer provided us compensation for our services on a fixed fee basis for bundled offerings provided to its customers. The revenue we receive from Sprint consists primarily of revenue from monthly recurring fees paid by end users for premium services. The current monthly recurring fee revenue is substantially lower than the fee revenue we had previously received from Sprint for the bundling of our services and we anticipate that this trend will continue. Subsequent to October 1, 2013, we have not experienced significant replacement revenue from subscribers who formerly had access to our services through the Sprint bundles. In fiscal 2015, consistent with the last two fiscal years, we expect that subscription revenue from our partnerships with wireless carriers for navigation will decline substantially as AT&T and our entire mobile navigation customer base continue to experience declines in subscribers paying monthly recurring charges for navigation applications.

All information in the following management's discussion and analysis of financial condition and results of operations includes only results from continuing operations (and excludes our discontinued enterprise business, which was sold in April 2013) for all periods presented, unless otherwise noted.

Key operating and financial performance metrics

We monitor the key operating and financial performance metrics set forth in the tables below to help us evaluate growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts and assess our operational efficiencies. Certain of these measures, non-GAAP income (loss) from continuing operations, net of tax, adjusted earnings before interest, taxes, depreciation and amortization, or adjusted EBITDA, from continuing operations and diluted non-GAAP income (loss) from continuing operations, net of tax, per share are not measures calculated in accordance with U.S. generally accepted accounting principles, or GAAP, and should not be considered as an alternative to any measure of financial performance

calculated and presented in accordance with GAAP. In addition, these non-GAAP measures may not be comparable to similarly titled measures of other companies because other companies may not calculate them in the same manner that we do.

	Fiscal Year Ended June 30,		
	2014	2013	2012
	(in thousands)		
Revenue	\$ 150,313	\$ 191,800	\$ 205,522
Gross margin	60%	64%	78%
Non-GAAP gross margin	62%	65%	79%
Income (loss) from continuing operations, net of tax	\$ (29,524)	\$ 5,581	\$ 31,806
Non-GAAP income (loss) from continuing operations, net of tax	\$ (6,839)	\$ 18,183	\$ 39,180
Adjusted EBITDA from continuing operations	\$ (12,121)	\$ 25,493	\$ 59,021
Diluted income (loss) from continuing operations, net of tax, per share	\$ (0.76)	\$ 0.13	\$ 0.72
Diluted non-GAAP income (loss) from continuing operations, net of tax, per share	\$ (0.18)	\$ 0.43	\$ 0.89

Gross margin is our gross profit, or total revenue less cost of revenue, expressed as a percentage of our total revenue. Our gross margin has been and will continue to be impacted by the increasing percentage of our revenue base derived from automotive navigation solutions and advertising network services, which generally have higher associated third party content costs and third party display ad inventory costs, respectively, than our navigation offerings provided through wireless carriers.

Non-GAAP gross margin measures our GAAP gross margin, excluding the impact of stock-based compensation expense and capitalized software and developed technology amortization expenses. Non-GAAP income (loss) from continuing operations, net of tax, measures GAAP net income (loss) from continuing operations, net of tax, excluding the impact of stock-based compensation expense, capitalized software and developed technology amortization expenses, and other items such as legal settlements, valuation allowances against certain deferred tax assets, and restructuring costs, net of taxes. Stock-based compensation expense relates to equity incentive awards granted to our employees, directors, and consultants. Stock-based compensation expense has been and will continue to be a significant recurring non-cash expense for us. While we include the dilutive impact of such equity awards in weighted average shares outstanding, the expense associated with stock-based awards reflects a non-cash charge that we exclude from non-GAAP income (loss) from continuing operations, net of tax, non-GAAP income (loss) from continuing operations, net of tax, per share, and adjusted EBITDA from continuing operations. Capitalized software amortization expense represents internal software costs that are previously capitalized and charged to expense as the software is used in our operations. Developed technology amortization expense relates to the amortization of acquired intangible assets. Legal settlements represent settlements from patent litigation cases in which we are defendants and royalty disputes. The valuation allowance against deferred tax assets related to a valuation allowance established against our deferred tax assets in the U.S. Restructuring costs represent recognition of the estimated amount of costs associated with restructuring activities. Our non-GAAP tax rate from continuing operations differs from the GAAP tax rate from continuing operations due to the elimination of any tax effect of the GAAP stock-based compensation expenses, legal settlements, restructuring costs, and other items that are being eliminated to arrive at the non-GAAP income (loss) from continuing operations, net of tax.

Adjusted EBITDA from continuing operations measures our GAAP income (loss) excluding the impact of stock-based compensation expense, depreciation, amortization, interest income, other income (expense), provision (benefit) for income taxes, and other items such as legal settlements and restructuring costs, net of tax. Adjusted EBITDA, while generally a measure of profitability, can also represent a loss.

Non-GAAP gross margin, non-GAAP income (loss) from continuing operations, net of tax, and adjusted EBITDA from continuing operations are key measures used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, we believe that the exclusion of the expenses eliminated in calculating non-GAAP gross margin, non-GAAP income (loss) from continuing operations, net of tax, and adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. In addition, non-GAAP income (loss) from continuing operations, net of tax, and adjusted EBITDA are key financial measures used by the compensation committee of our board of directors in connection with the development of incentive-based compensation for our executive officers. Accordingly, we believe that non-GAAP gross margin, non-GAAP income (loss) from continuing operations, net of tax, and adjusted EBITDA provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

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Diluted non-GAAP income (loss) from continuing operations, net of tax, per share is calculated as non-GAAP income (loss) from continuing operations, net of tax, divided by the diluted weighted average number of shares outstanding during the period.

These non-GAAP measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our financial results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA from continuing operations does not reflect cash capital expenditure requirements for such replacements or for new capital expenditures;
- non-GAAP gross margin, non-GAAP income (loss) from continuing operations, net of tax, and adjusted EBITDA from continuing operations do not reflect the potentially dilutive impact of equity-based compensation;
- adjusted EBITDA does not reflect tax payments that historically have represented a reduction in cash available to us or tax benefits that may arise as a result of generating net losses; and
- other companies, including companies in our industry, may calculate adjusted EBITDA or similarly titled measures differently, which reduces its usefulness as a comparative measure.

Because of these and other limitations, you should consider non-GAAP gross margin, non-GAAP income (loss) from continuing operations, net of tax, adjusted EBITDA from continuing operations and diluted non-GAAP income (loss) from continuing operations, net of tax, per share alongside other GAAP-based financial performance measures, including various cash flow metrics, net income (loss) and our other GAAP financial results.

The following tables present reconciliations of gross margin to non-GAAP gross margin, income (loss) from continuing operations, net of tax, to non-GAAP income (loss) from continuing operations, net of tax, and income (loss) from continuing operations, net of tax, to adjusted EBITDA from continuing operations for each of the periods indicated:

	Fiscal Year Ended June 30,		
	2014	2013	2012
Gross margin	60%	64%	78%
Adjustments:			
Capitalized software and developed technology amortization	2%	1%	1%
Stock-based compensation expense	—%	—%	—%
Non-GAAP gross margin	62%	65%	79%

	Fiscal Year Ended June 30,		
	2014	2013	2012
	(in thousands)		
Net income (loss)	\$ (29,524)	\$ 13,067	\$ 32,408
Income from discontinued operations, net of tax	—	7,486	602
Income (loss) from continuing operations, net of tax	(29,524)	5,581	31,806
Adjustments:			
Legal settlement	—	1,300	1,500
Restructuring costs	4,412	1,671	—
Capitalized software and developed technology amortization	3,588	3,680	2,004
Valuation allowance against deferred tax asset	7,398	—	—
Stock-based compensation expense:			
Cost of revenue	100	149	91
Research and development	4,489	3,509	2,509
Sales and marketing	3,306	2,290	1,168
General and administrative	3,640	2,699	1,354
Total stock-based compensation	11,535	8,647	5,122
Tax effect of adding back adjustments	(4,248)	(2,696)	(1,252)
Non-GAAP income (loss) from continuing operations, net of tax	\$ (6,839)	\$ 18,183	\$ 39,180

	Fiscal Year Ended June 30,		
	2014	2013	2012
	(in thousands)		
Net income (loss)	\$ (29,524)	\$ 13,067	\$ 32,408
Income from discontinued operations, net of tax	—	7,486	602
Income (loss) from continuing operations, net of tax	(29,524)	5,581	31,806
Adjustments:			
Legal settlement	—	1,300	1,500
Restructuring costs	4,412	1,671	—
Stock-based compensation expense	11,535	8,647	5,122
Depreciation and amortization	6,759	8,408	8,171
Interest and other (income) expense, net	(1,288)	(1,207)	(1,484)
Provision (benefit) for income taxes	(4,015)	1,093	13,906
Adjusted EBITDA from continuing operations	<u>\$ (12,121)</u>	<u>\$ 25,493</u>	<u>\$ 59,021</u>

Key components of our results of operations

Sources of revenue

We classify our revenue as either product or services revenue. Services revenue consists primarily of revenue we derive from our mobile navigation services, off-board automotive navigation services and mobile advertising services. Product revenue consists primarily of revenue we receive from the delivery of customized software and royalties from the distribution of this customized software in certain automotive navigation applications.

We offer voice-guided, real-time, turn by turn, mobile navigation service under several brand names including Scout by Telenav and Telenav GPS as well as under wireless carrier brands (or “white label” brands). We derive services revenue primarily from our wireless carrier customers for their end users' subscriptions to our mobile navigation services. Our wireless carrier customers pay us based on several different revenue models, including (1) a revenue sharing arrangement that may include a minimum fee per end user, (2) a monthly or annual subscription fee per end user, or (3) based on usage. 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 mobile navigation services as part of a bundle of mobile data or voice services than if an end user subscribes to our mobile navigation services on a standalone basis. We also offer our applications directly to end users through application stores such as the Apple App Store and the Google Play marketplace. Finally, we provide free versions of our services which can generate revenue through advertising supported arrangements, and subscriber upgrades to premium versions for a fee. We also derive services revenue from advertising network services through the delivery of search and display advertising impressions based on the specific terms of the advertising contract. In the future, we may have other revenue models.

For services that our subscribers purchase through our wireless carriers, our wireless carrier customers are responsible for billing and collecting the fees they charge their subscribers for the right to use our navigation services. With respect to Sprint, through September 30, 2013, we received a guaranteed fixed fee from Sprint for navigation applications provided to subscribers in bundles with other Sprint services. We recognized revenue for the aggregate fees monthly on a straight-line basis over the term of the agreement. 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 a subscriber may vary considerably and is subject to change over time.

In addition, the amount we are paid per end user in our revenue sharing arrangements 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 mobile navigation services 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 application stores.

Subscription fee revenue from our mobile navigation services represented 42% , 61% and 86% of our revenue in fiscal 2014 , 2013 and 2012 , respectively. Subscription fee revenue from our mobile navigation service declined from fiscal 2012 to fiscal 2014 , primarily due to the transition to an extension of the fixed fee with Sprint at a lower rate that eventually ceased in September 2013 and a substantial decrease in the number of paying subscribers for navigation services provided through AT&T and others, including T-Mobile, U.S. Cellular and NII Mexico.

AT&T represented 24% , 28% and 35% of our revenue in fiscal 2014 , 2013 and 2012 , respectively. In March 2014, our agreement with AT&T was automatically renewed, under its existing terms through March 2015, and provides that we will continue to be the exclusive provider of white label GPS navigation services to AT&T. AT&T is not required to offer our navigation services. We anticipate that we will continue to depend on AT&T for a material portion of our revenue for the foreseeable future; however, we have seen substantial declines in the number of paying subscribers for our services through AT&T over the past few years .

Sprint represented less than 10%, 16% and 36% of our revenue in fiscal 2014 , 2013 and 2012 , respectively. We operate under an agreement with Sprint, which we most recently amended in April 2013. Under this amended agreement, Sprint continued the fixed fee arrangement related to the Sprint bundle through September 30, 2013, and agreed to partner to generate revenue from mobile navigation and mobile advertising programs through December 31, 2015. Commencing on October 1, 2013, Sprint ceased to bundle our navigation services, which caused our revenue to decrease substantially. A majority of the Sprint subscribers who were receiving our services through bundles as of September 30, 2013 did not convert to our paid navigation services and we have not recouped the lost revenue through freemium or monthly recurring charges paid by those Sprint subscribers.

We expect that the percentage of our revenue represented by wireless carrier customers will continue to decline in fiscal 2015 due to the absence of any revenue from Sprint bundles and the anticipated decline of the number of subscribers paying monthly recurring charges with other wireless carrier customers.

Revenue from our mobile advertising, which includes the delivery of search and display, location-based ads, represented 8% , 2% and 1% of our revenue in fiscal 2014 , 2013 and 2012 , respectively. Our advertising revenue is derived from relationships established with advertising agencies, direct customers, and channel partners. Our ad search revenue is earned from the delivery of location-based ad impressions targeted to end users engaged in a specific search task utilizing our mobile navigation solutions. Such ad search revenue represented less than 10% of our overall advertising revenue. Our display revenue relates to the advertising business developed via the Thinknear acquisition that delivers targeted location-based impressions to end users of third party developer applications.

Revenue from our automotive navigation solutions represented 50% , 37% and 13% of our revenue in fiscal 2014 , 2013 and 2012 , respectively. Ford represented 46% , 36% and 13% of our revenue in fiscal 2014 , 2013 and 2012, respectively. In April 2014, our contract with Ford was extended through December 2017. The agreement may be renewed for successive 12-month periods if either party provides notice of renewal at least 45 days prior to the expiration of the applicable term and the other party agrees to such renewal.

We provide both on-board and off-board connected navigation solutions to Ford. Our on-board solution consists of software, map and POI data loaded in the vehicle that provides voice-guided turn by turn navigation displayed on the vehicle screen. Our off-board connected solution enables a mobile device that is paired with the vehicle to activate in-vehicle text-based and voice-guided turn by turn navigation. We recognize revenue from our off-board connected solutions monthly based on annual subscriptions, which are subject to a maximum annual fee with Ford. This revenue is classified as services revenue and represented less than 5% of overall automotive navigation solutions revenue.

Our product revenue is primarily derived from our automotive on-board solutions as the related customized software is delivered to, and accepted by our customers. In addition, we recognize royalties earned from our on-board solutions as the software is reproduced for installation in vehicles. We anticipate that we will continue to depend on Ford for a material portion of our revenue for the foreseeable future .

For fiscal 2015, we expect automotive and advertising revenue to represent the growing components of our revenue but our expectations may not be realized. However, while we anticipate growing our overall revenue in fiscal 2015, the lower gross margins generally experienced with automotive and advertising revenue are expected to result in an overall lower gross profit in fiscal 2015.

In fiscal 2014 , 2013 and 2012 , we generated 94% , 92% and 94% of our revenue, respectively, in the United States. With respect to revenue we receive from automobile manufacturers and OEMs for sales of vehicles in other countries, we classify that revenue as being generated in the United States, because we provide deliverables to and receive compensation from the manufacturer's or OEM's United States' entity.

Cost of revenue

Our cost of revenue consists primarily of the cost of third party content, such as map, geocodes, POI, traffic, gas price and weather data and voice recognition technology that we use in providing our navigation solutions. Our cost of revenue also includes the cost of third party exchange ad inventory as well as expenses associated with data center operations, customer support, the amortization of capitalized software, recognition of deferred development costs on specific projects, stock-based compensation and amortization of developed technology. The largest components of our cost of revenue are the fees we pay to providers of map, POI and traffic data, TomTom and HERE. We have agreements with TomTom and HERE 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 on a per installed vehicle basis. With respect to TomTom, we are required to pay certain minimum fees for access to its content by our mobile navigation customers, as well as a usage fee. Although we recently began using OSM for certain of our freemium navigation products, we do not anticipate that we will cease to use TomTom and HERE in the near-term on our paid subscription mobile navigation solutions.

For our on-board automotive navigation solutions provided to Ford, we pay royalties on a per installed unit produced basis to HERE as well as other content providers, depending on the geographic distribution of our solution with Ford. .

We classify our cost of revenue as either cost of product revenue or cost of services revenue. Cost of product revenue consists primarily of the cost of third party content we incur in providing our on-board automotive navigation solutions and recognition of deferred development costs. Cost of services revenue consists primarily of the costs associated with third party content, third party exchange ad inventory, data center operations, customer support, amortization of capitalized software, stock-based compensation and amortization of developed technology that we incur in providing our navigation and advertising network services.

We primarily provide mobile navigation service customer support through a third party provider to whom we provide training and assistance with problem resolution. We use two outsourced, hosted data centers and industry standard hardware to provide our navigation services. 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.

The largest component of cost of revenue as it relates to our display advertising business is the cost of location-based, third-party advertising inventory which we acquire from advertising exchanges. Our search ad inventory is generated from our user base of paid and freemium users of our Scout and Telenav branded and carrier branded mobile navigation solutions. Other notable costs of our advertising business are the cost of ad delivery via contracted hosted relationships and the cost of our ad trafficking operations.

While we expect that services revenue from wireless carrier customers will continue to decline substantially in fiscal 2015, we do not expect to be able to reduce our cost of services revenue at the same rate of decline as services revenue. Although we successfully transitioned to utilizing OSM content on our freemium navigation applications resulting in notable cost savings, we will continue to incur significant costs, especially related to third party content as well as for data center operations. Cost of services revenue related to our advertising business will be impacted by our ability to grow advertising revenue, as well as the cost and availability of display ad inventory sourced from third party exchanges. While our product revenue is expected to increase in fiscal 2015 due to continued growth in automotive, much of this growth will be generated from distribution of our automotive solution with Ford in China and Europe where the underlying content costs are significantly higher on a per unit basis. Consequently, we expect that our overall total cost of revenue will increase as a percentage of revenue as we increase the percentage of our revenue from automotive navigation solutions and advertising network services, which generally have higher associated third party content costs and third party display ad costs, respectively, than our navigation offerings provided through wireless carriers.

Operating expenses

We classify our operating expenses into three categories: research and development, sales and marketing and general and administrative. In addition, in fiscal 2013 and 2014 we incurred restructuring costs primarily related to severance and benefits expense associated with reductions in workforce and facility exit costs associated with consolidation of facilities. Our operating expenses consist primarily of personnel costs, which include salaries, bonuses, advertising sales commissions, payroll taxes, employee benefit costs and stock-based compensation expense. Other expenses include marketing program costs, third party contractor and temporary staffing services, facilities-related costs including rent expense, 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 stock-based awards granted, based on the department in which the award holder works. We allocate overhead, such as rent and depreciation, to each expense category based on headcount. Our operating expenses have stabilized in absolute dollars in the past fiscal year, as we have reduced certain headcount and achieved greater operational effectiveness in supporting our traditional mobile navigation services. Despite our recent restructuring efforts, we expect that certain costs will continue to increase over time, including compensation and related costs; however, we are continuing to evaluate spending in certain areas and to take actions to create greater efficiencies. We anticipate continued investment of resources, including the hiring of additional headcount in, or reallocation of employee personnel into, our growth areas, which include automotive and mobile advertising, with a recent emphasis on hiring advertising sales personnel and related support functions.

Research and development . Research and development expenses consist primarily of personnel costs for our development employees and costs of outside consultants and temporary staffing. 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. A significant number of our research and development employees are located in our development centers in China and, as a result, a portion of our research and development expense is subject to changes in foreign exchange rates, notably the Chinese Renminbi, or RMB. In addition, with the January 2014 acquisition of skobbler, we also incur research and development expenses in the Romanian Leu.

Sales and marketing . Sales and marketing expenses consist primarily of personnel costs for our sales, product management and marketing staff, commissions earned by our sales personnel and the cost of marketing programs, advertising and promotional activities. Historically, a majority of our revenue has been derived from wireless carriers, which bore much of the expense of marketing and promoting our services to their subscribers, as well as consumers acquired through open market application stores. More recently, our automotive and advertising revenue have represented the most rapidly growing components of our revenue, and we have invested in building our advertising sales team. Our sales and marketing activities supporting our automotive navigation services include product management and business development efforts. Our automotive manufacturer partners and OEMs also provide primary marketing for our on-board and off-board navigation services at the time a vehicle is sold to their end customer.

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, net . Other income, net consists primarily of interest we earn on our cash and cash equivalents and short-term investments, gain or loss on investments and foreign currency transaction gain or loss.

Income from discontinued operations, net . Income from discontinued operations, net consists of results of operations of our enterprise business, which was sold in April 2013.

Provision (benefit) for income taxes . Our provision (benefit) for income taxes primarily consists of corporate income taxes related to profits or losses earned in the United States or corporate income tax refunds expected to be derived from losses incurred in the United States that may be carried back. Our effective tax rate could fluctuate significantly from year to year, particularly in those years in which we incur losses, due to our ability to benefit from the carryback of net operating losses within the carryback period and the available amount therein, if any. Furthermore, on a quarterly basis our tax rates can fluctuate and could be adversely affected by increases in nondeductible stock compensation or other nondeductible expenses. Our effective tax rate could also fluctuate due to a change in our earnings or loss projections, changes in the valuation of our deferred tax assets or liabilities, or changes in tax laws, regulations, or accounting principles, as well as certain discrete items.

Critical accounting policies and estimates

We prepare our consolidated financial statements in accordance with 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 generate revenue primarily from service subscriptions, customized engineering fees and software licenses. We also generate revenue from the delivery of search and display advertising impressions.

We recognize revenue when persuasive evidence of an arrangement exists, delivery of the service or product has occurred, the fee is fixed or determinable and collectability is reasonably assured. We derive our revenue primarily from subscriptions to access our mobile navigation services, which are generally provided through our wireless carrier customers that offer our services to their subscribers or through application stores. Our wireless carrier customers pay us based on several different revenue models, including (1) a revenue sharing arrangement that may include a minimum fee per end user, (2) a monthly or annual subscription fee per end user, or (3) based on usage. Our end users who subscribe to our services through application stores pay us a monthly or annual subscription fee.

We recognize monthly fees related to our mobile navigation 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 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 recognize as services 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 mobile navigation services 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 free trial for our service. For end users who purchase our mobile navigation services through application stores, we utilize the application store billing process. 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 services revenue from the delivery of search and display advertising impressions. We recognize revenue when the related advertising services are delivered based on the specific terms of the advertising contract, which are commonly based on the number of ad impressions delivered, or clicks, drives or actions by users on mobile advertisements.

We derive product 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 customized software 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 software is reproduced for installation in vehicles, assuming all other conditions for revenue recognition have been met.

In certain instances, due to the nature and timing of monthly revenue and reporting from our customers, we may be required to make estimates of the amount of revenue to recognize from a 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;
- 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 customers.

If we are unable to reasonably estimate recognizable revenue from a customer for a given period, we defer recognition of revenue to the period in which we receive and validate the 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 customer, which typically occurs within the following month. To date, actual amounts have not differed materially from our estimates.

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 months 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 zero, \$0.9 million and \$2.4 million of software development costs during fiscal 2014 , 2013 and 2012 , respectively. Amortization expense related to these costs, which was recorded in cost of revenue, totaled \$1.0 million, \$2.1 million and \$1.8 million for fiscal 2014 , 2013 and 2012 , 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 \$0.9 million, \$1.3 million and \$2.4 million of software development costs during fiscal 2014 , 2013 and 2012 , respectively. Development costs expensed to cost of revenue totaled \$0.9 million, \$4.9 million and \$0.4 million for fiscal 2014 , 2013 and 2012 , respectively.

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, long-term investments 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. During fiscal 2013, we recorded a loss of \$0.3 million in connection with impairment in the carrying value of capitalized software.

Goodwill . Goodwill represents the excess of the aggregate purchase price paid over the fair value of the net assets acquired. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. These tests are based on our single operating segment and reporting unit structure. We first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. We are not required to calculate the fair value of our reporting unit unless we determine, based on a qualitative assessment, that it is more likely than not that the fair value is less than our carrying amount. If we determine it is more likely than not that the fair value of the reporting unit is less than its carrying value, we perform a two-step quantitative goodwill impairment test. The first step of the impairment test involves comparing the fair value of the reporting unit to its net book value, including goodwill. If the net book value exceeds its fair value, then we would perform the second step of the goodwill impairment test to determine the amount of the impairment loss, if any. In assessing the fair value of our reporting unit, we make assumptions regarding our estimated future cash flows, including estimate growth rate. If our estimates or related assumptions change in the future, or if our net book value were to exceed our market capitalization, we may be required to record impairment loss related to our goodwill. We have not recognized any impairment of goodwill in the three year period ended June 30, 2014. As of June 30, 2014, we had goodwill of \$31.3 million.

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,		
	2014	2013	2012
	(in thousands)		
Cost of revenue	\$ 100	\$ 149	\$ 91
Research and development	4,489	3,509	2,509
Selling and marketing	3,306	2,290	1,168
General and administrative	3,640	2,699	1,354
Total stock-based compensation expense	<u>\$ 11,535</u>	<u>\$ 8,647</u>	<u>\$ 5,122</u>

As of June 30, 2014, there was \$3.2 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 1.5 years. At June 30, 2014, the total unrecognized stock-based compensation cost related to restricted stock units was \$21.5 million, net of estimated forfeitures, and will be amortized over a weighted average period of 3.1 years.

We generally 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 2014, 2013 and 2012, we calculated the fair value of options granted to employees with the following weighted average assumptions:

	Fiscal Year Ended June 30,		
	2014	2013	2012
Expected volatility	62%	72%	64%
Expected term (in years)	4.45	4.79	4.50
Risk-free interest rate	1.44%	0.67%	0.77%
Dividend yield	—	—	—

We recognize the estimated stock-based compensation cost of restricted stock units, net of estimated forfeitures, over the vesting term. The estimated stock-based compensation cost is based on the fair value of our common stock on the date of grant.

Provision (benefit) for income taxes. We use the liability method of accounting for income taxes. Under this method, income tax expense (benefit) 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 (benefit) 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 periodic examination of our income tax returns by the Internal Revenue Service, or IRS, and other domestic and foreign tax authorities. 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 and predictions of the amount and category of future taxable loss that may be carried back for a tax refund. 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 as well as expectations regarding the generation of operating losses 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 or refunds 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 2014, 2013 and 2012, as well as a percentage that each line item represents of our revenue for those periods. The period to period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

The results of operations of our enterprise business, including the related gain on sale, have been classified as discontinued operations in our statement of operations for periods presented through fiscal 2013. The following discussion focuses solely on results of continuing operations.

Consolidated Statements of Operations Data	Fiscal Year Ended June 30,		
	2014	2013	2012
Revenue:	(in thousands)		
Product	\$ 72,747	\$ 69,162	\$ 24,186
Services	77,566	122,638	181,336
Total revenue	150,313	191,800	205,522
Cost of revenue:			
Product	36,775	38,164	13,615
Services	24,066	30,949	30,833
Total cost of revenue	60,841	69,113	44,448
Gross profit	89,472	122,687	161,074
Operating expenses:			
Research and development	60,573	60,349	65,764
Sales and marketing	33,138	30,435	25,345
General and administrative	26,176	24,765	26,084
Restructuring costs	4,412	1,671	—
Total operating expenses	124,299	117,220	117,193
Operating income (loss)	(34,827)	5,467	43,881
Other income, net	1,288	1,207	1,484
Income (loss) before provision for income taxes	(33,539)	6,674	45,365
Provision (benefit) for income taxes	(4,015)	1,093	13,559
Income (loss) from continuing operations, net of tax	(29,524)	5,581	31,806
Income from discontinued operations, net of tax	—	7,486	602
Net income (loss)	\$ (29,524)	\$ 13,067	\$ 32,408

	Fiscal Year Ended June 30, 2013		
	2014	2013	2012
Revenue:	(as a percentage of revenue)		
Product	48 %	36%	12%
Services	52 %	64%	88%
Total revenue	100 %	100%	100%
Cost of revenue:			
Product	24 %	20%	7%
Services	16 %	16%	15%
Total cost of revenue	40 %	36%	22%
Gross profit	60 %	64%	78%
Operating expenses:			
Research and development	41 %	31%	32%
Sales and marketing	22 %	16%	12%
General and administrative	17 %	13%	13%
Restructuring costs	3 %	1%	—%
Total operating expenses	83 %	61%	57%
Operating income (loss)	(23)%	3%	21%
Other income, net	1 %	—%	1%
Income (loss) before provision for income taxes	(22)%	3%	22%
Provision (benefit) for income taxes	(2)%	—%	6%
Income (loss) from continuing operations, net of tax	(20)%	3%	16%
Income from discontinued operations, net of tax	— %	4%	—%
Net income (loss)	(20)%	7%	16%

Comparison of the fiscal years ended June 30, 2014 and 2013

Revenue .

Product revenue . Product revenue consists primarily of revenue we receive from the delivery of customized software and royalties from the distribution of this customized software in certain automotive navigation applications. Product revenue increased 5% to \$72.7 million in fiscal 2014 from \$69.2 million in fiscal 2013 . The increase was due primarily to increased royalty revenue from automotive navigation solutions we provide for Ford vehicles, including the launch of our solutions in additional Ford and Lincoln models and further geographic distribution. Product revenue in fiscal 2014 and fiscal 2013 included \$2.8 million and \$9.2 million, respectively, of customized software revenue from Ford. Product revenue in fiscal 2014 and 2013 also included \$0.9 million and \$8.7 million, respectively, related to a map content update separately purchased by Ford. Excluding customized software and map navigation replacement unit revenue, our automotive royalty revenue increased 31% from fiscal 2013 to fiscal 2014.

Services revenue . Services revenue consists primarily of revenue we derive from our mobile navigation services and advertising. Services revenue decreased 37% to \$77.6 million in fiscal 2014 from \$122.6 million in fiscal 2013 . Of the decrease, a decline of \$51.8 million was due to the termination of our fixed fee revenue from Sprint for bundled users, lower subscription fees resulting from decreases in the number of paying subscribers for mobile navigation services provided through AT&T, T-Mobile and U.S. Cellular Corporation, or USCC, and a decrease in mobile navigation revenue internationally. These decreases were offset in part by growth in revenue from advertising network services of \$7.8 million . Going forward, we anticipate that mobile navigation services revenue from wireless carriers will continue to decline.

Revenue concentrations . In fiscal 2014 and 2013 , Ford represented 46% and 36% of our total revenue, respectively. In fiscal 2014 and 2013 , revenue from AT&T represented 24% and 28% of our total revenue, respectively, and revenue from Sprint represented less than 10% and 16% of our total revenue, respectively.

Revenue from our automotive navigation solutions represented 50% and 37% of our total revenue in fiscal 2014 and 2013 , respectively. Subscription fees from our mobile navigation services represented 42% and 61% of our total revenue in fiscal 2014 and 2013 , respectively. Revenue from our mobile advertising services represented 8% and 2% of our total revenue in fiscal 2014 and fiscal 2013, respectively.

We primarily sell our services in the United States. In fiscal 2014 and 2013, revenue derived from U.S. sources represented 94% and 92% of our total revenue, respectively. With respect to revenue we receive from automobile manufacturers and OEMs for sales of vehicles in other countries, we classify that revenue as being generated in the United States, because we provide deliverables to and receive compensation from the manufacturer's or OEM's United States' entity.

Cost of revenue

Cost of product revenue. Our cost of product revenue decreased 4% to \$36.8 million in fiscal 2014 from \$38.2 million in fiscal 2013, as compared to the 5% increase in our product revenue. Our cost of product revenue decreased due primarily to a decrease in amortization of capitalized software and recognition of deferred costs \$4.0 million, partially offset by an increase in third party content costs of \$2.6 million. The increase in third party content costs was lower than would be expected commensurate with the growth in our product revenue, as it was offset by a decrease due to the costs associated with the fiscal 2013 map content update provided to Ford that did not recur. In addition, the \$8.7 million of revenue related to the map content update separately purchased by Ford in fiscal 2013 had substantially higher associated content costs as a percentage of revenue than our on-board navigation royalty revenue earned from Ford for production vehicles. As we have not adopted OSM for automobile navigation services and do not anticipate that we will do so in the near term, we do not expect to realize any material savings from the use of OSM in our cost of product revenue.

Cost of services revenue. Our cost of services revenue decreased 22% to \$24.1 million in fiscal 2014 from \$30.9 million in fiscal 2013. Cost of services revenue did not decline commensurate with the 37% decrease in services revenue during fiscal 2014. Cost of services revenue in fiscal 2014 was impacted by a decrease in third party content costs of \$4.4 million and decreased network operations, customer support and data center costs of \$2.4 million, partially offset by increased amortization expense of \$0.9 million, primarily related to developed technology acquired from Thinknear and skobbler. As more of our mobile navigation subscribers use our freemium products, we do not recoup the costs of providing those services. Late in fiscal 2014 we released iPhone and Android versions of our Scout mobile navigation applications that use OSM for map data and we anticipate that we will migrate other mobile navigation products to OSM over time. We anticipate that the use of OSM will offset in part the expense we incur in providing freemium mobile navigation services.

Gross profit. Our gross profit decreased to \$89.5 million in fiscal 2014 from \$122.7 million in fiscal 2013. Our gross margin decreased to 60% in fiscal 2014 from 64% in fiscal 2013. The decrease in gross margin was due to lower services revenue and the increased proportion of product revenue contributed from our on-board automotive navigation solutions provided to our automotive customers, which generally have higher associated content costs and resulting lower gross margins than our mobile navigation services provided through our wireless carrier customers. We expect our gross margin to continue to decline as the percentage of our revenue from automotive offerings increases, and as a result of increased competition on our offering of mobile navigation services, especially from other free offerings, resulting in declining services revenue from mobile navigation. In addition, our gross margin will continue to be negatively impacted in the future by the amortization of developed technology acquired as part of our January 2014 acquisition of skobbler.

Research and development. Our research and development expenses were comparable at \$60.6 million in fiscal 2014 and \$60.3 million in fiscal 2013. The change was primarily comprised of decreased compensation and benefits costs of \$0.9 million associated with decreased average headcount, primarily in our China offices, a decrease in amortization and depreciation expense of \$0.7 million and a decrease in rent expense of \$0.3 million, primarily due to lease impairment restructuring charges recorded separately in restructuring costs, partially offset by a decrease in capitalization and deferral of software development costs of \$1.3 million. This net decrease was offset by the reimbursement of \$1.0 million of costs in connection with a cost recovery contract with a third party that was included fiscal 2013. As a percentage of revenue, research and development expenses increased to 41% in fiscal 2014 from 31% in fiscal 2013. The total number of research and development personnel decreased 7% to 431 at June 30, 2014 from 464 at June 30, 2013. Although research and development personnel have decreased in the short-term, we expect research and development expenses will not reflect a proportionate decrease as we retain research and development personnel in higher cost geographic areas. We also believe that as we continue to invest in expanding the navigation services we offer, establish relationships with new automotive manufacturers, OEMs and advertisers 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 not change materially in absolute dollars, as the savings realized from our restructuring efforts in June 2014 will be offset by a full year of expenses from our acquisition of skobbler.

Sales and marketing. Our sales and marketing expenses increased 9% to \$33.1 million in fiscal 2014 from \$30.4 million in fiscal 2013. The increase was primarily due to increases in compensation, benefits and commissions of \$2.3 million and contracted services of \$0.7 million, partially offset by a decrease in advertising and promotion expense of \$0.8 million. As a percentage of revenue, sales and marketing expenses increased to 22% in fiscal 2014 from 16% in fiscal 2013. The total number

of sales and marketing personnel increased 9% to 101 at June 30, 2014 from 93 at June 30, 2013 . We expect that our sales and marketing expenses will continue to increase over time in absolute dollars as we invest in sales personnel and related support functions for our growing advertising business.

General and administrative . Our general and administrative expenses increased 6% to \$26.2 million in fiscal 2014 from \$24.8 million in fiscal 2013 , including \$1.1 million in skobbler acquisition related costs. The increase was primarily due to increased compensation and benefits of \$0.8 million, increased stock compensation expense of \$0.9 million and increased professional services fees of \$0.8 million, partially offset by decreased legal costs of \$1.4 million. The total number of general and administrative personnel decreased 7% to 66 at June 30, 2014 from 71 at June 30, 2013 . As a percentage of revenue, general and administrative expenses increased to 17% in fiscal 2014 from 13% in fiscal 2013 . We anticipate that our general and administrative expenses may vary substantially from period to period as we incur legal expenses associated with ongoing intellectual property litigation and requests for indemnification related to intellectual property litigation proceed, as well as one-time costs related to the acquisition of companies such as skobbler.

Restructuring costs . We incurred restructuring costs of \$4.4 million in fiscal 2014 in order to further align our resources and consolidate facilities. We initiated a restructuring plan consisting of reductions of approximately 108 full-time positions in the U.S. and China and we recorded restructuring charges of \$2.4 million related to severance and benefits for the positions eliminated. In addition, we closed our Boston office and consolidated our Sunnysvale headquarters facilities from two buildings into one and recorded restructuring charges of \$2.0 million related to the impairment of our facility leases.

We incurred restructuring costs of \$1.7 million in fiscal 2013 in order to better align and focus our resources around our strategic growth areas. We initiated a restructuring plan consisting of reductions of approximately 83 full-time positions in the U.S. and China and we recorded restructuring charges of \$1.5 million related to severance and benefits for the positions eliminated. In addition, we consolidated our Shanghai office facilities and recorded restructuring charges of \$0.1 million related to the forfeiture of our lease deposit. We also recorded restructuring charges of \$0.1 million related to the write-off of certain assets that were no longer useful to us based upon the changes in our business.

Other income, net . Our other income, net was \$1.3 million in fiscal 2014 and \$1.2 million in fiscal 2013 .

Income from discontinued operations, net . Our income from discontinued operations, net was \$7.5 million in fiscal 2013 and includes a gain of \$6.5 million realized on the sale of our enterprise business, net of tax. We had no discontinued operations in fiscal 2014.

Provision (benefit) for income taxes . Our provision (benefit) for income taxes, excluding discontinued operations, decreased to \$(4.0) million in fiscal 2014 from \$1.1 million in fiscal 2013 . Our effective tax rate, excluding discontinued operations, was 12% in fiscal 2014 compared to 16% in fiscal 2013 . Our effective tax rate in fiscal 2014 was lower than the tax computed at the U.S. federal statutory income tax rate due primarily to the increase to the valuation allowance which resulted in additional federal tax expense of \$7.0 million.

The usage of our remaining U.S. federal and state loss carryforwards at June 30, 2014 of approximately \$2.3 million and \$26.5 million, respectively, is substantially limited each fiscal year by Section 382 of the Internal Revenue Code.

As of June 30, 2014 , our cumulative unrecognized tax benefit was \$6.9 million, of which \$1.5 million was netted against deferred tax assets. Included in the other long-term liabilities are unrecognized tax benefits at June 30, 2014 of \$5.5 million that, if recognized, would affect the annual effective tax rate.

We believe it is reasonably possible that, as of June 30, 2014, the gross unrecognized tax benefits could decrease (whether by payment, release, or a combination of both) by approximately \$1.6 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 \$0.6 million and \$0.3 million accrued for the payment of interest and penalties at June 30, 2014 and 2013, respectively.

In fiscal 2014, we recorded a valuation allowance on the majority of our deferred tax assets, net of liabilities, since the assets are not more likely than not to be realized based upon our assessment of all positive and negative evidence. Realization of deferred tax assets is dependent upon future taxable earnings, the timing of which is uncertain. Due to losses in fiscal 2014 and expected losses in fiscal 2015 and potentially future years in the U.S., we established in fiscal 2014 a valuation allowance on deferred tax assets in the U.S. that we believe will not be realized by the carryback provisions of U.S. tax law. U.S. tax law allows for the two-year carryback of losses and one-year carryback of credits to previous tax years which can generate a tax refund to the extent taxes were paid. Due to foreign operating losses in previous years and continued foreign earnings volatility, we continued to maintain a full valuation allowance for our foreign deferred tax assets. Our valuation allowance increased from the prior fiscal year by approximately \$10.1 million, \$0.7 million and \$0.3 million in fiscal 2014, 2013 and 2012, respectively.

The \$10.1 million increase in our valuation allowance in fiscal 2014 included a \$7.4 million valuation allowance against deferred tax assets in the U.S.

We anticipate that a significant portion of our fiscal 2014 tax benefit of \$(11.4) million, net of the \$7.4 million valuation allowance against deferred tax assets in the U.S., will be realized in the form of a refund during fiscal 2015.

On December 31, 2013, the research and development credit expired for federal tax purposes. The 2012 Taxpayer Relief Act extended the research and development credit for two years until December 31, 2013. Although the research and development credit has been extended every year since enactment, a tax benefit cannot be recorded for the expired period until the extenders bill has been passed and signed by the President. If and when the extenders bill is passed and signed with retroactive effect, a retroactive tax benefit will be recorded in the period the extenders bill is passed and signed. We have recorded a tax benefit for the federal research and development credit through December 31, 2013.

We file income tax returns with the Internal Revenue Service, or IRS, California, various states and foreign tax jurisdictions in which we have subsidiaries. The statute of limitations remains open for fiscal 2011 through fiscal 2013 in the U.S., for fiscal 2010 through fiscal 2013 in state jurisdictions, and for fiscal 2009 through fiscal 2013 in foreign jurisdictions. Fiscal years outside the normal statute of limitations 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.

Comparison of the fiscal years ended June 30, 2013 and 2012

Revenue .

Product revenue . Product revenue increased 186% to \$69.2 million in fiscal 2013 from \$24.2 million in fiscal 2012. The increase was due primarily to increased revenue from automotive navigation solutions we provide for Ford vehicles, including the launch of our solutions in additional Ford and Lincoln models. In addition, product revenue in fiscal 2013 included \$9.2 million of customized software revenue received from Ford.

Services revenue . Services revenue decreased 32% to \$122.6 million in fiscal 2013 from \$181.3 million in fiscal 2012. The decrease was due primarily to lower revenue from Sprint resulting from our July 2012 Sprint amendment, which resulted in a significant reduction in our fixed fee revenue from Sprint for bundled users beginning July 1, 2012, and lower subscription fees resulting from decreases in the number of paying subscribers for mobile navigation services provided through AT&T and T-Mobile. These decreases were partially offset by growth in revenue from monetization of freemium offerings through wireless carriers and application stores and growth in mobile navigation revenue internationally. Accordingly, in fiscal 2013, services revenue from Sprint, AT&T and T-Mobile decreased by \$65.3 million, and the decrease was partially offset by an increase in services revenue of \$5.4 million driven by growth in monetization of freemium offerings and international.

Revenue concentrations . In fiscal 2013 and 2012, Ford represented 36% and 13% of our total revenue, respectively. In fiscal 2013 and 2012, revenue from AT&T represented 28% and 35% of our total revenue, respectively, and revenue from Sprint represented 16% and 36% of our total revenue, respectively.

Subscription fees from our mobile navigation service represented 61% and 86% of our total revenue in fiscal 2013 and 2012, respectively. Revenue from our automotive navigation solutions represented 37% and 13% of our total revenue in fiscal 2013 and 2012, respectively. Revenue from our mobile advertising represented 2% and 1% of our total revenue in fiscal 2013 and 2012, respectively.

We primarily sell our services in the United States. In fiscal 2013 and 2012, revenue derived from U.S. sources represented 92% and 94% of our total revenue, respectively. With respect to revenue we receive from automobile manufacturers and OEMs for sales of vehicles in other countries, we classify that revenue as being generated in the United States, because we provide deliverables to and receive compensation from the manufacturer's or OEM's United States' entity. In absolute dollars, revenue from our international operations increased in fiscal 2013.

Cost of revenue .

Cost of product revenue . Our cost of product revenue increased 180% to \$38.2 million in fiscal 2013 from \$13.6 million in fiscal 2012, which was lower than the 186% increase in product revenue. Our cost of product revenue increased due primarily to an increase in third party content costs of \$20.0 million, commensurate with the growth in our product revenue. However, cost of product revenue increased at a lower rate than product revenue due primarily to the \$9.2 million of customized engineering revenue from Ford, which had substantially lower associated costs as a percentage of revenue than our on-board navigation revenue earned from Ford for the sale of vehicles with our navigation products.

Cost of services revenue . Our cost of services revenue was comparable at \$30.9 million in fiscal 2013 and \$30.8 million in fiscal 2012. Cost of services revenue did not decline commensurate with the 32% decrease in services revenue during fiscal 2013. Cost of services revenue in fiscal 2013 was impacted by increased network operations and customer support costs of \$1.2 million and increased amortization expense of \$1.4 million, primarily related to the developed technology acquired from Thinknear, that were offset by a decrease in third party content costs of \$2.5 million.

Gross profit . Our gross profit decreased to \$122.7 million in fiscal 2013 from \$161.1 million in fiscal 2012. Our gross margin decreased to 64% in fiscal 2013 from 78% in fiscal 2012. The decrease in gross margin was due to lower services revenue from Sprint and the increased proportion of product revenue contributed from our on-board automotive navigation solutions provided to Ford, which generally have higher associated content costs and resulting in lower gross margins than our mobile navigation services provided through our wireless carrier customers. However, the higher content costs of product revenue in fiscal 2013 were partially offset by the higher gross margin we earned on the \$9.2 million of customized engineering revenue from Ford.

Research and development . Our research and development expenses decreased 8% to \$60.3 million in fiscal 2013 from \$65.8 million in fiscal 2012. The decrease was primarily due to decreased compensation and benefits costs of \$5.6 million associated with decreased average headcount, primarily in our China offices. As a percentage of revenue, research and development expenses decreased to 31% in fiscal 2013 from 32% in fiscal 2012. The total number of research and development personnel decreased 22% to 480 at June 30, 2013 from 615 at June 30, 2012. A substantial portion of the decrease in personnel occurred in June 2013 in conjunction with our restructuring efforts.

Sales and marketing . Our sales and marketing expenses increased 20% to \$30.4 million in fiscal 2013 from \$25.3 million in fiscal 2012. The increase was primarily due to increased advertising and promotion expenses of \$2.2 million, increased stock-based compensation of \$1.1 million and increased recruiting expenses of \$0.4 million. As a percentage of revenue, sales and marketing expenses increased to 16% in fiscal 2013 from 12% in fiscal 2012. The total number of sales and marketing personnel decreased 18% to 93 at June 30, 2013 from 113 at June 30, 2012.

General and administrative . Our general and administrative expenses decreased 5% to \$24.8 million in fiscal 2013 from \$26.1 million in fiscal 2012. The decrease was primarily due to decreased legal costs of \$5.4 million, partially offset by increased compensation and benefits costs of \$1.2 million, increased stock compensation expense of \$1.3 million and professional services fees of \$0.4 million. The total number of general and administrative personnel decreased 3% to 71 at June 30, 2013 from 73 at June 30, 2012. As a percentage of revenue, general and administrative expenses were comparable at 13% in fiscal 2013 and 2012.

Restructuring costs . We incurred restructuring costs of \$1.7 million in fiscal 2013 in order to better align and focus our resources around our strategic growth areas. We initiated a restructuring plan consisting of reductions of approximately 83 full-time positions in the U.S. and China and we recorded restructuring charges of \$1.5 million related to severance and benefits for the positions eliminated. In addition, we consolidated our Shanghai office facilities and recorded restructuring charges of \$0.1 million related to the forfeiture of our lease deposit. We also recorded restructuring charges of \$0.1 million related to the write-off of certain assets that were no longer useful to us based upon the changes in our business.

Other income, net . Our other income, net was \$1.2 million in fiscal 2013 and \$1.5 million in fiscal 2012. The change was primarily due to decreased interest income due to lower cash and cash equivalents and short-term investments balances.

Income from discontinued operations, net . Our income from discontinued operations, net was \$7.5 million in fiscal 2013 and \$0.6 million in fiscal 2012. Income from discontinued operations in fiscal 2013 includes a gain of \$6.5 million realized on the sale of our enterprise business, net of tax.

Provision for income taxes . Our provision for income taxes, excluding discontinued operations, decreased to \$1.1 million in fiscal 2013 from \$13.6 million in fiscal 2012. Our effective tax rate, excluding discontinued operations, was 16% in fiscal 2013 compared to 30% in fiscal 2012. Our effective tax rate in fiscal 2013 was lower than the tax computed at the U.S. federal statutory income tax rate due primarily to the R&D credit and changes in intercompany arrangements, partially offset by nondeductible stock compensation.

Liquidity and capital resources

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

	Fiscal Year Ended June 30,		
	2014	2013	2012
	(in thousands)		
Net cash provided by (used in) operating activities	\$ (22,553)	\$ 42,913	\$ 29,307
Net cash provided by (used in) investing activities	20,132	(185)	(36,713)
Net cash used in financing activities	(8,883)	(23,874)	(9,640)
Effect of exchange rate changes on cash and cash equivalents	51	13	(87)
Net increase (decrease) in cash and cash equivalents	<u>(11,253)</u>	<u>\$ 18,867</u>	<u>\$ (17,133)</u>

At June 30, 2014, we had cash and cash equivalents and short-term investments of \$136.8 million, which primarily consisted of money market mutual funds, municipal securities, corporate bonds and commercial paper held by well-capitalized financial institutions.

Our accounts receivable are heavily concentrated in a small number of customers. As of June 30, 2014, our accounts receivable balance was \$25.8 million, of which Ford and AT&T represented 47% and 19%, respectively.

Our future capital requirements will depend on many factors, including our ability to stabilize our revenue and control expenses in fiscal 2015 and beyond, whether we return to profitability, 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, cash equivalents and short-term investments will be sufficient to satisfy our financial obligations through at least the next 12 months. However, we expect to use cash in operating activities in fiscal 2015 and we may experience greater than expected cash usage in operating activities if revenue is lower than we anticipate or we incur 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 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 revenue did not grow as expected or we were unable to reduce our costs by using OSM. 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 effect on our business, operating results, financial condition and liquidity and cash position.

Net cash provided by (used in) operating activities. Net cash provided by (used in) operating activities was \$(22.6) million, \$42.9 million and \$29.3 million in fiscal 2014, 2013 and 2012, respectively. Cash provided by (used in) operating activities has historically been affected by growth in our end user base and increases in our operating costs. In fiscal 2014, cash used in operating activities was driven principally by a net loss of \$29.5 million and a \$23.0 million change in our operating assets and liabilities, partially offset by non-cash charges for depreciation and amortization of \$6.8 million, stock-based compensation of \$11.5 million, and valuation allowance on deferred tax assets of \$7.4 million. In fiscal 2013, cash provided by operating activities was provided principally by net income of \$13.1 million, non-cash charges for depreciation and amortization of \$8.4 million, stock-based compensation of \$8.6 million and a \$7.1 million change in our operating assets and liabilities. In fiscal 2012, cash provided by operating activities was generated principally by net income of \$32.4 million, non-cash charges for depreciation and amortization of \$8.2 million and stock-based compensation of \$5.1 million, partially offset by a \$20.4 million change in our operating assets and liabilities.

Net cash provided by (used in) investing activities. Net cash provided by (used in) investing activities was \$20.1 million, \$(0.2) million and \$(36.7) million during fiscal 2014, 2013 and 2012, respectively. In fiscal 2014, cash was provided primarily by proceeds from sales and maturities of short-term investments, net of purchases, of \$40.2 million, partially offset by our acquisition of skobbler for \$19.2 million and purchases of property and equipment of \$1.1 million. In fiscal 2013, we used cash primarily for our acquisition of Thinknear of \$18.3 million and purchases of property and equipment of \$2.2 million, which were offset by proceeds from sales and maturities of short-term investments, net of purchases, of \$22.2 million. In fiscal 2012, cash was used primarily for purchases of property and equipment of \$13.5 million (\$7.3 million of which was related to tenant improvements in our new headquarters building), internal software development costs of \$2.4 million and net purchases of \$18.0 million of short-term investments. We expect our capital expenditures in future periods to remain in line with fiscal 2014

as we continue to invest in the infrastructure needed for our strategic growth areas of automotive and advertising, while also leveraging the benefits of hosted environments for which we no longer have to make large upfront capital expenditure investments.

Net cash used in financing activities . During fiscal 2014 , 2013 and 2012 , we used cash in our financing activities of \$8.9 million , \$23.9 million and \$9.6 million, respectively. In fiscal 2014 , 2013 and 2012 , these activities reflect the repurchases of our outstanding stock under our stock repurchase programs and tax withholdings paid related to net share settlements of restricted stock units upon vesting, and were partially offset by proceeds from the 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 and Culver City, California; Northlake, Washington; Reston, Virginia; Southfield, Michigan; Boston, Massachusetts; Chicago, Illinois; New York, New York; Shanghai, China; Xi'an, China; São Paulo, Brazil; Berlin, Germany; and Cluj, Romania.

The following table summarizes our outstanding noncancelable contractual obligations as of June 30, 2014 :

	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)	\$ 27,072	\$ 4,760	\$ 10,477	\$ 9,772	\$ 2,063
Purchase obligations(2)	6,023	4,416	1,482	125	—
Total contractual obligations	<u>\$ 33,095</u>	<u>\$ 9,176</u>	<u>\$ 11,959</u>	<u>\$ 9,897</u>	<u>\$ 2,063</u>

(1) Consists of contractual obligations for office space under noncancelable operating leases, net of sublease income.

(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, 2014 , we had a liability for unrecognized tax benefits and an accrual for the payment of related interest totaling \$6.1 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 customers generally include certain provisions for indemnifying them against liabilities if our navigation services or products 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 customers with respect to litigation in which our customers have been named as defendants. See Part I, Item 3, "Legal Proceedings." As it relates to past indemnification requests or notices, in certain situations we have agreed to defend or indemnify our customers 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 customers, irrespective of whether we believe that we have an obligation to indemnify them or whether we believe our navigation services and products infringe the asserted intellectual property rights. Alternatively, we may reject certain of our customers' indemnity demands, including the outstanding demands, which may lead to disputes with our customers, negatively impact our relationships with them or result in litigation against us. Our 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, as a result of indemnity demands, we make substantial payments, our relationships with our customers are negatively impacted, or any of our customer agreements is terminated, our business, operating results and financial condition could be materially harmed. As of June 30, 2014 , any costs in connection with such indemnity demands which are probable and estimable have been 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, 2014 .

Off-balance sheet arrangements

During fiscal 2014 , 2013 and 2012 , we did not have any relationships with unconsolidated entities 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 June 2013, the FASB ratified Emerging Issues Task Force (EITF) Issue 13-C, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" which concludes an unrecognized tax benefit should be presented as a reduction of a deferred tax asset when settlement in this manner is available under the tax law. We will adopt this amendment beginning July 1, 2014. The result of adoption may be to reclassify certain long term liabilities for uncertain income tax positions to reduce the carrying value of long term deferred tax assets. However, the adoption is not expected to result in a material change to the tax provision. We do not believe that the impact on our consolidated financial statements will be significant.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (ASU No. 2014-09), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. Early adoption is not permitted. The updated standard becomes effective for us in the first quarter of fiscal 2018. We have not yet selected a transition method and we are currently evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

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 2014 would not have had a material impact on our interest income or the fair value of our marketable securities.

Foreign currency risk . A substantial majority 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, some of our contracts with our 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 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 Renminbi, or RMB, and the Romanian Leu. 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 and payables as of June 30, 2014 would not have resulted in a material loss.

To date, we have not used any foreign currency 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, 2014. 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, 2014, 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, 2014. Management based its assessment on criteria established in the 1992 *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, 2014.

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, 2014 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, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (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, 2014, 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, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2014 of Telenav, Inc., and our report dated August 22, 2014, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
August 22, 2014

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 2014 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission within 120 days of our June 30, 2014 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 2014 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission within 120 days of our June 30, 2014 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 2014 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission within 120 days of our June 30, 2014 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 2014 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission within 120 days of our June 30, 2014 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 2014 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission within 120 days of our June 30, 2014 fiscal year end) under the heading “Ratification of Appointment of Independent Registered Public Accounting Firm.”

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

We have filed the consolidated financial statements listed in the Index to Consolidated Financial Statements of Telenav, Inc. on page F-1 as a part of this Form 10-K.

2. Financial Statement Schedule

Schedule II—Valuation and Qualifying Accounts is set forth on page F-31 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
2.1	Amended and Restated Asset Purchase Agreement, dated April 16, 2013, by and between Telenav, Inc. and FleetCor Technologies Operating Company, LLC.	10-Q	2.1	5/8/2013
3.1	Second Amended and Restated Certificate of Incorporation of TeleNav, Inc. filed on May 18, 2010.	10-K	3.1	9/24/2010
3.1.1	Certificate of Amendment of Second Amended and Restated Certificate of Incorporation of Telenav, Inc. filed on November 27, 2012.	8-K	3.1.1	12/3/2012
3.2	Amended and Restated Bylaws of TeleNav, Inc. effective as of May 18, 2010.	10-K	3.2	9/24/2009
4.1	Specimen Common Stock Certificate of TeleNav, Inc.	S-1/A	4.1	1/5/2010
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	10/30/2009
10.1	Form of Indemnification Agreement between Registrant and its directors and officers.	S-1	10.1	10/30/2009
10.2#	1999 Stock Option Plan and forms of agreement thereunder.	S-1	10.2	10/30/2009
10.3#	2002 Executive Stock Option Plan and forms of agreement thereunder.	S-1	10.3	10/30/2009
10.4#	2009 Equity Incentive Plan, as amended.	8-K	10.4.1	12/3/2012
10.4.1#	Forms of agreement under the 2009 Equity Incentive Plan.	S-1	10.4	10/30/2009
10.5#	Employment Agreement, dated as of April 20, 2006, between TeleNav, Inc. and Douglas Miller.	S-1	10.5	10/30/2009
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	10/30/2009
10.6#	Employment Agreement, dated as of April 7, 2009, between TeleNav, Inc. and Loren Hillberg.	S-1	10.6	10/30/2009
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	10/30/2009

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.7#	Employment Agreement, dated as of May 4, 2005, between TeleNav, Inc. and Hassan Wahla.	S-1	10.7	10/30/2009
10.8#	Employment Agreement, dated October 28, 2009, between TeleNav, Inc. and H.P. Jin.	S-1	10.8	10/30/2009
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	10/30/2009
10.10#	Severance Agreement and General Release, dated as of January 29, 2009, between TeleNav, Inc. and William Bettencourt.	S-1	10.10	10/30/2009
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	10/30/2009
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	10/30/2009
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	10/30/2009
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	12/8/2009
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	2/2/2010
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	2/2/2010
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	1/5/2010
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	4/26/2010
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	11/15/2010
10.13.5+	Amendment No. 4 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 March 29, 2012.	10-K	10.13.5	9/7/2012
10.13.6+	Amendment No. 5 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 July 1, 2012.	10-K	10.13.6	9/7/2012
10.13.7+	Amendment No. 6 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 January 18, 2013.	10-K	10.13.7	8/30/2013
10.13.8+	Amendment No. 7 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 April 8, 2013.	10-K	10.13.8	8/30/2013

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.13.9+	Amendment No. 8 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 April 15, 2013.	10-K	10.13.9	8/30/2013
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	2/2/2010
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	10/30/2009
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	10/30/2009
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	10/30/2009
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	10/30/2009
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	12/8/2009
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	1/5/2010
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	9/24/2010
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	5/10/2011
10.14.9+	Eleventh Amendment effective as of December 6, 2011 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	10-K	10.14.9	8/30/2013
10.14.10+	Twelfth Amendment effective as of June 17, 2013 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	10-K	10.14.10	8/30/2013
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	12/8/2009
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	4/26/2010
10.15.2†	Amendment No. 2 effective as of August 1, 2010 to the License Agreement, dated as of July 1, 2009, as amended, by and between TeleNav, Inc. and Tele Atlas North America, Inc.	10-Q	10.15.2	11/15/2010
10.15.3+	Amendment No. 3 effective as of December 14, 2010 to the License Agreement, dated as of July 1, 2009, as amended, by and between TeleNav, Inc. and Tele Atlas North America, Inc.	10-K	10.15.3	9/7/2012
10.15.4+	Amendment No. 4 effective as of November 21, 2011 to the License Agreement, dated as of July 1, 2009, as amended, by and between TeleNav, Inc. and TomTom North America, Inc.	10-K	10.15.4	9/7/2012
10.15.5+	Amendment No. 5 effective as of March 24, 2011 to the License Agreement, dated as of July 1, 2009, as amended, by and between TeleNav, Inc. and TomTom North America, Inc.	10-K	10.15.5	9/7/2012

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.15.6+	Amendment No. 6 effective as of July 1, 2012 to the License Agreement, dated as of July 1, 2009, as amended, by and between TeleNav, Inc. and TomTom North America, Inc.	10-K	10.15.6	9/7/2012
10.15.7†	Amendment No. 7 effective as of November 1, 2012 to the License Agreement, dated as of July 1, 2009, as amended, by and between Telenav, Inc. and TomTom North America, Inc.	10-Q	10.15.7	2/8/2013
10.15.8†	Amendment No. 8 effective as of November 1, 2012 to the License Agreement, dated as of July 1, 2009, as amended, by and between Telenav, Inc. and TomTom North America, Inc.	10-Q	10.15.8	2/8/2013
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	2/2/2010
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	4/26/2010
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	2/2/2010
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	2/2/2010
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	4/26/2010
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	10/30/2009
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	4/26/2010
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	4/26/2010
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	4/26/2010
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	4/26/2010
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	4/26/2010
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	4/26/2010
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	4/26/2010
10.16.13	Tenth Amendment dated June 1, 2010 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc., NAVTEQ North America, LLC, and NAVTEQ Europe B.V.	10-Q	10.16.13	5/7/2012
10.16.14†	Eleventh Amendment dated September 16, 2010 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc., NAVTEQ North America, LLC, and NAVTEQ Europe B.V.	10-Q	10.16.14	5/7/2012
10.16.15†	Twelfth Amendment dated September 28, 2010 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc., NAVTEQ North America, LLC, and NAVTEQ Europe B.V.	10-Q	10.16.15	5/7/2012
10.16.16†	Fourteenth Amendment dated September 30, 2011 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc., NAVTEQ North America, LLC, and NAVTEQ Europe B.V.	10-Q	10.16.16	5/7/2012

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.16.17†	Territory License No. 8, dated December 1, 2011, by and between TeleNav, Inc., NAVTEQ North America, LLC, and NAVTEQ Europe B.V.	10-Q	10.16.17	5/7/2012
10.16.18†	First Amendment dated February 7, 2012 to Territory License No. 8, dated as of December 1, 2011, by and between TeleNav, Inc., NAVTEQ North America, LLC and NAVTEQ Europe B.V.	10-Q	10.16.18	5/7/2012
10.16.19†	Second Amendment dated October 18, 2012 to Territory License No. 8, dated December 1, 2011 to the Data License Agreement, dated as of December 1, 2002, by and between Telenav, Inc., NAVTEQ North America, LLC and NAVTEQ Europe B.V.	10-Q	10.16.19	2/8/2013
10.16.20	Fifteenth Amendment dated October 30, 2012 to the Data License Agreement, dated as of December 1, 2002, by and between Telenav, Inc., NAVTEQ North America, LLC and NAVTEQ Europe B.V.	10-Q	10.16.20	2/8/2013
10.16.21†	Third Amendment dated December 10, 2012 to Territory License No. 8, dated December 1, 2011 to the Data License Agreement, dated as of December 1, 2002, by and between Telenav, Inc., NAVTEQ North America, LLC and NAVTEQ Europe B.V.	10-Q	10.16.21	2/8/2013
10.16.22†	Seventeenth Amendment dated June 27, 2013 to the Data License Agreement, dated as of December 1, 2002, by and between HERE North America, LLC (f/k/a NAVTEQ North America, LLC) (formerly Navigation Technologies Corporation) and Telenav, Inc.	10-Q/A	10.16.22	2/27/2014
10.16.23+	Fourth Amendment dated October 2, 2013 to Territory License No. 8, dated December 1, 2011 to the Data License Agreement, dated as of December 1, 2002, by and between Telenav, Inc., and Navigation Technologies Corporation (“NTC”), which was subsequently assigned by NTC to HERE North America, LLC (f/k/a NAVTEQ North America, LLC).	10-Q	10.16.23	11/8/2013
10.16.24	Eighteenth Amendment dated January 28, 2014 to the Data License Agreement, dated as of December 1, 2002, by and between HERE North America, LLC (f/k/a NAVTEQ North America, LLC) (formerly Navigation Technologies Corporation) and Telenav, Inc.	10-Q	10.16.24	2/6/2014
10.16.25+	Territory License No. 9, dated February 1, 2014 by and between HERE North America, LLC, HERE Europe B.V., NAVTEQ Korea Co. Ltd, and Telenav, Inc.	10-Q	10.16.25	5/8/2014
10.16.26+	General License Agreement, dated February 10, 2014 by and between HERE North America, LLC, and Telenav, Inc.	10-Q	10.16.26	5/8/2014
10.16.27+	Nineteenth Amendment dated May 20, 2014 to the Data License Agreement, dated as of December 1, 2002, by and between HERE North America, LLC (f/k/a NAVTEQ North America, LLC) (formerly Navigation Technologies Corporation) and Telenav, Inc.	Filed herewith		
10.16.28+	First Amendment, dated June 12, 2014, to Territory License No. 9, dated as of February 1, 2014, by and between Telenav, Inc., and HERE North America, LLC (f/k/a NAVTEQ North America, LLC).”	Filed herewith		
10.17#	Employment Offer Letter executed on June 28, 2010 from TeleNav, Inc. to Dariusz Paczuski.	10-K	10.17	9/24/2010
10.18#	First Year Executive Employment Agreement dated June 28, 2010 by and between TeleNav, Inc. and Dariusz Paczuski.	10-K	10.18	9/24/2010
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.	10-K	10.19	9/9/2011
10.20#	Employment Offer Letter dated August 10, 2011 from TeleNav, Inc. to Marc Aronson.	10-Q	10.20	11/7/2011
10.21#	Form of First Year Executive Employment Agreement.	10-Q	10.21	11/7/2011
10.22#	Retention Letter dated March 28, 2012 from TeleNav, Inc. to Michael W. Strambi.	10-Q	10.22	5/7/2012

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.23#	Employment Agreement dated March 28, 2012 between TeleNav, Inc. and Michael W. Strambi.	10-Q	10.23	5/7/2012
10.23.1#	Amendment No. 1 dated December 20, 2013 to the Employment Agreement dated March 28, 2012 between TeleNav, Inc. and Michael W. Strambi.	10-Q	10.23.1	2/6/2014
10.24	Consulting Agreement effective June 16, 2012 between TeleNav, Inc. and Douglas Miller.	10-K	10.24	9/7/2012
10.25#	Director Offer Letter dated July 30, 2012 between TeleNav, Inc. and Ken Xie.	10-K	10.25	9/7/2012
10.26+	SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009 by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26	9/7/2012
10.26.1+	Amendment No. 1 effective August 10, 2010 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009 by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.1	9/7/2012
10.26.2+	Amendment No. 2 effective February 3, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.2	9/7/2012
10.26.3+	Amendment No. 3 effective February 3, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.3	9/7/2012
10.26.4+	Amendment No. 4 effective March 31, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.4	9/7/2012
10.26.5+	Amendment No. 5 effective March 31, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.5	9/7/2012
10.26.6+	Amendment No. 6 effective March 31, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.6	9/7/2012
10.26.7+	Amendment No. 7 effective November 15, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.7	9/7/2012
10.26.8+	Amendment No. 8 effective January 1, 2012 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.8	9/7/2012
10.26.9+	Amendment No. 9 effective May 11, 2012 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.9	9/7/2012
10.26.10†	Amendment No. 10 effective February 3, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-Q	10.26.10	5/8/2013
10.26.11+	Amendment No. 11 effective February 3, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-K	10.26.11	8/30/2013
10.26.12+	Amendment No. 12 effective February 28, 2013 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-K	10.26.12	8/30/2013

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.26.13+	Amendment No. 13 effective June 17, 2013 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-K	10.26.13	8/30/2013
10.26.14+	Amendment No. 14 effective October 1, 2013 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-Q	10.26.14	11/8/2013
10.26.15+	Amendment No. 15 effective November 18, 2013 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-Q	10.26.15	2/6/2014
10.26.16+	Amendment No. 16 effective April 17, 2014 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company	10-Q	10.26.16	5/8/2014
10.27	Consulting Agreement effective August 29, 2012 between TeleNav, Inc. and Marc Aronson.	10-K	10.27	9/7/2012
10.28#	Summary of Nonemployee Director Compensation.	8-K	10.28	12/3/2012
10.29#	Amended and Restated Telenav, Inc. 2011 Stock Option and Grant Plan.	S-8	4.2	10/29/2012
10.30#	Employment Offer Letter dated April 8, 2014 from Telenav, Inc. to Vincent Uttley	Filed herewith		
10.31#	Vincent Uttley Employment Agreement dated April 11, 2014 by and between Telenav, Inc. and Vincent Uttley	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		
101.INS*	XBRL Instance Document	Filed herewith		
101.SCH*	XBRL Taxonomy Extension Schema Document	Filed herewith		
101.CAL*	XBRL Taxonomy Calculation Linkbase Document	Filed herewith		
101.DEF*	XBRL Taxonomy Definition Linkbase Document	Filed herewith		
101.LAB*	XBRL Taxonomy Label Linkbase Document	Filed herewith		

Table of Contents

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document	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 a request for confidential treatment filed with the Securities and Exchange Commission.			
†	Portions of the exhibit have been omitted pursuant to an order granted by the Securities and Exchange Commission for confidential treatment.			
~	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.			
*	XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act, is deemed not filed for purposes of Section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.			

FINANCIAL STATEMENTS.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS OF TELENAV, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Telenav, Inc.

We have audited the accompanying consolidated balance sheets of Telenav, Inc. as of June 30, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2014. Our audits also included the financial statement schedule listed in the Index at 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Telenav, Inc. at June 30, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2014, 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.

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, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated August 22, 2014, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
August 22, 2014

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

	June 30, 2014	June 30, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,534	\$ 25,787
Short-term investments	122,315	165,898
Accounts receivable, net of allowances of \$206 and \$241 at June 30, 2014 and 2013, respectively	25,762	28,193
Deferred income taxes, net	784	867
Restricted cash	5,995	2,668
Prepaid expenses and other current assets	16,423	11,113
Total current assets	185,813	234,526
Property and equipment, net	8,814	11,753
Deferred income taxes, net, non-current	550	3,771
Goodwill and intangible assets, net	40,733	18,805
Other assets	3,931	4,814
Total assets	\$ 239,841	\$ 273,669
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 502	\$ 1,604
Accrued compensation	12,874	8,855
Accrued royalties	3,671	9,833
Other accrued expenses	12,343	16,729
Deferred revenue	2,381	7,025
Income taxes payable	804	95
Total current liabilities	32,575	44,141
Deferred rent, non-current	7,129	8,884
Other long-term liabilities	7,732	6,180
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; 39,462 shares and 39,342 shares issued and outstanding at June 30, 2014 and 2013, respectively	40	40
Additional paid-in capital	129,278	118,193
Accumulated other comprehensive income	576	373
Retained earnings	62,511	95,858
Total stockholders' equity	192,405	214,464
Total liabilities and stockholders' equity	\$ 239,841	\$ 273,669

See accompanying Notes to Consolidated Financial Statements.

TELENAV, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Fiscal Year Ended		
	June 30,		
	2014	2013	2012
Revenue:			
Product	\$ 72,747	\$ 69,162	\$ 24,186
Services	77,566	122,638	181,336
Total revenue	<u>150,313</u>	<u>191,800</u>	<u>205,522</u>
Cost of revenue:			
Product	36,775	38,164	13,615
Services	24,066	30,949	30,833
Total cost of revenue	<u>60,841</u>	<u>69,113</u>	<u>44,448</u>
Gross profit	89,472	122,687	161,074
Operating expenses:			
Research and development	60,573	60,349	65,764
Sales and marketing	33,138	30,435	25,345
General and administrative	26,176	24,765	26,084
Restructuring costs	4,412	1,671	—
Total operating expenses	<u>124,299</u>	<u>117,220</u>	<u>117,193</u>
Operating income (loss)	(34,827)	5,467	43,881
Other income, net	1,288	1,207	1,484
Income (loss) from continuing operations before provision (benefit) for income taxes	(33,539)	6,674	45,365
Provision (benefit) for income taxes	(4,015)	1,093	13,559
Income (loss) from continuing operations, net of tax	(29,524)	5,581	31,806
Income from discontinued operations, net of tax	—	7,486	602
Net income (loss)	<u>\$ (29,524)</u>	<u>\$ 13,067</u>	<u>\$ 32,408</u>
Basic income (loss) per share:			
Income (loss) from continuing operations, net of tax	\$ (0.76)	\$ 0.14	\$ 0.77
Net income (loss)	<u>\$ (0.76)</u>	<u>\$ 0.32</u>	<u>\$ 0.78</u>
Diluted income (loss) per share:			
Income (loss) from continuing operations, net of tax	\$ (0.76)	\$ 0.13	\$ 0.72
Net income (loss)	<u>\$ (0.76)</u>	<u>\$ 0.31</u>	<u>\$ 0.74</u>
Weighted average shares used in computing net income (loss) per share:			
Basic	<u>38,796</u>	<u>40,310</u>	<u>41,406</u>
Diluted	<u>38,796</u>	<u>41,919</u>	<u>43,944</u>

See accompanying Notes to Consolidated Financial Statements.

TELENAV, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Fiscal Year Ended		
	June 30,		
	2014	2013	2012
Net income (loss)	\$ (29,524)	\$ 13,067	\$ 32,408
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment, net of tax	51	13	(87)
Available for sale securities:			
Unrealized gain (loss) on available-for-sale securities, net of tax	284	74	(80)
Reclassification adjustments for loss on available-for-sale securities recognized, net of tax	(132)	(84)	—
Net increase (decrease) from available-for-sale securities, net of tax	152	(10)	(80)
Other comprehensive income (loss), net of tax:	203	3	(167)
Comprehensive income (loss)	\$ (29,321)	\$ 13,070	\$ 32,241

See accompanying Notes to Consolidated Financial Statements.

TELENAV, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2011	41,823	\$ 42	\$ 115,064	\$ 537	\$ 72,823	\$ 188,466
Issuance of common stock upon exercise of stock options	1,017	1	2,107	—	—	2,108
Repurchases of common stock	(1,487)	(1)	(4,564)	—	(7,980)	(12,545)
Stock-based compensation expense	—	—	5,122	—	—	5,122
Excess tax benefit from employee stock options	—	—	1,126	—	—	1,126
Foreign currency translation adjustment, net of taxes	—	—	—	(87)	—	(87)
Unrealized net loss on available-for-sale securities, net of taxes	—	—	—	(80)	—	(80)
Net income	—	—	—	—	32,408	32,408
Balance at June 30, 2012	41,353	\$ 42	\$ 118,855	\$ 370	\$ 97,251	\$ 216,518
Issuance of common stock upon exercise of stock options and release of restricted stock units	1,117	1	2,740	—	—	2,741
Issuance of restricted common stock in connection with acquisition	587	1	(1)	—	—	—
Repurchases of common stock	(3,715)	(4)	(11,846)	—	(14,460)	(26,310)
Stock-based compensation expense	—	—	8,647	—	—	8,647
Excess tax benefit from employee stock options	—	—	(202)	—	—	(202)
Foreign currency translation adjustment, net of taxes	—	—	—	13	—	13
Unrealized net loss on available-for-sale securities, net of taxes	—	—	—	(10)	—	(10)
Net income	—	—	—	—	13,067	13,067
Balance at June 30, 2013	39,342	\$ 40	\$ 118,193	\$ 373	\$ 95,858	\$ 214,464
Issuance of common stock upon exercise of stock options	217	—	896	—	—	896
Release of restricted stock units	440	—	(1,570)	—	—	(1,570)
Issuance of common stock in connection with acquisition	732	1	4,609	—	—	4,610
Repurchases of common stock	(1,269)	(1)	(4,075)	—	(3,823)	(7,899)
Stock-based compensation expense	—	—	11,535	—	—	11,535
Excess tax benefit from employee stock options	—	—	(310)	—	—	(310)
Foreign currency translation adjustment, net of taxes	—	—	—	51	—	51
Unrealized net gain on available-for-sale securities, net of taxes	—	—	—	152	—	152
Net loss	—	—	—	—	(29,524)	(29,524)
Balance at June 30, 2014	39,462	\$ 40	\$ 129,278	\$ 576	\$ 62,511	\$ 192,405

See accompanying Notes to Consolidated Financial Statements.

TELENAV, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Year Ended June 30,		
	2014	2013	2012
Operating activities			
Net income (loss)	\$ (29,524)	\$ 13,067	\$ 32,408
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	6,759	8,408	8,171
Accretion of premium, net on short-term investments	3,500	4,424	4,598
Stock-based compensation expense	11,535	8,647	5,122
Valuation allowance on deferred tax assets	7,398	—	—
Bad debt expense	132	—	—
Write-off of long-term investments	250	335	250
Write-off due to impairment of capitalized software	—	438	—
Loss on disposal of property and equipment	112	173	—
Excess tax benefits from employee stock options	310	305	(797)
Changes in operating assets and liabilities:			
Accounts receivable	2,477	(2,559)	5,384
Deferred income taxes	(4,095)	(1,801)	1,024
Restricted cash	(3,327)	(2,428)	(240)
Prepaid expenses and other current assets	(5,248)	2,979	(3,861)
Other assets	(649)	(730)	(391)
Accounts payable	(1,331)	(1,221)	266
Accrued compensation	3,612	(261)	1,269
Accrued royalties	(6,162)	5,436	(307)
Accrued expenses and other liabilities	(2,645)	10,152	3,869
Income taxes payable	398	(1,456)	2,427
Deferred rent	(1,354)	1,295	9,674
Deferred revenue	(4,701)	(2,290)	(39,559)
Net cash provided by (used in) operating activities	(22,553)	42,913	29,307
Investing activities			
Purchases of property and equipment	(1,053)	(2,248)	(13,470)
Additions to capitalized software	—	(948)	(2,406)
Purchases of short-term investments	(66,350)	(124,707)	(170,592)
Purchase of long-term investments	(600)	(950)	(1,100)
Proceeds from sales of long-term investments	795	—	—
Proceeds from sales and maturities of short-term investments	106,585	146,922	152,623
Acquisitions, net of cash acquired	(19,245)	(18,254)	(1,768)
Net cash provided by (used in) investing activities	20,132	(185)	(36,713)
Financing activities			
Proceeds from exercise of stock options	896	2,792	2,108
Repurchase of common stock	(7,899)	(26,310)	(12,545)
Tax withholdings related to net share settlements of restricted stock units	(1,570)	(51)	—
Excess tax benefits from employee stock options	(310)	(305)	797
Net cash used in financing activities	(8,883)	(23,874)	(9,640)
Effect of exchange rate changes on cash and cash equivalents	51	13	(87)
Net increase (decrease) in cash and cash equivalents	(11,253)	18,867	(17,133)
Cash and cash equivalents, at beginning of period	25,787	6,920	24,053
Cash and cash equivalents, at end of period	\$ 14,534	\$ 25,787	\$ 6,920

Supplemental disclosure of cash flow information

Income taxes paid, net	\$	1,002	\$	2,893	\$	11,288
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See accompanying Notes to Consolidated Financial Statements.

TELENAV, INC.

Notes to Consolidated Financial Statements

1. Summary of business and significant accounting policies*Description of business*

Telenav, Inc., also referred to in this report as “we,” “our” or “us,” was incorporated in September 1999 in the State of Delaware. We are a leader in personalized mobile navigation. We help on the go people by creating products that (1) provide easily-accessed, relevant, and personalized information for discovery, traffic, local search, and navigation and (2) are available across multiple platforms and devices, including mobile phones, tablets, computers and cars. We operate in a single segment. Our fiscal year ends on June 30 and in this report we refer to the fiscal years ended June 30, 2014 , 2013 and 2012 as fiscal 2014 , fiscal 2013 and fiscal 2012 , respectively.

Basis of presentation

The consolidated financial statements and accompanying notes have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The consolidated financial statements include the accounts of Telenav, Inc. and our wholly owned subsidiaries. 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, or ASC, subtopic 810-10, or ASC 810-10, *Consolidation: Overall* . The results of Jitu did not have a material impact on our overall operating results for fiscal 2014 , fiscal 2013 or fiscal 2012 .

On April 16, 2013, we completed the sale of our enterprise business to FleetCor Technologies Operating Company, LLC, or FleetCor. The results of operations of our enterprise business, which were previously presented as a component of our consolidated operating results, have been classified as discontinued operations in our consolidated statements of income for all periods presented. All information in the following notes to the consolidated financial statements includes only results from continuing operations for all periods presented, unless otherwise noted. See Note 11 Sale of Enterprise Business.

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 include the determination of revenue recognition and deferred revenue, the recoverability of accounts receivable, the determination of acquired intangibles and an assessment of goodwill impairment, the fair value of stock awards issued, the determination of income taxes and the recoverability of deferred tax assets. Actual results could differ from those estimates.

Revenue recognition

We generate revenue primarily from service subscriptions, including premium offerings, customized engineering fees and software licenses. We also generate revenue from the delivery of search and display advertising impressions.

We recognize revenue when persuasive evidence of an arrangement exists, delivery of the service or product has occurred, the fee is fixed or determinable, and collectability is reasonably assured. We derive our revenue primarily from mobile navigation services, which are generally provided through our wireless carrier customers that offer our services to their subscribers or through application stores. Our wireless carrier customers pay us based on several different revenue models, including (1) a revenue sharing arrangement that may include a minimum fee per end user, (2) a monthly or annual subscription fee per end user, or (3) based on usage. Our end users who subscribe to our services through application stores pay us a monthly or annual subscription fee.

We recognize monthly fees related to our mobile navigation services in the month we provide the services. We defer amounts received or billed in advance of the service being provided and recognize the deferred amounts when the monthly service has been provided. We recognize revenue for fixed 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.

TELENAV, INC.

Notes to Consolidated Financial Statements—(Continued)

We recognize as services 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 mobile navigation services 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 free trial for our service. For end users who purchase our mobile navigation services through application stores, we utilize the application store billing process. 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 services revenue from the delivery of search and display advertising impressions. We recognize revenue when the related advertising services are delivered based on the specific terms of the advertising contract, which are commonly based on the number of ad impressions delivered, or clicks, drives or actions by users on mobile advertisements.

We derive product 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 customized software 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 software is reproduced for installation in vehicles, assuming all other conditions for revenue recognition have been met.

In certain instances, due to the nature and timing of monthly revenue and reporting from our customers, we may be required to make estimates of the amount of revenue to recognize from a 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 customers. 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, geocodes, points of interest, traffic, gas price and weather data, and voice recognition technology that we use in providing our personalized navigation services. Our cost of revenue also includes the cost of third party exchange display ad inventory. In addition, our cost of revenue includes expenses associated with data center operations, ad trafficking, customer support, the amortization of capitalized software, recognition of deferred development costs on specific projects, stock-based compensation and amortization of developed technology.

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 gains (losses) were \$ (203,000) , \$(251,000) and \$51,000 in fiscal 2014 , 2013 and 2012 , respectively.

TELENAV, INC.

Notes to Consolidated Financial Statements—(Continued)

Accumulated other comprehensive income (loss), net of tax

The components of accumulated other comprehensive income (loss), net of related taxes, were as follows (in thousands):

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Available-for-Sale Securities	Total
Balance, net of tax as of June 30, 2013	\$ 270	\$ 103	\$ 373
Other comprehensive income (loss) before reclassifications, net of tax	51	284	335
Amount reclassified from accumulated other comprehensive income (loss), net of tax	—	(132)	(132)
Other comprehensive income (loss), net of tax	51	152	203
Balance, net of tax as of June 30, 2014	\$ 321	\$ 255	\$ 576

The amount reclassified from accumulated other comprehensive income (loss), net of tax, was determined using the specific identification method and the amount was included in other income (expense), net, for fiscal 2014 and 2013, respectively.

The amount of income tax benefit allocated to each component of accumulated other comprehensive income (loss) was not material.

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. Our net realized gains were \$164,000, \$152,000 and \$102,000 in fiscal 2014, 2013 and 2012, respectively.

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, automobile manufacturers and original equipment manufacturers, or OEMs, and we do not require collateral for accounts receivable. To manage the credit risk associated with accounts receivable, we evaluate the creditworthiness of our 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, other than those customers for which an allowance for doubtful accounts has been established.

Revenue related to products and services provided through Ford Motor Company, or Ford, comprised 46%, 36% and 13% of revenue for fiscal 2014, 2013 and 2012, respectively. Receivables due from Ford were 47% and 45% of total accounts receivable at June 30, 2014 and 2013, respectively. Revenue related to services provided through AT&T Mobility LLC., or AT&T, comprised 24%, 28% and 35% of revenue for fiscal 2014, 2013 and 2012, respectively. Receivables due from AT&T were 19% and 23% of total accounts receivable at June 30, 2014 and 2013, respectively. Revenue related to services provided through Sprint Nextel Corporation, or Sprint, comprised less than 10%, 16% and 36% of revenue for fiscal 2014, 2013 and 2012, respectively. No other customer represented 10% of our revenue or 10% of our receivables for any period presented.

Our licensed map, points of interest and traffic data have been provided principally through TomTom North America, Inc., or TomTom, and HERE North America, LLC, formerly known as Navigation Technologies Corporation, a Nokia company, or HERE, in fiscal 2014, 2013 and 2012. To date, we are not aware of circumstances that may impair either party’s intent or ability to continue providing such services to us.

Notes to Consolidated Financial Statements—(Continued)

Restricted cash

As of June 30, 2014 and June 30, 2013, we had restricted cash of \$6.0 million and \$2.7 million, respectively, on our consolidated balance sheets. As of June 30, 2014, restricted cash is comprised primarily of a \$6.0 million overpayment from a customer that will be refunded. In January 2014, the \$2.7 million of restricted cash held in escrow as of June 30, 2013 related to our acquisition of Thinknear was paid to Thinknear stockholders.

Fair value of financial instruments

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

We measure certain other 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, 2014 and 2013, we did not have any Level 3 financial instruments.

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, software, 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.

Long-term investments

Our long-term investments consist of privately-held investments, and are included in other assets in our consolidated balance sheets. As of June 30, 2014, our investments in privately-held investments were \$1.8 million. These investments are accounted for as cost-basis investments, as we own less than 20% of the voting securities and do not have the ability to exercise significant influence over operating and financial policies of the entities. Our investments are in entities that are not publicly traded and, therefore, no established market for the securities exists. Our cost-method investments are carried at historical cost in our condensed consolidated balance sheets and measured at fair value on a nonrecurring basis when indicators of impairment exist. If we believe that the carrying value of the cost basis investments is in excess of estimated fair value, our policy is to record an impairment charge to adjust the carrying value to estimated fair value, when the impairment is deemed other-than-temporary. We regularly evaluate the carrying value of these cost-method investments for impairment. We record realized gains or losses on the sale or impairment of cost method investments in other income (expense), net. We recorded impairment charges of \$250,000, \$335,000 and \$250,000 on certain non-marketable equity investments in fiscal 2014, 2013 and 2012, respectively.

Also included in other income (expense), net in fiscal 2014 is a \$795,000 gain from the sale in December 2013 of an investment in a privately-held company.

Long-lived assets

We evaluate our long-lived assets, including intangible assets, 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 long-lived assets 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.

Notes to Consolidated Financial Statements—(Continued)

Goodwill

Goodwill represents the excess of the aggregate purchase price paid over the fair value of the net assets acquired. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. These tests are based on our single operating segment and reporting unit structure. We first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. We are not required to calculate the fair value of our reporting unit unless we determine, based on a qualitative assessment, that it is more-likely-than-not that the fair value is less than our carrying amount. If we determine it is more likely than not that the fair value of the reporting unit is less than its carrying value, we perform a two-step quantitative goodwill impairment test. The first step of the impairment test involves comparing the fair value of the reporting unit to its net book value, including goodwill. If the net book value exceeds its fair value, then we would perform the second step of the goodwill impairment test to determine the amount of the impairment loss, if any. In assessing the fair value of our reporting unit, we make assumptions regarding our estimated future cash flows, including estimated growth rates. If our estimates or related assumptions change in the future, or if our net book value were to exceed our market capitalization, we may be required to record impairment loss related to our goodwill. We have not recognized any impairment of goodwill in the three year period ended June 30, 2014 . As of June 30, 2014 , we had goodwill of \$31.3 million.

Leases

We lease our office facilities under operating lease agreements. Office facilities subject to an operating lease and the related lease payments are not recorded on our balance sheet. The terms of certain lease agreements provide for rental payments on a graduated basis; however, we recognize rent expense on a straight-line basis over the lease period in accordance with authoritative accounting guidance. Any lease incentives or contracted sublease income are recognized as reductions of rental expense on a straight-line basis over the term of the lease. The lease term begins on the date we become legally obligated for the rent payments or when we take possession of the office space, whichever is earlier. As of June 30, 2014 and 2013 , we had a total of \$7.5 million and \$9.7 million , respectively, in deferred rent related to tenant improvement lease incentives and graduated rent payments recorded as liabilities on our balance sheets.

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 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 amortize 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 none , \$948,000 and \$2.4 million of software development costs during fiscal 2014 , 2013 and 2012 , respectively. Amortization expense related to these costs, which has been recorded in cost of revenue, totaled \$1.0 million , \$2.1 million and \$1.8 million for fiscal 2014 , 2013 and 2012 , respectively. In addition, we wrote off none , \$112,000 , and none of capitalized software development costs in fiscal 2014, fiscal 2013, and fiscal 2012 due to impairment. As of June 30, 2014 and 2013 , unamortized capitalized software development costs, which were included in other assets, were \$97,000 and \$1.1 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

TELENAV, INC.

Notes to Consolidated Financial Statements—(Continued)

deferred until the related revenue is recognized. We deferred \$943,000 , \$1.3 million and \$2.4 million of software development costs during fiscal 2014 , 2013 and 2012 , respectively. Development costs expensed to cost of revenue totaled \$922,000 , \$4.9 million and \$354,000 in fiscal 2014 , 2013 and 2012 , respectively. As of June 30, 2014 and 2013 , deferred capitalized software development costs, which were included primarily in prepaid expenses and other current assets, were \$500,000 and \$480,000 , respectively.

Advertising expense

Advertising costs are expensed as incurred. Advertising expense was \$2.0 million , \$3.1 million and \$927,000 in fiscal 2014 , 2013 and 2012 , respectively.

Recent accounting pronouncements

In June 2013, the FASB ratified Emerging Issues Task Force (EITF) Issue 13-C, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" which concludes an unrecognized tax benefit should be presented as a reduction of a deferred tax asset when settlement in this manner is available under the tax law. We will adopt this amendment beginning July 1, 2014. The result of adoption may be to reclassify certain long term liabilities for uncertain income tax positions to reduce the carrying value of long term deferred tax assets. However, the adoption is not expected to result in a material change to the tax provision. We do not believe that the impact on our consolidated financial statements will be significant.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers," requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. Early adoption is not permitted. The updated standard becomes effective for us in the first quarter of fiscal 2018. We have not yet selected a transition method and we are currently evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

2. Net income (loss) per share

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted net income (loss) per share is computed by dividing net income (loss) 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, restricted stock, and restricted stock units using the treasury-stock method.

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

	Fiscal Year Ended June 30,		
	2014	2013	2012
Income (loss) from continuing operations, net of tax	\$ (29,524)	\$ 5,581	\$ 31,806
Income from discontinued operations, net of tax	—	7,486	602
Net income (loss)	<u>\$ (29,524)</u>	<u>\$ 13,067</u>	<u>\$ 32,408</u>
Shares used in computing net income (loss) per share:			
Basic:			
Weighted average common shares used in computing basic net income (loss) per share	<u>38,796</u>	<u>40,310</u>	<u>41,406</u>
Diluted:			
Weighted average common shares used in computing basic net income (loss) per share	38,796	40,310	41,406
Add weighted average effect of dilutive securities:			
Stock options	—	1,517	2,538
Restricted common stock and restricted stock units	—	92	—
Weighted average common shares used in computing diluted net income (loss) per share	<u>38,796</u>	<u>41,919</u>	<u>43,944</u>
Net income (loss) per share:			
Basic income (loss) per share:			
Income (loss) from continuing operations	\$ (0.76)	\$ 0.14	\$ 0.77
Income from discontinued operations	—	0.18	0.01
Net income (loss)	<u>\$ (0.76)</u>	<u>\$ 0.32</u>	<u>\$ 0.78</u>
Diluted income (loss) per share:			
Income (loss) from continuing operations	\$ (0.76)	\$ 0.13	\$ 0.72
Income from discontinued operations	—	0.18	0.02
Net income (loss)	<u>\$ (0.76)</u>	<u>\$ 0.31</u>	<u>\$ 0.74</u>

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

	Fiscal Year Ended June 30,		
	2014	2013	2012
Stock options	5,697	4,876	1,271
Restricted common stock and restricted stock units	4,791	406	—
Total	<u>10,488</u>	<u>5,282</u>	<u>1,271</u>

3. Cash, cash equivalents and short-term investments

Cash, cash equivalents and short-term investments consisted of the following as of June 30, 2014 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Cash	\$ 12,912	\$ —	\$ —	\$ 12,912
Cash equivalents:				
Money market mutual funds	622	—	—	622
Commercial paper	1,000	—	—	1,000
Total cash equivalents	1,622	—	—	1,622
Total cash and cash equivalents	14,534	—	—	14,534
Short-term securities:				
Municipal securities	96,522	330	(4)	96,848
Commercial paper	997	2	—	999
Corporate bonds	24,402	68	(2)	24,468
Total short-term investments	121,921	400	(6)	122,315
Cash, cash equivalents and short-term investments	\$ 136,455	\$ 400	\$ (6)	\$ 136,849

Cash, cash equivalents and short-term investments consisted of the following as of June 30, 2013 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Cash	\$ 23,546	\$ —	\$ —	\$ 23,546
Cash equivalents:				
Money market mutual funds	2,241	—	—	2,241
Total cash equivalents	2,241	—	—	2,241
Total cash and cash equivalents	25,787	—	—	25,787
Short-term investments:				
Certificates of deposit	1,000	3	—	1,003
Municipal securities	148,888	242	(137)	148,993
Commercial paper	3,389	2	—	3,391
Corporate bonds	12,462	58	(9)	12,511
Total short-term investments	165,739	305	(146)	165,898
Cash, cash equivalents and short-term investments	\$ 191,526	\$ 305	\$ (146)	\$ 191,685

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, 2014 (in thousands):

	Amortized Cost	Estimated Fair Value
Due within one year	\$ 62,761	\$ 62,919
Due within two years	37,759	37,900
Due after two years	21,401	21,496
Total	\$ 121,921	\$ 122,315

Declines in fair value judged to be other-than-temporary on securities available for sale are included as a component of other income, net. In order to determine whether a decline in value is other-than-temporary, we evaluate, among other factors: the duration and extent to which the fair value has been less than the carrying value and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair market value. As of June 30, 2014 and 2013, we did not consider any of our investments to be other-than-temporarily impaired.

4. Fair value of financial instruments

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.

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, 2014 (in thousands):

Description	Fair Value Measurements at June 30, 2014 Using			
	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	\$ 622	\$ 622	\$ —	\$ —
Commercial paper	1,000	—	1,000	—
Total cash equivalents	1,622	622	1,000	—
Short-term investments:				
Municipal securities	96,848	—	96,848	—
Commercial paper	999	—	999	—
Corporate bonds	24,468	—	24,468	—
Total short-term investments	122,315	—	122,315	—
Cash equivalents and short-term investments	\$ 123,937	\$ 622	\$ 123,315	\$ —

The fair values of our financial instruments were determined using the following inputs at June 30, 2013 (in thousands):

Description	Fair Value Measurements at June 30, 2013 Using			
	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	\$ 2,241	\$ 2,241	\$ —	\$ —
Total cash equivalents	2,241	2,241	—	—
Short-term investments:				
Certificates of deposit	1,003	—	1,003	—
Municipal securities	148,993	—	148,993	—
Commercial paper	3,391	—	3,391	—
Corporate bonds	12,511	—	12,511	—
Total short-term investments	165,898	—	165,898	—
Cash equivalents and short-term investments	\$ 168,139	\$ 2,241	\$ 165,898	\$ —

Accretion of premium, net of discounts, on short-term investments totaled \$3.5 million and \$4.4 million in fiscal 2014 and 2013, respectively.

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.

There were no transfers between Level 1 and Level 2 financial instruments in the fiscal 2014 and 2013, respectively.

We did not have any financial liabilities measured at fair value on a recurring basis as of June 30, 2014 or 2013 .

5. Balance sheet information

Property and equipment, net

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

	June 30,	
	2014	2013
Computers and equipment	\$ 16,773	\$ 17,684
Computer software	2,118	2,420
Furniture and fixtures	2,510	2,505
Automobiles	566	486
Leasehold improvements	8,288	8,214
	<u>30,255</u>	<u>31,309</u>
Less accumulated depreciation and amortization	(21,441)	(19,556)
Property and equipment, net	<u>\$ 8,814</u>	<u>\$ 11,753</u>

Depreciation and amortization expense related to property and equipment was \$4.0 million , \$5.6 million and \$6.7 million for fiscal 2014 , 2013 and 2012 , respectively.

Goodwill and intangible assets, net

Intangible assets consist of the following (in thousands):

	June 30,	
	2014	2013
Acquired developed technology	13,902	6,303
Less accumulated amortization	(4,497)	(1,918)
Intangible assets, net	<u>\$ 9,405</u>	<u>\$ 4,385</u>

Acquired developed technology is amortized on a straight-line basis over the expected useful life. Amortization expense related to intangibles was \$2.6 million , \$1.6 million and \$171,000 for fiscal 2014 , 2013 and 2012 , respectively.

As of June 30, 2014, amortization expense for intangible assets by fiscal year is as follows: \$3.1 million in fiscal 2015, \$1.5 million in fiscal 2016, \$1.0 million in fiscal 2017, \$1.0 million in fiscal 2018, \$1.0 million in fiscal 2019 and \$1.6 million thereafter.

The changes in the carrying amount of goodwill are as follows (in thousands):

	June 30,	
	2014	2013
Balance at beginning of period	\$ 14,421	\$ 78
Goodwill acquired	16,907	14,343
Balance at end of period	<u>\$ 31,328</u>	<u>\$ 14,421</u>

6. Commitments and contingencies

Our primary facilities located in Sunnyvale and Culver City, California, Shanghai and Xi'an, China, and Cluj, Romania, as well as certain other facilities in various locations in the United States, Germany and Brazil, are leased under noncancelable operating lease arrangements. As of June 30, 2014, future minimum operating lease payments, net of sublease income, by fiscal year were as follows (in thousands):

<u>Fiscal Year:</u>		
2015	\$	4,760
2016		5,359
2017		5,118
2018		4,859
2019 and thereafter		6,976
Total minimum lease payments	\$	<u>27,072</u>

As of June 30, 2014, the total minimum sublease income to be received in the next two years was \$2.5 million, which is comprised of \$1.4 million to be received in fiscal 2015, and \$1.1 million to be received in fiscal 2016.

Rent expense was \$4.1 million, \$4.8 million and \$4.9 million for fiscal 2014, 2013 and 2012, respectively. Facility exit costs included in restructuring costs in fiscal 2014 and 2013 were \$2.0 million and \$124,000, respectively.

Purchase obligations

As of June 30, 2014, in addition to our lease obligations, we had an aggregate of \$6.0 million of future minimum noncancelable financial commitments primarily related to license fees due to certain of our third party content providers over the next two fiscal years. The aggregate of \$6.0 million of future minimum commitments is comprised of \$4.4 million due in fiscal 2015, \$1.2 million due in fiscal 2016, \$286,000 due in fiscal 2017 and \$125,000 due in fiscal 2018. 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. We expense legal fees related to these matters as they are incurred.

On December 31, 2009, Vehicle IP, LLC, or Vehicle IP, filed a patent infringement lawsuit against us in the U.S. District Court for the District of Delaware, seeking monetary damages, fees and expenses and other relief. Verizon Wireless, or Verizon, 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 this time, we have not agreed to defend or indemnify Verizon. AT&T was also named as a co-defendant in the Vehicle IP litigation based on the AT&T Navigator and Telenav Track products. AT&T has tendered the defense of the litigation to us and we are defending the case on behalf of AT&T. After the Court issued its claim construction ruling the parties agreed to focus on early summary judgment motions, and asked the Court to postpone the rest of the case schedule pending the resolution of these potentially case-dispositive motions. The defendants filed motions for summary judgment of noninfringement. On April 10, 2013 the Court granted AT&T and our motion for summary judgment of noninfringement. While the Court's ruling appears to be dispositive of plaintiff's claims, plaintiff is appealing the district court's claim construction and summary judgment ruling. The appeal is currently ongoing in the U.S. Court of Appeals for the Federal Circuit; the oral argument was held on April 10, 2014. Due to the uncertainties related to litigation, we are unable to evaluate the likelihood of either a favorable or unfavorable outcome. We believe that it is reasonably possible that we will incur a loss; however, 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 patent infringement lawsuit against us in the U.S. District Court for the Eastern District of Texas, seeking monetary damages, fees and expenses, and other relief. The patent at issue was subject to reexamination by the PTO and the reexamined claims were found invalid. Plaintiff appealed this finding and on May 30, 2013,

the Patent Trial and Appeal Board, or PTAB, confirmed the invalidity of these claims. Plaintiff filed a request for reconsideration of this decision with the PTAB, which was denied on January 13, 2014. In light of the reexamination and plaintiff's appeal of the reexamination findings, the Court stayed the case and the case will remain stayed and administratively closed unless the plaintiff obtains a favorable decision on appeal before the PTAB or Federal Circuit Court of Appeals. On March 12, 2014, Traffic Information filed an appeal with the U.S. Appeals Court for the Federal Circuit. 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 believe that it is reasonably possible that we will incur a loss; however, 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 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 customers in compliance with our contractual commitments. At this time, we are not a party to the following cases; however our customers have requested that we indemnify them in connection with such cases:

In 2008, Alltel, AT&T, Sprint and T-Mobile USA, or T-Mobile, each demanded that we indemnify and defend them against patent infringement lawsuits brought by patent holding companies EMSAT Advanced Geo-Location Technology LLC and Location Based Services LLC (collectively, "EMSAT") in the U.S. District Court for the Northern District of Ohio. 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 while the PTO completed its reexamination of the validity of the patents at issue. The PTO has concluded its reexamination of two of the patents in suit, confirming the validity of only two of the asserted claims from those patents. At this time, all patent claims that EMSAT alleged to be infringed by the Telenav GPS Navigator product have been cancelled during reexamination. In the suits against T-Mobile, Alltel and Sprint, EMSAT has amended its allegations to remove allegations of infringement of the patent claims that were cancelled during reexamination. Accordingly, the Court has lifted the stays in those suits and the matters are ongoing. However, in the T-Mobile suit, EMSAT and T-Mobile have stipulated to a dismissal of the case. Due to uncertainties related to litigation, we are unable 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 indemnification and defense obligations to the other wireless carriers. We believe that it is reasonably possible that we will incur additional loss; however, 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 2009, AT&T demanded that we indemnify and defend them against a patent infringement lawsuit brought by Tendler Cellular of Texas LLC, or Tendler, in the U.S. District Court for the Eastern District of Texas. 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 and the amount of our contribution was not material; however, there continues to be a disagreement as to whether any additional amounts are owed to AT&T for legal fees and expenses related to the defense of the matter. We believe that it is reasonably possible that we will incur additional loss; however, 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 on our financial condition, results of operations, or cash flows.

7. Guarantees and indemnifications

Our agreements with our customers generally include certain provisions for indemnifying them against liabilities if our products and services 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 customers with respect to specific litigation claims in which our customers have been named as defendants.

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 that any financial exposure related to these indemnification agreements is not material.

8. Stockholders' equity

Undesignated preferred stock

We are authorized to issue 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, 2014 and 2013, 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, October 27, 2011, October 23, 2012 and March 18, 2013, our Board of Directors authorized repurchase programs for the repurchase of up to \$20.0 million, \$20.0 million, \$20.0 million and \$10.0 million, respectively, of our shares of common stock through open market purchases.

Under the November 15, 2010 program, which we completed in the quarter ended September 30, 2011, we utilized \$20.0 million of cash to repurchase 2,037,743 shares of our common stock at an average purchase price of \$9.79 per share. Under the October 27, 2011 program, which we completed in the quarter ended December 31, 2012, we utilized \$8.8 million of cash to repurchase 1,293,755 shares of our common stock at an average purchase price of \$6.82 per share. Under the October 23, 2012 program, which we completed in the quarter ended March 31, 2013, we utilized \$20.0 million of cash to repurchase 2,625,415 shares of our common stock at an average purchase price of \$7.62 per share. Under the March 18, 2013 program, which we completed in the quarter ended March 31, 2014, we utilized \$10.0 million of cash to repurchase 1,674,584 shares of our common stock at an average purchase price of \$5.97 per share.

The repurchased shares are retired and designated as authorized but unissued shares. The timing and amount of repurchase transactions under our stock repurchase programs depends on market conditions and other considerations. 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 2014, we reduced common stock and APIC by an aggregate of \$4.1 million and charged \$3.8 million to retained earnings. As a result of our stock repurchases during fiscal 2013, we reduced common stock and APIC by an aggregate of \$11.8 million and charged \$14.5 million to retained earnings. As a result of our stock repurchases during fiscal 2012, we reduced common stock and APIC by an aggregate of \$4.6 million and charged \$8.0 million to retained earnings.

Stock plans

Under our 1999 Stock Option Plan, or 1999 Plan, 2002 Executive Stock Option Plan, or 2002 Plan, 2009 Equity Incentive Plan, or 2009 Plan, and 2011 Stock Option and Grant Plan, or 2011 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, or RSUs, 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 over a four -year period beginning from the date of grant and generally expire 10 years from the date of grant. RSUs generally vest annually over a four -year period beginning 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, 2014, we had reserved 7,598,362 shares of common stock for issuance under our stock option and equity plans. On the first day of each 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.

The information below regarding stock option and RSUs activity, stock options and RSUs outstanding and stock compensation expense includes both continuing and discontinued operations.

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

	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Options outstanding as of June 30, 2013	6,577	\$ 5.82		
Granted	9	\$ 6.04		
Exercised	(217)	\$ 4.12		
Canceled	(672)	\$ 8.37		
Options outstanding as of June 30, 2014	<u>5,697</u>	\$ 5.59	5.10	\$ 7,284
As of June 30, 2014:				
Options vested and expected to vest	5,616	\$ 5.57	5.06	\$ 7,275
Options exercisable	4,541	\$ 5.21	4.59	\$ 7,137

During fiscal 2014, 2013 and 2012, the total cash received from the exercise of stock options was \$896,000 , \$2.8 million and \$2.1 million , respectively, and the total intrinsic value of stock options exercised was \$467,000 , \$5.0 million and \$7.2 million , respectively.

A summary of our RSU activity is as follows (in thousands except contractual life amounts):

	Number of Shares	Weighted average remaining contractual life (years)	Aggregate intrinsic value
RSUs outstanding as of June 30, 2013	2,032		
Granted	3,914		
Vested	(711)		
Canceled	(525)		
RSUs outstanding as of June 30, 2014	<u>4,710</u>	1.88	\$ 26,797
As of June 30, 2014:			
RSUs expected to vest	4,000	1.78	\$ 22,761

Canceled shares in the table above include approximately 270,000 shares surrendered for tax withholdings related to net share settlements of vested RSUs.

In connection with our acquisition of skobbler GmbH, or skobbler, in January 2014 (see Note 10 Acquisitions), included in the table above are approximately 635,000 RSUs granted as inducement grants to the skobbler founders outside of our stock option and equity incentive plans. During fiscal 2014, we increased the number of shares available for grant under our stock option and equity incentive plans by approximately 1,574,000 shares. During fiscal 2013, we increased the number of shares available for grant under our stock option and equity incentive plan by 2,275,000 shares, which included 621,000 shares from our 2011 Plan assumption through the acquisition of ThinkNear. As of June 30, 2014 and 2013 , there were a total of approximately 605,000 and 852,000 shares available for grant under our stock option and equity incentive plans, respectively.

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

	Fiscal Year Ended June 30,		
	2014	2013	2012
Cost of revenue	\$ 100	\$ 149	\$ 91
Research and development	4,489	3,509	2,509
Selling and marketing	3,306	2,290	1,168
General and administrative	3,640	2,699	1,354
Total stock-based compensation expense	\$ 11,535	\$ 8,647	\$ 5,122

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

	Fiscal Year Ended June 30,		
	2014	2013	2012
Stock option awards	\$ 3,930	\$ 5,837	\$ 4,882
RSU awards	5,781	1,491	240
Restricted common stock	1,824	1,319	—
Total stock-based compensation expense	\$ 11,535	\$ 8,647	\$ 5,122

We generally use the Black-Scholes option-pricing model to determine the fair value of stock option awards. The determination of the fair value of stock option 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 weighted average assumptions used to value stock options granted were as follows:

	Fiscal Year Ended June 30,		
	2014	2013	2012
Expected volatility	62%	72%	64%
Expected term (in years)	4.45	4.79	4.50
Risk-free interest rate	1.44%	0.67%	0.77%
Dividend yield	—	—	—

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 our common stock as well as the common stock of various comparable companies. In evaluating similarity, we considered factors such as industry, stage of a company's life cycle, revenue and market capitalization.

Expected term . The expected term represents the period that our stock-based awards are expected to be outstanding. 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.

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.

We recognize the estimated stock-based compensation cost of RSUs and restricted common stock, net of estimated forfeitures, over the vesting term. The estimated stock-based compensation cost is based on the fair value of our common stock on the date of grant.

At June 30, 2014, the total unrecognized stock-based compensation cost related to employee options was \$3.2 million , net of estimated forfeitures, and will be amortized over a weighted average period of 1.5 years. The total fair value of stock options that vested during fiscal 2014, 2013 and 2012 was \$4.1 million , \$4.9 million and \$5.0 million , respectively. At June 30, 2014, the total unrecognized stock-based compensation cost related to RSUs was \$21.5 million , net of estimated forfeitures, and will be amortized over a weighted average period of 3.1 years. The total fair value of RSUs that vested during fiscal 2014, 2013 and 2012 was \$4.1 million , \$298,000 and \$139,000 , respectively. At June 30, 2014, the total unrecognized stock-based compensation cost

related to restricted common stock issued in connection with our acquisition of ThinkNear was \$506,000 and will be amortized over a weighted average period of 0.3 years .

Shares reserved for future issuance

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

	June 30, 2014
Stock options outstanding	5,697
RSUs outstanding	4,710
Available for future grants	605
Total common shares reserved for future issuance	<u>11,012</u>

9. Income taxes

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

	Fiscal Year Ended June 30,		
	2014	2013	2012
United States	\$ (34,549)	\$ 4,724	\$ 44,727
Foreign	1,010	1,950	638
Income (loss) from continuing operations	(33,539)	6,674	45,365
Income from discontinued operations	—	11,712	949
Total income (loss) before provision (benefit) for income taxes	<u>\$ (33,539)</u>	<u>\$ 18,386</u>	<u>\$ 46,314</u>

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

	Fiscal Year Ended June 30,		
	2014	2013	2012
Current income taxes:			
Federal	\$ (7,506)	\$ 2,823	\$ 14,476
State	(397)	176	(2,214)
Foreign	555	487	214
Total current income taxes	<u>(7,348)</u>	<u>3,486</u>	<u>12,476</u>
Deferred income taxes:			
Federal	3,205	(2,315)	1,045
State	128	(78)	38
Total deferred income taxes	<u>3,333</u>	<u>(2,393)</u>	<u>1,083</u>
Provision (benefit) for income taxes from continuing operations	(4,015)	1,093	13,559
Provision for income taxes from discontinued operations	—	4,226	347
Total provision (benefit) for income taxes	<u>\$ (4,015)</u>	<u>\$ 5,319</u>	<u>\$ 13,906</u>

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The provision (benefit) 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,		
	2014	2013	2012
Tax at federal statutory tax rate	\$ (11,738)	\$ 6,435	\$ 16,210
State taxes—net of federal benefit	(269)	146	739
Non-deductible expenses	495	522	178
Research and development credits	(983)	(1,200)	(441)
Section 199 deduction	425	(561)	(870)
Foreign income taxed at different rates	(119)	(195)	374
Stock-based compensation expense	1,368	1,291	860
Tax benefit from California tax ruling	—	—	(2,144)
Transfer pricing adjustment	—	(1,002)	(222)
Tax exempt income	(265)	(364)	(337)
Change in valuation allowance - federal	6,959	—	—
Other	112	247	(441)
Total provision (benefit) for income taxes	\$ (4,015)	\$ 5,319	\$ 13,906

Our provision (benefit) for income taxes, excluding discontinued operations, was \$(4.0) million in fiscal 2014 compared to \$1.1 million in fiscal 2013. Our effective tax rate, excluding discontinued operations, was 12% in fiscal 2014 compared to 16% in fiscal 2013. Our effective tax rate in fiscal 2014 was lower than the tax computed at the U.S. federal statutory income tax rate due primarily to the increase in the valuation allowance which resulted in additional federal tax expense of \$7.0 million. Our effective tax rate, excluding discontinued operations, was 30% in fiscal 2012.

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,	
	2014	2013
Deferred tax assets:		
Federal, state and foreign net operating losses	\$ 4,324	\$ 2,237
Federal and state tax credits	2,327	1,475
Stock-based compensation	3,867	3,107
Accrued expenses and reserves	5,826	6,309
Foreign tax credits	320	—
Capitalized expense	413	490
Unrealized losses on investments	54	—
Total deferred tax assets:	17,131	13,618
Deferred tax liabilities:		
Property and equipment	(1,808)	(2,527)
Capitalized software	(284)	(1,606)
Acquired intangible assets	(736)	(1,590)
Unrealized gains on investments	—	(344)
Total deferred tax liabilities:	(2,828)	(6,067)
Deferred tax assets, net of liabilities:	14,303	7,551
Valuation allowance - worldwide	(12,969)	(2,913)
Net deferred tax assets:	\$ 1,334	\$ 4,638

In fiscal 2014, we recorded a valuation allowance on the majority of our deferred tax assets, net of liabilities, since the assets are not more likely than not to be realized based upon our assessment of all positive and negative evidence. Realization of deferred tax assets is dependent upon future taxable earnings and losses, the timing of which is uncertain. Due to losses in fiscal 2014 and expected losses in fiscal 2015 and potentially future years in the U.S., we established in fiscal 2014 a valuation allowance on deferred tax assets in the U.S. that we believe will not be realized by the carryback provisions of U.S. tax law. U.S. tax law allows for the two-year carryback of losses and one-year carryback of credits to previous tax years which can generate a tax refund to the extent taxes were paid. Due to foreign operating losses in previous years and continued foreign earnings volatility, we continued to maintain a full valuation allowance for our foreign deferred tax assets. Our valuation allowance increased from the prior year by approximately \$10.1 million, \$699,000, and \$264,000 in fiscal 2014, 2013 and 2012, respectively.

We provide for U.S. income taxes on the earnings of foreign subsidiaries unless the subsidiaries' earnings are permanently reinvested outside the U.S. To the extent that the foreign earnings previously treated as permanently reinvested are repatriated, the related U.S. liability may be reduced by any foreign income taxes paid on these earnings. As of June 30, 2014, the cumulative amount of earnings upon which U.S. income taxes have not been provided was approximately \$3.6 million. The net unrecognized deferred tax liability for these earnings was approximately \$480,000.

As of June 30, 2014, we had federal and California net operating loss carryforwards for income tax purposes of \$2.3 million and \$26.5 million, respectively. These loss carryforwards will begin to expire in fiscal 2020 for federal purposes and fiscal 2016 for California purposes. In addition, we had federal and California research and development tax credit carryforwards of \$383,000 and \$3.4 million, respectively, as of June 30, 2014. The federal research credits will begin to expire in fiscal 2023 and the California research credits can be carried forward indefinitely. The loss carryforwards and certain credits are subject to annual limitation under Internal Revenue Code Section 382.

As of June 30, 2014, we also had foreign net operating loss carryforwards of \$9.0 million, which begin to expire in fiscal 2019. 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.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in thousands):

	Fiscal Year Ended June 30,		
	2014	2013	2012
Unrecognized tax benefit—beginning of period	\$ 6,340	\$ 4,431	\$ 4,520
Increase in tax positions taken during the current period	623	2,157	1,200
Increase in tax positions taken during the prior period	555	219	101
Decrease in tax positions taken during the prior period	(261)	(467)	(1,390)
Lapse of statute of limitations	(326)	—	—
Unrecognized tax benefit—end of period	<u>\$ 6,931</u>	<u>\$ 6,340</u>	<u>\$ 4,431</u>

At June 30, 2014, 2013 and 2012, there were \$5.5 million, \$4.8 million and \$3.6 million of unrecognized tax benefits that if recognized would affect the annual 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. During fiscal 2012, the IRS concluded its audit of our fiscal 2009 through fiscal 2010 tax returns, which resulted in no adjustments having a material impact on our financial statements. The statute of limitations remains open for fiscal 2011 through fiscal 2013 in the U.S., for fiscal 2010 through fiscal 2013 in state jurisdictions, and for fiscal 2009 through 2013 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.

We believe it is reasonably possible that, as of June 30, 2014, the gross unrecognized tax benefits could decrease (whether by payment, release, or a combination of both) by approximately \$1.6 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. During fiscal 2014, 2013 and 2012, we recognized approximately \$278,000, \$159,000 and \$101,000 in interest and penalties. We had accrued \$603,000 and \$314,000 for the payment of interest and penalties at June 30, 2014 and 2013, respectively.

On December 31, 2013, the research and development credit expired for federal tax purposes. The 2012 Taxpayer Relief Act extended the research and development credit for two years until December 31, 2013. Although the research and development credit has been extended every year since enactment, a tax benefit cannot be recorded for the expired period until the extenders bill has been passed and signed by the President. If and when the extenders bill is passed and signed with retroactive effect, a retroactive tax benefit will be recorded in the period the extenders bill is passed and signed. We have recorded a tax benefit for the federal research and development credit through December 31, 2013.

10. Acquisitions

skobbler GmbH

On January 29, 2014, we completed our acquisition of all of the shares of privately held skobbler GmbH, or skobbler, a navigation company based in Germany. We acquired skobbler for consideration of approximately \$23.8 million, consisting of approximately \$19.2 million in cash and \$4.6 million in shares of our restricted common stock. We believe the acquisition of skobbler will enable us to combine its OSM-based GPS navigation technology with our existing mobile navigation solutions. The transaction has been accounted for under the acquisition method of accounting. We recorded the assets acquired and liabilities assumed at their estimated fair value, with the difference between the fair value of the net assets acquired and the purchase consideration reflected as goodwill.

The total fair value of acquisition consideration of \$23.8 million was comprised of \$19.2 million in cash and 731,623 shares of our common stock valued at \$4.6 million. The 731,623 shares of our common stock are held in escrow and will be released at the rate of 50% per year on each anniversary date of closing. These shares are released from escrow solely with the passage of time and do not contain a service or performance requirement. In addition to the total purchase consideration, we issued 634,920 inducement RSUs to the founders of skobbler. The fair value of the 634,920 RSUs issued in connection with the acquisition was \$4.0 million, which has been accounted for as post-combination stock-based compensation and is being amortized over a weighted average period of 2.0 years.

The fair value of our common stock issued in connection with the acquisition was determined to be \$6.32 per share, the closing price of our common stock on the acquisition measurement date, which is the date the acquisition closed.

The following table reflects the values of the assets acquired and liabilities assumed as of the acquisition date (in thousands):

Cash	\$	100
Accounts receivable		177
Other assets		209
Customer relationships		400
Developed technology		7,100
Goodwill		16,907
Liabilities assumed		(1,135)
Total value of assets acquired and liabilities assumed	\$	<u>23,758</u>

We determined the fair value of developed technology and customer relationships to be \$7.1 million and \$0.4 million, respectively. The fair value of the developed technology and customer relationships is being amortized using the straight-line method over the estimated life of 7.0 years and 18 months, respectively. Developed technology and customer relationships are included in goodwill and intangible assets, net of amortization on the consolidated balance sheets.

Goodwill of \$16.9 million was recorded as the excess of the fair value of the acquisition consideration over the fair value of the net assets acquired. This asset is attributed to buyer-specific value resulting from synergies that are not included in the fair value of assets. No goodwill was deemed to be deductible for income tax purposes.

Included in the acquisition consideration is \$3.7 million in cash that was paid by us and deposited in a third party escrow account to satisfy potential indemnification claims.

For fiscal 2014, we recognized \$1.1 million in acquisition related costs that were included in general and administrative expenses. The amounts of revenue and income from skobbler for fiscal 2014 were not material.

Thinknear

On October 10, 2012, we completed our acquisition of privately held Local Merchant Services, Inc., or ThinkNear, a California-based hyper-local mobile advertising company. We acquired 100% of the outstanding stock of ThinkNear for consideration of approximately \$22.5 million, consisting of approximately \$18.4 million in cash, plus restricted shares of our common stock and assumed stock options. The acquisition of ThinkNear enabled us to combine its location ad targeting technology with our existing advertising solution to create a new mobile local advertising platform. The transaction has been accounted for under the acquisition method of accounting.

We recorded the assets acquired and liabilities assumed at their estimated fair value, with the difference between the fair value of the net assets acquired and the purchase consideration reflected as goodwill.

The fair value of total acquisition consideration of \$18.4 million was comprised of cash. In addition to cash, we issued 586,580 shares of restricted common stock, and assumed options to acquire 74,491 shares (on an as-converted basis) of our common stock. The fair value of the restricted shares and assumed options issued in connection with the acquisition was \$4.1 million, which has been accounted for as post-combination stock-based compensation. The \$3.6 million fair value of the restricted shares and the \$457,000 fair value of the assumed options will be amortized over a weighted average period of 1.78 years and 2.82 years, respectively.

The fair value of our common stock issued in connection with the acquisition was determined to be \$6.23 per share, the closing price of our common stock on the acquisition measurement date, which is the date the acquisition closed. The weighted average fair value of the assumed stock options to purchase 74,491 shares of our common stock was \$6.13 per share based on the Black-Scholes fair value on the acquisition measurement date.

The following table reflects the values of the assets acquired and liabilities assumed as of the acquisition date (in thousands):

Cash	\$	181
Accounts receivable		410
Other assets		259
Developed technology		5,100
Goodwill		14,343
Liabilities assumed		(1,858)
Total value of assets acquired and liabilities assumed	\$	<u>18,435</u>

We determined the fair value of developed technology to be \$5.1 million, which is being amortized using the straight-line method over the estimated life of three years. Developed technology is included in goodwill and intangible assets, net of amortization on the consolidated balance sheet. Goodwill of \$14.3 million was recorded as the excess of the fair value of the purchase consideration over the fair value of the net assets acquired. This asset is attributed to buyer-specific value resulting from synergies that are not included in the fair value of assets. No goodwill was deemed to be deductible for income tax purposes.

Included in the purchase consideration of \$18.4 million was \$2.7 million in cash that was withheld and deposited in escrow to satisfy potential indemnification claims. As of June 30, 2014, \$2.7 million was recorded in prepaid expenses and other current assets with an offsetting liability in other accrued expenses in our balance sheet.

11. Sale of enterprise business

On April 16, 2013, we completed the sale of our enterprise business to FleetCor for \$10.0 million in cash. In connection with the completion of the transaction, 50 of our employees became employees of FleetCor.

We entered an asset purchase agreement with FleetCor on March 12, 2013, which was amended and restated on April 16, 2013. The amended and restated asset purchase agreement, or the Agreement, included customary representations, warranties and covenants, including a license permitting FleetCor to utilize certain of our intellectual property. Upon closing, \$1.3 million of the purchase price was held back by FleetCor and was maintained for a period of twelve months to satisfy any amounts owed by us to FleetCor pursuant to our obligations under the Agreement, including indemnification provisions. As of June 30, 2013, \$1.3 million was recorded in prepaid expenses and other current assets in our balance sheet. We received payment of the \$1.3 million in May 2014.

In connection with the sale, we entered into a transition services agreement, pursuant to which we continued to support certain aspects of the enterprise business while that business was transitioned to FleetCor, and a noncompetition agreement, pursuant to which we agreed not to compete with FleetCor in certain business areas related to the enterprise business for three years .

Our continuing involvement through the transition services agreement with FleetCor was determined to be insignificant. Accordingly, the results of operations of our enterprise business have been classified as discontinued operations in our statement of operations for all periods presented.

We recorded a gain of \$6.5 million on the sale of our enterprise business, net of tax, in fiscal 2013. The gain is included in discontinued operations in our statement of operations.

12. Restructuring costs

In the fourth quarter of fiscal 2014 , in order to further align our resources and consolidate facilities, we initiated a restructuring plan consisting of the elimination of 108 full-time positions in the U.S. and China and we recorded restructuring charges of \$2.4 million related to severance and benefits for the positions eliminated. Earlier in fiscal 2014, we commenced our consolidation of our Sunnyvale, California headquarters facilities from two buildings into one , and during the fourth quarter we closed our Boston, Massachusetts office. As a result, we recorded restructuring charges of \$2.0 million related to the impairment of the facility leases.

In the fourth quarter of fiscal 2013, in order to better align and focus our resources around our strategic growth areas, we initiated a restructuring plan consisting of the elimination of 83 full-time positions in the U.S. and China and we recorded restructuring charges of \$1.5 million related to severance and benefits for the positions eliminated. In addition, we consolidated our Shanghai office facilities and recorded restructuring charges of \$124,000 related to the forfeiture of our lease deposit. We also recorded restructuring charges of \$99,000 related to the write-off of certain assets that were no longer useful to us based upon the changes in our business. Total restructuring charges related to this plan were \$1.7 million .

The activity related to the restructuring liabilities established during fiscal 2013 and 2014 is presented in the following table (in thousands):

	Severance and Benefits	Facility Exit Costs and Asset Impairment	Total
Balance at June 30, 2012	\$ —	\$ —	\$ —
Restructuring expenses	1,447	224	1,671
Cash payments	(830)	—	(830)
Balance at June 30, 2013	\$ 617	\$ 224	\$ 841
Restructuring expenses	2,454	1,958	4,412
Cash payments	(945)	(729)	(1,674)
Other	—	1,290	1,290
Balance at June 30, 2014	<u>\$ 2,126</u>	<u>\$ 2,743</u>	<u>\$ 4,869</u>

Substantially all of the remaining accrued restructuring balance related to severance and benefits is expected to be paid out by September 30, 2014.

13. 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 principal business activity, the provision of location-based platform services, 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.

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

	Fiscal Year Ended June 30,		
	2014	2013	2012
Revenue			
United States	\$ 141,135	\$ 177,390	\$ 193,358
International	9,178	14,410	12,164
Total revenue	<u>\$ 150,313</u>	<u>\$ 191,800</u>	<u>\$ 205,522</u>
Property and equipment, net			
United States	\$ 8,128	\$ 10,949	\$ 14,045
International	686	804	1,397
Total property and equipment, net	<u>\$ 8,814</u>	<u>\$ 11,753</u>	<u>\$ 15,442</u>

14. 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. 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 \$1.6 million, \$1.3 million and \$1.5 million for fiscal 2014, 2013 and 2012, respectively.

15. Quarterly financial data (unaudited)

Summarized quarterly financial information for fiscal 2014 and 2013 is as follows (in thousands):

Consolidated statements of income data (in thousands)	Three Months Ended							
	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	June 30, 2013	Sept. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014
	(unaudited)							
Revenue	\$ 42,522	\$ 47,229	\$ 54,987	\$ 47,062	\$ 44,296	\$ 37,161	\$ 34,471	\$ 34,385
Gross profit	30,829	29,948	33,310	28,600	28,247	21,987	20,232	19,006
Income (loss) from continuing operations, net of tax	2,221	418	3,821	(879)	9	(3,997)	(7,555)	(17,981)
Income from discontinued operations, net of tax	480	486	33	6,487	—	—	—	—
Net income (loss)	\$ 2,701	\$ 904	\$ 3,854	\$ 5,608	\$ 9	\$ (3,997)	\$ (7,555)	\$ (17,981)
Basic income (loss) per share:								
Income (loss) from continuing operations	\$ 0.06	\$ 0.01	\$ 0.10	\$ (0.02)	\$ 0.00	\$ (0.10)	\$ (0.19)	\$ (0.46)
Income from discontinued operations	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.16	\$ —	\$ —	\$ —	\$ —
Net income (loss)	\$ 0.07	\$ 0.02	\$ 0.10	\$ 0.14	\$ 0.00	\$ (0.10)	\$ (0.19)	\$ (0.46)
Diluted income (loss) per share:								
Income (loss) from continuing operations	\$ 0.05	\$ 0.01	\$ 0.09	\$ (0.02)	\$ 0.00	\$ (0.10)	\$ (0.19)	\$ (0.46)
Income from discontinued operations	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.16	\$ —	\$ —	\$ —	\$ —
Net income (loss)	\$ 0.06	\$ 0.02	\$ 0.09	\$ 0.14	\$ 0.00	\$ (0.10)	\$ (0.19)	\$ (0.46)

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	<u>Beginning Balance</u>	<u>Chargeback Additions</u>	<u>Chargeback Reductions</u>	<u>Ending Balance</u>
Trade Receivable Allowances:				
Year Ended June 30, 2012	\$ 356	\$ 3,941	\$ (3,983)	\$ 314
Year Ended June 30, 2013	\$ 314	\$ 2,935	\$ (3,008)	\$ 241
Year Ended June 30, 2014	\$ 241	\$ 1,812	\$ (1,847)	\$ 206

INDEX TO EXHIBITS

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
2.1	Amended and Restated Asset Purchase Agreement, dated April 16, 2013, by and between Telenav, Inc. and FleetCor Technologies Operating Company, LLC.	10-Q	2.1	5/8/2013
3.1	Second Amended and Restated Certificate of Incorporation of TeleNav, Inc. filed on May 18, 2010.	10-K	3.1	9/24/2010
3.1.1	Certificate of Amendment of Second Amended and Restated Certificate of Incorporation of Telenav, Inc. filed on November 27, 2012.	8-K	3.1.1	12/3/2012
3.2	Amended and Restated Bylaws of TeleNav, Inc. effective as of May 18, 2010.	10-K	3.2	9/24/2009
4.1	Specimen Common Stock Certificate of TeleNav, Inc.	S-1/A	4.1	1/5/2010
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	10/30/2009
10.1	Form of Indemnification Agreement between Registrant and its directors and officers.	S-1	10.1	10/30/2009
10.2#	1999 Stock Option Plan and forms of agreement thereunder.	S-1	10.2	10/30/2009
10.3#	2002 Executive Stock Option Plan and forms of agreement thereunder.	S-1	10.3	10/30/2009
10.4#	2009 Equity Incentive Plan, as amended.	8-K	10.4.1	12/3/2012
10.4.1#	Forms of agreement under the 2009 Equity Incentive Plan.	S-1	10.4	10/30/2009
10.5#	Employment Agreement, dated as of April 20, 2006, between TeleNav, Inc. and Douglas Miller.	S-1	10.5	10/30/2009
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	10/30/2009
10.6#	Employment Agreement, dated as of April 7, 2009, between TeleNav, Inc. and Loren Hillberg.	S-1	10.6	10/30/2009
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	10/30/2009
10.7#	Employment Agreement, dated as of May 4, 2005, between TeleNav, Inc. and Hassan Wahla.	S-1	10.7	10/30/2009
10.8#	Employment Agreement, dated October 28, 2009, between TeleNav, Inc. and H.P. Jin.	S-1	10.8	10/30/2009
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	10/30/2009
10.10#	Severance Agreement and General Release, dated as of January 29, 2009, between TeleNav, Inc. and William Bettencourt.	S-1	10.10	10/30/2009
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	10/30/2009
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	10/30/2009

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
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	10/30/2009
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	12/8/2009
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	2/2/2010
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	2/2/2010
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	1/5/2010
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	4/26/2010
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	11/15/2010
10.13.5+	Amendment No. 4 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 March 29, 2012.	10-K	10.13.5	9/7/2012
10.13.6+	Amendment No. 5 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 July 1, 2012.	10-K	10.13.6	9/7/2012
10.13.7+	Amendment No. 6 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 January 18, 2013.	10-K	10.13.7	8/30/2013
10.13.8+	Amendment No. 7 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 April 8, 2013.	10-K	10.13.8	8/30/2013
10.13.9+	Amendment No. 8 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 April 15, 2013.	10-K	10.13.9	8/30/2013
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	2/2/2010
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	10/30/2009
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	10/30/2009

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
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	10/30/2009
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	10/30/2009
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	12/8/2009
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	1/5/2010
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	9/24/2010
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	5/10/2011
10.14.9+	Eleventh Amendment effective as of December 6, 2011 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	10-K	10.14.9	8/30/2013
10.14.10+	Twelfth Amendment effective as of June 17, 2013 to the License and Service Agreement, dated as of March 19, 2008, by and between TeleNav, Inc. and AT&T Mobility LLC.	10-K	10.14.10	8/30/2013
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	12/8/2009
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	4/26/2010
10.15.2†	Amendment No. 2 effective as of August 1, 2010 to the License Agreement, dated as of July 1, 2009, as amended, by and between TeleNav, Inc. and Tele Atlas North America, Inc.	10-Q	10.15.2	11/15/2010
10.15.3+	Amendment No. 3 effective as of December 14, 2010 to the License Agreement, dated as of July 1, 2009, as amended, by and between TeleNav, Inc. and Tele Atlas North America, Inc.	10-K	10.15.3	9/7/2012
10.15.4+	Amendment No. 4 effective as of November 21, 2011 to the License Agreement, dated as of July 1, 2009, as amended, by and between TeleNav, Inc. and TomTom North America, Inc.	10-K	10.15.4	9/7/2012
10.15.5+	Amendment No. 5 effective as of March 24, 2011 to the License Agreement, dated as of July 1, 2009, as amended, by and between TeleNav, Inc. and TomTom North America, Inc.	10-K	10.15.5	9/7/2012
10.15.6+	Amendment No. 6 effective as of July 1, 2012 to the License Agreement, dated as of July 1, 2009, as amended, by and between TeleNav, Inc. and TomTom North America, Inc.	10-K	10.15.6	9/7/2012
10.15.7†	Amendment No. 7 effective as of November 1, 2012 to the License Agreement, dated as of July 1, 2009, as amended, by and between Telenav, Inc. and TomTom North America, Inc.	10-Q	10.15.7	2/8/2013
10.15.8†	Amendment No. 8 effective as of November 1, 2012 to the License Agreement, dated as of July 1, 2009, as amended, by and between Telenav, Inc. and TomTom North America, Inc.	10-Q	10.15.8	2/8/2013
10.16†	Data License Agreement, dated as of December 1, 2002, by and between Telegivision, Inc. and Navigation Technologies Corporation.	S-1/A	10.16	2/2/2010

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
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	4/26/2010
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	2/2/2010
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	2/2/2010
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	4/26/2010
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	10/30/2009
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	4/26/2010
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	4/26/2010
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	4/26/2010
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	4/26/2010
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	4/26/2010
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	4/26/2010
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	4/26/2010
10.16.13	Tenth Amendment dated June 1, 2010 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc., NAVTEQ North America, LLC, and NAVTEQ Europe B.V.	10-Q	10.16.13	5/7/2012
10.16.14†	Eleventh Amendment dated September 16, 2010 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc., NAVTEQ North America, LLC, and NAVTEQ Europe B.V.	10-Q	10.16.14	5/7/2012
10.16.15†	Twelfth Amendment dated September 28, 2010 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc., NAVTEQ North America, LLC, and NAVTEQ Europe B.V.	10-Q	10.16.15	5/7/2012
10.16.16†	Fourteenth Amendment dated September 30, 2011 to the Data License Agreement, dated as of December 1, 2002, by and between TeleNav, Inc., NAVTEQ North America, LLC, and NAVTEQ Europe B.V.	10-Q	10.16.16	5/7/2012
10.16.17†	Territory License No. 8, dated December 1, 2011, by and between TeleNav, Inc., NAVTEQ North America, LLC, and NAVTEQ Europe B.V.	10-Q	10.16.17	5/7/2012
10.16.18†	First Amendment dated February 7, 2012 to Territory License No. 8, dated as of December 1, 2011, by and between TeleNav, Inc., NAVTEQ North America, LLC and NAVTEQ Europe B.V.	10-Q	10.16.18	5/7/2012
10.16.19†	Second Amendment dated October 18, 2012 to Territory License No. 8, dated December 1, 2011 to the Data License Agreement, dated as of December 1, 2002, by and between Telenav, Inc., NAVTEQ North America, LLC and NAVTEQ Europe B.V.	10-Q	10.16.19	2/8/2013

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.16.20	Fifteenth Amendment dated October 30, 2012 to the Data License Agreement, dated as of December 1, 2002, by and between Telenav, Inc., NAVTEQ North America, LLC and NAVTEQ Europe B.V.	10-Q	10.16.20	2/8/2013
10.16.21†	Third Amendment dated December 10, 2012 to Territory License No. 8, dated December 1, 2011 to the Data License Agreement, dated as of December 1, 2002, by and between Telenav, Inc., NAVTEQ North America, LLC and NAVTEQ Europe B.V.	10-Q	10.16.21	2/8/2013
10.16.22†	Seventeenth Amendment dated June 27, 2013 to the Data License Agreement, dated as of December 1, 2002, by and between HERE North America, LLC (f/k/a NAVTEQ North America, LLC) (formerly Navigation Technologies Corporation) and Telenav, Inc.	10-Q/A	10.16.22	2/27/2014
10.16.23+	Fourth Amendment dated October 2, 2013 to Territory License No. 8, dated December 1, 2011 to the Data License Agreement, dated as of December 1, 2002, by and between Telenav, Inc., and Navigation Technologies Corporation (“NTC”), which was subsequently assigned by NTC to HERE North America, LLC (f/k/a NAVTEQ North America, LLC).	10-Q	10.16.23	11/8/2013
10.16.24	Eighteenth Amendment dated January 28, 2014 to the Data License Agreement, dated as of December 1, 2002, by and between HERE North America, LLC (f/k/a NAVTEQ North America, LLC) (formerly Navigation Technologies Corporation) and Telenav, Inc.	10-Q	10.16.24	2/6/2014
10.16.25+	Territory License No. 9, dated February 1, 2014 by and between HERE North America, LLC, HERE Europe B.V., NAVTEQ Korea Co. Ltd, and Telenav, Inc.	10-Q	10.16.25	5/8/2014
10.16.26+	General License Agreement, dated February 10, 2014 by and between HERE North America, LLC, and Telenav, Inc.	10-Q	10.16.26	5/8/2014
10.16.27+	Nineteenth Amendment dated May 20, 2014 to the Data License Agreement, dated as of December 1, 2002, by and between HERE North America, LLC (f/k/a NAVTEQ North America, LLC) (formerly Navigation Technologies Corporation) and Telenav, Inc.	Filed herewith		
10.16.28+	First Amendment, dated June 12, 2014, to Territory License No. 9, dated as of February 1, 2014, by and between Telenav, Inc., and HERE North America, LLC (f/k/a NAVTEQ North America, LLC).”	Filed herewith		
10.17#	Employment Offer Letter executed on June 28, 2010 from TeleNav, Inc. to Dariusz Paczuski.	10-K	10.17	9/24/2010
10.18#	First Year Executive Employment Agreement dated June 28, 2010 by and between TeleNav, Inc. and Dariusz Paczuski.	10-K	10.18	9/24/2010
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.	10-K	10.19	9/9/2011
10.20#	Employment Offer Letter dated August 10, 2011 from TeleNav, Inc. to Marc Aronson.	10-Q	10.20	11/7/2011
10.21#	Form of First Year Executive Employment Agreement.	10-Q	10.21	11/7/2011
10.22#	Retention Letter dated March 28, 2012 from TeleNav, Inc. to Michael W. Strambi.	10-Q	10.22	5/7/2012
10.23#	Employment Agreement dated March 28, 2012 between TeleNav, Inc. and Michael W. Strambi.	10-Q	10.23	5/7/2012
10.23.1#	Amendment No. 1 dated December 20, 2013 to the Employment Agreement dated March 28, 2012 between TeleNav, Inc. and Michael W. Strambi.	10-Q	10.23.1	2/6/2014

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.24	Consulting Agreement effective June 16, 2012 between TeleNav, Inc. and Douglas Miller.	10-K	10.24	9/7/2012
10.25#	Director Offer Letter dated July 30, 2012 between TeleNav, Inc. and Ken Xie.	10-K	10.25	9/7/2012
10.26+	SYNC Generation 2 On-Board Navigation Agreement, dated October 12, 2009, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26	9/7/2012
10.26.1+	Amendment No. 1 effective August 10, 2010 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009 by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.1	9/7/2012
10.26.2+	Amendment No. 2 effective February 3, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.2	9/7/2012
10.26.3+	Amendment No. 3 effective February 3, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.3	9/7/2012
10.26.4+	Amendment No. 4 effective March 31, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.4	9/7/2012
10.26.5+	Amendment No. 5 effective March 31, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.5	9/7/2012
10.26.6+	Amendment No. 6 effective March 31, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.6	9/7/2012
10.26.7+	Amendment No. 7 effective November 15, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.7	9/7/2012
10.26.8+	Amendment No. 8 effective January 1, 2012 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.8	9/7/2012
10.26.9+	Amendment No. 9 effective May 11, 2012 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between TeleNav, Inc. and Ford Motor Company.	10-K	10.26.9	9/7/2012
10.26.10†	Amendment No. 10 effective February 3, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-Q	10.26.10	5/8/2013
10.26.11+	Amendment No. 11 effective February 3, 2011 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-K	10.26.11	8/30/2013
10.26.12+	Amendment No. 12 effective February 28, 2013 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-K	10.26.12	8/30/2013
10.26.13+	Amendment No. 13 effective June 17, 2013 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-K	10.26.13	8/30/2013
10.26.14+	Amendment No. 14 effective October 1, 2013 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-Q	10.26.14	11/8/2013

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Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
10.26.15+	Amendment No. 15 effective November 18, 2013 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company.	10-Q	10.26.15	2/6/2014
10.26.16+	Amendment No. 16 effective April 17, 2014 to the SYNC Generation 2 On-Board Navigation Agreement dated October 12, 2009, as amended, by and between Telenav, Inc. and Ford Motor Company	10-Q	10.26.16	5/8/2014
10.27	Consulting Agreement effective August 29, 2012 between TeleNav, Inc. and Marc Aronson.	10-K	10.27	9/7/2012
10.28#	Summary of Nonemployee Director Compensation.	8-K	10.28	12/3/2012
10.29#	Amended and Restated Telenav, Inc. 2011 Stock Option and Grant Plan.	S-8	4.2	10/29/2012
10.30#	Employment Offer Letter dated April 8, 2014 from Telenav, Inc. to Vincent Uttley	Filed herewith		
10.31#	Vincent Uttley Employment Agreement dated April 11, 2014 by and between Telenav, Inc. and Vincent Uttley	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		
101.INS*	XBRL Instance Document	Filed herewith		
101.SCH*	XBRL Taxonomy Extension Schema Document	Filed herewith		
101.CAL*	XBRL Taxonomy Calculation Linkbase Document	Filed herewith		
101.DEF*	XBRL Taxonomy Definition Linkbase Document	Filed herewith		
101.LAB*	XBRL Taxonomy Label Linkbase Document	Filed herewith		
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document	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 a request for confidential treatment filed with the Securities and Exchange Commission.

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- † Portions of the exhibit have been omitted pursuant to an order granted by the Securities and Exchange Commission for confidential treatment.
- ~ 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.
- * XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act, is deemed not filed for purposes of Section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

NINETEENTH AMENDMENT TO THE DATA LICENSE AGREEMENT

This Nineteenth Amendment (“Nineteenth Amendment”) to the Data License Agreement (“Agreement”), dated December 1, 2002, as amended, and Territory License No. 8, effective December 1, 2011 (“TL 8”) between HERE North America, LLC (f/k/a NAVTEQ North America, LLC) (formerly Navigation Technologies Corporation) (collectively “HERE”) and Telenav, Inc. (referred to herein as “Client” or “LICENSEE”), is made and entered into between Client, on the one hand, and HERE as of the date of last signature below (“Nineteenth Amendment Effective Date”). Capitalized terms not otherwise defined in the body of this Nineteenth Amendment shall have the meanings set forth in the Agreement or TL 8.

WHEREAS, the parties hereto desire to amend the terms and conditions of the Agreement with this Nineteenth Amendment as follows:

1. Amendment Term. The term of this Nineteenth Amendment (“Nineteenth Amendment Term”) shall continue for a period of nine (9) months.
2. [*****] and [*****] Rights. Section VII of TL 8 is hereby amended to add the following Section VII(E):
 - E. [*****] and [*****] Rights.

For purposes of this Nineteenth Amendment and for the duration of the Nineteenth Amendment Term, HERE hereby grants Client a non-exclusive, non-transferable, non-sublicensable (except as provided herein), restricted right to (i) [*****] (as defined below) and related [*****] solely in its [*****] for possible [*****] from HERE; (ii) [*****] that use [*****] for [*****] (the “[*****]”); (iii) distribute such [*****] to [*****] solely for [*****] purposes of such [*****]; (iv) [*****] the [*****] to [*****] to enable [*****] to use such [*****] for [*****] purposes of the [*****]; and (v) [*****] the [*****] to [*****]; provided that Client shall (1) [*****] in writing of all [*****] to whom Client distributes the [*****] that uses the [*****] and [*****]; and (2) Client shall have a written agreement in place with each [*****] setting forth terms and conditions no less restrictive than those set forth herein (“[*****]”). As used herein, “[*****]” means [*****] (“[*****]”) and related [*****] used solely for the [*****] of the [*****]. For sake of clarity, [*****] shall be restricted from (i) using the [*****] and [*****] for any purpose other than as permitted herein, including any [*****], and (ii) further [*****] the rights granted herein. Client shall be fully responsible for compliance by [*****] with [*****].

“[*****]” means the following [*****] not [*****] to Client under the Agreement:

- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- [*****]

Except as otherwise provided herein, Client agrees not to (and shall not permit any third party to) (A) disclose or distribute such [*****] and/or [*****] to any third parties other than as specified herein, or (B) [*****] the [*****] or any products utilizing such [*****] without first procuring

[*****] 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.

HERE CONFIDENTIAL

appropriate rights for such [*****] by entering into a definitive written agreement with HERE for the use of such [*****] in such products. For sake of clarity, the license rights granted under [*****] of [*****] do not apply to the rights under this Section VII(E).

3. The terms and conditions of the Agreement remain in full force and effect except as modified hereunder.

IN WITNESS WHEREOF, the parties have caused this Nineteenth Amendment to be executed by their authorized representatives.

HERE NORTH AMERICA, LLC

By: /s/ Stephen W. Kelley

Name: Stephen W. Kelley

Title: Director, Legal and Intellectual Property

Date: 5/20/2014

TELENAV, INC.

By: /s/ Michael Strambi

Name: Michael Strambi

Title: CFO

Date: 5/1/2014

HERE NORTH AMERICA, LLC

By: /s/ Gregory Drescher

Name: Gregory Drescher

Title: Senior Counsel, Legal and IP

Date: 5/20/2014

[*****] 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.

FIRST AMENDMENT TO TERRITORY LICENSE NO. 9

This First Amendment (“First Amendment”) to the Territory License No. 9, effective February 1, 2014 (“TL 9”), to the Data License Agreement (“Agreement”), dated December 1, 2002, by and between Telenav, Inc. (“Client”) and Navigation Technologies Corporation, which was subsequently assigned to HERE North America, LLC (f/k/a NAVTEQ North America, LLC) (collectively, “HERE”), is made and entered into as of the date of latest signature below (“Amendment Effective Date”). The Agreement and TL 9 is hereby referred to herein as the “Agreement.” Capitalized terms not otherwise defined in the body of this First Amendment shall have the meanings set forth in the Agreement.

WHEREAS, the Parties desire to amend certain terms of the Agreement;

NOW THEREFORE, the Parties agree to amend certain provisions of the Agreement with this First Amendment as follows:

1. Licensed Use. The last sentence under Section IV(C) of TL 9 (“Notwithstanding the foregoing, the Data may not be distributed to any [*****], including [*****]”) is hereby amended to add the following:

“For sake of clarity, the foregoing restriction shall not restrict [*****] of a [*****], including [*****], from using the Data in permitted Applications [*****] for [*****] use.”

2. HERE Marks and Legends. Section VII of TL 9 is hereby amended to add the following new section VII(E):

“E. HERE Marks and Legends. Client shall include HERE Marks and the applicable HERE copyright notice (as specified in the HERE 3rd Party Brand Guidelines) and third party copyright and similar notices and legends (as specified in the Agreement, the HERE 3rd Party Brand Guidelines and/or otherwise HERE) in the Portable Consumer Device-Based Map and Route Application and/or owner’s manual, or such other placement of the HERE Marks & Legends as may be mutually agreed by the parties, but in all cases subject to [*****] requirements.”

3. Exhibit A (Definitions). The following definitions under Exhibit A of TL 9 are amended as follows:

- A. The definition of "Destination/Waypoint Delivery" is hereby amended to include [*****] in addition to latitude/longitude coordinates for delivery of such Destination/Waypoint as defined therein.

- B. Subsection (iv) of the definition of “Excluded Applications” is hereby amended to add “except for personal use by an End User in a rental vehicle” after “other rental situations”.

- C. Subsection (iv) of the definition of “Map & Route Only Functionality” is hereby deleted in its entirety and replaced with the following: “(iv) display of [*****] (including [*****] and other [*****] data and information) and [*****] on a HERE map or along any portion of the Route;”.

- D. The reference to “POIs” under subsection (vii) of the definition of “Map & Route Only Functionality” is hereby amended to state “[*****].” In addition, subsection (vii) is amended to include “[*****]” to the list of third party data layers.

- E. The definition of “Map & Route Only Functionality” is hereby amended to add the following restrictions:

- Notwithstanding anything to the contrary herein, with respect to Destination/Waypoint Delivery, Client may not send a Destination/Waypoint and any other Destination/Waypoint details (other than latitude/longitude coordinates and [*****]) to other [*****] that do not use [*****] data.

[*****] 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.

HERE CONFIDENTIAL

- Notwithstanding anything to the contrary herein, with respect to Destination/Waypoint Delivery, Client may not send the [*****] of a Destination/Waypoint to [*****] applications that do not use [*****] data.

4. Exhibit B (End User Terms). The “Restrictions” provision under Exhibit B of TL 9 is hereby deleted in its entirety and replaced with the following:

“ Restrictions . Except where you have been specifically licensed to do so by Telenav, and without limiting the preceding paragraph, you may not use this Data (a) with any products, systems, or applications installed or otherwise connected to or in communication with vehicles, capable of vehicle navigation, positioning, dispatch, real time route guidance, fleet management or similar applications; or (b) with or in communication with any positioning devices or any mobile or wireless-connected electronic or computer devices, including without limitation cellular phones, palmtop and handheld computers, pagers, and personal digital assistants or PDAs.”

5. “EXHIBIT E – SERVICE LEVEL AGREEMENT FOR HERE TRAFFIC (ML)” is hereby renamed “EXHIBIT F – SERVICE LEVEL AGREEMENT FOR HERE TRAFFIC (ML)”.

6. Except as modified hereunder, all other terms and conditions of the Agreement shall stay in full force and effect.

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed by their authorized representatives as of the Amendment Effective Date.

HERE NORTH AMERICA, LLC

By: /s/ Stephen W. Kelley

Name: Stephen W. Kelley

Title: Director, Legal and Intellectual Property

Date: 6/12/2014

TELENAV, INC.

By: /s/ Michael Strambi

Name: Michael Strambi

Title: CFO

Date: 3/14/2014

HERE NORTH AMERICA, LLC

By: /s/ Gregory Drescher

Name: Gregory Drescher

Title: Senior Counsel, Legal and IP

Date: 6/12/2014

[*****] 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.

Telenav, Inc.
950 De Guigne
Sunnyvale, CA 94085
Tel: (408) 245-3800 / Fax: (408) 245-0238

Date: April 3, 2014

Re: Offer of Employment

Dear Vincent:

Telenav, Inc. (“The Company” of “Telenav”) is very pleased to offer you the position of Senior Vice President of Engineering, reporting to HP Jin, on the following terms.

Your base salary compensation shall be \$29,166.67 per month, less payroll deductions and all required withholdings. You will be paid semi-monthly and you will be eligible for the following Company benefits per our standard plans and policies: medical insurance, dental and vision insurance, FSA account participation, 401K participation with Company match, vacation, sick leave, and holidays. Details about these benefit plans are available for your review.

You will be eligible for an annual bonus of up to 60% of your base salary as part of our 2013 Telenav Incentive Plan. This bonus is based on successful execution of set objectives. Details of the 2013 Telenav Incentive Plan will be provided by your Manager .

In addition, we will recommend that the Telenav board of directors grant you a Restricted Stock Unit (RSU) equivalent to 250,000 shares of Telenav Stock, which will vest in four equal amounts annually over the next four years. We anticipate that you will enter into an irrevocable election relating to the units to permit the payment of required taxes upon vesting of the Units.

We are also pleased to offer you a sign-on bonus of \$100,000.00 to be paid in two separate payments. The first payment will be made six months after your start date (provided that you are still employed by Telenav), and the second payment will be made on your first anniversary with the company, provided that you continue to be employed by Telenav.

As a Telenav employee, you will be expected to abide by Company rules and regulations, acknowledge in writing that you have read the Company’s Employee Handbook, and sign and comply with a Proprietary Information and Inventions Agreement, which prohibit unauthorized use or disclosure of Telenav proprietary information. A copy of that Agreement is included with this letter.

As an exempt salaried employee, you will be expected to work hours as required by the nature of your work assignments. During the period of your employment, you will not, without the express written consent of the Company, engage in any other employment or business activity, including, without limitation, consulting of any kind, which may interfere with your work for the company. Notwithstanding anything to the contrary, employee may perform services for friends, family, etc. on a limited basis outside of work hours. Employee warrants that such activities will be minor in nature and will not interfere with or compromise employee's duties of good faith, loyalty or fair dealing.

As part of the interview process, we perform a background check consisting of credit, criminal and employment history. This offer is contingent upon a favorable review by references.

You may terminate your employment with Telenav at any time for any reason by notifying the Company. Likewise, Telenav may terminate your employment at any time for any reason, with or without cause or advance notice. Telenav also retains the sole discretion to make all other decisions regarding your employment (e.g., transfers, demotions, job assignments, compensation and the like) with or without cause. The at will relationship cannot be changed except in writing signed by the Company CEO.

Please note that, in compliance with the Immigration Reform Act of 1986, all new employees are required to submit proof of U.S. Citizenship or legal alien status within three business days of employment. Enclosed is an I-9 form that lists the document that you may present to fulfill this requirement. Please bring your documentation, along with the completed I-9 Form, on your first day of employment.

(remainder of page left blank intentionally)

If you wish to accept employment at Telenav under the terms described above, please sign and date this letter, and return it to the Company by the close of business, Monday, April 7, 2014. Your first day of employment with Telenav will be determined upon acceptance of this offer.

We look forward to your favorable reply and to a productive and enjoyable work relationship.

Sincerely,

By: /s/ Peg Wynn
Peg Wynn
Vice President, Human Resources
Telenav, Inc.

Accepted: /s/ Vincent Uttley

Date: 4/8/14

TELENAV, INC.**PROPRIETARY INFORMATION AGREEMENT**

The following confirms an agreement between me and Telenav, Inc., a Delaware corporation (the "*Company*," which term includes the Company's affiliates, successors and assigns), which is a material part of the consideration for my employment or continued employment by the Company:

1. "*Proprietary Information*" is information that was or is developed by, became or becomes known by, or was or is assigned or otherwise conveyed or made known to, the Company, and which has commercial value in the Company's business. Proprietary Information includes, without limitation, trade secrets; financial information; product plans; lists, databases and other information concerning vendors, licensees and customers (including information which discloses the identity of such parties) and the Company's relationship with those parties; pricing information and policies; employee compensation records; business and marketing plans and strategies; forecasts and any other business information; inventions; discoveries; formulas; product and other ideas; works of authorship; processes; technology; computer programs; source and object codes; techniques; processes; prototypes; algorithms; schematics; research; know-how and data, disclosed to me by the Company, either directly or indirectly, in writing, orally or by drawings or inspection of materials. I understand that my employment creates a relationship of confidence and trust between me and the Company with respect to Proprietary Information of the Company and its customers, vendors and other parties contracting with the Company, which may be learned by me during my employment.

2. As used in this Agreement, any reference to "*employment*" by the Company includes any time during which I may be retained by the Company as a consultant, in addition to any time during which I am an employee of the Company.

3. In consideration of my employment or continued employment and the compensation received by me from the Company from time to time, I hereby agree as follows:

(a) All Proprietary Information and all patents, copyrights, trade dress, mask work and other intellectual property rights, including, without limitation, any extensions, renewals, continuations or divisions of any of the foregoing (collectively, the "*Legal Rights*") associated with Proprietary Information shall be the sole property of the Company. I hereby assign to the Company any rights I may have or acquire in any Proprietary Information and any Legal Rights associated therewith. At all times, both during my employment and after its termination, I will keep in confidence and trust and will not use or disclose any Proprietary Information or anything relating to it without the written consent of the Company, except that I may disclose such Proprietary Information to employees and consultants of the Company as necessary in the ordinary course of performing my duties on behalf of the Company. I agree to notify the Company in writing immediately upon discovery of any unauthorized use or disclosure of

any Proprietary Information received hereunder, or any other breach of the Agreement, and to assist and cooperate with the Company in every reasonable way to regain possession of such Proprietary Information and/or prevent its further unauthorized disclosure and/or use. Notwithstanding the foregoing, I have no obligation under this Agreement to maintain in confidence any information that: (i) is in the public domain at the time of disclosure; (ii) though originally Proprietary Information, subsequently enters the public domain other than by breach of my confidentiality obligation, as of the date of its entering the public domain or (iii) that I can show I knew of prior to disclosure to me by the Company.

(b) In the event of the termination of my employment by me or by the Company for any reason, or upon the Company's request at any time, I shall immediately return all documents, records, apparatus, computer files, equipment and other physical property, or any reproduction of such property, whether or not pertaining to Proprietary Information furnished to me by the Company or produced by myself or others in connection with my employment, to the Company.

(c) I will promptly disclose to the Company, or any persons designated by it, all "*Inventions*," which include all improvements, inventions, discoveries, formulas, ideas, circuits, mask works, works of authorship, processes, computer programs, algorithms, techniques, schematics, know-how and data, whether or not patentable, made or conceived or reduced to practice or developed by me, either alone or jointly with others, during the term of my employment. To the extent the Company does not have rights therein hereunder, such disclosure shall be received by the Company in confidence and does not extend the assignment made in paragraph (e) of this Section 3.

(d) During the term of my employment and for one (1) year thereafter, I will not encourage or solicit any employee of the Company to leave the Company for any reason or to devote less than all of that employee's efforts to the affairs of the Company, provided that the foregoing shall not affect any responsibility I may have as an employee of the Company with respect to the bona fide hiring and firing of Company personnel. During the term of my employment and thereafter, I will not solicit business for myself or for the benefit of any third party based upon information regarding the Company's customers or other parties doing business with the Company who I become aware of during, and in connection with, my employment with the Company, to the extent that information constitutes the trade secrets of the Company.

(e) I agree that all Inventions which I make, conceive, reduce to practice or develop (in whole or in part, either alone or jointly with others) during my employment shall be the sole property of the Company to the maximum extent permitted by Section 2870 of the California Labor Code, a copy of which is attached to this Agreement as *Exhibit A*, and to the extent permitted by law shall be "works made for hire." The Company shall be the sole owner of all Legal Rights associated with the Inventions. I hereby assign to the Company any Legal Rights I may have or acquire in the Inventions. I agree to perform, during and after my employment, all acts deemed

necessary or desirable by the Company to permit and assist it, at the Company's expense, in obtaining and enforcing any Legal Rights for the foregoing Inventions and/or any other Inventions I have or may at any time assign to the Company in any and all countries. These acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agents and attorneys-in-fact to act for and on my behalf and instead of me, to execute and file any applications or related filings and to do all other lawfully permitted acts to further the prosecution and issuance of all Legal Rights associated with any Inventions with the same legal force and effect as if executed by me.

(f) A complete list of all Inventions to which I claim ownership and that I desire to remove from the operation of this Agreement is attached as *Exhibit B*, and I covenant that this list is complete. If no list is attached to this Agreement, I represent that I have no Inventions to which I claim ownership and that I desire to remove from the operation of this Agreement at the time of signing this Agreement.

(g) I represent that my performance of all the terms of this Agreement will not breach any agreement or obligation to keep in confidence proprietary information acquired by me in confidence or trust prior to my employment with the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement or in conflict with my employment with the Company.

4. I acknowledge and agree that a breach of any of my promises or covenants contained herein will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law, and in the event of such breach the Company shall be entitled to injunctive relief and/or a decree for specific performance, and such other and further relief as may be proper (including monetary damages, if appropriate).

5. This Agreement shall be effective as of the first day of my employment, and shall be binding upon me, my heirs, executors, assigns and administrators and shall inure to the benefit of the Company, its subsidiaries, successors and assigns.

6. This Agreement may not be modified except by written agreement signed by me and the Company. This Agreement shall be governed by and construed in accordance with the laws of the State of California, excluding that body of law relating to choice of law.

Dated: 5/5/14

Employee /s/ Vincent Uttley

Exhibit A

§ 2870. Application of provision that employee shall assign or offer to assign rights in invention to employer

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those invention that either:

- (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
- (2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

Exhibit B

Telenav, Inc.
950 DeGuine Drive
Sunnyvale, CA. 94085

Ladies and Gentlemen:

1. The following is a complete list of all Inventions relevant to the subject matter of my employment by the Company that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company and that I desire to remove from the operation of the Company's Proprietary Information and Inventions Agreement.

No inventions or improvements.

See below:

Additional sheets attached.

/s/ Vincent Uttley
Employee

5/5/14
Date

TELENAV, INC.**Vincent G. Uttley EMPLOYMENT AGREEMENT**

This Employment Agreement (the "Agreement") is made and entered into by and between Vincent G. Uttley ("Executive") and Telenav, Inc. (the "Company"), effective as of April 11, 2014 (the "Effective Date").

1. Duties and Scope of Employment.

(a) Position and Duties. Executive will serve as the Company's Senior Vice President of Engineering. Executive will render such business and professional services in the performance of Executive's duties, consistent with Executive's position within the Company, as will reasonably be assigned to him by the Company's Board of Directors (the "Board"). The Board or CEO may modify Executive's job title and duties as it deems necessary and appropriate in light of the Company's needs and interests from time to time. The period of Executive's employment under this Agreement is referred to herein as the "Employment Term."

(b) Obligations. During the Employment Term, Executive will perform Executive's duties faithfully and to the best of Executive's ability and will devote Executive's full business efforts and time to the Company. For the duration of the Employment Term, Executive agrees not to actively engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior approval of the Board.

2. At-Will Employment. The parties agree that Executive's employment with the Company will be "at-will" employment and may be terminated at any time with or without cause or notice. Executive understands and agrees that neither Executive's job performance nor promotions, commendations, bonuses or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of Executive's employment with the Company. However, as described in this Agreement, Executive may be entitled to severance benefits depending on the circumstances of Executive's termination of employment with the Company.

3. Term of Agreement. This Agreement will have an initial term of three (3) years from the Effective Date, unless terminated earlier under this Agreement's provisions. On the third anniversary of the Effective Date, this Agreement will automatically renew for additional one (1) year terms unless either party provides the other party with written notice of non-renewal at least sixty (60) days prior to the date of automatic renewal, provided that Employee shall be entitled to the benefits of Section 8(a) of this Agreement for a period of one year from the expiration of this agreement so long as he continues his employment with the Company. Notwithstanding the foregoing provisions of this paragraph, in the event of a Change of Control, the term of this Agreement will automatically extend through the eighteen-month anniversary of such Change of Control. Additionally, on the eighteen-month anniversary of such Change of Control and each annual anniversary thereafter, this Agreement will automatically renew for additional one (1) year terms unless either party provides the other party with written notice of non-renewal at least sixty (60) days prior to such anniversary.

If Executive becomes entitled to severance benefits pursuant to Section 8 hereof, this Agreement will not terminate until all of the obligations under this Agreement have been satisfied.

4. Compensation.

(a) Base Salary. During the Employment Term, the Company will pay Executive an annual salary of Three Hundred fifty thousand dollars (\$350,000.00) as compensation for Executive's services (the "Base Salary"). The Base Salary will be paid periodically in accordance with the Company's normal payroll practices and be subject to the usual, required withholdings. Executive's salary will be subject to review and adjustments will be made based upon the Company's normal performance review practices.

(b) Target Bonus. Executive will be eligible to participate in any bonus plans or programs maintained from time to time by the Company on such terms and conditions as determined by the Board or the Compensation Committee of the Board (the "Committee"). Any bonus, or any portion thereof, will be paid as soon as practicable after the Committee determines that the bonus has been earned, but in no event shall the bonus be paid after the later of (i) the fifteenth (15th) day of the third (3rd) month following the close of the Company's fiscal year in which the bonus is earned or (ii) March 15 following the calendar year in which the bonus is earned.

(c) Equity Awards. Executive will continue to be eligible to receive awards of stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares or other equity awards pursuant to any plans or arrangements the Company may have in effect from time to time. The Board or the Committee will determine in its discretion whether Executive will be granted any such equity awards and its terms in accordance with the terms of any applicable plan or arrangement that may be in effect from time to time.

5. Employee Benefits. Executive will continue to be entitled to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other senior executives of the Company. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

6. Vacation. Executive will continue to be entitled to paid vacation, in accordance with the Company's vacation policy for senior executive officers, with the timing and duration of specific vacations mutually and reasonably agreed to by the parties hereto. Upon Executive's termination of employment, Executive will be entitled to receive Executive's accrued but unpaid vacation through the date of Executive's termination.

7. Expenses. The Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in the furtherance of or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

8. Severance.

(a) Termination for other than Cause, Death or Disability Apart from a Change of Control. During the Employment Term, if earlier than two (2) months prior to a Change of Control or after twelve (12) months following a Change of Control, the Company (or any parent or subsidiary or successor of the Company) terminates Executive's employment other than for Cause, death or disability, then, subject to Section 9 below, Executive will receive the following severance from the Company which will be paid on, or, in the case of installments, will commence on the fifth (5th) day after the Release becomes effective and irrevocable:

(i) Severance Payment. Executive will receive: (A) a lump-sum

severance payment in an amount equal to twelve (12) months of Executive's Base Salary (as in effect immediately prior to Executive's termination), and (B) a lump-sum pro-rated amount of Executive's bonus for the year in which the termination occurs (adjusted as appropriate based on the extent to which any applicable performance objectives have then been achieved and the relative weightings thereof, each as determined in the sole and absolute discretion of the Board or Committee acting in good faith).

(ii) Continued Employee Benefits. Executive will receive Company-paid coverage for the cost of continuation coverage for Executive and Executive's eligible dependents under the Company's Benefit Plans until the earlier of (i) a period of twelve (12) months from the date of Executive's termination of employment with the Company, or (ii) the date upon which Executive and/or Executive's eligible dependents becomes covered under similar plans.

(b) Termination for other than Cause, Death or Disability or Resignation for Good Reason upon or within Two Months Prior to, or Twelve Months Following, a Change of Control. During the Employment Term, if upon or within two (2) months prior to, or twelve (12) months following, a Change of Control, (i) the Company (or any parent or subsidiary or successor of the Company) terminates Executive's employment other than for Cause, death or disability, or (ii) upon Executive's resignation with the Company (or any parent or subsidiary or successor of the Company) for Good Reason, then, subject to Section 9 below, Executive will receive the following severance from the Company which will be paid on, or, in the case of installments, will commence on the fifth (5th) day after the Release becomes effective and irrevocable:

(i) Severance Payment. Executive will receive: (A) a lump-sum severance payment in an amount equal to twelve (12) months of Executive's Base Salary (as in effect immediately prior to Executive's termination), and (B) a lump-sum pro-rated amount of Executive's bonus for the year in which the termination occurs (adjusted as appropriate based on the extent to which any applicable performance objectives have then been achieved and the relative weightings thereof, each as determined in the sole and absolute discretion of the Board or Committee acting in good faith).

(ii) Continued Employee Benefits. Executive will receive Company-paid coverage for the cost of continuation coverage for Executive and Executive's eligible dependents under the Company's Benefit Plans until the earlier of (A) a period of twelve (12) months from the date of Executive's termination of employment with the Company, or (B) the date upon which Executive and/or Executive's eligible dependents becomes covered under similar plans.

(iii) Accelerated Vesting. One hundred percent (100%) of Executive's outstanding equity awards will immediately vest prior to Executive's termination and become exercisable. The equity awards will remain exercisable, to the extent applicable, following the date of termination for the period prescribed in the stock or equity plan and award agreement.

(c) Termination for Cause, Death or Disability; Resignation without Good Reason. If Executive's employment with the Company (or any parent or subsidiary or successor of the Company) terminates voluntarily by Executive (except upon resignation for Good Reason upon or within two (2) months prior to, or twelve (12) months following, a Change of Control), for Cause by the Company or due to Executive's death or disability, then (i) all vesting will terminate immediately with respect to Executive's outstanding equity awards, (ii) all payments of compensation by the Company to Executive hereunder will terminate immediately (except as to amounts already earned), and (iii) Executive will only be eligible for severance benefits in accordance with the Company's established policies, if any, as then in effect.

(d) Exclusive Remedy. In the event of a termination of Executive's employment with the Company (or any parent or subsidiary or successor of the Company), the provisions of this Section 8 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement. Executive will be entitled to no severance or other benefits upon termination of employment with respect to acceleration of award vesting or severance pay other than those benefits expressly set forth in this Section 8.

9. Conditions to Receipt of Severance; No Duty to Mitigate.

(a) Separation Agreement and Release of Claims. The receipt of any severance pursuant to Section 8(a) or (b) will be subject to Executive signing and not revoking a separation agreement and release of claims in a form reasonably satisfactory to the Company (the "Release") and provided that such Release becomes effective and irrevocable no later than sixty (60) days following the termination date (such deadline, the "Release Deadline"). If the Release does not become effective and irrevocable by the Release Deadline, Executive will forfeit any rights to severance or benefits under this Agreement. In no event will severance payments or benefits be paid or provided until the Release becomes effective and irrevocable.

(b) Non-Solicitation. The receipt of any severance benefits pursuant to Section 8(a) or (b) will be subject to Executive not violating the provisions of Section 16. In the event Executive breaches the provisions of Section 16, all continuing payments and benefits to which Executive may otherwise be entitled pursuant to Section 8(a) or (b) will immediately cease and the Company will be entitled to any other rights and remedies and may take any other action legally permissible as a result of breaching the provisions of Section 16.

(c) Confidential Information Agreement. Executive's receipt of any payments or benefits under Section 8 will be subject to Executive continuing to comply with the terms of the Confidential Information Agreement (as defined in Section 15).

(d) Section 409A.

(i) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code Section 409A, and the final regulations and any guidance promulgated thereunder ("Section 409A") (together, the "Deferred Payments") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A. Similarly, no severance payable to Executive, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1 (b)(9) will be payable until Executive has a "separation from service" within the meaning of Section 409A.

(ii) Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60th) day following Executive's separation from service, or, if later, such time as required by Section 9(d)(iii). Except as required by Section 9(d)(iii), any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence will be paid to Executive on the sixtieth (60th) day following Executive's separation from service and the remaining payments shall be made as provided in this Agreement.

(iii) Notwithstanding anything to the contrary in this Agreement, if Executive is a “specified employee” within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Payments that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2 (b)(2) of the Treasury Regulations.

(iv) Any amount paid under this Agreement that satisfies the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of clause (i) above.

(v) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of clause (i) above.

(vi) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

(e) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any earnings that Executive may receive from any other source reduce any such payment.

10. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute “parachute payments” within the meaning of Section 2800 of the Code and (ii) but for this Section 10, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits will be either:

- (a) delivered in full, or
- (b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to the excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in the severance and other benefits

constituting “parachute payments” is necessary so that no portion of such severance benefits is subject to the excise tax under Section 4999 of the Code, the reduction shall occur in the following order: (1) reduction of the severance payments under Sections 8(a)(i) or 8(b)(i); (2) cancellation of accelerated vesting of equity awards; and (3) reduction of continued employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Executive's equity awards.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 10 will be made in writing by an independent firm immediately prior to Change of Control (the “Firm”), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 10, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 10. The Company will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 10.

11. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Benefit Plans. For purposes of this Agreement, “Benefit Plans” means plans, policies or arrangements that the Company sponsors (or participates in) and that immediately prior to Executive's termination of employment provide Executive and/or Executive's eligible dependents with medical, dental, and/or vision benefits. Benefit Plans do not include any other type of benefit (including, but not by way of limitation, disability, life insurance or retirement benefits). A requirement that the Company provide Executive and Executive's eligible dependents with coverage under the Benefit Plans will not be satisfied unless the coverage is no less favorable than that provided to senior executives of the Company at any applicable time during the period Executive is entitled to receive severance pursuant to Section 8(a) or 8(b). The Company may, at its option, satisfy any requirement that the Company provide coverage under any Benefit Plan by (i) reimbursing Executive's premiums under Title X of the Consolidated Budget Reconciliation Act of 1985, as amended (“COBRA”) after Executive has properly elected continuation coverage under COBRA (in which case Executive will be solely responsible for electing such coverage for Executive's eligible dependents), or (ii) providing coverage under a separate plan or plans providing coverage that is no less favorable.

(b) Cause. For purposes of this Agreement, “Cause” is defined as:

(i) any material act of personal dishonesty made by Executive in connection with Executive's responsibilities as an employee;

(ii) Executive's conviction of, or plea of nolo contendere to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude;

(iii) Executive's gross misconduct;

(iv) Executive's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom Executive owes an obligation of nondisclosure as a result of Executive's relationship with the Company;

(v) Executive's willful breach of any obligations under any written

agreement or covenant with the Company; or

(vi) Executive's continued failure to perform Executive's employment duties after Executive has received a written demand of performance from the Company which specifically sets forth the factual basis for the Company's belief that Executive has not substantially performed his or her duties and has failed to cure such non-performance to the Company's satisfaction within ten (10) business days after receiving such notice.

(c) Change of Control. For purposes of this Agreement, "Change of Control" means the occurrence of any of the following events:

(i) the acquisition by any one person, or more than one person acting as a group (for these purposes, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company), ("Person") that becomes the owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then outstanding securities; provided, however, that for purposes of this subsection (i), the acquisition of additional securities by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company shall not be considered a Change of Control;

(ii) a change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this Section II (c)(ii) the following shall not constitute a change in the ownership of a substantial portion of the Company's assets: (I) a transfer to an entity that is controlled by the Company's shareholders immediately after the transfer; or (2) a transfer of assets by the Company to: (A) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's securities; (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (C) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or (D) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in subsection (C). For purposes of this Section 11(c)(ii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets; or

(iii) a change in the composition of the Board occurring within a twelve (12) month period, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" will mean directors who either (A) are directors of the Company as of the Effective Date, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).

Notwithstanding the foregoing, a transaction shall not constitute a Change of Control unless the transaction qualifies as a "change in control event" within the meaning of Section 409A.

(d) Code. For purposes of this Agreement, "Code" means the Internal Revenue

Code of 1986, as amended.

(e) Good Reason. For purposes of this Agreement, “Good Reason” means Executive's resignation within thirty (30) days following the expiration of any Company cure period (discussed below) following the occurrence of one or more of the following, without Executive's express written consent:

(i) the assignment to Executive of any duties, the reduction of Executive's duties or the removal of Executive from his or her position and responsibilities, either of which must result in a material diminution of Executive's authority, duties, or responsibilities with the Company in effect immediately prior to such assignment, unless Executive is provided with a comparable position (i.e., a position of equal or greater organizational level, duties, authority, compensation and status);

(ii) A material reduction in Executive's Base Salary, unless the Company also similarly reduces the base salaries of all other similarly situated employees of the Company (and, if applicable, its successor) (for these purposes, a reduction of Executive's Base Salary by 10% or more will be considered material, provided that a reduction of less than 10% may still be material based on the facts and circumstances relating to the reduction);

(iii) a material change in the geographic location of Executive's primary work facility or location; provided, however, that a relocation of less than thirty five (35) miles from Executive's then present location will not be considered a material change in geographic location; or

(iv) the failure of the Company to obtain assumption of this Agreement by any successor, which shall be deemed a material breach by the Company of this Agreement.

Executive will not resign for Good Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for “Good Reason” within ninety (90) days of the initial existence of the grounds for “Good Reason” and a reasonable cure period of not less than thirty (30) days following the date of such notice.

(f) Section 409A Limit. For purposes of this Agreement, “Section 409A Limit” will mean two (2) times the lesser of: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Executive's taxable year preceding the Executive's taxable year of his or her separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(i) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Internal Revenue Code for the year in which Executive's separation from service occurred.

12. Assignment. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors and legal representatives of Executive upon Executive's death and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, “successor” means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance or other disposition of Executive's right to compensation or other benefits will be null and void.

13. Notice. All notices, requests, demands and other communications called for hereunder

will be in writing and will be deemed given (i) on the date of delivery if delivered personally, (ii) one (1) day after being sent by a well-established commercial overnight service, or (iii) four (4) days after being mailed by registered or certified mail, return receipt requested, prepaid and addressed to the parties or their successors at the following addresses, or at such other addresses as the parties may later designate in writing.

If to the Company:

Telenav, Inc.
950 De Guigne Drive
Sunnyvale, CA 94085
Attn : General Counsel

If to Executive:

at the last residential address known by the Company.

14. Arbitration.

(a) Arbitration. In consideration of Executive's employment with the Company, its promise to arbitrate all employment-related disputes, and Executive's receipt of the compensation, pay raises and other benefits paid to Executive by the Company, at present and in the future, Executive agrees that any and all controversies, claims, or disputes with anyone (including the Company and any employee, officer, director, shareholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from Executive's employment with the Company or termination thereof, including any breach of this Agreement, will be subject to binding arbitration under the Arbitration Rules set forth in California Code of Civil Procedure Section 1280 through 1294.2, including Section 1281.8 (the "Act"), and pursuant to California law. The Federal Arbitration Act shall also apply with full force and effect, notwithstanding the application of procedural rules set forth under the Act.

(b) Dispute Resolution. Disputes that Executive agrees to arbitrate, and thereby agrees to waive any right to a trial by jury, include any statutory claims under local, state, or federal law, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Sarbanes Oxley Act, the Worker Adjustment and Retraining Notification Act, the California Fair Employment and Housing Act, the Family and Medical Leave Act, the California Family Rights Act, the California Labor Code, claims of harassment, discrimination, and wrongful termination, and any statutory or common law claims. Executive further understands that this Agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(c) Procedure. Executive agrees that any arbitration will be administered by the Judicial Arbitration & Mediation Services, Inc. ("JAMS"), pursuant to its Employment Arbitration Rules & Procedures (the "JAMS Rules"). The arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication, motions to dismiss and demurrers, and motions for class certification, prior to any arbitration hearing. The arbitrator shall have the power to award any remedies available under applicable law, and the arbitrator shall award attorneys' fees and costs to the prevailing party, except as prohibited by law. The Company will pay for any administrative or hearing fees charged by the administrator or JAMS, and all arbitrator's fees, except that Executive shall pay any filing fees associated with any arbitration that Executive initiates, but only

so much of the filing fee as Executive would have instead paid had Executive filed a complaint in a court of law. Executive agrees that the arbitrator shall administer and conduct any arbitration in accordance with California law, including the California Code of Civil Procedure and the California Evidence Code, and that the arbitrator shall apply substantive and procedural California law to any dispute or claim, without reference to the rules of conflict of law. To the extent that the JAMS Rules conflict with California law, California law shall take precedence. The decision of the arbitrator shall be in writing. Any arbitration under this Agreement shall be conducted in Santa Clara County, California.

(d) Remedy. Except as provided by the Act, arbitration shall be the sole, exclusive, and final remedy for any dispute between Executive and the Company. Accordingly, except as provided by the Act and this Agreement, neither Executive nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration. Notwithstanding, the arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator will not order or require the Company to adopt a policy not otherwise required by law which the Company has not adopted.

(e) Administrative Relief. Executive is not prohibited from pursuing an administrative claim with a local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, including, but not limited to, the Department of Fair Employment and Housing, the Equal Employment Opportunity Commission, the National Labor Relations Board, or the Workers' Compensation Board. However, Executive may not pursue court action regarding any such claim, except as permitted by law.

(f) Voluntary Nature of Agreement. Executive acknowledges and agrees that Executive is executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else. Executive further acknowledges and agrees that Executive has carefully read this Agreement and that Executive has asked any questions needed for Executive to understand the terms, consequences and binding effect of this Agreement and fully understands it, including that ***EXECUTIVE IS WAIVING EXECUTIVE'S RIGHT TO A JURY TRIAL***. Finally, Executive agrees that Executive has been provided an opportunity to seek the advice of an attorney of Executive's choice before signing this Agreement.

15. Confidential Information. Executive agrees to continue to be bound by the Telenav, Inc. Proprietary Information Agreement (the "Confidential Information Agreement") entered into by and between Executive and the Company dated April 11, 2014.

16. Non-Solicitation. Until the date one (1) year after the termination of Executive's employment with the Company for any reason, Executive agrees not, either directly or indirectly, to solicit, induce, attempt to solicit, recruit, or encourage any employee of the Company (or any parent or subsidiary of the Company) to leave his or her employment either for Executive or for any other entity or person. Executive represents that he (i) is familiar with the foregoing covenant not to solicit, and (ii) is fully aware of his or her obligations hereunder, including, without limitation, the reasonableness of the length of time, scope and geographic coverage of these covenants.

17. Miscellaneous Provisions.

(a) Amendment. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive) that is expressly designated as an amendment to this Agreement.

(b) Waiver. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement, together with the Confidential Information Agreement represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. With respect to equity awards granted on or after the date of this Agreement, the acceleration of vesting provisions provided herein will apply to such equity awards except to the extent otherwise explicitly provided in the applicable award agreement. This Agreement may be modified only by agreement of the parties by a written instrument executed by the parties that is designated as an amendment to this Agreement.

(e) Governing Law. This Agreement will be governed by the laws of the State of California (with the exception of its conflict of law provisions).

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to all applicable withholdings, including all applicable income and employment taxes, as determined in the Company's reasonable judgment.

(h) Acknowledgment. Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from his private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

(i) Counterparts. This Agreement may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY TELENAV, INC.

By: /s/ Loren Hillberg_____

Title: General Counsel

Date: 4/11/2014

EXECUTIVE Vincent G. Uttley

By: /s/ Vincent Uttley_____

Date: 4/11/2014

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.)

Local Merchant Services Inc. (Delaware)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 Nos. 333-195815, 333-190901, 333-184638, 333-183787, 333-176773 and 333-166780) pertaining to Non-Plan Inducement Restricted Stock Unit Award Agreement, Amended and Restated 2011 Stock Option and Grant Plan, 2009 Equity Incentive Plan, 2002 Executive Stock Option Plan, and 1999 Stock Option Plan of Telenav, Inc. of our reports dated August 22, 2014, 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, 2014.

/s/ Ernst & Young LLP

San Jose, California
August 22, 2014

**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: August 22, 2014

By: /s/ Dr. HP JIN

DR. HP Jin

Chairman of the Board of Directors, President and Chief Executive Officer

**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, Michael Strambi, 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: August 22, 2014

By: /s/ MICHAEL STRAMBI

Michael Strambi

Chief Financial Officer

**CERTIFICATION OF PRESIDENT AND 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 president and 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, 2014 (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.

Date: August 22, 2014

By: /s/ Dr. HP JIN

Dr. HP Jin

Chairman of the Board of Directors, President and Chief Executive Officer

**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, Michael Strambi, 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, 2014 (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.

Date: August 22, 2014

By: /s/ MICHAEL STRAMBI

Michael Strambi
Chief Financial Officer